

In the opinion of Bond Counsel, under existing law, and assuming compliance with the tax covenants described herein, interest on the 2014 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 certain 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 2014 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except 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.

\$7,945,000

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
(Manatee County)
Special Assessment Bonds, Series 2014**

Dated: Date of Delivery

Due: May 1, as set forth below.

The Heritage Harbour North Community Development District (the "District") is issuing its Special Assessment Bonds, Series 2014 (the "2014 Bonds") in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof, provided that the 2014 Bonds will be deliverable to the initial purchasers in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The 2014 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 2014 Bonds will be made in book entry only form and purchasers of beneficial interests in the 2014 Bonds will not receive physical 2014 Bond certificates. For so long as the book entry system is maintained, the principal of, premium, if any, and interest on the 2014 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 2014 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 2014 Bond. Interest on the 2014 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 May 1, 2015. See "DESCRIPTION OF THE 2014 BONDS" herein.

Proceeds of the 2014 Bonds will be used to (i) finance the cost of the acquisition, construction, installation and equipping of the 2014 Project, (ii) fund the 2014 Reserve Account in an amount equal to the initial 2014 Reserve Account Requirement, (iii) capitalize a portion of the interest to accrue on the 2014 Bonds, and (iv) pay costs of issuance of the 2014 Bonds. 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 2014 Bonds are being issued pursuant to the Act and a Master Trust Indenture to be dated as of November 1, 2014 (the "Master Indenture") to be entered into by and between the District and the Trustee as supplemented by a First Supplemental Trust Indenture to be dated as of November 1, 2014 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 2014 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the 2014 Assessments (the "2014 Pledged Revenues") and the Funds and Accounts (except for the 2014 Rebate Account) established by the Supplemental Indenture (the "2014 Pledged Funds and Accounts"). The 2014 Pledged Revenues and 2014 Pledged Funds and Accounts collectively comprise the "2014 Trust Estate."

The 2014 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 2014 BONDS - Redemption Provisions."

NEITHER THE 2014 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 2014 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 2014 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2014 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2014 PLEDGED REVENUES AND THE 2014 PLEDGED FUNDS AND ACCOUNTS PLEDGED TO THE 2014 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

INVESTMENT IN THE 2014 BONDS POSES CERTAIN RISKS AND THE 2014 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "INTRODUCTION", "BONDHOLDERS' RISKS" AND "SUITABILITY FOR INVESTMENT" HEREIN. THE UNDERWRITER IS LIMITING THIS OFFERING OF THE 2014 BONDS TO ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES; THE LIMITATION OF THE INITIAL OFFERING OF 2014 BONDS TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS OF TRANSFER IN ANY SECONDARY MARKET FOR THE 2014 BONDS. THE 2014 BONDS ARE NOT CREDIT ENHANCED, ARE NOT RATED AND NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE 2014 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE DISTRICT WOULD HAVE BEEN SUCCESSFUL IN OBTAINING EITHER CREDIT ENHANCEMENT FOR THE 2014 BONDS OR A RATING FOR THE 2014 BONDS HAD APPLICATION BEEN MADE. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE 2014 BONDS.

For the reasons more fully described herein under "BONDHOLDERS' RISKS" and TAX MATTERS - Additional Matters relating to On-Going IRS Audit Program and Special Districts" there is a risk that the District may be determined, either by the Internal Revenue Service (the "IRS"), judicially or otherwise, not to be a political subdivision for purposes of the Internal Revenue Code of 1986, as amended (the "Code") and, correspondingly, that the IRS will make an adverse determination with respect to the tax-exempt status of interest on the 2014 Bonds. See "BONDHOLDERS' RISKS", and "TAX MATTERS Additional Matters Relating to On-going IRS Audit Program and Special Districts" herein.

This cover page contains certain information for quick reference only. It is not a summary of the 2014 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

\$3,605,000 - 5.00% Term Bonds due May 1, 2034 - Yield 5.00% - Price 100% - CUSIP 42727LAA5*
\$4,340,000 - 5.125% Term Bonds due May 1, 2045 - Yield 5.15% - Price 99.615% - CUSIP 42727LAB3*

The 2014 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 2014 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, for the Developer by the Pavese Law Firm, Fort Myers, Florida, and Grimes Goebel Grimes Hawkins Gladfelder & Galvano, P.L., Bradenton, Florida, and for the Trustee by Holland & Knight, LLP, Miami, Florida. It is expected that the 2014 Bonds will be delivered in book entry form through the facilities of DTC on or about November 13, 2014.

MBS Capital Markets, LLC

November 5, 2014

* 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 Limited Offering Memorandum.

HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS

Anthony Burdett, Chairman*
William Riley, Vice Chairman
Dalton Drake, Assistant Secretary
Matthew Morris, Assistant Secretary
Terry Kirschner, Assistant Secretary

DISTRICT MANAGER

James P. Ward
Wilton Manors, Florida

COUNSEL TO THE DISTRICT

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

DISTRICT ENGINEER

Banks Engineering, Inc.
Fort Myers, Florida

BOND COUNSEL

Greenspoon Marder, P.A.
Fort Lauderdale, Florida

ASSESSMENT CONSULTANT

JPWard & Associates, LLC
Wilton Manors, Florida

*Mr. Burdett has tendered his resignation effective December 1, 2014.

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 Limited Offering Memorandum, 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 Limited Offering Memorandum, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the Developer (as defined herein) or the Development (as defined herein) since the date hereof. Neither the delivery of this Limited Offering Memorandum nor any sale made pursuant to this Limited Offering Memorandum implies that any information set forth in this Limited Offering Memorandum is correct as of any date after the date of this Limited Offering Memorandum.

The information set forth herein has been obtained from public documents, records and other sources, including the Developer, 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 Limited Offering Memorandum. MBS has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but 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 and the Developer’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 and the Developer. 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 LIMITED OFFERING MEMORANDUM IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE WEBSITE www.MuniOS.com. THIS LIMITED OFFERING MEMORANDUM 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 Limited Offering Memorandum has been provided by The Depository Trust Company, New York, New York (“DTC”). The District has not provided information in this Limited Offering Memorandum 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 LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE A CONTRACT BETWEEN THE DISTRICT OR MBS AND ANY ONE OR MORE OF THE OWNERS OF THE 2014 BONDS.

THE 2014 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 2014 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THE 2014 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 2014 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 LIMITED OFFERING MEMORANDUM.

TABLE OF CONTENTS

	Page
SUMMARY STATEMENT.....	v
Bond Owners’ Risks; Limited Offering	v
The District.....	v
The 2014 Bonds.....	v
Purpose of the 2014 Bonds.....	v
The Developer and the Development	v
Security for the 2014 Bonds.....	vi
INTRODUCTION.....	1
DESCRIPTION OF THE 2014 BONDS.....	2
General.....	2
Redemption Provisions.....	2
Notice and Effect of Redemption	4
Book-Entry Only System	5
ESTIMATED SOURCES AND USES OF PROCEEDS.....	7
DEBT SERVICE REQUIREMENTS FOR 2014 BONDS	8
SECURITY FOR AND SOURCE OF PAYMENT OF THE 2014 BONDS	8
General.....	8
Parity Bonds.....	10
Funds and Accounts; Application of 2014 Pledged Revenues	10
2014 Project Account.....	11
2014 Reserve Account.....	11
Application of 2014 Pledged Revenues and Investment Earnings	11
Prepayment of 2014 Assessments	13
Adjustments to 2014 Assessments	14
Agreement for Assignment of Development Rights.....	14
Completion Agreement	14
True Up Agreement.....	14
ENFORCEMENT OF ASSESSMENT COLLECTIONS.....	14
Tax Collection Procedures	14
Uniform Method Tax Collection Procedure.....	15
Foreclosure.....	18
BONDHOLDERS’ RISKS.....	18
THE DISTRICT	24
General.....	24
Board of Supervisors	25
The District Manager and Other Consultants	26
THE DEVELOPMENT.....	26
Overview	26
Land Acquisition/Development Financing.....	28
Entitlements/Concurrency/Permits.....	28
Infrastructure Plan	29
Land Use/Phasing Plan.....	30
Development Status.....	30
Product Offerings/Pricing.....	30
Model Homes/Sales Activity.....	31
Recreational Amenities	31
Projected Absorption	31
Marketing	32

Annual Taxes, Assessments, and Fees	32
Educational Facilities	33
Competition	33
THE DEVELOPER	34
OUTSTANDING INDEBTEDNESS	34
THE 2014 PROJECT	34
ASSESSMENT METHODOLOGY	35
TAX MATTERS	35
General	35
Additional Federal Income Tax Consequences	36
Changes in Federal Tax Law	36
State Taxation	36
Additional Matters Relating to On-going IRS Audit Program and Special Districts	36
Tax Treatment of Original Issue Discount	37
AGREEMENT BY THE STATE	37
LEGALITY FOR INVESTMENT	37
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS	37
ENFORCEABILITY OF REMEDIES	37
SUITABILITY FOR INVESTMENT	38
CONTINUING DISCLOSURE	38
FINANCIAL STATEMENTS	39
LITIGATION	39
NO RATING OR CREDIT ENHANCED	39
UNDERWRITING	39
DISCLOSURE OF MULTIPLE ROLES	39
EXPERTS	40
CONTINGENT FEES	40
LEGAL MATTERS	40
VALIDATION	40
FORWARD-LOOKING STATEMENTS	40
MISCELLANEOUS	41
APPENDIX A – CONSULTING ENGINEER’S REPORT	
APPENDIX B – FORM OF INDENTURE	
APPENDIX C – FORM OF OPINION OF BOND COUNSEL	
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT	
APPENDIX E – SPECIAL ASSESSMENT METHODOLOGY	
APPENDIX F – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED SEPTEMBER 30, 2013	

SUMMARY STATEMENT

This Summary Statement is part of this Limited Offering Memorandum, and is subject in all respects to the more complete information and definitions contained in or incorporated in this Limited Offering Memorandum. 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 Special Assessment Bonds, Series 2014 (the “2014 Bonds”) is made only by means of this entire Limited Offering Memorandum. No person is authorized to detach this Summary Statement from this Limited Offering Memorandum or to otherwise use it without the entire Limited Offering Memorandum. 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 Limited Offering Memorandum.

Bond Owners’ Risks; Limited Offering

NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE 2014 BONDS. INVESTMENT IN THE 2014 BONDS POSES CERTAIN RISKS AND THE 2014 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE “INTRODUCTION”, “BONDHOLDERS’ RISKS”, “TAX MATTERS – Additional Matters Relating to On-going IRS Audit Program and Special Districts” AND “SUITABILITY FOR INVESTMENT” HEREIN. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE 2014 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 2014 Bonds

The 2014 Bonds are being issued pursuant to the Act and a Master Trust Indenture to be dated as of November 1, 2014 to be entered into by and between the District and U.S. Bank National Association (the “Master Indenture”) as trustee (the “Trustee”) as supplemented by a First Supplemental Trust Indenture to be dated as of November 1, 2014 to be entered into between the District and the Trustee (the “Supplemental Indenture” together with the Master Indenture, the “Indenture”). The form of Indenture is reproduced hereto as APPENDIX B. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Indenture. The 2014 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof; provided that the 2014 Bonds will be deliverable to the initial purchasers in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. The 2014 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 May 1, 2015. The 2014 Bonds are subject to extraordinary mandatory, optional and mandatory redemption prior to the stated dates of maturity, as provided herein. See “DESCRIPTION OF THE 2014 BONDS” herein.

Purpose of the 2014 Bonds

The 2014 Bonds are being issued in order to provide sufficient funds to (i) finance the cost to construct, acquire, equip and install the 2014 Project, (ii) fund the 2014 Reserve Account in an amount equal to the initial 2014 Reserve Account Requirement, (iii) pay costs of issuance of the 2014 Bonds, and (iv) capitalize a portion of the interest to accrue on the 2014 Bonds. See “ESTIMATED SOURCES AND USES OF PROCEEDS” herein.

The Developer and the Development

The lands within the District subject to the 2014 Assessments are being developed by Lennar Homes, LLC, a Florida limited liability company (the “Developer”) and include approximately 175 acres situated within the

boundaries of the District planned for 482 residential units as well as an additional twenty-six (26) residential units planned on lands situated in the northeastern portion of the District (together, the “Expansion Area”). See “THE DEVELOPMENT” herein.

Security for the 2014 Bonds

The principal of and interest on the 2014 Bonds shall be payable solely from, and shall be secured by, the revenues derived by the District from the 2014 Assessments (the “2014 Pledged Revenues”) and the Funds and Accounts (except for the 2014 Rebate Account) established by the Supplemental Indenture (the “2014 Pledged Funds and Accounts”). The 2014 Pledged Revenues and the 2014 Pledged Funds and Accounts collectively comprise the “2014 Trust Estate”.

\$7,945,000
HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
(Manatee County, Florida)
Special Assessment Bonds, Series 2014

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the 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 \$7,945,000 Special Assessment Bonds, Series 2014 (the "2014 Bonds").

No person has been authorized by the District or MBS to give any information or to make any representations, other than those contained in this Limited Offering Memorandum and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

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 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 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 (the "Development"). The portion of the Development to be benefitted by the public improvements to be financed with proceeds of the 2014 Bonds is expected to include 482 residential units on approximately 175 acres of land as well as an additional twenty-six (26) residential units planned on lands situated in the northeastern portion of the District (together, the "Expansion Area"). The 2014 Assessments will be levied only within the Expansion Area.

Lennar Homes, LLC, a Florida limited liability company (the "Developer"), is the developer of the Development. See "THE DEVELOPER" and "THE DEVELOPMENT" herein.

The 2014 Bonds are being issued pursuant to the Act and a Master Trust Indenture to be dated as of November 1, 2014 to be entered into between the District and U.S. Bank National Association (the "Master Indenture") as trustee (the "Trustee") as supplemented by a First Supplemental Trust Indenture to be dated as of November 1, 2014 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 2014 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the 2014 Assessments (the "2014 Pledged Revenues") and the Funds and Accounts (except for the 2014 Rebate Account) established by the Supplemental Indenture (the "2014 Pledged Funds and Accounts"). The 2014 Pledged Revenues and the 2014 Pledged Funds collectively comprise the "2014 Trust Estate".

NEITHER THE 2014 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 2014 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

2014 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2014 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2014 PLEDGED REVENUES AND THE 2014 PLEDGED FUNDS AND ACCOUNTS PLEDGED TO THE 2014 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

Proceeds of the 2014 Bonds will be used to (i) finance the cost to acquire, construct, install and equip the 2014 Project, (ii) fund the 2014 Reserve Account in an amount equal to the initial 2014 Reserve Account Requirement, (iii) pay costs of issuance of the 2014 Bonds, and (iv) capitalize a portion of the interest to accrue on the 2014 Bonds. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

INVESTMENT IN THE 2014 BONDS POSES CERTAIN RISKS AND THE 2014 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "BONDHOLDERS RISKS" AND "SUITABILITY FOR INVESTMENT" HEREIN.

THE 2014 BONDS ARE NOT CREDIT ENHANCED AND ARE NOT RATED. PROSPECTIVE INVESTORS IN THE 2014 BONDS ARE INVITED TO VISIT THE DISTRICT AND TO REQUEST FROM THE DISTRICT DOCUMENTS, INSTRUMENTS AND INFORMATION WHICH MAY NOT NECESSARILY BE REFERRED TO, SUMMARIZED OR DESCRIBED HEREIN. THEREFORE, PROSPECTIVE INVESTORS SHOULD RELY UPON THE INFORMATION APPEARING IN THIS LIMITED OFFERING MEMORANDUM WITHIN THE CONTEXT OF THE AVAILABILITY OF SUCH ADDITIONAL INFORMATION AND THE SOURCES THEREOF. PROSPECTIVE INVESTORS MAY REQUEST SUCH ADDITIONAL INFORMATION AND ARRANGE TO VISIT THE DISTRICT AS DESCRIBED HEREIN UNDER THE CAPTION "SUITABILITY FOR INVESTMENT."

DESCRIPTION OF THE 2014 BONDS

General

The 2014 Bonds are issuable only in fully-registered form, in denominations of \$5,000 or any integral multiple thereof; provided that the 2014 Bonds will be deliverable to the initial purchasers in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof. The 2014 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 Limited Offering Memorandum. Each 2014 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 2014 Bond has been paid, in which event such 2014 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2014 Bonds, in which event such 2014 Bond shall bear interest from its dated date. Interest on the 2014 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 May 1, 2015.

The 2014 Bonds shall be initially issued in the form of a separate single certificated fully registered 2014 Bond for each maturity thereof. Upon initial issuance, the ownership of each such 2014 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 2014 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 2014 BONDS - Book-Entry Only System" herein.

Redemption Provisions

Optional Redemption. The 2014 Bonds may, at the option of the District, be called for redemption as a whole, at any time, or in part on any Interest Payment Date, on or after May 1, 2029 (less than all 2014 Bonds to be selected by lot), at a Redemption Price (expressed as a percentage of principal amount of the 2014 Bonds to be redeemed) together with accrued interest to the redemption date as set forth in the following table:

May 1, 2029 through April 30, 2030	101%
May 1, 2030 and thereafter	100%

Mandatory Redemption. The 2014 Bonds maturing on May 1, 2034 are subject to mandatory redemption in part by the District by lot prior to the scheduled maturity from moneys in the 2014 Principal 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:

Year	Amortization Installments
2016	\$115,000
2017	125,000
2018	130,000
2019	135,000
2020	145,000
2021	150,000
2022	155,000
2023	165,000
2024	175,000
2025	185,000
2026	190,000
2027	200,000
2028	210,000
2029	225,000
2030	235,000
2031	245,000
2032	260,000
2033	275,000
2034*	285,000

* Maturity

The 2014 Bonds maturing on May 1, 2045 are subject to mandatory redemption in part by the District by lot prior to the scheduled maturity from moneys in the 2014 Principal 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:

Year	Amortization Installments
2035	\$300,000
2036	315,000
2037	335,000
2038	350,000
2039	370,000
2040	390,000
2041	410,000
2042	430,000
2043	455,000
2044	480,000
2045*	505,000

* Maturity

As more particularly set forth in the Master Indenture and Supplemental Indenture, any 2014 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 2014 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of 2014 Bonds (other than 2014 Bonds redeemed in accordance with scheduled Amortization Installments and other than 2014 Bonds redeemed at the direction of the District accompanied by a cash flow

certificate as required by the Master Indenture) so as to reamortize the remaining Outstanding principal balance of the 2014 Bonds as set forth in the Supplemental Indenture.

Extraordinary Mandatory Redemption. The 2014 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) on or after the Date of Completion of the 2014 Project (as such terms are defined in the Indenture), by application of moneys transferred from the 2014 Project Account in the Acquisition and Construction Fund established under the Indenture to the 2014 Prepayment Subaccount of the 2014 Redemption Account in accordance with the terms of the Indenture; or

(b) from Prepayments of 2014 Assessments (as such terms are defined in the Indenture) deposited into the 2014 Prepayment Subaccount of the 2014 Redemption Account or from amounts transferred from the 2014 Reserve Account into the 2014 Prepayment Subaccount of the 2014 Redemption Account after the deposit to the 2014 Reserve Account of a Reserve Account Credit Instrument (as such term is defined in the Indenture); or

(c) from amounts transferred to the 2014 Prepayment Subaccount of the 2014 Redemption Account resulting from a reduction in the 2014 Reserve Account Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in the 2014 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2014 Bonds then Outstanding, including accrued interest thereon.

Notice and Effect of Redemption

Notice of each redemption of 2014 Bonds is required to be mailed by the 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 2014 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Registrar, provided, however, that notwithstanding anything to the contrary in the Master Indenture, notice of the extraordinary mandatory redemption of 2014 Bonds from amounts deposited or transferred to the 2014 Prepayment Subaccount representing prepayments of 2014 Assessments or excess in the 2014 Reserve Account resulting from a reduction in the 2014 Reserve Account Requirement shall be given fifteen (15) days prior to the applicable redemption date. 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 2014 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 Bonds or such portions thereof on such date, interest on such 2014 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2014 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 2014 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 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.

If at the time of mailing of notice of an optional redemption, the District shall not have deposited with the Trustee or Paying Agent for the 2014 Bonds to be redeemed, moneys sufficient to redeem all the 2014 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited. Notwithstanding any other provision of the Indenture, notice of optional redemption may also be conditioned upon the occurrence or non-occurrence of such other 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.

If less than all of the 2014 Bonds shall be called for redemption, the particular 2014 Bonds or portions of 2014 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

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 2014 Bonds. The 2014 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 2014 Bond certificate will be issued for each maturity of the 2014 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.

Purchases of 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 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 2014 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 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, all 2014 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 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 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 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments

to the 2014 Bond documents. For example, Beneficial Owners of 2014 Bonds may wish to ascertain that the nominee holding the 2014 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 2014 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 2014 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 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2014 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 2014 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 2014 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, 2014 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, 2014 Bond certificates will be printed and delivered at the expense of the District.

So long as Cede & Co. is the registered owner of the 2014 Bonds, as nominee of DTC, reference herein to the Bondholders or Registered Owners of the 2014 Bonds will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the 2014 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 2014 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 2014 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 LIMITED OFFERING MEMORANDUM.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ESTIMATED SOURCES AND USES OF PROCEEDS

Proceeds from the issuance and delivery of the 2014 Bonds are expected to be applied as follows:

SOURCES

Par Amount of 2014 Bonds	\$7,945,000.00
Less Original Issue Discount	<u>(16,709.00)</u>
TOTAL SOURCES:	<u>\$7,928,291.00</u>

USES

Deposit to 2014 Project Account	\$6,920,000.00
Deposit to 2014 Reserve Account	259,400.00
2014 Costs of Issuance (including Underwriter's Discount)	359,638.50
Deposit to 2014 Capitalized Interest Account*	<u>389,252.50</u>
TOTAL USES:	<u>\$7,928,291.00</u>

*Interest is being capitalized on the 2014 Bonds through November 1, 2015

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DEBT SERVICE REQUIREMENTS FOR 2014 BONDS

Year Ending November 1	Principal	Interest	Total
2015	\$ ---	\$ 389,252.50	\$ 389,252.50
2016	115,000	399,800.00	514,800.00
2017	125,000	393,800.00	518,800.00
2018	130,000	387,425.00	517,425.00
2019	135,000	380,800.00	515,800.00
2020	145,000	373,800.00	518,800.00
2021	150,000	366,425.00	516,425.00
2022	155,000	358,800.00	513,800.00
2023	165,000	350,800.00	515,800.00
2024	175,000	342,300.00	517,300.00
2025	185,000	333,300.00	518,300.00
2026	190,000	323,925.00	513,925.00
2027	200,000	314,175.00	514,175.00
2028	210,000	303,925.00	513,925.00
2029	225,000	293,050.00	518,050.00
2030	235,000	281,550.00	516,550.00
2031	245,000	269,550.00	514,550.00
2032	260,000	256,925.00	516,925.00
2033	275,000	243,550.00	518,550.00
2034	285,000	229,550.00	514,550.00
2035	300,000	214,737.50	514,737.50
2036	315,000	198,978.13	513,978.13
2037	335,000	182,321.88	517,321.88
2038	350,000	164,768.75	514,768.75
2039	370,000	146,318.75	516,318.75
2040	390,000	126,843.75	516,843.75
2041	410,000	106,343.75	516,343.75
2042	430,000	84,818.75	514,818.75
2043	455,000	62,140.63	517,140.63
2044	480,000	38,181.26	518,181.26
2045	<u>505,000</u>	<u>12,940.63</u>	<u>517,940.63</u>
TOTAL	<u>\$7,945,000</u>	<u>\$7,931,096.28</u>	<u>\$15,876,096.28</u>

SECURITY FOR AND SOURCE OF PAYMENT OF THE 2014 BONDS

General

The primary source of payment for the 2014 Bonds are the revenues derived by the District from the 2014 Assessments imposed, pursuant to the Assessment Proceedings, on each assessable parcel of land within the Expansion Area that will be specially benefited by the 2014 Project (as defined herein) as provided in the Special Assessment Methodology attached hereto as APPENDIX E. The principal of, premium, if any, and interest on the 2014 Bonds are equally and ratably secured under the Indenture by a first lien upon and pledge of revenues derived by the District from the 2014 Assessments collected by or on behalf of the District from landowners or otherwise collected as a result of the levy of 2014 Assessments, including amounts received from the collection of Delinquent Assessments (the “2014 Assessment Revenues” or the “2014 Pledged Revenues”).

The Indenture provides that such pledge shall be valid and binding from and after the date of initial delivery of the 2014 Bonds and without any physical delivery thereof or further act. Such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District or the Trustee, irrespective of whether such parties have notice thereof. Pursuant to Section 170.08 Florida Statutes such lien is coequal with the lien of all State, county, district and municipal taxes and superior to all other liens now existing or hereafter created.

Non-ad valorem assessments are not based on millage and can become a lien against the homestead as permitted in Section 4, Article X of the Florida State Constitution. 2014 Assessments also consist of amounts received from any foreclosure or other court proceeding for the enforcement of collection of the 2014 Assessments or from the issuance and sale of tax certificates with respect to such 2014 Assessments, less the fees and costs of collection thereof payable to the Tax Collector or other collection agent and less certain administrative costs payable to the Property Appraiser. The Indenture provides that, except as otherwise provided therein, 2014 Assessments levied on platted lots shall be collected using the Uniform Collection Method provided for in Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, as amended (the "Uniform Method"). 2014 Assessments levied on unplatted lots, except as otherwise provided in the Indenture, shall be billed and collected directly by the District pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method. However, prior to an Event of Default, the election to collect and enforce 2014 Assessments in any year pursuant to any one method shall not, to the extent permitted by law, preclude the District from electing to collect and enforce 2014 Assessments pursuant to any other method permitted by law in any subsequent year. Following an Event of Default, 2014 Assessments levied on platted lots and pledged to secure the 2014 Bonds shall be collected pursuant to the Uniform Method and 2014 Assessments levied on unplatted lots and pledged to secure the 2014 Bonds shall be billed and collected directly by the District pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method in each case unless the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, provides written consent to a different method of collection. All 2014 Assessments that are billed and collected directly by the District and not via the Uniform Method shall be due and payable by the landowner no later than thirty (30) days prior to each Interest Payment Date; provided, however, that such 2014 Assessments shall not be deemed to be Delinquent Assessments unless and until same are not paid by the applicable Interest Payment Date with respect to which they have been billed. See also "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

Pursuant to the Indenture, if any 2014 Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any such 2014 Assessments are so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such 2014 Assessments when it might have done so, the District shall either (i) take all necessary steps to cause new 2014 Assessments to be made for the whole or any part of said improvement or against any property benefited by said improvement, or (ii) in its sole discretion, make up the amount of such 2014 Assessments from legally available moneys, which moneys shall be deposited into the Series 2014 Revenue Account in the Revenue Fund. In case such second 2014 Assessments shall be annulled, the District shall obtain and make other 2014 Assessments until valid 2014 Assessments shall be made.

Pursuant to the Supplemental Indenture, the District has covenanted if any property shall be offered for sale for the nonpayment of any 2014 Assessments and no person or persons shall purchase such property for an amount equal to the full amount due on the 2014 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the District, after receiving the written consent of the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, specifying whether the District is to take title to the property in its corporate name or in the name of a special purpose entity, may purchase the property for an amount less than or equal to the balance due on the 2014 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 or in the name of a special-purpose entity title to the property for the benefit of the Owners of the 2014 Bonds. The District, either through its own actions, or actions caused to be taken by the District 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 2014 Revenue Account. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners

of the 2014 Bonds within six (60) days after the receipt of the request therefore signed by the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding.

Pursuant to the Supplemental Indenture, the District also acknowledges and agrees that (i) upon failure of any property owner to pay when due any installment of 2014 Assessments that are billed directly by the District, that the entire 2014 Assessments levied on the property for which such installment of 2014 Assessments is due and unpaid, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and, with the written consent of the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, the District shall promptly, but in any event within one hundred twenty (120) days of the receipt of such consent, cause to be brought the necessary legal proceedings for the foreclosure of liens of Delinquent Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages.

The District has also covenanted to comply with the terms of the proceedings heretofore adopted with respect to the 2014 Assessments, including the Assessment Proceedings, and to levy the 2014 Assessments and any required true-up payments set forth in the Assessment Proceedings, in such manner as will generate funds sufficient to pay the principal of and interest on the 2014 Bonds, when due. The District covenants and agrees that upon the occurrence and continuance of an Event of Default with respect to the 2014 Bonds, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments that are directly billed and collected by the District, as well as delinquent direct billed Operation and Maintenance Assessments, and the provisions for the foreclosure of liens of Delinquent Assessments that are directly billed and collected by the District, as well as delinquent direct billed Operation and Maintenance Assessments, all in a manner consistent with the Indenture.

Parity Bonds

The District covenants and agrees that other than Refunding Bonds issued to refund all or a portion of the 2014 Bonds, as long as there are any 2014 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the 2014 Trust Estate; provided, however, that the District reserves the right to issue bonds, notes or other obligations payable from or secured by the 2014 Trust Estate pledged to the 2014 Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the 2014 Trust Estate equal or prior to the lien of the Supplemental Indenture securing the 2014 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 2014 Trust Estate and the rights and remedies of the holders of such Subordinated Debt to payment and upon default thereon and under any installment securing such Subordinated 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 2014 Bonds to payment and the control of remedies and acceleration, if any, granted under the Indenture. The District further covenants and agrees that so long as the 2014 Bonds are Outstanding, it will not impose Assessments for capital projects on any lands subject to the 2014 Assessments, without the written consent of the Majority Owners. Without the consent of any owners the District may levy Assessments or other non-ad valorem assessments on any lands subject to the 2014 Assessments in connection with Bonds or other obligations issued to finance renovations, repairs and/or rehabilitation of the 2014 Project.

Funds and Accounts; Application of 2014 Pledged Revenues

Pursuant to the Indenture, the following Funds and Accounts are established:

- (a) A Project Fund and therein a 2014 Project Account and a 2014 Costs of Issuance Account;
- (b) Within the Debt Service Fund: (i) a 2014 Debt Service Account and, therein, a 2014 Principal Account, a 2014 Interest Account and a 2014 Capitalized Interest Account; and (ii) a 2014 Redemption Account, and, therein, a 2014 Prepayment Subaccount and an Optional Redemption Subaccount;
- (c) Within the Revenue Fund a 2014 Revenue Account;

(d) Within the Reserve Fund a 2014 Reserve Account which shall be held for the benefit of all of the 2014 Bonds, without distinction and without privilege or priority of one 2014 Bond over another; and

(e) Within the Rebate Fund a 2014 Rebate Account.

2014 Project Account

Amounts on deposit in the 2014 Project Account shall be applied from time to time to pay the Costs of the 2014 Project upon compliance with the requisition provisions set forth in the Indenture.

Amounts on deposit in the 2014 Capitalized Interest Account shall, until and including November 1, 2015, be transferred into the 2014 Interest Account and applied to the payment of interest first coming due on the 2014 Bonds, and thereafter transferred into 2014 Project Account.

2014 Reserve Account

The 2014 Reserve Account Requirement is defined to mean, as of any date of calculation, an amount equal to fifty percent (50%) of the Maximum Annual Debt Service Requirement for all Outstanding 2014 Bonds as of the date of calculation. The foregoing is not in excess of the Maximum Annual Debt Service Requirement of \$518,800.00 which is not more than the lesser of (i) 125% of the average annual Debt Service Requirement for all Outstanding 2014 Bonds calculated as of the date of original issuance thereof or (ii) 10% of the proceeds of the 2014 Bonds calculated as of the date of original issuance thereof.

Amounts on deposit in the 2014 Reserve Account shall be used, except as otherwise provided in the Indenture, only for the purpose of making payments into the 2014 Interest Account and the 2014 Principal Account to pay the Debt Service Requirement on the 2014 Bonds, when due, without distinction as to 2014 Bonds and without privilege or priority of one 2014 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such 2014 Reserve Account shall consist only of cash and 2014 Investment Obligations.

Anything in the Indenture to the contrary notwithstanding, on the twentieth (20th) day prior to each Interest Payment Date (or the next succeeding Business Day if such date is not a Business Day), the Trustee is authorized and directed to recalculate the 2014 Reserve Account Requirement (assuming for purposes of such recalculation that the Maximum Annual Debt Service Requirement is the Maximum Annual Debt Service Requirement that will exist after application of the amount to be applied to the redemption of 2014 Bonds on the next succeeding Interest Payment Date) and to transfer any excess on deposit in the 2014 Reserve Account resulting from the Prepayment of 2014 Assessments into the 2014 Prepayment Subaccount of the 2014 Redemption Account to be applied to the extraordinary mandatory redemption of the 2014 Bonds. Notwithstanding the foregoing, prior to any transfers being made pursuant to this paragraph, transfers shall first be made to the credit of the 2014 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the District detailing the amount of such obligation to be deposited.

On the earliest date on which there is on deposit in the 2014 Reserve Account, sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding 2014 Bonds, together with accrued interest and redemption premium, if any, on such 2014 Bonds to the earliest date of redemption permitted therein, then the Trustee shall transfer the amount on deposit in the 2014 Reserve Account into the 2014 Prepayment Subaccount in the 2014 Redemption Account to pay and redeem all of the Outstanding 2014 Bonds on the earliest date permitted for redemption in the 2014 Bonds and the Indenture.

Application of 2014 Pledged Revenues and Investment Earnings

Pursuant to the Supplemental Indenture, the Trustee shall deposit into the 2014 Revenue Account any and all amounts required to be deposited therein by the 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 2014 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.

The District shall deposit 2014 Assessment Revenues with the Trustee within 30 days upon receipt together with a written accounting setting forth the amounts of such 2014 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

- (i) 2014 Assessment Principal, which shall be deposited into the 2014 Principal Account;
- (ii) 2014 Prepayment Principal, which shall be deposited into the 2014 Prepayment Subaccount in the 2014 Redemption Account;
- (iii) 2014 Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2014 Reserve Account to pay the principal of 2014 Bonds, and, the balance, if any, shall be deposited into the 2014 Principal Account;
- (iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the 2014 Reserve Account to pay the interest on 2014 Bonds and, the balance, if any, deposited into the 2014 Revenue Account; and
- (v) all other 2014 Assessment Revenues, which shall be deposited into the 2014 Revenue Account.

Moneys other than 2014 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 2014 Bonds called or to be called for redemption at the written direction of the District in accordance with the provisions for redemption of 2014 Bonds.

Anything in the Indenture to the contrary notwithstanding, on the twentieth (20th) day prior to each Interest Payment Date (or the next succeeding Business Day if such date is not a Business Day, the Trustee shall determine the amount on deposit in the 2014 Prepayment Subaccount of the 2014 Redemption Account and, if the balance therein is greater than zero, shall transfer from the 2014 Revenue Account for deposit into such 2014 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 corresponding 2014 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in the 2014 Prepayment Subaccount.

Subject to the following clause FIRST, on each May 1 (or if such May 1 is not a Business Day, on the Business Day preceding such May 1), the Trustee shall transfer from amounts on deposit in the 2014 Revenue Account to the Funds and Accounts designated below, the following amounts in the following order of priority:

FIRST, from the 2014 Revenue Account to the 2014 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2014 Bonds then Outstanding on such May 1 or the next successive November 1, less any amount transferred from the 2014 Capitalized Interest Account in accordance with the Supplemental Indenture and less any other amount already on deposit in the 2014 Interest Account not previously credited;

SECOND, beginning on May 1, 2016, and no later than the Business Day next preceding each May 1 thereafter while 2014 Bonds remain Outstanding, to the 2014 Principal Account, an amount equal to the principal amount of the 2014 Bonds subject to mandatory sinking fund redemption on such May 1 or maturing on such May 1, less any amount on deposit in the 2014 Principal Account not previously credited;

THIRD, to the 2014 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2014 Reserve Account Requirement with respect to the 2014 Bonds; and

FOURTH, the balance shall be retained in the 2014 Revenue Account.

It shall not, a fortiori, constitute an Event of Default under the Indenture if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefor.

Within ten (10) Business Days after the last Interest Payment Date in each calendar year, the Trustee shall, at the written direction of the District, withdraw any moneys held for the credit of the 2014 Revenue Account as of November 2nd of such year which are not otherwise required to be deposited to other 2014 Pledged Funds and Accounts and deposit such moneys first to the credit of the 2014 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the District by such date detailing the amount of such obligation which shall be deposited, and thereafter at the written direction of the District either retain such moneys held as of November 2 therein or transfer such moneys to the District to be used to pay the operating and administrative costs and expenses of the District or any combination of the foregoing; provided, however, that on the date of such proposed transfer the amount on deposit in the 2014 Reserve Account shall be equal to the 2014 Reserve Account Requirement and, provided further, that the Trustee shall not have actual knowledge of an Event of Default under the Indenture relating to any of the 2014 Bonds, including the payment of Trustee's fees and expenses then due.

Anything in the Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the 2014 Bonds shall be invested only in cash and 2014 Investment Obligations, and further, earnings on the 2014 Project Account and the subaccounts therein, the 2014 Interest Account, the 2014 Capitalized Interest Account, the 2014 Prepayment Subaccount and the Optional Redemption Subaccount shall be retained, as realized, in such Accounts or subaccounts and used for the purpose of such Account or subaccount and earnings of the 2014 Principal Account shall be transferred, as realized, to the 2014 Revenue Account. Earnings on investments in the Revenue Account shall be retained therein.

Earnings on investments in the 2014 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in the Master Indenture) in the 2014 Reserve Account as of the most recent date on which amounts on deposit in the 2014 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the 2014 Reserve Account since such date which have created a deficiency, then earnings on the 2014 Reserve Account shall be deposited into the 2014 Capitalized Interest Account through November 1, 2015 and thereafter, to the 2014 Revenue Account; and

(ii) if as of the last date on which amounts on deposit in the 2014 Reserve Account were valued by the Trustee there was a deficiency (as defined in the Master Indenture), or if after such date withdrawals have been made from the 2014 Reserve Account and have created such a deficiency, then earnings on investments in the 2014 Reserve Account shall be deposited into the 2014 Reserve Account until the amount on deposit therein is equal to the 2014 Reserve Account Requirement, and then earnings on the 2014 Reserve Account shall be deposited into the 2014 Capitalized Interest Account through November 1, 2015 and thereafter, to the 2014 Revenue Account.

Notwithstanding the foregoing, prior to any transfers being made pursuant to this paragraph, transfers shall first be made to the credit of the 2014 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the District detailing the amount of such obligation to be deposited.

Prepayment of 2014 Assessments

Pursuant to Chapter 170, Florida Statutes, the owner of property subject to 2014 Assessments may pay the entire balance of the 2014 Assessments remaining due, without interest, within thirty (30) days after the 2014 Project has been completed and the Board of Supervisors has adopted a resolution accepting the 2014 Project as provided by Section 170.09, Florida Statutes. The Developer will covenant at the time of issuance of the 2014 Bonds not to prepay the 2014 Assessments under Section 170.09, Florida Statutes on the land owned by it in the Expansion Area. This covenant will be binding upon, and run with, the land in the Expansion Area, only a portion of which is owned by the Developer.

The respective proceedings relating to the levy of the 2014 Assessments will also provide that any owner of property subject to 2014 Assessments may pay the entire principal balance of 2014 Assessments associated with the 2014 Bonds remaining due, in part one time, and in whole at any time, together with interest thereon as provided in the assessment proceedings.

The 2014 Bonds are subject to extraordinary mandatory redemption as indicated under “DESCRIPTION OF THE 2014 BONDS—Redemption Provisions—*Extraordinary Mandatory Redemption*” from prepayments of 2014 Assessments by property owners. The prepayment of 2014 Assessments does not entitle the owner of the property to a discount for early payment.

Adjustments to 2014 Assessments

Under applicable Florida law upon completion of the 2014 Project, the 2014 Assessments are to be credited, pro rata, with any excess of the original 2014 Assessments over the actual cost of the 2014 Project funded from proceeds of the 2014 Bonds. In making such credit, no credit shall be given for bond financing costs, funded reserves or bond discount.

Agreement for Assignment of Development Rights

Contemporaneously with the issuance of the 2014 Bonds, the Developer and the District will enter into a Collateral Assignment and Assumption of Development and Contract Rights (the “Assignment Agreement”). The Assignment Agreement provides, among other things, that in the event the Developer defaults in the payment of 2014 Assessments levied on lands owned by the Developer, the District may exercise its remedial rights pursuant to applicable law to secure control and/or title to the lands owned by the Developer. Such exercise of remedial rights by the District may include foreclosure proceedings, acceptance of a deed in lieu of foreclosure and the establishment of a special-purpose entity to hold title to such lands, as designee of the District. Pursuant to the Assignment Agreement, the Developer unconditionally agrees to collaterally assign to the District all of its rights and contract rights relating to the undeveloped portion of the Expansion Area (the “Development and Contract Rights”). Such Development and Contract Rights specifically exclude any such portion of the Development and Contract Rights which relate solely to any property which has been conveyed to a landowner resulting from the sale of land in the ordinary course of business, the County, the District, any applicable homeowner’s association or other governing entity or association as may be required by applicable permits, approvals, plats, entitlements or regulations affecting the 2014 Project, if any.

Completion Agreement

In connection with the issuance of the 2014 Bonds, the District and the Developer will enter into an agreement (the “Completion Agreement”) pursuant to which the Developer will agree to complete or cause to be completed or cause funds to be provided to the District to complete the portion of the 2014 Project not funded with proceeds of the 2014 Bonds and any other debt of the District. Remedies for a default under the Completion Agreement include damages and/or specific performance.

True Up Agreement

In connection with the issuance of the 2014 Bonds, the District and Developer will enter into an agreement pursuant to which the Developer agrees to timely pay when requested by the District any amount of 2014 Assessments allocated to unplatted acres in excess of the allocation in place at the time of issuance of the 2014 Bonds, all as contemplated by the Assessment Proceedings.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

Tax Collection Procedures

The primary sources of payment for the 2014 Bonds are the 2014 Assessment Revenues derived by the District from the 2014 Assessments imposed on parcels within the boundaries of the District pursuant to the Assessment Proceedings. The determination, order, levy, and collection of 2014 Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District to comply with such requirements could result in delay in the collection of, or the complete inability to collect 2014 Assessments, during any year. Such delays in the collection of 2014 Assessments, or complete inability to collect 2014 Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of debt service requirements on the 2014 Bonds. To the extent that landowners fail to pay the 2014 Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures

available to the District is essential to continued payment of principal of and interest on the 2014 Bonds. The Act provides for various methods of collection of delinquent 2014 Assessments by reference to other provisions of the Florida Statutes. The information later herein under “Uniform Method Tax Collection Procedure” and “Foreclosure” sets forth 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 Indenture, the 2014 Assessments that are billed directly by the District become Delinquent Assessments when any installment of such 2014 Assessments is not paid by the applicable Interest Payment Date with respect to which it has been billed, and 2014 Assessments that are billed pursuant to the uniform method of levy and collection become Delinquent Assessments when such 2014 Assessments are deposited with the Trustee on or after May 1 in year in which such 2014 Assessment Principal has or would have become delinquent under State law applicable thereto.

Enforcement of the obligation to pay 2014 Assessments and the ability to foreclose the lien created by the failure to pay 2014 Assessments, or the ability of the Tax Collector to sell tax certificates and ultimately tax deeds, may not be readily available or may be limited as such enforcement is dependent upon judicial action which is often subject to discretion and delay.

Uniform Method Tax Collection Procedure

The Florida Statutes provide that, subject to certain conditions, special assessments may be collected by using the Uniform Method. Pursuant to the Supplemental Indenture, the District has, as provided in the Supplemental Indenture, covenanted to collect the 2014 Assessments levied on platted lots through the Uniform Method. Although the District currently intends to collect 2014 Assessments on unplatted lots directly, it may also elect to collect the 2014 Assessments levied on unplatted lots through the Uniform Method. The Uniform Method of collection is available only in the event the District enters into a Property Appraiser and Tax Collection Agreement with the Tax Collector and Property Appraiser providing for the 2014 Assessments to be collected in this manner. Under the Uniform Method for collecting non-ad valorem assessments, the Tax Collector will list on the assessment roll for each of the relevant tax years any 2014 Assessments, will include in the notice of proposed property taxes the dollar amount of such 2014 Assessments, and will include on the tax notice issued pursuant to Section 197.322, Florida Statutes, the dollar amount of such 2014 Assessments. Under the Uniform Method, the 2014 Assessments will be collected together with County and other taxes. The 2014 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, including the 2014 Assessments, being collected by the Uniform Method) are to be billed, and landowners in the District are required, subject to the next succeeding paragraph, 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 2014 Assessments. Upon any receipt of moneys by the Tax Collector from the 2014 Assessments, such moneys will be delivered to the District, which will remit such 2014 Assessments to the Trustee for deposit as provided in the Supplemental Indenture.

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 2014 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 under Section 194, Part II, Florida Statutes and other applicable law. Section 194.171(3), Florida Statutes provides that before an action contesting a tax assessment may be brought, a taxpayer must pay to the Tax Collector the amount of the tax the taxpayer admits in good faith to be owing. Such payment by the taxpayer and the taxpayer’s timely filing of an action contesting the tax suspends all proceedings for the collection of such contested tax prior to the final disposition of the action. Accordingly, a landowner that contests the levy or the amount of a particular tax assessment, which may possibly include non-ad valorem special assessments such as the 2014 Assessments collected by the Uniform Method, under the aforescribed circumstances may be permitted to pay only that amount that the landowner, in good faith, admits to be owing. In addition, Section 197.374, Florida Statutes provides that taxpayers appealing the assessed value or assigned classification of their property may make a

partial payment of taxes before the delinquency date (typically April 1). See “BONDHOLDERS’ RISKS—Item No. 9” for a discussion of the impact of such a contest on the District’s ability to pay debt service on the 2014 Bonds.

Under the Uniform Method, if the 2014 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 2014 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 such as the 2014 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 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 2014 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 2014 Assessments due. In the event of a delinquency in the payment of taxes and assessments on real property, the landowner may, prior to the sale of tax certificates, pay delinquent taxes and assessments plus an interest charge of 18% per annum on the amount of delinquent taxes. If the landowner does not act, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and assessments owing and interest thereon and certain costs, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%). Generally, tax certificates are sold by public bid. If there are no bidders, the tax certificate is issued to the County (being the county in which the assessed lands are located). During the pendency of any litigation arising from the contest of a landowner’s tax assessment collected through the Uniform Method, which may possibly include non-ad valorem special assessments such as the 2014 Assessments, it is possible that the tax collector will not sell tax certificates with respect to such property. See “BONDHOLDERS’ RISKS—Item No. 9” for a discussion of the impact of such a contest on the District’s ability to pay debt service on the 2014 Bonds. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest (currently 18%). The Tax Collector does not collect any money if tax certificates are issued to the County. The County may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than 18% per annum and a fee. Proceeds from the sale of tax certificates are required to be used to pay taxes and assessments (including the 2014 Assessments), interest, costs and charges on the real property described in the certificate. The demand for such certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying 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 market value of the property subject to the 2014 Assessments may affect the demand for certificates and the successful collection of the 2014 Assessments, which are the primary source of payment of the 2014 Bonds.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled, in whole or in part, by the person owning or claiming an interest in the underlying land, or a creditor thereof, 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. Regardless of the interest rate actually borne by the certificates, persons redeeming tax certificates must pay a minimum interest rate of 5%, unless the rate borne by the certificates is zero percent. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the tax certificate such proceeds less service

charges, and the certificate is canceled. Redemption of tax certificates held by the County is effected by purchase of such certificates from the County, as described in the preceding paragraph.

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 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 minimum bid is also deemed to include, in addition to the amount of money required for the minimum bid on non-homestead property, 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 toward 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), lienholder of record, mortgagees of record, vendees of recorded contracts for deeds, and other lienholder 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 interest may appear.

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

If there are no bidders at the public sale, the county may at any time within ninety (90) days from the date of offering for public sale, purchase the land without further notice or advertising for a statutorily prescribed opening bid. After ninety (90) days have passed, any person or governmental unit may purchase the land by paying the amount of the opening bid. Taxes accruing after the date of public sale do not require repetition of the bidding process but are added to the minimum 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 commission.

Pursuant to the Supplemental Indenture, if any property shall be offered for sale for the nonpayment of any 2014 Assessments and no person or persons shall purchase such property for an amount equal to the full amount due on the 2014 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the District, after receiving the written consent of the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, specifying whether the District is to take title to the property in its corporate name or in the name of a special purpose entity, may purchase the property for an amount less than or equal to the balance due on the 2014 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 or in the name of a special-purpose entity title to the property for the benefit of the Owners of the 2014 Bonds. The District, either through its own actions, or actions caused to be taken by the District 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 2014 Revenue Account. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the 2014 Bonds

within six (60) days after the receipt of the request therefore signed by the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding.

Foreclosure

With respect to unplatted lots (unless the District elects to collect the 2014 Assessments levied on unplatted lots through the Uniform Method) or, with respect to platted lots, if for any reason the District is unable, or elects not, to use the Uniform Method of collecting the 2014 Assessments, the District will, itself, directly collect the 2014 Assessments. Chapter 170.10, Florida Statutes provides that upon the failure of any property owner to pay all or any part of the principal of a special assessment 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. Any foreclosure proceedings to enforce payment of the 2014 Assessments may proceed under the provisions of Chapter 173, Florida Statutes, which provides that after the expiration of one year from the date any special assessment or installment thereof becomes due, the District may commence a foreclosure proceeding against the lands upon which the assessments are liens. Such a proceeding is in rem, meaning that it is brought against the land and not against the owner. Under certain circumstances, with respect to 2014 Assessments which the District has been collecting through the Uniform Method, the District may opt out of using the Uniform Method and utilize the foreclosure procedures described in this paragraph.

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 Assessments and costs of the proceeding. The judgment would also direct sale of the land subject to the Delinquent Assessments by public bid to the highest bidder, with proceeds of the sale being applied to payment of the Delinquent Assessments. If no bidder bids at least the amount of the Delinquent Assessments and applicable costs, the District may obtain title to the land. See "BONDHOLDERS' RISKS" below.

BONDHOLDERS' RISKS

Certain risks are inherent in an investment in obligations secured by 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 2014 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the 2014 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the 2014 Bonds.

(1) Developer Currently Owns Majority of the Assessable Land in the Expansion Area; Remedies May Be Delayed, Not Readily Available or Limited. Until further development takes place on the benefited land within the Expansion Area, payment of the 2014 Assessments is primarily dependent upon their timely payment by the Developer. At closing of the sale of the 2014 Bonds it is expected that the majority of the land in the Expansion Area burdened by the 2014 Assessments will continue to be owned either directly or indirectly by the Developer. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other subsequent significant owner of property within the Expansion Area, delays will most likely occur in the payment of debt service on the 2014 Bonds as such bankruptcy could negatively impact the ability of: (i) the Developer and any other landowner within the Expansion Area being able to pay the 2014 Assessments; (ii) the District to foreclose the lien on the 2014 Assessments if tax certificates are not sold; and (iii) the County to sell tax certificates in relation to such property (in the case of (ii) and (iii) to the extent that any portion of the 2014 Assessments are being collected by the Uniform Method of Collection). In addition, the remedies available to the Beneficial Owners of the 2014 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 the Developer, the remedies specified by federal, state and local law and in the Indenture and the 2014 Bonds, including, without limitation, enforcement of the obligation to pay the 2014 Assessments may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2014

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 2014 Bonds could have a material adverse impact on the interest of the Beneficial Owners thereof. The failure of a landowner the Expansion Area to pay the required 2014 Assessments on its property will not result in an increase in the amount of 2014 Assessments other landowners in the Expansion Area are or would be required to pay.

(2) Lands in the Expansion Area 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 2014 Bonds is the timely collection of the 2014 Assessments. The 2014 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured only by a lien on such land. The Developer expects to proceed in its normal course of business to develop lots and construct homes in the Expansion Area to sell to retail buyers to be served by the 2014 Project. There is no assurance that the subsequent owners of this land will be able to pay the 2014 Assessments or that they will pay such 2014 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 any portion of the 2014 Assessments are being collected by the Uniform Method of Collection) 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 determination of the benefits to be received by the land within the Expansion Area as a result of implementation and development of the 2014 Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. In other words, the value of the land in the Expansion Area could potentially be ultimately less than the debt secured by the 2014 Assessments associated with it. To the extent that the realizable or market value of the land is lower than the assessment of benefits, the ability of the County to sell tax certificates relating to such land may be adversely affected (to the extent that any portion of the 2014 Assessments are being collected by the Uniform Method of Collection). Such adverse effect could render the District unable to collect Delinquent 2014 Assessments, if any, and could negatively impact the ability of the District to make the full or punctual payment of the debt service on the 2014 Bonds. The payment of the annual 2014 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 2014 Assessments, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to 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 with respect to the 2014 Assessments would increase the likelihood of a delay or default in payment of and interest on the 2014 Bonds.

(3) District Must Follow Statutory Procedures to Levy and Collect 2014 Assessments. The District is required to comply with statutory procedures in levying the 2014 Assessments. Failure of the District to follow these procedures could result in the 2014 Assessments not being levied or potential future challenges to such levy. Counsel to the District will, however, render a legal opinion as to the levy process and the enforceability of the 2014 Assessments.

(4) 2014 Assessments Are Non-Recourse. The District has not granted, and may not grant under Florida law, a mortgage or security interest in the 2014 Project. Furthermore, the District has not pledged the revenues, if any, from the operation of the 2014 Project as security for, or a source of payment of, the 2014 Bonds. Neither has the District covenanted to establish rates, fees and charges for the 2014 Project at any specified levels. The 2014 Bonds are payable solely from, and secured principally by, the 2014 Assessments. The Developer's obligation to pay the 2014 Assessments is limited solely to the obligation of any other landowner in the Expansion Area to pay 2014 Assessments levied against its land. The Developer is not a guarantor of payment on any 2014 Assessments and the recourse for the Developer's and any other landowner's failure to pay the 2014 Assessments is limited to its ownership interest in the assessed land.

(5) Delays in Enforcement of Collection of Delinquent 2014 Assessments May Arise. In addition to legal delays that could result from bankruptcy, the ability of the District to enforce collection of delinquent 2014 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the 2014 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. In addition, if the District should commence a foreclosure action against a landowner

for nonpayment of 2014 Assessments, such landowner 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 and/or will be compelled to request Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. The use of funds on deposit under the Indenture is subject to the limitations on the use of proceeds of the 2014 Bonds for such purpose imposed by the Code (as hereinafter defined). If the District has difficulty in collecting the 2014 Assessments or has insufficient funds to pursue a foreclosure action the 2014 Reserve Account could be rapidly depleted and the ability of the District to pay debt service on the 2014 Bonds could be materially adversely affected.

A recent Florida bankruptcy court decision held that the board of supervisors of a community development district, as a creditor, may vote to approve a reorganization plan submitted by the majority landowner in the district, as debtor, notwithstanding that a majority of the members of the board of supervisors were affiliated with, or employed by, the landowner. In that instance, the reorganization plan approved by the community development district resulted in a significant delay in payment of debt service on outstanding bonds of the district. Currently, two members of the Board of the District are employees of the Developer or its affiliates, although ultimately the qualified electors of the District will elect Supervisors, as more fully described under “THE DISTRICT—Board of Supervisors.” No mechanism exists under the Act or the Indenture to permit Bondholders to replace Supervisors following an Event of Default under the Indenture. See also Item No. 4—“2014 Assessments Are Non-Recourse” above.

(6) Challenges to the Superiority of the Lien of the 2014 Assessments by Mortgage Lenders, if any, May Arise. 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 2014 Assessments in relation to the liens of mortgages burdening the same real property.

(7) Amounts on Deposit in the 2014 Reserve Account May Be Insufficient to Fund Deficiencies Caused By Delinquent 2014 Assessments. Some of the risk factors described herein, which, if materialized, would result in a delay in the collection of the 2014 Assessments, may not affect the timely payment of debt service on the 2014 Bonds because of the 2014 Reserve Account established by the District for the 2014 Bonds. The ability of the 2014 Reserve Account to fund deficiencies caused by Delinquent 2014 Assessments is dependent upon the amount, duration and frequency of such deficiencies. Moneys on deposit in the 2014 Reserve Account may be invested in certain obligations permitted under the Indenture. Fluctuations in interest rates and other market factors could affect the amount of moneys available in the 2014 Reserve Account to make up deficiencies.

(8) District Will Likely Have Insufficient Funds to Replenish Draws on the 2014 Reserve Account. Owners of the 2014 Bonds should note that although the Indenture contains a 2014 Reserve Account Requirement for the 2014 Bonds, and a corresponding obligation on the part of the District to replenish the 2014 Reserve Account to the 2014 Reserve Account Requirement, if in fact that account is accessed for any purpose, the District does not have a designated revenue source for replenishing that fund. Moreover, the District will not be permitted to re-assess real property then burdened by the 2014 Assessments in order to provide for the replenishment of the 2014 Reserve Account.

(9) Other Entities Levy Taxes and Assessments on the Expansion Area; District May Levy Additional Assessments. The willingness and/or ability of an owner of land within the Expansion Area of the District to pay the 2014 Assessments levied on its land 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. Public entities whose boundaries overlap those of the District, such as the County and County school district, could, without the consent of the owners of the land within the District, impose additional taxes or assessments on the property within 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 2014 Assessments is, however, of equal dignity with the liens for State and County and certain taxes upon land. As referenced herein, the District has imposed or may also impose additional assessments, including for its operation, maintenance and administrative expenses, which could encumber the property burdened by the 2014 Assessments. County, school, special district taxes and special assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on debt, including the 2014 Assessments, collected pursuant to the Uniform Method are payable at one time. As referenced above, a taxpayer cannot designate specific line items on the tax bill as being paid in full, except pursuant to a contest in compliance with the procedures set forth in Section 194.171(3), Florida

Statutes. Therefore, in the absence of such a contest, the failure to pay any one line item would cause the 2014 Assessments collected on such tax bill to not be collected. In the event of such a contest, a taxpayer may be permitted to pay only that amount of the contested tax assessment, which may possibly include non-ad valorem special assessments such as the 2014 Assessments, that the taxpayer, in good faith, admits to be owing or otherwise make a partial payment, all as more fully described under “ENFORCEMENT OF ASSESSMENT COLLECTIONS—Uniform Tax Collection Procedure” herein. In either case, there could be a delay in the collection of the 2014 Assessments collected pursuant to the applicable tax bill. The election by a significant number of landowners in the Expansion Area to make partial payment of the amounts collected on a tax bill, or to contest the 2014 Assessments collected on the tax bill, 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 2014 Bonds.

(10) Economic Conditions May Adversely Impact Development of the Expansion Area. The Expansion Area may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer. Although the Developer expects to sell homes in the Expansion Area to end users, there can be no assurance that such purchases will occur or be realized in the manner currently anticipated. In addition, the Expansion Area is subject to comprehensive federal, state, and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of required public improvements, both public and private, and construction of the 2014 Project in accordance with applicable zoning, land use and environmental regulations for the Expansion Area. Although no delays are anticipated, failure to obtain any such approvals in a timely manner could delay or adversely affect the Expansion Area, which may negatively impact the Developer’s desire or ability to develop the Expansion Area as contemplated. See “APPENDIX A—CONSULTING ENGINEER’S REPORT” for a discussion of permits and approvals.

(11) No Assurance District Will Have Sufficient Funds to Complete 2014 Project; No Assurance Other Entities Will Have Sufficient Funds to Complete Infrastructure For the Expansion Area. If amounts available from proceeds of the 2014 Bonds are insufficient to permit the District to construct and/or acquire the 2014 Project, it is unlikely that the District would have other funds to complete such 2014 Project. However, it should be noted that the Developer will agree in an agreement with the District to complete or cause to be completed or cause funds to be provided to the District to complete the portion of the 2014 Project not otherwise completed. The Developer’s obligations as aforesaid are unsecured.

(12) District May Have Incomplete Information Regarding the Expansion Area, the Development and the Developer. The District may have incomplete information concerning the Expansion Area, the Development and the Developer. For example, the District has limited information concerning the condition of land in the Expansion Area, its suitability for future development and its value. Furthermore, except to the extent described in this Limited Offering Memorandum under the captions “THE DEVELOPMENT” and “THE DEVELOPER,” the District has not been provided information regarding the Developer and has not undertaken to independently verify or confirm any such information.

(13) Land Development in the Expansion Area May Be Adversely Impacted. Undeveloped or partially developed land in the Expansion Area is inherently less valuable than developed land and provides less security to the Owners of the 2014 Bonds should it be necessary to institute proceedings due to the nonpayment of the 2014 Assessments. Failure to complete development or substantial delays in the completion of the development of the Expansion Area due to litigation or other causes may reduce the value of the land subject to the 2014 Assessments and increase the length of time during which 2014 Assessments will be payable with respect to undeveloped property and may affect the willingness and ability of the owners of such property to pay the 2014 Assessments when due. A slowdown of the process of development of the land within the Expansion Area could adversely impact land values. There can be no assurance that land development operations within the Expansion Area will not be adversely affected by competition, a deterioration of the real estate market and economic conditions or future local, state and federal governmental policies relating to real estate development, the income tax treatment of real property ownership or the national or global economies.

(14) Higher Interest Rates May Adversely Impact a Landowner’s Ability or Willingness to Pay 2014 Assessments. The interest rate borne by the 2014 Bonds is, in general, higher than interest rates borne by other bonds of political subdivisions that do not involve the same degree of risk as investment in the 2014 Bonds. These higher interest rates are intended to compensate investors in the 2014 Bonds for the risk inherent in a purchase of the

2014 Bonds. However, such higher interest rates, in and of themselves, increase the amount of 2014 Assessments (inclusive of interest) that the District must levy in order to provide for payments of debt service on the 2014 Bonds, and, in turn, may increase the burden upon owners of lands within the Development, thereby possibly increasing the likelihood of non-payment or delinquency in payment of such 2014 Assessments.

(15) There is No Assurance of a Liquid Secondary Market for the 2014 Bonds. There is no assurance that a liquid secondary market exists or will develop for the 2014 Bonds in the event a Beneficial Owner thereof determines to solicit purchasers for the 2014 Bonds it owns. Even if a liquid secondary market exists or develops, as with any marketable securities, there can be no assurance as to the price for which the 2014 Bonds may be sold. Such price may be lower than that paid by the current Beneficial Owner of the 2014 Bonds, depending on the progress of development of the Expansion Area, existing real estate and financial market conditions and other factors.

(16) No Adjustment To Interest Rate In The Event Of A Change in the Tax-Exempt Status Of The 2014 Bonds. The Indenture does not provide for any adjustment to the interest rates borne by the 2014 Bonds or for a redemption of the 2014 Bonds in the event of a change in the tax-exempt status of the interest on the 2014 Bonds. Such a change could occur as a result of an adverse determination by the IRS or a court with respect to the tax-exempt status of interest on the 2014 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 2014 Bonds should evaluate whether they can own the 2014 Bonds in the event that the interest on the 2014 Bonds becomes taxable.

The IRS is examining certain bonds (the "Audited Bonds") issued by Village Center Community Development District ("Village Center"). The Audited Bonds were recently refunded with proceeds of taxable bonds. The formal conclusion of the IRS with respect to the Audited Bonds was issued on May 30, 2014 and publicly released on June 4, 2014, in the form of a technical advice memorandum (TAM 201434038) ("TAM") addressed to Village Center in connection with the Audited Bonds. The TAM only addresses the specific facts related to the Village Center and the Audited Bonds. The TAM concludes that Village Center is not a political subdivision authorized to issue tax-exempt bonds since it is not a division of state or local government because

"...[Village Center] was organized and operated to perpetuate private control and avoid indefinitely responsibility to a public electorate, either directly or through another elected State or local governmental body. That fact is not consistent with qualification as a political subdivision. We need not discuss any other requirements that a division of a State or local governmental unit might need to meet to qualify as an District of tax exempt bonds. [Village Center] is not a "state or political subdivision thereof for purposes of section 103(c)(1)."

Purchasers of the 2014 Bonds should read the TAM addressed to Village Center in its entirety. Village Center may contest the findings of the TAM administratively or ultimately in the courts or may seek to enter into a voluntary settlement arrangement with the IRS. It is not possible to predict when the IRS's examinations of the Audited Bonds will be concluded, the outcome of the examinations and the impact, if any, of such outcome on the District and/or the 2014 Bonds. See "TAX MATTERS" herein.

The TAM is a private, non-precedential ruling addressed to, and binding only on, the IRS and Village Center and only in connection with the Audited Bonds, but it does describe the current official position of the Office of Chief Counsel of the IRS with respect to a community development district organized and operated in the same manner and for the same purposes as Village Center. Moreover, the cited legal basis for the TAM is limited and, accordingly, the value of the TAM as guidance is also limited. As noted above, the TAM describes Village Center as an entity organized and operated in a manner that resulted in continued effective control of the election of its board of supervisors by a single entity and/or its affiliates rather than by qualified electors. Nevertheless, the position asserted by the IRS in the TAM may reflect the disfavor of the IRS toward governmental entities with governing boards elected by landowners, and this position may lead the enforcement branch of the IRS to select bonds of other Districts with landowner-controlled boards for examination or on the basis of "other requirements that a division of a State or local governmental unit might need to meet to qualify as an issuer of tax exempt bonds" and may conclude that other community development districts or special districts are not political subdivisions. The IRS has also 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. There is no assurance that an audit by the IRS of the 2014 Bonds will not be commenced for the foregoing or any other reasons. If the 2014 Bonds were audited, the IRS may determine that the District is not a political subdivision and that interest on the 2014 Bonds is not excludable from gross income for the reasons stated above or other reasons.

Owners of the 2014 Bonds are advised that, if the IRS does audit the 2014 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 2014 Bonds may have limited rights to participate in such procedure. The District could settle an audit of the 2014 Bonds in which the IRS determined the interest on the 2014 Bonds was not excludable from gross income or the District could file an administrative appeal with the IRS; however, the District may not have available revenues to contest such determination or to enable it to enter into a financial settlement with the IRS. If the District were to lose such an appeal, the interest on the 2014 Bonds would be declared subject to inclusion in gross income of the holders thereof from the issue date of the 2014 Bonds (unless the District entered into a settlement with the IRS). In the event IRS determines in an audit that the interest on the 2014 Bonds is not excludable from gross income, unless an Owner of the 2014 Bonds refuses to pay tax on the interest it receives or pays such tax and sues the IRS for a refund, there is no procedural avenue to bring the IRS determination to a court for review and, consequently, the ability of an Owner of the 2014 Bonds to seek relief from a court is limited.

The commencement of an audit by the IRS could adversely affect the market value and liquidity of the 2014 Bonds until the audit is concluded, regardless of the ultimate outcome. An adverse determination by the IRS with respect to the tax-exempt status of interest on the 2014 Bonds may adversely impact any secondary market for the 2014 Bonds, and if a secondary market exists, will likely adversely impact the price for which the 2014 Bonds may be sold.

It should be noted that the 2014 Bonds have been validated by a final, non-appealable order of the Circuit Court of the State of Florida in and for Manatee County, Florida, in which it was determined, inter alia, that the District has the authority under Florida law to issue such 2014 Bonds, that the purpose for which such 2014 Bonds were issued is legal under Florida law, and that the proceedings for issuance of such 2014 Bonds complies with the requirements of applicable Florida law. See "VALIDATION."

Various proposals are mentioned from time to time by members of the Congress of the United States of America and others concerning reform of the internal revenue (tax) laws of the United States. In addition, the IRS may, in the future, issue rulings that have the effect of changing the interpretation of existing tax laws. Certain of these proposals and interpretations, if implemented or upheld, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the 2014 Bonds, by eliminating or changing the tax exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become or be upheld as law, and if so, the effect such proposals could have upon the value of bonds such as the 2014 Bonds, cannot be predicted. However, it is possible that any such law or interpretation could have a material and adverse effect upon the availability of a liquid secondary market and/or the value of the 2014 Bonds.

See "TAX MATTERS" herein.

(17) Consultants May Not Perform. While the District hereby represents that it has selected its District Manager, District Counsel, Consulting Engineers, Trustee and other professionals with the appropriate due diligence and care, and while the foregoing parties have each represented in their respective areas as having the requisite experience to accurately and timely perform the duties assigned to them in such roles, the District does not guaranty any portion of the performance of these parties.

(18) Environmental Matters May Adversely Impact Land the Expansion Area. The value of the land within the Expansion Area, the success of the Development and the likelihood of timely payment of principal and interest on the 2014 Bonds could be affected by environmental factors with respect to the land in the District. Should the land in the Expansion Area be contaminated by hazardous materials, this could materially and adversely affect the value of the land in the Expansion Area, which could materially and adversely affect the success of the Development and the likelihood of timely payment of the 2014 Bonds. 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 District.

(19) Impact of Existing and Potential Future Property Tax Reform Legislation Cannot Be Predicted. On June 21, 2007, the then Florida Governor signed into law property tax reform legislation enacted by the Florida Legislature which, among other matters, required counties, cities and special districts to roll back their millage rates. Additional property tax reform legislation was enacted by the Florida Legislature in a special session ended October 29, 2007 and a constitutional amendment was approved by Florida voters on January 29, 2008 which, among other matters, increased the homestead exemption for certain properties. An additional constitutional amendment relating to property tax reform was approved in November, 2010. In its 2011 regular session, the Florida Legislature enacted additional legislation impacting ad valorem taxation. Constitutional amendments implementing a portion of this legislation to grant additional homestead exemptions for certain homeowners was approved by the electors in the 2012 general election. 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. See also the discussion of the Executive Order directing an examination of the role of special districts in Florida under “THE DISTRICT—General.” It is impossible to predict with certainty the impact that any existing or future legislation will or may have on the security for the 2014 Bonds. It should be noted that 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.”

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. 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 2014 Bonds.

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. See “BONDHOLDER’S RISKS—Item No. 19,” which also notes that 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.”

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. At the November, 2014 election, one of the expiring Supervisor terms shall be filled by an election of landowners and the other two expiring terms shall be filled by a vote of the Board of Supervisors as no qualified electors have qualified to run for such positions. Thereafter, as terms expire, all supervisors must be qualified electors and be elected by qualified electors to serve four-year terms.

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>
Anthony Burdett**	Chairman	November, 2016
William Riley	Vice Chairman	November, 2014
Dalton Drake*	Assistant Secretary	November, 2014
Matthew Morris	Assistant Secretary	November, 2014
Terry Kirschner*	Assistant Secretary	November, 2016

* Employees of the Developer or its affiliates.

** Mr. Burdett has tendered his resignation effective December 1, 2014.

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; Banks Engineering, Inc., Fort Myers, Florida is serving as District Engineer; 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.

THE DEVELOPMENT

The following information appearing below under the caption “THE DEVELOPMENT” and “THE DEVELOPER” has been furnished by the Developer and has not been independently verified by the District, its Bond Counsel and its general counsel or the Underwriter and its counsel. The Developer’s obligation to pay the 2014 Assessments is limited solely to the obligation of any landowner within the District. The Developer is not a guarantor of payment on any property within the District and the recourse for the Developer's failure to pay is limited to its ownership interest in the land subject to the 2014 Assessments.

Overview

River Strand (the “Development”) encompasses approximately 1,067 acres situated in the Heritage Harbour Development of Regional Impact (the “Heritage Harbour DRI”), an approved development of regional impact located at the northeast corner of the State Road 64 and Interstate 75 interchange in central Manatee County, Florida. The Heritage Harbour DRI has been under development by Lennar Homes, LLC (hereinafter defined as the

“Developer”) since 2000 and encompasses approximately 2,800 acres and is bound on the west by Interstate 75 and residential development, on the south by State Road 64, on the north by the Manatee River and residential development and on the east by a middle school, elementary school, residential development and undeveloped land. 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 situated south of State Road 64.

The District is the third of four (4) community development districts established within the Heritage Harbour DRI for the acquisition, construction and long-term maintenance of certain public infrastructure for the benefit of the lands therein. Below is a description of the three (3) community development districts that are being or were developed by the Developer. The fourth community development district is known as the Heritage Harbour East CDD and the lands included therein are owned by a third party and are undeveloped at this time. A more detailed description of the District and the Development will follow.

Heritage Harbour South CDD

The Heritage Harbour South CDD, located north and east of the Heritage Harbour Marketplace CDD and south of the District, was established in 2001 and includes two (2) residential communities known as Stoneybrook and Lighthouse Cove. Development activities commenced in the fourth quarter of 2000 in Stoneybrook which includes 947 single-family attached and detached homes and the Stoneybrook golf club consisting of an 18-hole Arthur Hills-designed golf course, clubhouse with restaurant, pro-shop, aqua driving range and putting greens. In addition, Stoneybrook includes additional recreational amenities such as a clubhouse with fitness center, Jr. Olympic-size swimming pool and courts for volleyball, tennis and basketball. All of the homes in Stoneybrook have been sold at prices ranging from the low \$200,000s to more than \$750,000.

Also included in the Heritage Harbour South CDD is Lighthouse Cove, the second residential community undertaken by the Developer which includes 500 single-family attached and detached homes. All of the homes in Lighthouse Cove have been sold at prices ranging from the low \$200,000s to \$350,000. Adjacent to Lighthouse Cove is a 30-acre park known as Central Park that serves all of the residents in the Heritage Harbour DRI. Central Park includes fields for soccer, baseball and softball, picnic areas, gazebos and playgrounds and is also situated next to a 70-acre lake with surrounding trails for walking, biking, jogging or in-line skating.

Heritage Harbour Marketplace CDD

The Heritage Harbour Marketplace CDD (the “Marketplace CDD”) was established in 2003 and encompasses approximately 258 acres of land situated along State Road 64 just west of and south of the Heritage Harbour South CDD. The Marketplace CDD is planned to include approximately 967,000 square feet of mixed-use space consisting of commercial, office and retail uses as well as 300 hotel rooms. Horizontal infrastructure is complete and to date a two-story medical office building has been constructed which includes Sarasota Memorial Urgent Care and medical offices. In addition, located outside of the Marketplace CDD but immediately to the north is the Yacht Club at Heritage Harbour, a resort-style apartment community.

The District

The District is situated north of both the Heritage Harbour South CDD and the Marketplace CDD. In addition, the District is bound on the east and west by existing residential developments known as Waterlefe and Cypress Creek Estates. Further, the District is bound on the north by the Manatee River. The District was established in November 2006 and at that time included approximately 892 acres (the “Original Boundary Area”). In September 2014, the boundaries of the District were expanded by approximately 175 acres. The 2014 Assessments are levied on the expansion acreage planned for 482 residential units as well as an additional twenty-six (26) residential units planned on lands situated in the northeastern portion of the District (together, the “Expansion Area”).

The Development is situated in the District and is being marketed under the name “River Strand Golf and Country Club”. The Original Boundary Area is planned to include 1,365 single-family attached homes, single-family detached homes and condominiums as well as country club-style amenities. Home sale activity in the Original Boundary Area commenced in mid-2006 and through September 30, 2014 approximately 430 single-family homes and 590 condominiums have been sold. In addition, a significant amount of amenities have been completed including a 27-hole Arthur Hills-designed golf course; 39,000 square foot Tuscan-themed clubhouse with golf pro shop and restaurant; 3,500 square foot health and fitness spa with resort-style pool; a tennis facility with eight (8) lighted Har-Tru clay courts and tennis pro-shop; and pool and cabana facilities throughout the community.

The Expansion Area is planned to include an additional 482 single-family attached and detached homes and twenty-six (26) condominiums for a total of 508 residential units. In addition, the Expansion Area is planned to include an amenity complex with an approximately 6,500 square foot (under air and patio) clubhouse, approximately 2,400 square foot resort-style swimming pool and basketball half-court. Development activity in the Expansion Area commenced in May 2012 and home sale activity is underway, as more fully discussed herein.

Land Acquisition/Development Financing

The acreage constituting the Expansion Area was acquired in June 2000 together with the remaining acreage in the Heritage Harbour DRI with the exception of the acreage in the Heritage Harbour East CDD for a purchase price of \$25 million. There are no mortgages on the acreage in the Expansion Area.

The Developer anticipates utilizing proceeds of the 2014 Bonds, equity as well as proceeds from land sales to fund development expenditures. The Developer estimates it has expended approximately \$7 million in development-related expenditures to date in the Expansion Area.

Entitlements/Concurrency/Permits

As previously discussed, the Expansion Area is located within the Heritage Harbour DRI. The development order (the “DO”) governing the DRI was initially approved in March 2000 and has been modified multiple times to accommodate, among other things, modifications to the development plan and timing of development. The DO was last modified in September 2014 providing for, among other things, (i) removal of the marina and designation of such parcel for residential use, including the right to have a limited number of docks in the Manatee River; and (ii) update the phasing and build-out dates to reflect previously authorized legislative extensions including a certificate level of service (“CLOS”) expiration date of March 22, 2026, build-out date of the second and final phase of the DO to November 21, 2022, and DO expiration date of November 21, 2024. A modification to the zoning approval (the “Zoning Ordinance”) was approved in conjunction with the modification to the DO, reflecting similar changes as to the DO. The DO and Zoning Ordinance are planned to be corrected to reflect a build-out date of the second and final phase to March 21, 2024 and a DO expiration date of March 21, 2026.

The DO sets forth certain conditions related to air quality/wind and water erosion; soils; storm water management and water quality; transportation (construction of improvements as well as monitoring/modeling); open space/wetlands/vegetation and wildlife; water conservation; energy conservation; historical or archeological resources; floodplains; recreation and open space; wastewater management; police and fire protection; voluntary workforce housing; solid/hazardous/medical waste; and schools.

The Developer has previously satisfied a number of construction, financial and land dedication conditions required by the DO and Zoning Ordinance. The last major remaining requirement of the DO which gave rise to the ability to develop the units in Phase II of the DRI, including those units the Expansion Area, relates to the extension of Port Harbour Parkway (“PHP”), an east-west two-lane road running through the DRI. The Developer, together with the landowner of the land situated in the Heritage Harbour East CDD (the “HHE Landowner”), previously entered into a local development agreement (“Original LDA”) with the County setting forth the Developer’s obligations pertaining to the extension of PHP. The Original LDA required the Developer to post a letter of credit in the amount of \$2.29 million as a condition to Final Site Plan approval for any residential units in Phase II of the DRI including those units included in the Expansion Area. The Developer previously satisfied such requirement.

Following the approval of the LDA, a dispute arose between the Developer, the County and the HHE Landowner pertaining to the alignment of PHP. Such dispute resulted in the filing of lawsuits by the HHE Landowner which have since been dismissed with prejudice resulting from the Developer, the County and the HHE Landowner entering into an amended and restated local development agreement (the “Amended LDA”) with the County in conjunction with the modification to the DO and Zoning Ordinance described herein. The Amended LDA sets forth the responsibilities of each of the parties. The Developer is required to pay \$2.29 million to the County by no later than December 19, 2014 as a contribution towards the construction of the extension of PHP (or potentially other regionally significant transportation improvement), in lieu of its obligation to construct the extension of PHP under the Original LDA. Upon the County’s receipt of the proceeds from the Developer: (i) the County shall immediately release and return the letter of credit described in the immediately preceding paragraph; (ii) the Developer shall be entitled to transportation impact fee credits as set for the in the Amended LDA; and (iii) transportation mitigation requirements shall be deemed to have been fully-satisfied for the remainder of the DRI, such that the Developer and the HHE Landowner may continue to proceed with the development of the DRI.

The Amended LDA further states that the Developer’s payment of the contribution for the extension of PHP shall constitute the Developer’s complete performance and satisfaction of its obligations relative to the extension of PHP under the DO and Zoning Ordinance. In addition, the Developer is no longer responsible in any way for the construction or funding of the extension of PHP (or any substitute project) and any related improvements, facilities or dedications.

As of this time the Development meets all concurrency requirements for transportation, solid waste service, mass transit, drainage and parks and recreation subject to satisfaction of the requirements and conditions set forth in the DO, LDA and Zoning Ordinance as and when required. Concurrency approval for potable water and sanitary sewer will be granted with approval of the final site plan for the specific area under development. Pursuant to an interlocal agreement between Manatee County and the Manatee County School Board, this project is exempt from concurrency review for schools because the DO was originally issued prior to May 1, 2005. However, if the conditions of the DO, LDA or Zoning Ordinance are not met or the County does not have sufficient capacity to service the Development, cessation and/or delay of development and homebuilding activities could occur. Further, if all phases of the Expansion Area have not received Final Site Plan approval from the County by the expiration date stipulated in the CLOS via completion of construction or bonding, it will be necessary to obtain an extension of the CLOS. The Developer expects to have received Final Site Plan approval by the expiration date of the CLOS.

In addition to the approvals described above, various permits and approvals are required to complete construction of the 2014 Project as well as Developer funded improvements. The Engineer’s Report attached hereto as APPENDIX A includes a list of those permits that have been obtained and those that will need to be obtained to complete the construction of the infrastructure necessary to serve the Expansion Area. Upon issuance of the 2014 Bonds, the District Engineer will certify that all such permits and approvals not previously obtained are expected to be obtained in the ordinary course of business.

Infrastructure Plan

The 2014 Project is estimated at \$6.92 million and includes public roadways, water, waste water, storm water management, landscaping, wetland mitigation and associated permitting/consultant fees and contingency. Proceeds of the 2014 Bonds will be utilized to acquire the entire 2014 Project as and when completed. Work on the 2014 Project commenced in May 2012 and the Developer estimates it has expended \$3.85 million to date on the 2014 Project.

At the time of issuance of the 2014 Bonds, the Developer and the District will enter into a Completion Agreement whereby the Developer will agree to complete, cause to be completed or cause funds to be provided to the District to complete any portions of the 2014 Project not funded with proceeds of the 2014 Bonds. The District cannot make any representation that the Developer will have sufficient funds to complete the 2014 Project. The remainder of the infrastructure and amenities in addition to the 2014 Project have been, and will continue to be, funded with proceeds from the Developer as more fully described under the heading “THE DEVELOPMENT – Land Acquisition/Development Financing”.

Land Use/Phasing Plan

The Expansion Area includes three (3) areas referred to as Sub-Phase J, Marina Area and Condo Area. The information in the table below depicts the number of units by product type for the three (3) areas in the Expansion Area, which information is subject to change.

<u>Dev. Area</u>	<u>Condos</u>	<u>Villas</u>	<u>Manor</u>	<u>Executive</u>	<u>Estate</u>	<u>River</u>	<u>Total</u>
Sub-Phase J	0	130	177	140	0	0	447
Marina Area	0	0	0	0	24	11	35
Condo Area	<u>26</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26</u>
Total	26	130	177	140	24	11	508

The Marina Area and Condo Area are intended to be developed in a single phase while Sub-Phase J is intended to be developed in multiple phases as illustrated in the table below.

<u>Product Type</u>	<u>Villas</u>	<u>Manor</u>	<u>Executive</u>	<u>Total</u>
Phase 1	0	8	2	10
Phase 2A	0	85	19	104
Phase 2B	126	0	7	133
Phase 3	4	49	42	91
Phase 4	<u>0</u>	<u>35</u>	<u>70</u>	<u>109</u>
Total	130	177	140	447

Development Status

Sub-Phase J

The Developer has completed horizontal construction activities in Phase 1 which is a model home center consisting of ten (10) home sites. In addition, horizontal development activities in Phase 2A and 2B planned for 104 and 133 residential units, respectively are complete. Phase 3 planned for ninety-one (91) residential units is underway and is scheduled to be complete in April 2015. Development activities in Phase 4 planned for 109 residential units is expected to commence in March 2015. Further, the Expansion Area amenity center site work is scheduled to commence in November 2014 and construction of the amenity center is scheduled to commence in December 2014 and be complete in December 2015.

Condo Area

The contract has been awarded for the infrastructure for the Condo Area and development activities have commenced with completion expected in November 2014.

Marina Area

Development activities in the Marina Area are scheduled to commence in March 2015 and be complete in March 2016.

Product Offerings/Pricing

It is currently the intent of the Developer to be the sole homebuilder in the Expansion Area. Similar to the product it is marketing in the Original Boundary Area, each of the Developer’s product offerings will include various home designs, floor plans and elevations at varying price ranges. The information in the table below illustrates the current estimated base pricing and square footage for the residential units in the Expansion Area, which information is subject to change.

<u>Product Type</u>	<u>Square Footage</u>	<u>Base Pricing</u>
Condos	1,107 – 1,548	\$152,990 - \$216,990
Villas	1,417 – 1,564	\$194,990 - \$204,990
Manor	1,677 – 3,357	\$254,990 - \$389,990
Executive	1,861 – 3,867	\$281,990 - \$421,990
Estate	TBD	TBD
River	TBD	TBD

Model Homes/Sales Activity

As discussed above, the Developer has completed horizontal development activities for a model home center located in Phase 1 of Sub-Phase J consisting of ten (10) home sites. The Developer has constructed two (2) model homes and is actively selling in Phase 2 and 3 of Sub-Phase J. To date, the Developer has written 135 sales contracts and has closed on approximately ninety-four (94) of them.

Recreational Amenities

As previously discussed herein, a substantial amount of recreational facilities have been constructed in the Original Boundary Area including a 27-hole Arthur Hills-designed golf course; 39,000 square foot Tuscan-themed clubhouse with golf pro shop and restaurant; 3,500 square foot health and fitness spa with resort-style pool; a tennis facility with eight (8) lighted Har-Tru clay courts and tennis pro-shop; and pool and cabana facilities throughout the community.

The Expansion Area is planned to include an amenity complex with an approximately 6,500 (under air and patio) square foot clubhouse, approximately 2,400 square foot resort-style swimming pool and basketball half-court. Construction of the Expansion Area amenities is expected to commence in December 2014 and be completed in December 2015. The Developer has estimated the total cost of the Expansion Area amenities at \$1.5 million.

All landowners in the Expansion Area will receive a Social Membership with the purchase of their homes which entitles them to the use of all of the aforementioned facilities other than the golf course.

Projected Absorption

Home sales in the Expansion Area commenced in February 2014 and to date approximately 135 home sale contracts have been written of which ninety-four (94) of them have closed. The table below provides the Developer's current expectation regarding the rate of home sales in the Expansion Area which expectation is subject to change.

<u>Year</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Condos	0	0	0	26	0	26
Villas	40	30	30	30	0	130
Manor	65	42	35	35	0	177
Executive	40	28	36	36	0	140
Estate	0	0	5	10	9	24
River	<u>0</u>	<u>0</u>	<u>2</u>	<u>5</u>	<u>4</u>	<u>11</u>
Total	145	100	108	142	13	508

Although the projected absorption rates set forth above are based upon estimates and assumptions deemed reasonable by the Developer, such are inherently uncertain and subject to significant business, economic and

competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Developer.

Marketing

To date, the Development has attracted a wide demographic of home purchasers which have primarily consisted of empty nesters. Based upon the Developer’s experience marketing product in the Development and its extensive experience marketing similar communities in Florida, it has devised a comprehensive marketing and advertising campaign that includes the use of print ads, billboards, television and radio advertisements, direct mail, online ads and displays and realtor promotions. In addition, the Developer has established a website specifically for the Development which can be accessed at www.RiverStrand.com.

The Developer is conducting sales activities from model homes. To date, the Developer has constructed two (2) model homes in Sub-Phase J of the Expansion Area.

Annual Taxes, Assessments, and Fees

All landowners in the Expansion Area are subject to ad-valorem property taxes, homeowner’s association fees and special assessments levied by the District for debt service as well as operation and maintenance as discussed in more detail below.

Property Taxes

The current millage rate for the area of the County where the District is located is 15.1933. Assuming an average home price in the Expansion Area of approximately \$350,000 with a \$25,000 homestead exemption (\$325,000 taxable value), the annual property tax would be approximately \$4,938.

Homeowner’s Association Fees

All landowners in the Expansion Area are subject to (i) an annual fee payable quarterly to the River Strand Homeowner’s Association (the “RSHOA”) for common area maintenance and use of all amenities other than the golf course; (ii) an annual fee payable quarterly to the RSHOA, in the case of the single-family product, for yard and landscape maintenance; (iii) an annual fee payable quarterly to the Villa Association, in the case of the villa product, for yard and landscape maintenance, roof replacements and painting; (iv) an annual fee payable quarterly to the Condominium Association, in the case of the condominium product, for condominium operations, lawn care and irrigation inspection, building maintenance, external pest control and building alarms, sprinklers and insurance; (v) an annual fee payable quarterly to the Heritage Harbour Master Association (the “HHHOA”) for common grounds maintenance, cable TV, irrigation, community parks, entry monuments, lighthouse and reserves; and (vi) an annual fee payable quarterly to the RSHOA for a restaurant minimum. The table below details the aforementioned estimated annual fees for each respective product type which are subject to change.

Product Type	Est. Annual RSHOA Fees	Est. Annual HHHOA Fees	Est. Annual Villa-Fees	Est. Annual Condo-Fees	Est. Annual Restaurant Fees	Total
Condos	\$1,453	\$730	\$0	\$2,677	\$500	\$5,360
Villas	\$1,453	\$730	\$1,668	\$0	\$500	\$4,351
Manor	\$2,597	\$730	\$0	\$0	\$500	\$3,827
Executive	\$2,713	\$730	\$0	\$0	\$500	\$3,943
Estate	TBD	TBD	\$0	\$0	\$500	TBD
River	TBD	TBD	\$0	\$0	\$500	TBD

District Special Assessments

All landowners in the Expansion Area are subject to the 2014 Assessments levied in connection with the 2014 Bonds. In addition to the 2014 Assessments, all landowners in the District are subject to annual operation and maintenance assessments levied by the District which are derived from the District’s annual budget and are subject to change each year. The table below illustrates the estimated annual assessments levied by the District for each of the respective product type in the Expansion Area.

<u>Product Type</u>	<u>Annual Series 2014 Assessments</u>	<u>Est. Annual Operation and Maintenance Assessments</u>
Condos	\$1,078	\$65
Villas	\$745	\$65
Manor	\$942	\$65
Executive	\$1,400	\$65
Estate	\$1,729	\$65
River	\$1,892	\$65

Educational Facilities

Based upon the current school board zoning, which is subject to change at the discretion of the school board, children residing in the Development attend Freedom Elementary School and Carlos Haile Middle School which are adjacent to the Development and Braden River High School which is approximately seven (7) miles from the Development. In addition, there are a number of daycare, pre-school, private schools, undergraduate and graduate school opportunities within close proximity to the Development in neighboring Lakewood Ranch.

Competition

The Development is in a predominantly residential portion of Manatee County that has a number of large built-out and active residential master-planned developments (as well as community development districts). Based upon the product types, price ranges and level of amenities planned to be offered in the Expansion Area, the Developer anticipates that its primary competition will come from the Esplanade and Country Club East communities in Lakewood Ranch and Greyhawk Landing which are described in more detail below.

Country Club East (“CCE”) is located approximately ten (10) miles southeast of the Development and is being developed by a joint venture between Schroeder Manatee Ranch, Inc. the master developer of Lakewood Ranch and Starwood Land Ventures. CCE is planned for 1,378 residential units including single-family residential home sites ranging in size from one-sixth to over one-half acre and the potential for low-rise condominiums. CCE currently includes a Rick Robbins designed eighteen hole golf course, driving range and clubhouse. CCE’s target customer is the affluent, upscale buyer and it has been attracting professionals with families, move-up buyers and retirees. To date, approximately 647 home sites have been sold to builders and 529 homes have been sold to retail buyers at prices ranging from the \$300,000’s to over \$1 million.

Esplanade is located at the northeast corner of Rangeland Parkway and Pope Road approximately five (5) miles southeast of the Development and is being developed by Taylor Morrison Homes. Esplanade was initially planned as a 450-unit age targeted community that was subsequently expanded and is currently being marketed as 1,250-unit active lifestyle community. Current amenities include a clubhouse with fitness and aerobics center, grand ballroom, card and craft room, catering kitchen, billiard room and library. In addition, Esplanade includes a heated lagoon-style pool and spa, resistance pool, outdoor barbeque space, fire pit, tennis, pickle ball and bocce courts. Homes are currently being offered from 1,686 to over 3,000 square feet, with base prices ranging from \$234,900 to \$384,900. Approximately 581 home sites have been completed and approximately 257 homes have been sold to

retail buyers. Both the homes and the amenities are designed to appeal to the senior, empty nester and seasonal resident. The entire community is planned to be maintenance free via the homeowner's association.

Greyhawk Landing West is located approximately two (2) miles east of the Development on State Road 64 and is planned to include approximately 492 homes. It is adjacent to and an expansion of the built-out 790-unit Greyhawk Landing community. Homes sales in Greyhawk Landing West commenced in the first quarter of 2013 and through June 30, 2014 approximately sixty-one (61) homes have been closed with retail buyers. There are three builders active in Greyhawk Landing West offering homes at prices ranging from \$250,000 to \$325,000 and in size from approximately 1,850 – 2,800 square feet.

In addition, Taylor Morrison recently launched another Esplanade community planned for 800 residential units. However, such project is in north Manatee County and outside of the sub-market of the Development. Further, it is planned offer homes at lower price points than the Development.

This section does not purport to summarize all of the existing or planned communities in the area of the Development, but rather to provide a description of those that the Developer feels pose primary competition to the Development.

THE DEVELOPER

The landowner and developer of the lands within the Development and the Expansion Area is Lennar Homes, LLC, a Florida limited liability company (the "Developer") that, through various related entities, is wholly owned by Lennar Corporation ("Lennar").

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

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

OUTSTANDING INDEBTEDNESS

In October 2007, the District issued its \$24,000,000 original principal amount of Capital Improvement Revenue Bonds, Series 2007 (the "2007 Bonds") of which \$21,730,000 is currently outstanding. Proceeds of the 2007 Bonds were utilized to acquire and construct public infrastructure improvements for the benefit of the lands located in the Original Boundary Area of the District which is planned to include 1,365 residential units. The 2007 Bonds are secured by special assessments levied on the residential units located in the Original Boundary Area of the District only. The special assessments securing the 2007 Bonds and the 2014 Assessments do not overlap nor are on parity with one another.

THE 2014 PROJECT

Reference is made to "APPENDIX A – CONSULTING ENGINEER'S REPORT" for a detailed description of the 2014 Project which is estimated to cost approximately \$6.92 million. The 2014 Project includes public roadways, water, waste water, storm water management, landscaping, wetland mitigation and associated permitting/consultant fees and contingency. Proceeds of the 2014 Bonds will be utilized to acquire the entire 2014

Project as and when completed. Work on the 2014 Project commenced in May 2012 and the Developer estimates it has expended \$3.85 million to date on the 2014 Project.

At the time of issuance of the 2014 Bonds, the Developer and the District will enter into a Completion Agreement whereby the Developer will agree to complete, cause to be completed or cause funds to be provided to the District to complete any portions of the 2014 Project not funded with proceeds of the 2014 Bonds. The District cannot make any representation that the Developer will have sufficient funds to complete the 2014 Project. The remainder of the infrastructure and amenities in addition to the 2014 Project have been, and will continue to be, funded with proceeds from the Developer as more fully described under the heading “THE DEVELOPMENT – Land Acquisition/Development Financing”.

ASSESSMENT METHODOLOGY

The District’s Assessment Consultant has developed a Special Assessment Methodology Report attached hereto as APPENDIX E that allocates the total benefit derived from the 2014 Project to the benefitted lands in the Expansion Area.

TAX MATTERS

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 2014 Bonds in order to assure that interest on the 2014 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 2014 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 2014 Bonds. The opinion of Bond Counsel, the form of which is attached hereto as APPENDIX C, 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 2014 Bonds. The Indenture does not require the District to redeem the 2014 Bonds or to pay any additional interest or penalty in the event the interest on the 2014 Bonds becomes taxable.

In the opinion of Bond Counsel, assuming continuing compliance by the District with the tax covenants referred to above, under existing law, interest on the 2014 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 the 2014 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 2014 Bonds.

Bond Counsel will render their 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 2014 Bonds and of the property financed and refinanced 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 2014 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax exempt obligations, such as the 2014 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 2014 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 2014 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 2014 Bonds at other than their original issuance at the respective prices indicated on the cover of this Limited Offering Memorandum 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 2014 Bonds, gain from the sale or other disposition of the 2014 Bonds, the market value of the 2014 Bonds, or the marketability of the 2014 Bonds. For example, the President of the United States has submitted proposals to Congress for legislation that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. No prediction can be made as to the ultimate outcome of these legislative proposals. If enacted into law, such proposals (or any other proposal involving a piecemeal or comprehensive review of the provisions of the Code, including provisions affecting the federal tax treatment of interest on tax-exempt bonds, that Congress might consider) could affect the tax exemption of interest, market price or marketability of tax-exempt bonds (including the 2014 Bonds). Prospective purchasers of the 2014 Bonds should consult their own tax and financial advisers regarding such matters.

State Taxation

In the opinion of Bond Counsel, pursuant to the Act, the 2014 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except 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.

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—Item No. 16" herein regarding recent developments with respect to certain special district financings. The release of the Villages TAM referenced in "BONDHOLDERS' RISKS—Item No. 16" may result in an increased risk of examination of the 2014 Bonds.

Bond Counsel cannot predict whether the IRS will commence an audit of the 2014 Bonds. Owners of the 2014 Bonds are advised that, if the IRS does audit the 2014 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 2014 Bonds may have limited rights to participate in such procedure. The commencement of audit could adversely affect the market value and liquidity of the 2014 Bonds until the audit is concluded, regardless of the ultimate outcome. As noted above, the

Indenture does not require the District to redeem the 2014 Bonds or to pay any additional interest or penalty in the event the interest on the 2014 Bonds becomes taxable.

Tax Treatment of Original Issue Discount

The 2014 Bonds maturing on May 1, 2045, were sold at prices less than the stated principal amounts thereof (the “Discount Bonds”). The difference between the principal amount of the Discount Bonds and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold, is “original issue discount.” Original issue discount represents interest which is excluded from gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above as to stated interest on the 2014 Bonds. Such interest is taken into account for purposes of determining the alternative minimum tax liability, and other collateral tax consequences, although the owner of such Discount Bonds may not have received cash in such year. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded on interest payment dates. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bond and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds which are not purchased in the initial offering may be determined according to rules which differ from those described above. Prospective purchasers of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or the disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

AGREEMENT BY THE STATE

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the 2014 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 2014 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 2014 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2014 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.

SUITABILITY FOR INVESTMENT

While the 2014 Bonds are not subject to registration under the Securities Act of 1933, as amended (the “Securities Act”), the Underwriter will, as required by Chapter 189, Florida Statutes, offer the 2014 Bonds only to “accredited investors,” within the meaning of Chapter 517, Florida Statutes, and the rules promulgated thereunder. However, the limitation of the initial offering to Accredited Investors does not denote restrictions on transfers in any secondary market for the 2014 Bonds. Prospective investors in the 2014 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the 2014 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

Investment in the 2014 Bonds poses certain economic risks. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum. Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, and the opportunity to ask questions of the District, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the 2014 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to:

Brett Sealy
MBS Capital Markets, LLC
152 Lincoln Avenue
Winter Park, Florida 32789
Ph: (407) 622-0130 ext. 303 (office)

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, the Developer and Prager & Co., 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 D. 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 2014 Bonds in each year (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 2014 Bonds remain outstanding under the Indenture.

Pursuant to the Disclosure Agreement, the Developer has covenanted for the benefit of Bondholders to provide to the District and the Dissemination Agent certain financial information and operating data relating to the Developer and the Development (the “Developer Report”). Such covenant by the Developer will apply only until the earlier to occur of (x) the payment and redemption of the 2014 Bonds, or (y) the date on which the Developer owns less than twenty (20) percent of the real property encumbered by the 2014 Assessments that secure the 2014 Bonds; provided, however, that the Developer has covenanted and agreed with the District that such covenant will run with the land to the extent that any successor in interest which holds the land for development shall assume the continuing disclosure obligations of the Developer.

The District Annual Report and the Developer Report (together, the “Reports”) will each 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 D. 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 D. The Disclosure Agreement will be executed by the District, the Developer and the Dissemination Agent at the time of issuance of

the 2014 Bonds. The foregoing covenants have been made in order to assist the Underwriter in complying with the SEC Rule.

With respect to the 2014 Bonds, no parties other than the District and the Developer are obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the SEC Rule.

The District and Developer have previously entered into continuing disclosure undertakings with respect to other bond issuances. Over the past five years, the District and the Developer have 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 and the Developer believe that procedures are now in place to ensure that all future filings will be filed in a timely manner. Further, the Developer will represent in connection with the issuance of the 2014 Bonds that it has not knowingly failed to timely comply with its continuing disclosure obligations in any material aspects that resulted in the filing of a material event notice for any continuing disclosure agreements previously entered into in connection with the prior offering of securities.

FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal year ended September 30, 2013 are included as APPENDIX F hereto. Such audited financial statements, including the auditor's report thereon, have been included as APPENDIX F hereto as public documents and the consent of the auditors to include such document was not requested.

LITIGATION

The District. There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2014 Bonds, or in any way contesting or affecting the validity of the 2014 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 2014 Bonds, or the existence or powers of the District.

The Developer. There is no litigation pending, or to the knowledge of the Developer, threatened against the Developer that could in any way affect the performance of the Development.

NO RATING OR CREDIT ENHANCED

The 2014 Bonds are neither rated nor credit enhanced. No application for a rating or credit enhancement with respect to the 2014 Bonds was made.

UNDERWRITING

The Underwriter will agree, pursuant to a contract to be entered into with the District, subject to certain conditions, to purchase the 2014 Bonds from the District at an aggregate purchase price of \$7,769,391.00 (representing the par amount of the 2014 Bonds of \$7,945,000.00, less original issue discount of \$16,709.00, less an Underwriter's discount of \$158,900.00. 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 2014 Bonds if any are purchased.

The Underwriter intends to offer the 2014 Bonds at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Underwriter may offer and sell the 2014 Bonds to certain dealers (including dealers depositing the 2014 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 (a) James P. Ward, the District Manager responsible for the administrative operations of the District, is a principal in JPWard & Associates, LLC, the assessment consultant responsible for the

Special Assessment Methodology attached hereto as “APPENDIX E – SPECIAL ASSESSMENT METHODOLOGY” and (b) Banks Engineering, Inc. is acting in dual capacities as both as District Engineer responsible for, among other things, the preparation of the Engineer’s Report attached hereto as “APPENDIX A – CONSULTING ENGINEER’S REPORT” and as Developer’s engineer in connection with the Development.

EXPERTS

The references herein to Banks Engineering, Inc. as the District Engineer and the inclusion of “APPENDIX A – CONSULTING ENGINEER’S REPORT” attached hereto, have been approved by said firm. The Consulting Engineer’s Report should be read in its entirety for complete information with respect to the subjects discussed therein. JPWard & Associates, LLC has prepared the Special Assessment Methodology set forth in APPENDIX E 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. Certain legal matters will be passed upon for the Developer by Pavese Law Firm, Fort Myers, Florida and Grimes Goebel Grimes Hawkins Gladfelter & Galvano, P.L., Bradenton, Florida.

VALIDATION

On November 5, 2013, the Circuit Court in and for Manatee County, Florida validated the issuance by the District of not exceeding \$12.2 million in principal amount of its special assessment bonds. The appeal period from such final judgment expired with no appeal having been filed prior to the issuance of the 2014 Bonds. The 2014 Bonds are included within the validated amount.

FORWARD-LOOKING STATEMENTS

Statements contained herein that are not purely historical, are forward-looking statements, including statements regarding the District’s and the Developer’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 and the Developer. 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 Limited Offering Memorandum 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 2014 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 Limited Offering Memorandum has been prepared in connection with the sale of the 2014 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Limited Offering Memorandum is not to be construed as a contract with the purchaser or the Owner or Beneficial Owners of any of the 2014 Bonds.

This Limited Offering Memorandum has been duly authorized, executed and delivered by the District.

HERITAGE HARBOUR NORTH COMMUNITY
DEVELOPMENT DISTRICT

By: /s/ Terry Kirschner
Chairman, Board of Supervisors

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A
CONSULTING ENGINEER'S REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]

ENGINEER'S REPORT
FOR THE
EXPANSION AREAS OF THE
HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT DISTRICT
DISTRICT EXPANSION

PREPARED FOR:

BOARD OF SUPERVISORS
HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

ENGINEERS:

BANKS ENGINEERING
10511 SIX MILE CYPRESS PKWY, SUITE 101
FORT MYERS, FLORIDA 33966

September 17, 2013
Revised October 21, 2014

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE NO.</u>
1. INTRODUCTION	3
2. DISTRICT BOUNDARIES AND PROPERTIES SERVED	5
3. PROPOSED DISTRICT INFRASTRUCTURE	6
4. OPINION OF PROBABLE CONSTRUCTION COSTS	8
5. PERMITS	9

TABLES

TABLE 1	UNIT DESCRIPTION	3
TABKE 2	LAND USE SUMMARY	4
TABLE 3	SUMMARY OF OPINION OF PROBABLE COSTS FOR THE PROJECT INFRASTRUCTURE	9

APPENDIX

EXHIBIT "1"	PROPOSED DISTRICT BOUNDARIES
EXHIBIT "1-1"	DISTRICT EXPANSION RESIDENTIAL PRODUCT SUMMARY
EXHIBIT "2"	PROJECT SKETCH AND DESCRIPTION
EXHIBIT "3"	PROPOSED DISTRICT OWNED POTABLE WATER
EXHIBIT "4"	PROPOSED DISTRICT OWNED SANITARY SEWER
EXHIBIT "5"	PROPOSED DISTRICT OWNED IRRIGATION
EXHIBIT "6"	PROPOSED DISTRICT OWNED STORM SEWER

ENGINEER'S REPORT

1. INTRODUCTION

The Heritage Harbour North Community Development District (the "District") boundary was expanded to include two additional areas that are contiguous with the District's original boundaries. The Development (hereinafter defined), as identified in the original engineer's report dated September, 2007 (the "2007 Engineer's Report"), was planned to be developed as a Residential Planned Development with a total of one thousand three hundred sixty-five (1,365) residential units consisting of four hundred seven (407) single-family residential units allocated among the following product types: (i) one hundred fifty-eight (158) 55' single-family lots; (ii) thirty-two (32) 65' single-family lots; (iii) one hundred twenty-three (123) 75' single-family lots; and (iv) ninety-four (94) 85' single-family lots; and nine hundred fifty-eight (958) multi-family units allocated among the following product types: (i) three hundred forty-eight (348) Coach Homes and six hundred ten (610) condominiums. The District expansion occurs in two areas. These Expansion Areas are the Subphase J residential area ("Subphase J") and the Marina Residential area ("Marina"). The Subphase J area is planned to be developed with one hundred seventy-seven (177) single family manor units (55' wide), one hundred forty (140) single family executive units (65' wide), and one hundred thirty (130) twin villa units. The Marina is planned to be developed with eleven (11) single-family river units and twenty-four (24) single-family estate units (75' wide). In addition to the two area expansions, the current plan for the Development includes an additional twenty-six (26) condo units when compared with the Development described in the 2007 Engineer's Report. These additional units are considered an expansion of the District in this report since they have not previously been assessed. These three groups of residential units are considered the "District Expansion" or the "Expansion Areas" in this report.

In support of the Development Plan for the District Expansion (the "Expansion Development Plan"), certain improvements are identified herein including, but not limited to, roadways, utilities infrastructure, stormwater management improvements, landscaping, mitigation, and related professional services (the "Project").

Table 1

	Original	Subphase J	Marina	Condos
SF 85'	94			
SF 75'	123			
SF 65'	32			
SF 55'	158			
Coach Homes	348			
Condos	610			
SF-Manor		177		
SF-Executive		140		
SF-Estate			24	
SF-River			11	
Twin Villas		130		
Condos				26
Total	1,365	447	35	26

1.1 Description of Heritage Harbour North Community Development District

River Strand (the "Development") served by the District, is located in unincorporated Manatee County, Florida lying within Sections 23, 25, 26, 35 and 36, Township 34 South, Range 18 East and more precisely north of Port Harbour Parkway, east of Cypress Creek Estates and west of Waterlefe, as shown by Exhibit "1-1" of the Appendix.

The Development has four access points on Port Harbour Parkway. The District is located within the boundaries of the Heritage Harbour Development of Regional Impact (DRI), which has been approved by Manatee County and the Tampa Bay Regional Planning Council. The DRI currently includes four (4) Community Development Districts: the District, the Heritage Harbour South CDD, the Heritage Harbour Marketplace CDD and the Heritage Harbour East CDD. The Development served by this District was originally planned to have 1,365 dwelling units along with a 27-hole golf course with clubhouse and other various amenities, lakes, and vegetated preserves. The units planned in the District Expansion are described above.

The District was established to finance, acquire and construct certain public infrastructure that will support the Development. In October, 2007, the District issued its \$24,000,000 Series 2007 Capital Improvement Revenue Bonds (the "2007 Bonds") to fund a portion of the public infrastructure described in the 2007 Engineer's Report (the "2007 Project"). The 2007 Project is being funded, in part, with proceeds of the 2007 Bonds. Any of the 2007 Project not funded with the 2007 Bonds is to be funded by Lennar Homes, LLC (the "Developer"). This 2007 Project is mostly complete. The District intends to issue bonds in the estimated amount of \$7,965,000 (the "New Bonds") to fund the construction and/or acquisition of a portion of the public improvements in the Project, as described herein, for the District Expansion.

The proposed land uses and corresponding acreages are included in Table 1 below.

TABLE 2

TYPE OF USE	ORIGINAL DISTRICT AC	SUBPHASE J AC	MARINA AC	TOTAL AC
SINGLE FAMILY RESIDENTIAL	94	75.8	12.3	182.1
MULTI FAMILY RESIDENTIAL	78			78
CLUBHOUSE & MAINTENANCE FACILITY	16	2.8		18.8
PRIVATE RIGHT-OF-WAY	47	22.6	3.9	73.5
PUBLIC RIGHT-OF-WAY	5.8			5.8
OPEN SPACE	651.9	48.9*	7.6**	708.4
TOTAL	892.7	150.1	23.8	1066.6

*Includes approximately 24 acres of lakes and 3.5 acres of wetland preserves.

**Includes approximately 1.5 acres of lakes and 1.3 acres of wetland preserves.

1.2 Purpose and Scope of the Report

The purpose of the 2007 Engineer's Report was to provide a description of the District prior to its expansion, the capital improvements to be constructed and financed by the District prior to its expansion and the costs of the 2007 Project. The purpose of this report is to provide a description of the District Expansion, and to identify the Project needed for the Expansion Areas along with the associated cost for the Project.

This report revision to the September 17, 2013 Engineer's Report updates the Project cost, residential unit count, and permit status in the Expansion Area. The unit mix in Subphase J has been adjusted to provide more Single Family Manor units and fewer Twin Villas for a net reduction of seven units (see Table 1). The Marina area has one less Estate lot. The Project cost has been revised and Port Harbour Parkway has been eliminated from the Project which reduces the Project cost from \$8,880,000 to \$6,920,000(see Table 3).

2. DISTRICT BOUNDARIES AND PROPERTIES SERVED

2.1 District Boundaries

Exhibit "1" delineates the boundaries of the District. The District is bounded on the south by Port Harbour Parkway, the west by the Cypress Creek Estates community, the east by the Waterlefe planned community, and the north by the Manatee River. The two boundary Expansion Areas for the District (for Subphase J and for the Marina) are also shown in Exhibit 1.

2.2 Description of Properties Served

The District is located in Sections 23, 25, 26, 35 and 36, Township 34 South, Range 18 East, Manatee County, Florida. This report describes the District Expansion within the expanded Heritage Harbour North Community Development District boundaries. The entire property within the District, including the Expansion Areas, is zoned for residential development as part of the approved Heritage Harbour DRI and is depicted on Exhibit "2". The Expansion Areas are also shown in this exhibit.

2.3 Existing Infrastructure

The District is located within the Manatee County Water-Sewer District which provides water supply and wastewater disposal services to the District. Manatee County Water-Sewer District also provides reclaimed wastewater for supplemental recharge of the irrigation facilities.

Potable water for the District Expansion is available via water mains along Port Harbor Pkwy, and via water mains completed as part of the 2007 Project. These existing potable water mains are operated by Manatee County. The location of these water mains is shown on Exhibit "3" of the Appendix.

Wastewater for the District Expansion is collected within the site and pumped off-site via to existing sewer facilities within Port Harbour Pkwy and to sewer facilities completed as part of the 2007 Project. These existing sewer facilities are operated by Manatee County. The location of these sewer facilities is shown on Exhibit "4" of the Appendix.

Irrigation service is available to the District Expansion via irrigation lakes and pumping stations which are owned and operated by Aquaterra, Inc. The District will own and operate the completed irrigation distribution mains that will deliver the irrigation water to the Expansion Areas of the District. The location of these irrigation facilities is shown on Exhibit "5" of the Appendix.

The District, including the Expansion Areas, is located within the Manatee River drainage basin, which discharges into the Gulf of Mexico. The location of the District relative to these rivers is shown by Exhibit "6" of the Appendix.

The District is bounded on the south by Port Harbour Pkwy that is a public roadway that provides access to the District. The District has access through public roadways owned and operated by the Heritage Harbour South CDD and the Heritage Harbour Marketplace CDD to State Road 64, and thence to the public roadway network.

The District is located within the franchise areas of Florida Power & Light and Verizon. Cable service is available from Strategic Technologies, Inc. These utility companies provide electrical power, telephone and cable television services to the development located within the District. All necessary utilities are available to the Expansion Areas or will be extended to serve the Expansion Areas.

3. PROPOSED PROJECT

3.1 Description of Project

Developable lands within the Expansion Areas of the District will benefit from the portions of the Project to be financed, acquired and/or constructed by the District. The Project generally consists of the following, only a portion of which will be funded by the New Bonds.

- Roadways
- Utilities
- Water Management
- Landscape
- Wetland Mitigation
- Professional Services
- Contingency

3.2 Roadways

In 2009, the Developer entered an agreement with Manatee County (LDA) to clarify the transportation obligations for the DRI. The LDA was amended and restated in September 2014 and requires a mandatory payment to Manatee County on December 19, 2014, to satisfy any development obligations for transportation impact mitigation. The developer has agreed to make this payment.

The roadways within the Expansion Areas will consist of two-lane roadways. The roadways will provide access to the various land uses within the District. The roadways for the District Expansion will connect to Grand Estuary Trail, and to private gated roadways within the District boundary. The roadways will be constructed to Manatee County requirements within platted rights-of-ways. Approximately 22,000 feet of roadway is proposed within the Expansion Areas. None of these roadways are proposed to be funded, owned or maintained by the District. These roadways will be funded and constructed by the Developer, and maintained by the Riverstrand Property Owners Association.

3.3 Utilities

The utilities within the District Expansion consist of potable water, wastewater collection/transmission and irrigation water distribution systems which will be designed and constructed in accordance with the appropriate Manatee County Water-Sewer District and Florida Department of Environmental Protection Standards. It is anticipated the potable water

and wastewater collection/transmission systems will be conveyed, via Bill of Sale, by the District to the Manatee County Water-Sewer District for ownership, operation and maintenance.

The potable water facilities will consist of water distribution mains of varying sizes with all required valves, fire hydrants and water services to individual lots and development tracts of the Expansion Areas. Approximately 22,000 linear feet of water main will be constructed as part of the Project for the District Expansion.

The wastewater facilities consist of gravity collection mains, sewer pump stations, pressurized force mains and sewer services to the individual lot and development tracts of the expansion areas. Approximately 19,400 linear feet of gravity collection mains and 4,300 feet of force main will be constructed as part of the Project for the District Expansion. Wastewater from the Development will be pumped outside the District to existing forcemains owned and operated by Manatee County to the Heritage Harbour Master Lift Station. The Master Lift Station is located in the Heritage Harbour South CDD, and is shown on exhibit 4. This Master lift station is owned and operated by Manatee County. This existing lift station serves the entire Heritage Harbour DRI. Manatee County has indicated that the existing master lift station is operating over the desired capacity and must be upsized by constructing a new larger pump station with a backup generator to serve the Expansion Areas. Without the upsized master pump station the development of the remaining residential units within the District including the units in the District Expansion will not be allowed. The construction of this pump station will be part of the Project.

The irrigation water distribution system consists of irrigation mains of varying sizes and irrigation services to individual lots and development tracts of the expansion areas. Approximately 24,000 linear feet of irrigation main will be constructed to serve the District Expansion. All irrigation water distribution mains shall be owned and maintained by the District. However, these mains will not be funded by the District, but will be constructed by the Developer and donated to the District at no cost.

3.5 Storm Water Management

The District's stormwater management system for the Expansion Areas consists of excavated stormwater management lakes, drainage pipes, catch basins, swales, berms, water control structures, and roadside curbing. The storm water management system has been designed and will be constructed in accordance with Southwest Florida Water Management District standards for water quality treatment, quantity storage and flood protection. Storm water runoff from the District Expansion will be collected in the 13 lakes that are planned to be excavated. Approximately 0.5 million cubic yards of material will be excavated. After completion of the lakes, the Developer will donate to the District the land on which the storm water management lakes have been excavated. The lakes will be excavated in accordance with the size and depth requirements of the Manatee County Land Development Code and the Southwest Florida Water Management District. Material to be excavated from the lakes will be placed within the Expansion Areas of the District. It is less costly for the District to place the fill within the onsite Expansion Areas than to remove the material from the District. The cost of grading the excavated material will not be part of the Project, or paid by the District.

Approximately 14,000 feet of drainage pipes will be constructed as part of the Project for the District Expansion. These pipes will drain the Development, interconnect the lakes and provide the outfall for the storm water runoff.

The shoreline of the Manatee River will be stabilized with rip rap and native plants. The stabilization of the shoreline is necessary to protect the Development, but will not be part of the Project. A portion of the Manatee River and approximately two acres of upland along the river are being dredged to create a marina basin for boat docks for the Marina Development. The dredging of this basin is not part of the Project.

The Stormwater Management improvements for the Expansion Areas will be constructed or acquired by the District when completed. The District will own the stormwater management system for the Expansion Areas, including the lakes which will be deeded to the District for ownership at no cost. The District will be responsible for perpetual maintenance of the stormwater management system.

3.6 Landscaping

Landscaping will be provided along the existing public roadways adjacent to the District Expansion Areas. The landscape will consist of buffers that include berms, ground cover, sod, shrubs, flowers, trees and other plant materials. This vegetation will help beautify the District and the public roadway areas and provide a visual barrier between the uses. The landscaping will consist of buffer construction in and adjacent to the north side of Port Harbour Parkway and Grand Estuary Trail. These improvements will be owned and maintained by the District.

3.7 Wetland Mitigation

The wetland impact mitigation for the District Expansion will consist of the enhancement of onsite mitigation areas. The mitigation will be completed in accordance with SWFWMD, ACOE and Manatee County requirements. The District will own and maintain the mitigation areas after completion of the enhancement activities. Enhancement of the mitigation areas will occur through construction and planting of aquatic littoral zones in the mitigation areas, removal of exotic plant species, replanting of the preserve areas with native plants, and restoration and enhancement of the wetland hydroperiods. The District will be responsible for the perpetual maintenance of the mitigation. There are approximately 4.8 acres of mitigation areas that are part of the Project in the District Expansion the land for which will be conveyed by deed or easement by the Developer to the District at no cost.

3.8 Professional Services

The professional services for design and construction of all components of the District Project including the engineering, utilities, soils investigation and testing, landscaping design, environmental consultation, and construction services for inspection of the Project during construction

3.9 Contingency

These costs include a reasonable contingency in the amount of 10% to cover unexpected cost or unforeseen requirements, and to cover any inflationary cost since construction of District infrastructure may not occur for several years.

4. OPINION OF PROBABLE CONSTRUCTION COSTS AND BENEFIT

A summary of the opinion of probable costs for the public improvements comprising the

Project to be financed by the District is represented in Table 2. The costs do not include the legal, administrative, financing, operation or maintenance services necessary to finance and operate the District infrastructure. The Subphase J cost is based on prices obtained from competitively bidding the project to qualified contractors. The cost for the Marina and Condo Expansion Areas is expected cost based on the anticipated bidding and constructing in 2015.

The public improvements comprising the Project benefit the District Expansion. The District Assessment Methodology apportions the cost based on the special benefit received by the residential units that comprise the District Expansion.

It is my professional opinion that these costs are reasonable for the work to be performed and benefit the developable real property in the District. I believe that the portion of the District's planned Project to be financed with the New Bonds can be constructed within the budget set forth in this report.

TABLE 3

Summary of Opinion of Probable Cost (In Dollars) and Estimated Timetable:

Project Description*	Costs
UTILITIES	3,500,000
STORMWATER MANAGEMENT	2,700,000
LANDSCAPE	270,000
WETLAND MITIGATION	50,000
PROFESSIONAL SERVICES	400,000
TOTAL	6,920,000

* Portions of the project to be funded by New Bonds.

5. PERMITS

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

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


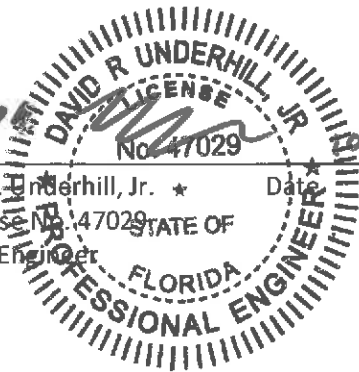
All necessary permits have been obtained for the Condo and Subphase J Expansion Areas.

The following is the status of the permitting for the Marina Expansion Area:

- The DRI and Zoning amendments to allow the residential uses in the marina area (instead of a commercial marina) have been approved by the Manatee County Board of County Commissioners.
- Army Corps of Engineers Dredge and Fill Permit has been approved.
- Southwest Florida Water Management District Environmental Resource Permit (ERP) has been approved.

- Environmental Protection Agency NPDES permit will be obtained just prior to construction.
- Site plan, subdivision plat and construction plan permit applications for approval by Manatee County have not yet been submitted. Submittal to Manatee County is expected within 180 days.
- Florida Department of Environmental Protection Water and Wastewater Construction Permit will be submitted after Manatee County approval and just prior to construction.

All permits necessary for construction of the Project are expected to be obtained in due course.


 12/21/14

David R. Underhill, Jr. * Date
FL License No. 47029 STATE OF
District Engineer

APPENDIX

S:\065\130\1376\DOCUMENTS\CDD\HHM_2013_EXPANSION\EXHIBITS\1376_EXH_31-4-3.DWG 10/15/2014 9:57 AM STEVE JOHNSON

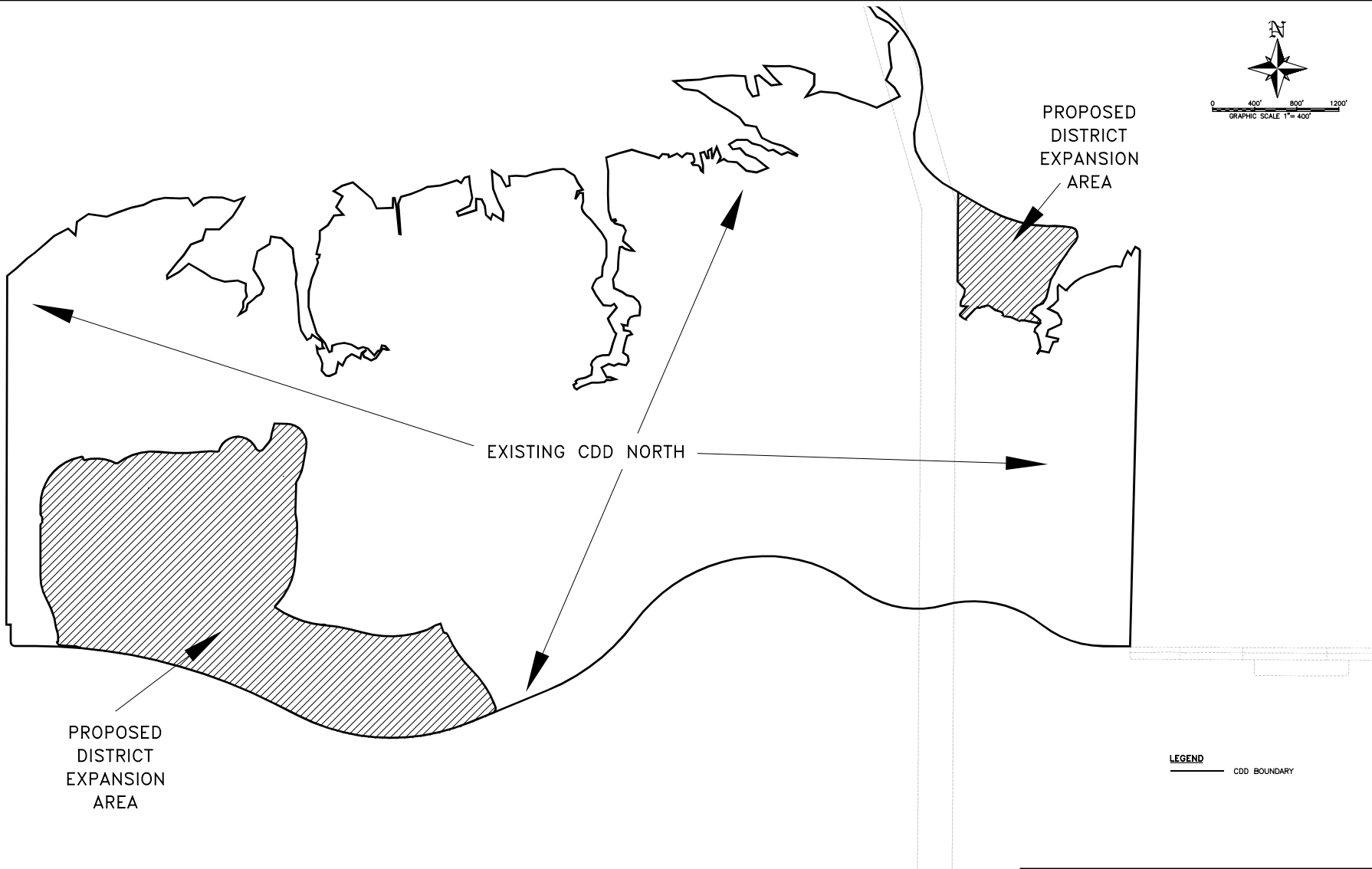


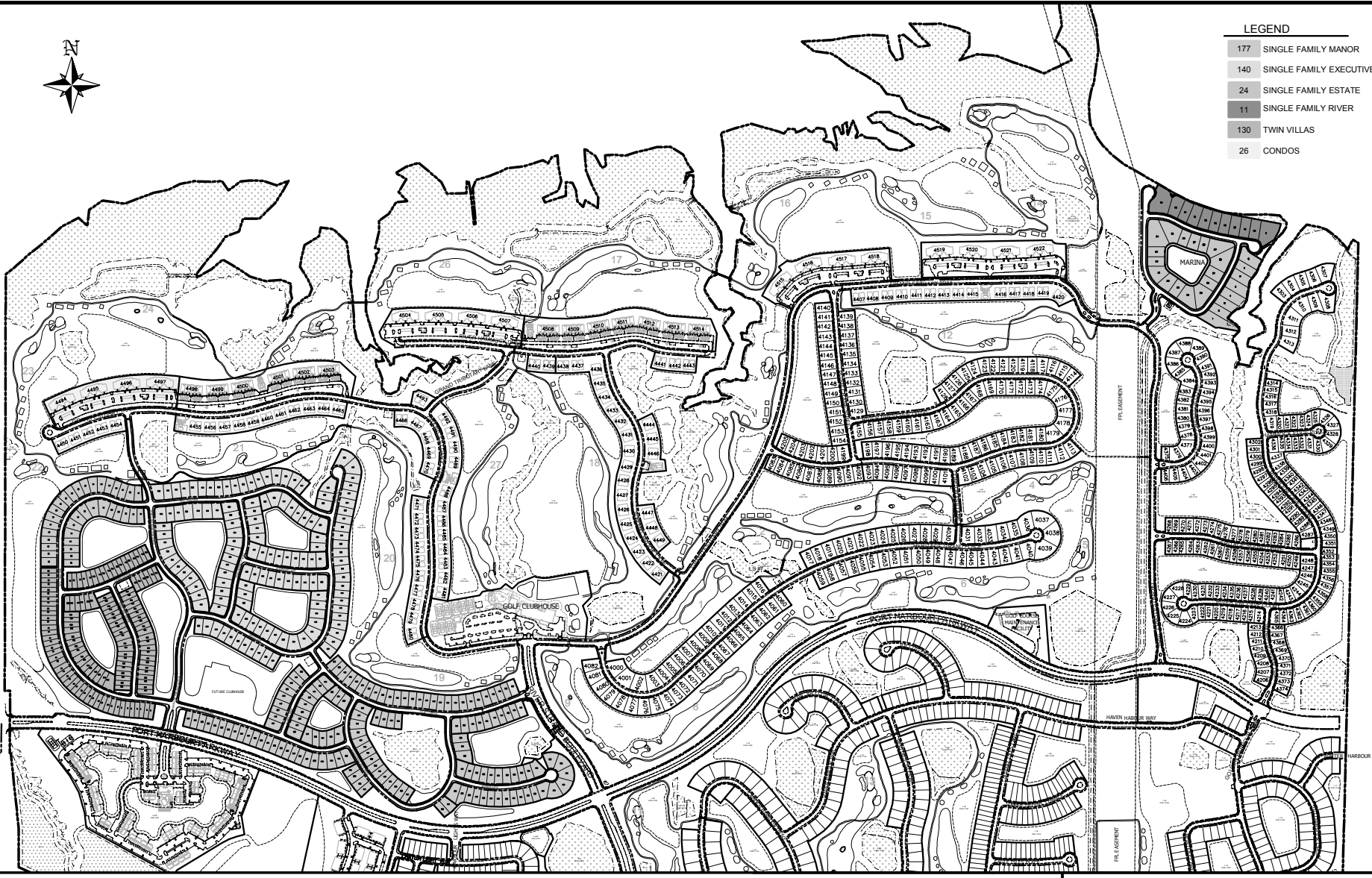
EXHIBIT 1

PROPOSED DISTRICT BOUNDARIES
HERITAGE HARBOUR NORTH CDD
MANATEE COUNTY, FLORIDA



LEGEND

177	SINGLE FAMILY MANOR
140	SINGLE FAMILY EXECUTIVE
24	SINGLE FAMILY ESTATE
11	SINGLE FAMILY RIVER
130	TWIN VILLAS
26	CONDOS



S:\068\133\133\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EPA_1_1_PROJECT_SUMMARY.DWG 10/17/2014 2:03 PM STEVE JOHNSON

EXHIBIT 1-1

DISTRICT EXPANSION RESIDENTIAL PRODUCT SUMMARY
HERITAGE HARBOUR NORTH CDD
MANATEE COUNTY, FLORIDA

Exhibit 2 - Part A



Professional Engineers, Planners & Land Surveyors

1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
Phone (941) 360-1618
Fax (941) 360-6918

FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DESCRIPTION OF LANDS LYING IN
SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST,
MANATEE COUNTY, FLORIDA.

A TRACT OR PARCEL OF LAND SITUATED IN THE STATE OF FLORIDA, COUNTY OF MANATEE, LYING IN SECTIONS 23 AND 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, BEING OVER, ACROSS AND THROUGH PART OF LANDS DESCRIBED IN OFFICIAL RECORDS BOOK 2328, PAGE 269, AND OFFICIAL RECORDS BOOK 2362, PAGE 2095, PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA, BEING FURTHER BOUNDED AND DESCRIBED AS FOLLOWS:

BEGIN AT THE MOST SOUTHERLY CORNER OF TRACT 206, HERITAGE HARBOUR, PHASE I, SUBPHASE E, RECORDED IN PLAT BOOK 47, PAGES 107 THROUGH 129, SAID PUBLIC RECORDS, AND THE INTERSECTION OF THE WEST RIGHT OF WAY LINE OF RIVER STRAND BOULEVARD (TRACT 803), SAID HERITAGE HARBOUR, PHASE I, SUBPHASE E, WITH THE NORTH RIGHT OF WAY LINE OF PORT HARBOUR PARKWAY (TRACT 900), STONEYBROOK AT HERITAGE HARBOUR, SUBPHASE A, UNIT 1, RECORDED IN PLAT BOOK 39, PAGES 160 THROUGH 179, SAID PUBLIC RECORDS; THENCE S.67°38'15"W., ALONG SAID NORTH RIGHT OF LINE OF PORT HARBOUR PARKWAY, FOR 258.55 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 1950.00 FEET, DELTA ANGLE OF 49°13'35", CHORD BEARING OF N.87°44'58"W., CHORD DISTANCE OF 1624.31 FEET; THENCE ALONG SAID NORTH RIGHT OF WAY LINE OF PORT HARBOUR PARKWAY ALSO BEING A PART OF LIGHTHOUSE COVE AT HERITAGE HARBOUR, UNIT 1, RECORDED IN PLAT BOOK 43, PAGES 14 THROUGH 20, SAID PUBLIC RECORDS, AND ALONG SAID CURVE TO THE RIGHT, FOR 1675.37 FEET; THENCE N.63°08'10"W., ALONG SAID NORTH RIGHT OF WAY LINE OF PORT HARBOUR PARKWAY, FOR 263.32 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 5050.00 FEET, DELTA ANGLE OF 21°46'22", CHORD BEARING OF N.74°01'21"W., CHORD DISTANCE OF 1907.51 FEET; THENCE ALONG SAID NORTH RIGHT OF WAY LINE OF PORT HARBOUR PARKWAY AND ALONG SAID CURVE TO THE LEFT, FOR 1919.04 FEET; THENCE N.71°18'47"W., ALONG SAID NORTH RIGHT OF WAY LINE OF PORT HARBOUR PARKWAY ALSO BEING DESCRIBED IN OFFICIAL RECORDS BOOK 2381, PAGE 2887, SAID PUBLIC RECORDS, FOR 50.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 5062.00 FEET, DELTA ANGLE OF 01°39'21", CHORD BEARING OF N.86°17'15"W., CHORD DISTANCE OF 146.28 FEET; THENCE ALONG SAID NORTH RIGHT OF WAY LINE OF PORT HARBOUR PARKWAY AND ALONG SAID CURVE TO THE LEFT, FOR 146.29 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 38.50 FEET, DELTA ANGLE OF 89°08'46", CHORD BEARING OF N.42°32'32"W., CHORD DISTANCE OF 54.04 FEET; THENCE ALONG SAID NORTH RIGHT OF WAY LINE OF PORT HARBOUR

(CONTINUED ON SHEET 2 OF 11)

BANKS ENGINEERING
FLORIDA LICENSED BUSINESS NO. LB 6690

Richard M. Ritz
RICHARD M. RITZ
REGISTERED LAND SURVEYOR
FLORIDA LICENSE NO. LS 4009

04/19/13

DATE

SHEET 1 OF 11

SERVING THE STATE OF FLORIDA

Fort Myers Office
10511 Six Mile Cypress Parkway, Suite 101
Fort Myers, Florida 33912
(239) 939-5490
Fax (239) 939-2523

Lake Suzy Office
12653 SW County Road 769
Lake Suzy, Florida 34269
(941) 625-1165
Fax (941) 625-1149

Sarasota Office
1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
(941) 360-1618
Fax (941) 360-6918

www.bankseng.com



Professional Engineers, Planners & Land Surveyors

1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
Phone (941) 360-1618
Fax (941) 360-6918

FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

(CONTINUED FROM SHEET 1 OF 11)

PARKWAY AND ALONG SAID CURVE TO THE RIGHT, FOR 59.90 FEET; THENCE S.87°58'09"E., FOR 10.00 FEET; THENCE N.02°01'51"E., FOR 39.06 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 143.00 FEET, DELTA ANGLE OF 25°52'01", CHORD BEARING OF N.10°54'10"W., CHORD DISTANCE OF 64.01 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 64.56 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 97.00 FEET, DELTA ANGLE OF 16°18'38", CHORD BEARING OF N.15°40'51"W., CHORD DISTANCE OF 27.52 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 27.61 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 735.00 FEET, DELTA ANGLE OF 21°58'49", CHORD BEARING OF N.18°30'56"W., CHORD DISTANCE OF 280.24 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 281.97 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 465.00 FEET, DELTA ANGLE OF 29°38'41", CHORD BEARING OF N.14°41'00"W., CHORD DISTANCE OF 237.92 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 240.59 FEET; THENCE N.00°08'21"E., FOR 480.56 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 15.00 FEET, DELTA ANGLE OF 90°00'00", CHORD BEARING OF N.45°08'21"E., CHORD DISTANCE OF 21.21 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 23.56 FEET; THENCE N.00°08'21"E., FOR 70.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 15.00 FEET, DELTA ANGLE OF 90°00'00", CHORD BEARING OF N.44°51'39"W., CHORD DISTANCE OF 21.21 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 23.56 FEET; THENCE N.00°08'21"E., FOR 91.42 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 465.00 FEET, DELTA ANGLE OF 77°26'45", CHORD BEARING OF N.38°51'43"E., CHORD DISTANCE OF 581.77 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 628.53 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 435.00 FEET, DELTA ANGLE OF 04°35'30", CHORD BEARING OF N.75°17'21"E., CHORD DISTANCE OF 34.85 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 34.86 FEET; THENCE S.17°00'24"E., FOR 39.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 406.00 FEET, DELTA ANGLE OF 45°52'30", CHORD BEARING OF S.84°04'09"E., CHORD DISTANCE OF 316.46 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 325.07 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 556.00 FEET, DELTA ANGLE OF 44°08'29", CHORD BEARING OF N.74°22'45"E., CHORD DISTANCE OF 417.83 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 428.35 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 1762.76 FEET, DELTA ANGLE OF 13°17'02", CHORD BEARING OF N.89°48'28"E., CHORD DISTANCE OF 407.78 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 408.69 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 646.00 FEET, DELTA ANGLE OF 14°03'44", CHORD BEARING OF S.89°48'11"E., CHORD DISTANCE OF 158.15 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 158.55 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 188.00 FEET, DELTA ANGLE OF 142°48'38", CHORD BEARING OF N.84°41'12"E., CHORD DISTANCE OF 356.37 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 468.59 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 40.00 FEET, DELTA ANGLE OF 116°10'19", CHORD BEARING OF S.81°59'38"E., CHORD DISTANCE OF 67.91 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 81.10 FEET; THENCE N.39°55'12"E., FOR 93.17 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 75.00 FEET, DELTA ANGLE OF 29°58'15", CHORD BEARING OF N.24°56'05"E., CHORD DISTANCE OF 38.79 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 39.23 FEET; THENCE N.09°56'57"E., FOR 47.47 FEET; THENCE N.15°07'16"E., FOR 94.63 FEET; THENCE S.88°42'39"E., FOR 121.53 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 188.00 FEET, DELTA ANGLE OF 98°48'12", CHORD BEARING OF S.39°18'34"E., CHORD DISTANCE OF 285.49 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 324.19 FEET; THENCE S.10°05'32"W., FOR 176.58 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 405.00 FEET, DELTA ANGLE OF 24°08'59", CHORD BEARING OF S.22°10'02"W., CHORD DISTANCE OF 169.44 FEET; THENCE

(CONTINUED ON SHEET 3 OF 11)

SHEET 2 OF 11

SERVING THE STATE OF FLORIDA

Fort Myers Office
10511 Six Mile Cypress Parkway, Suite 101
Fort Myers, Florida 33912
(239) 939-5490
Fax (239) 939-2523

Lake Suzy Office
12653 SW County Road 769
Lake Suzy, Florida 34269
(941) 625-1165
Fax (941) 625-1149

Sarasota Office
1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
(941) 360-1618
Fax (941) 360-6918

www.bankseng.com



Professional Engineers, Planners & Land Surveyors

1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
Phone (941) 360-1618
Fax (941) 360-6918

FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

(CONTINUED FROM SHEET 2 OF 11)

ALONG SAID CURVE TO THE RIGHT, FOR 170.70 FEET; THENCE S.01°43'00"W., FOR 294.32 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 645.00 FEET, DELTA ANGLE OF 17°45'33", CHORD BEARING OF S.04°53'47"E., CHORD DISTANCE OF 199.12 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 199.92 FEET; THENCE S.03°58'59"W., FOR 275.00 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 639.42 FEET, DELTA ANGLE OF 38°40'05", CHORD BEARING OF S.23°19'02"W., CHORD DISTANCE OF 423.39 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 431.53 FEET; THENCE S.42°39'04"W., FOR 43.95 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 965.00 FEET, DELTA ANGLE OF 30°00'09", CHORD BEARING OF S.69°42'02"E., CHORD DISTANCE OF 499.56 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 505.32 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 2010.00 FEET, DELTA ANGLE OF 10°47'46", CHORD BEARING OF S.79°18'14"E., CHORD DISTANCE OF 378.18 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 378.74 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 965.00 FEET, DELTA ANGLE OF 35°28'48", CHORD BEARING OF N.88°21'15"E., CHORD DISTANCE OF 588.07 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 597.57 FEET; THENCE N.70°36'51"E., FOR 36.41 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 97.00 FEET, DELTA ANGLE OF 18°34'24", CHORD BEARING OF N.61°19'39"E., CHORD DISTANCE OF 31.31 FEET; THENCE ALONG SAID CURVE TO THE LEFT, FOR 31.44 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 143.00 FEET, DELTA ANGLE OF 18°34'24", CHORD BEARING OF N.61°19'39"E., CHORD DISTANCE OF 46.15 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, FOR 46.36 FEET; THENCE N.70°36'51"E., FOR 53.15 FEET TO THE WEST LINE OF TRACT 207, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE E; THENCE S.19°23'09"E., ALONG THE WEST LINE OF SAID TRACT 207 AND SAID WEST RIGHT OF WAY LINE OF RIVER STRAND BOULEVARD, FOR 95.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 28.50 FEET, DELTA ANGLE OF 85°59'47", CHORD BEARING OF S.66°23'16"E., CHORD DISTANCE OF 38.87 FEET; THENCE ALONG SAID WEST LINE OF TRACT 206 AND ALONG SAID CURVE TO THE RIGHT, FOR 42.78 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 1060.00 FEET, DELTA ANGLE OF 22°04'31", CHORD BEARING OF S.34°25'38"E., CHORD DISTANCE OF 405.88 FEET; THENCE ALONG SAID WEST LINE OF TRACT 206 AND ALONG SAID CURVE TO THE LEFT, FOR 408.41 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 940.00 FEET, DELTA ANGLE OF 23°06'09", CHORD BEARING OF S.33°54'49"E., CHORD DISTANCE OF 376.46 FEET; THENCE ALONG SAID WEST LINE OF TRACT 206 AND ALONG SAID CURVE TO THE RIGHT, FOR 379.02 FEET; THENCE S.22°21'45"E., ALONG SAID WEST LINE OF TRACT 206, FOR 46.65 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 28.50 FEET, DELTA ANGLE OF 90°00'00", CHORD BEARING OF S.22°38'15"W., CHORD DISTANCE OF 40.31 FEET; THENCE ALONG SAID WEST LINE OF TRACT 206 AND ALONG SAID CURVE TO THE RIGHT, FOR 44.77 FEET; THENCE S.22°21'45"E., ALONG SAID WEST LINE OF TRACT 206, FOR 10.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 6,574,164.1 SQUARE FEET OR 150.92 ACRES, MORE OR LESS.

BEARINGS ARE BASED ON THE WEST LINE OF SAID TRACT 206, HAVING A CHORD BEARING OF S.33°54'49"E.

SHEET 3 OF 11

SERVING THE STATE OF FLORIDA

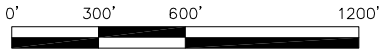
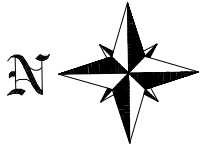
Fort Myers Office
10511 Six Mile Cypress Parkway, Suite 101
Fort Myers, Florida 33912
(239) 939-5490
Fax (239) 939-2523

Lake Suzy Office
12653 SW County Road 769
Lake Suzy, Florida 34269
(941) 625-1165
Fax (941) 625-1149

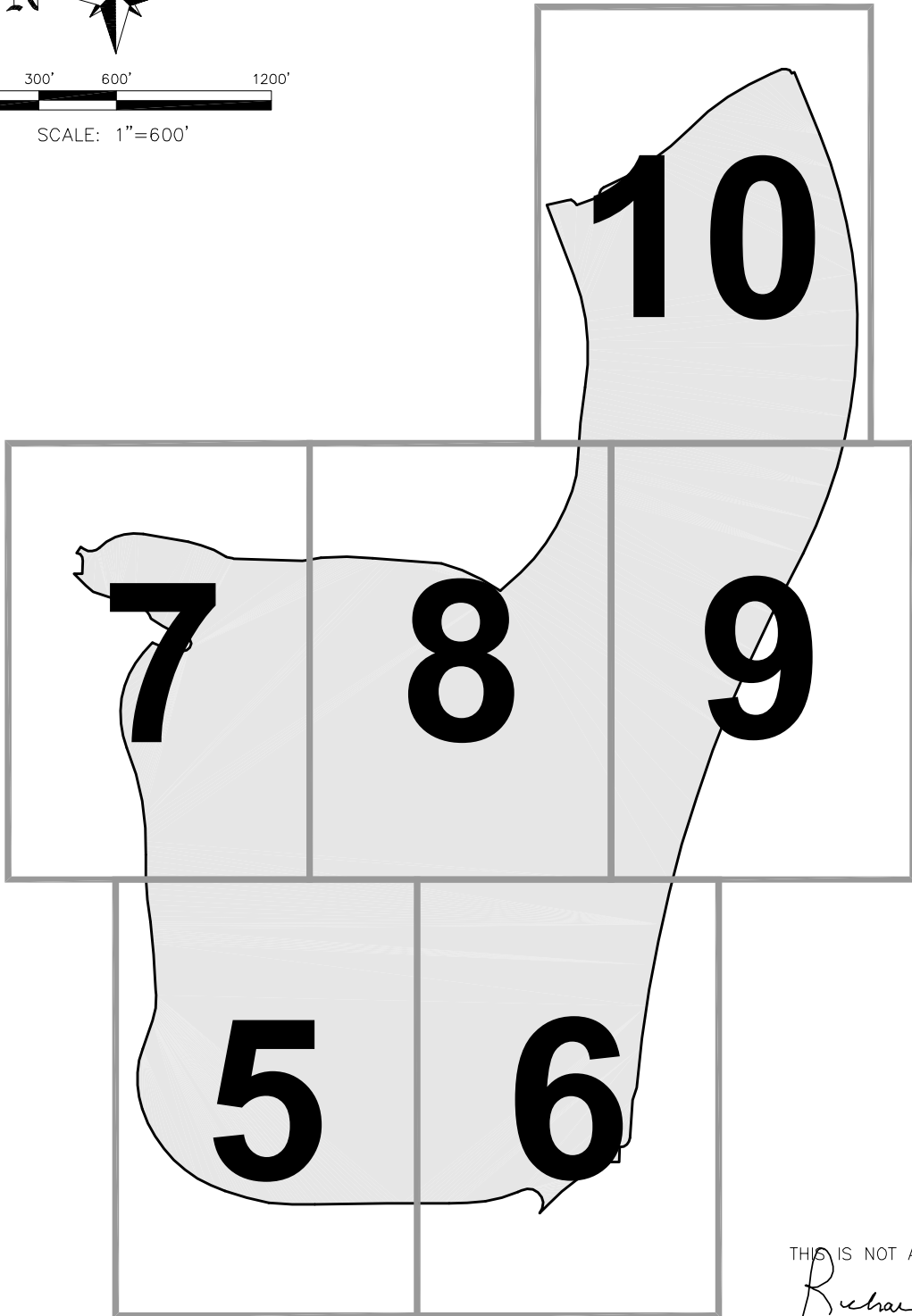
Sarasota Office
1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
(941) 360-1618
Fax (941) 360-6918

www.bankseng.com

SHEET KEY



SCALE: 1"=600'



THIS IS NOT A BOUNDARY SURVEY

Richard M. Ritz
 RICHARD M. RITZ
 FLORIDA CERTIFICATE NO. LS 4009

NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

BANKS
 ENGINEERING

Professional Engineers,
 Planners & Land Surveyors
 1144 Tallevast Road, Suite 105
 Sarasota, FL 34243
 Phone (941) 360-1618
 Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION

PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
 FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	1"=600'	4 of 11



0' 100' 200' 400'

SCALE: 1"=200'

**MATCHLINE -
SEE SHEET 7**

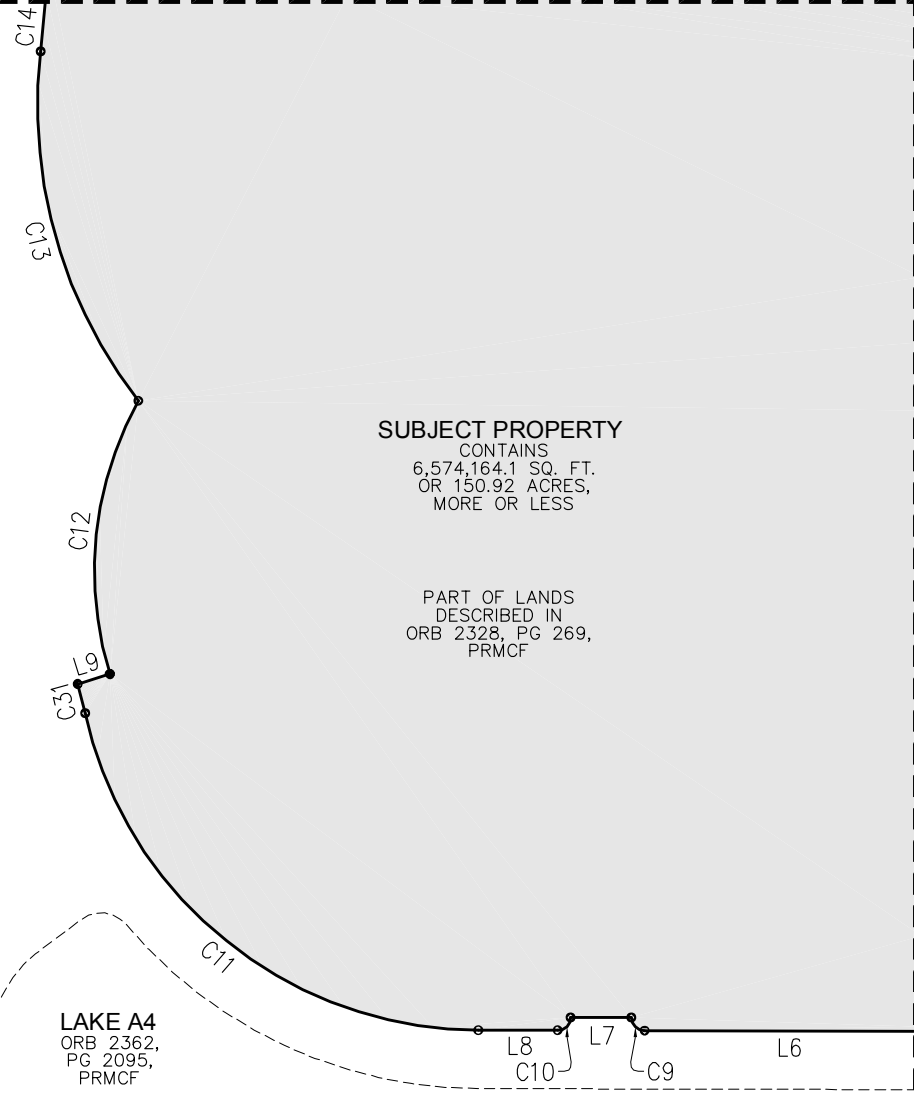
**MATCHLINE -
SEE SHEET 8**

(GOLF COURSE)
PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

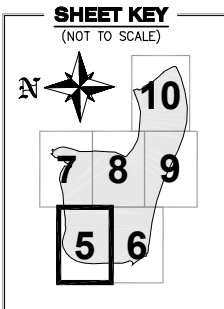
SUBJECT PROPERTY
CONTAINS
6,574,164.1 SQ. FT.
OR 150.92 ACRES,
MORE OR LESS

PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

MATCHLINE - SEE SHEET 6



LAKE A4
ORB 2362,
PG 2095,
PRMCF



LEGEND

- o DENOTES CHANGE IN DIRECTION
- SQ. FT. SQUARE FEET
- C1 DENOTES CURVE TABLE DATA
- L1 DENOTES LINE TABLE DATA
- PB PLAT BOOK
- PG PAGE
- BOB BASIS OF BEARINGS
- ORB OFFICIAL RECORDS BOOK
- PRMCF < PUBLIC RECORDS OF
MANATEE COUNTY, FLORIDA
- ⊙ CENTERLINE

THIS IS NOT A BOUNDARY SURVEY

Richard M. Ritz
RICHARD M. RITZ
FLORIDA CERTIFICATE NO. LS 4009

NOTE:

SEE SHEET 11 OF 11 FOR
LINE & CURVE TABLE DATA

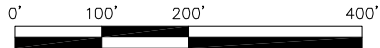
NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

**BANKS
ENGINEERING**

Professional Engineers,
Planners & Land Surveyors
1144 Tallevast Road, Suite 105
Sarasota, FL 34243
Phone (941) 360-1618
Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION
PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	1"=200'	5 of 11



SCALE: 1"=200'

**MATCHLINE -
SEE SHEET 8**

**MATCHLINE -
SEE SHEET 9**

MATCHLINE - SEE SHEET 5

LEGEND

- DENOTES CHANGE IN DIRECTION
- SQ. FT. SQUARE FEET
- C1 DENOTES CURVE TABLE DATA
- L1 DENOTES LINE TABLE DATA
- PB PLAT BOOK
- PG PAGE
- BOB BASIS OF BEARINGS
- ORB OFFICIAL RECORDS BOOK
- PRMCF < PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA
- Ⓞ CENTERLINE

**PORT HARBOUR
PARKWAY**
ORB 2381, PG 2887,
PRMCF

NORTH RIGHT OF WAY LINE

SUBJECT PROPERTY
CONTAINS
6,574,164.1 SQ. FT.
OR 150.92 ACRES,
MORE OR LESS

PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

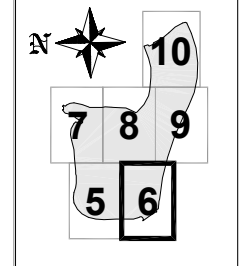
LAKE A4
ORB 2362,
PG 2095,
PRMCF

WETLAND E
ORB 2362,
PG 2095,
PRMCF

PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

SECTION 23-34-18
SECTION 26-34-18

SHEET KEY
(NOT TO SCALE)



THIS IS NOT A BOUNDARY SURVEY

Richard M. Ritz
RICHARD M. RITZ
FLORIDA CERTIFICATE NO. LS 4009

NOTE:

SEE SHEET 11 OF 11 FOR
LINE & CURVE TABLE DATA

NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

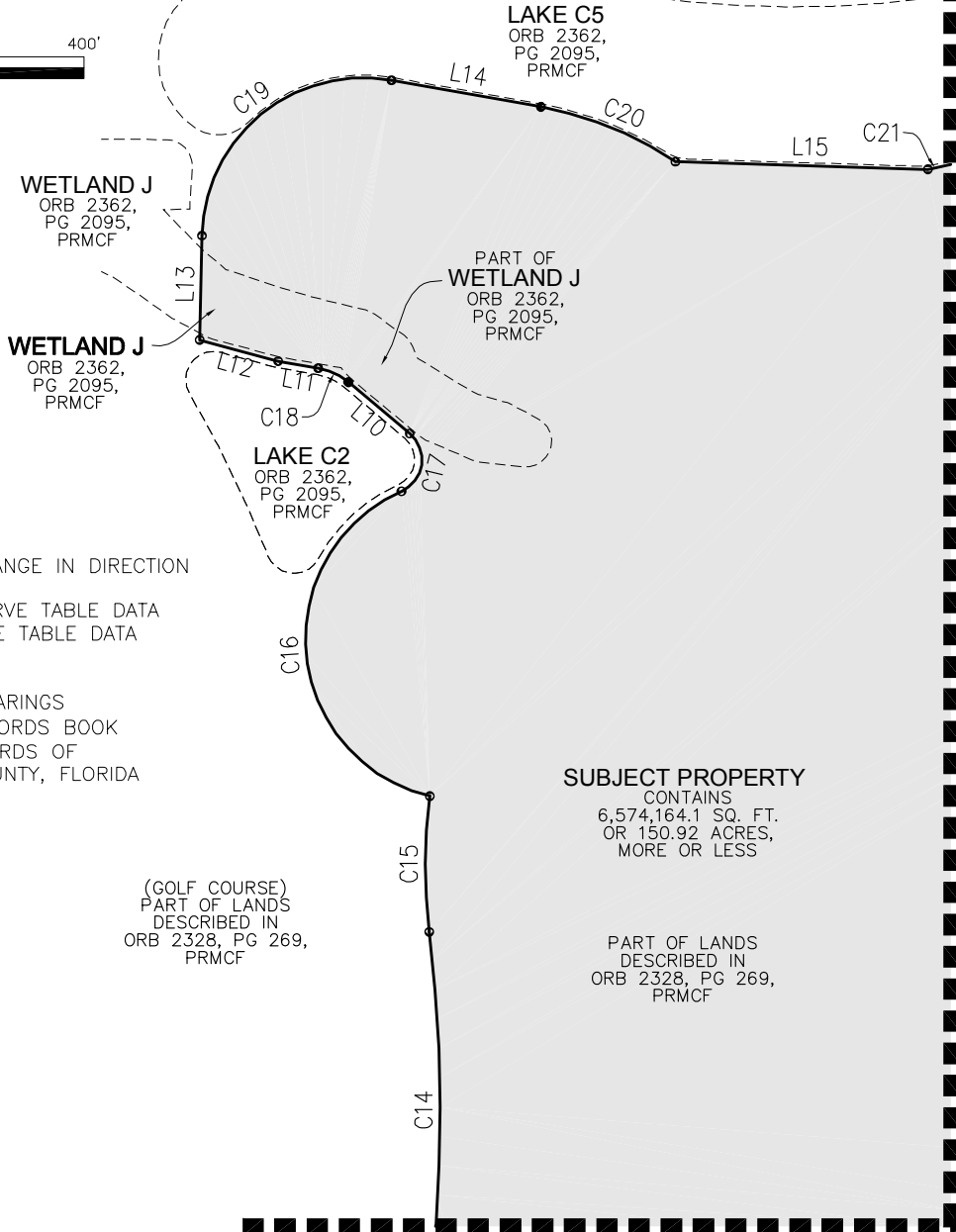
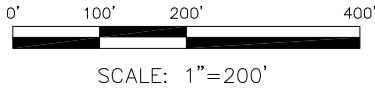
**BANKS
ENGINEERING**

Professional Engineers,
Planners & Land Surveyors
1144 Tallevast Road, Suite 105
Sarasota, FL 34243
Phone (941) 360-1618
Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION

PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	1"=200'	6 of 11



MATCHLINE - SEE SHEET 8

MATCHLINE - SEE SHEET 5

LEGEND

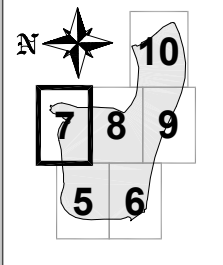
- o DENOTES CHANGE IN DIRECTION
- SQ. FT. SQUARE FEET
- C1 DENOTES CURVE TABLE DATA
- L1 DENOTES LINE TABLE DATA
- PB PLAT BOOK
- PG PAGE
- BOB BASIS OF BEARINGS
- ORB OFFICIAL RECORDS BOOK
- PRMCF PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA
- ⊥ CENTERLINE

SUBJECT PROPERTY
CONTAINS
6,574,164.1 SQ. FT.
OR 150.92 ACRES,
MORE OR LESS

PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

(GOLF COURSE)
PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

SHEET KEY
(NOT TO SCALE)



NOTE:

SEE SHEET 11 OF 11 FOR
LINE & CURVE TABLE DATA

THIS IS NOT A BOUNDARY SURVEY

Richard M. Ritz
 RICHARD M. RITZ
 FLORIDA CERTIFICATE NO. LS 4009

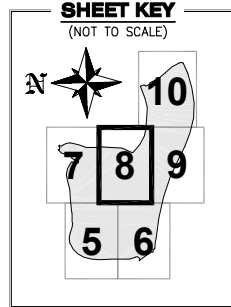
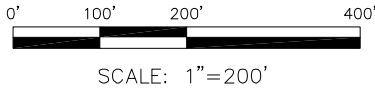
NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

BANKS
ENGINEERING

Professional Engineers,
Planners & Land Surveyors
 1144 Tallevast Road, Suite 105
 Sarasota, FL 34243
 Phone (941) 360-1618
 Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION
 PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
 FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	1"=200'	7 of 11



LAKE C5
ORB 2362,
PG 2095,
PRMCF

(GOLF COURSE)
PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

- LEGEND**
- DENOTES CHANGE IN DIRECTION
 - SQ. FT. SQUARE FEET
 - C1 DENOTES CURVE TABLE DATA
 - L1 DENOTES LINE TABLE DATA
 - PB PLAT BOOK
 - PG PAGE
 - BOB BASIS OF BEARINGS
 - ORB OFFICIAL RECORDS BOOK
 - PRMCF PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA
 - ⊕ CENTERLINE

MATCHLINE - SEE SHEET 7

MATCHLINE - SEE SHEET 9

SUBJECT PROPERTY
CONTAINS
6,574,164.1 SQ. FT.
OR 150.92 ACRES,
MORE OR LESS

PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

**MATCHLINE -
SEE SHEET 5**

**MATCHLINE -
SEE SHEET 6**

THIS IS NOT A BOUNDARY SURVEY
Richard M. Ritz
RICHARD M. RITZ
FLORIDA CERTIFICATE NO. LS 4009

NOTE:
SEE SHEET 11 OF 11 FOR
LINE & CURVE TABLE DATA

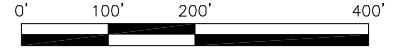
NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

**BANKS
ENGINEERING**

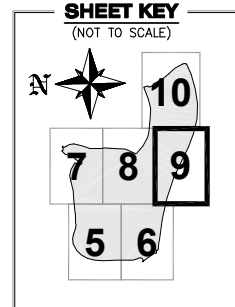
Professional Engineers,
Planners & Land Surveyors
1144 Tallevast Road, Suite 105
Sarasota, FL 34243
Phone (941) 360-1618
Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION						
PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT						
DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	1"=200'	8 of 11

MATCHLINE - SEE SHEET 10



SCALE: 1"=200'



MATCHLINE - SEE SHEET 8

NORTH RIGHT OF WAY LINE

PORT HARBOUR PARKWAY
LIGHTHOUSE COVE AT HERITAGE HARBOUR,
UNIT 1,
PB 43, PG 14-20,
PRMCF

SECTION 23-34-18
SECTION 26-34-18

SUBJECT PROPERTY
CONTAINS
6,574,164.1 SQ. FT.
OR 150.92 ACRES,
MORE OR LESS

PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

PORT HARBOUR PARKWAY
ORB 2381, PG 2887,
PRMCF

LEGEND

- DENOTES CHANGE IN DIRECTION
- SQ. FT. SQUARE FEET
- C1 DENOTES CURVE TABLE DATA
- L1 DENOTES LINE TABLE DATA
- PB PLAT BOOK
- PG PAGE
- BOB BASIS OF BEARINGS
- ORB OFFICIAL RECORDS BOOK
- PRMCF PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA
- ⊕ CENTERLINE

NOTE:

SEE SHEET 11 OF 11 FOR
LINE & CURVE TABLE DATA

THIS IS NOT A BOUNDARY SURVEY

Richard M. Ritz
RICHARD M. RITZ
FLORIDA CERTIFICATE NO. LS 4009

**MATCHLINE -
SEE SHEET 6**

NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

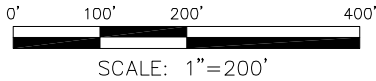
**BANKS
ENGINEERING**

Professional Engineers,
Planners & Land Surveyors
1144 Tallevast Road, Suite 105
Sarasota, FL 34243
Phone (941) 360-1618
Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION

PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	1"=200'	9 of 11



SHEET KEY
(NOT TO SCALE)

TRACT 206
HERITAGE HARBOUR,
PHASE I, SUBPHASE E,
PB 47, PG 107-129,
PRMCF

TRACT 803
RIVER STRAND BOULEVARD
HERITAGE HARBOUR,
PHASE I, SUBPHASE E,
PB 47, PG 107-129,
PRMCF

TRACT 207
HERITAGE HARBOUR,
PHASE I, SUBPHASE E,
PB 47, PG 107-129,
PRMCF

POINT OF BEGINNING
MOST SOUTHERLY
CORNER OF
TRACT 206

WEST LINE OF
TRACT 206

NORTH RIGHT OF WAY LINE

TRACT 900
PORT HARBOUR PARKWAY
STONEBROOK AT
HERITAGE HARBOUR,
SUBPHASE A, UNIT 1,
PB 39, PG 160-179,
PRMCF

SUBJECT PROPERTY
CONTAINS
6,574,164.1 SQ. FT.
OR 150.92 ACRES,
MORE OR LESS

PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

(GOLF COURSE)
PART OF LANDS
DESCRIBED IN
ORB 2328, PG 269,
PRMCF

LEGEND

- DENOTES CHANGE IN DIRECTION
- SQ. FT. SQUARE FEET
- C1 DENOTES CURVE TABLE DATA
- L1 DENOTES LINE TABLE DATA
- PB PLAT BOOK
- PG PAGE
- BOB BASIS OF BEARINGS
- ORB OFFICIAL RECORDS BOOK
- PRMCF PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA
- ⊕ CENTERLINE

PORT HARBOUR PARKWAY
LIGHTHOUSE COVE AT
HERITAGE HARBOUR,
UNIT 1,
PB 43, PG 14-20,
PRMCF

SECTION 23-34-18
SECTION 26-34-18

MATCHLINE -
SEE SHEET 8

MATCHLINE -
SEE SHEET 9

NOTE:

SEE SHEET 11 OF 11 FOR
LINE & CURVE TABLE DATA

THIS IS NOT A BOUNDARY SURVEY

Richard M. Ritz
RICHARD M. RITZ
FLORIDA CERTIFICATE NO. LS 4009

NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

BANKS
ENGINEERING

Professional Engineers,
Planners & Land Surveyors
1144 Tallevast Road, Suite 105
Sarasota, FL 34243
Phone (941) 360-1618
Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION
PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	1"=200'	10 of 11

LINE TABLES

LINE	BEARING	DISTANCE
L1	S67°38'15"W	258.55'
L2	N63°08'10"W	263.32'
L3	N71°18'47"W	50.05'
L4	S87°58'09"E	10.00'
L5	N02°01'51"E	39.06'
L6	N00°08'21"E	480.56'
L7	N00°08'21"E	70.00'
L8	N00°08'21"E	91.42'
L9	S17°00'24"E	39.00'
L10	N39°55'12"E	93.17'
L11	N09°56'57"E	47.47'

LINE	BEARING	DISTANCE
L12	N15°07'16"E	94.63'
L13	S88°42'39"E	121.53'
L14	S10°05'32"W	176.58'
L15	S01°43'00"W	294.32'
L16	S03°58'59"W	275.00'
L17	S42°39'04"W	43.95'
L18	N70°36'51"E	36.41'
L19	N70°36'51"E	53.15'
L20	S19°23'09"E	95.00'
L21	S22°21'45"E	46.65'
L22	S22°21'45"E	10.00'

CURVE TABLE

CURVE	RADIUS	ARC LENGTH	DELTA ANGLE	CHORD LENGTH	CHORD BEARING
C1	1950.00'	1675.37'	49°13'35"	1624.31'	N87°44'58"W
C2	5050.00'	1919.04'	21°46'22"	1907.51'	N74°01'21"W
C3	5062.00'	146.29'	01°39'21"	146.28'	N86°17'15"W
C4	38.50'	59.90'	89°08'46"	54.04'	N42°32'32"W
C5	143.00'	64.56'	25°52'01"	64.01'	N10°54'10"W
C6	97.00'	27.61'	16°18'38"	27.52'	N15°40'51"W
C7	735.00'	281.97'	21°58'49"	280.24'	N18°30'56"W
C8	465.00'	240.59'	29°38'41"	237.92'	N14°41'00"W
C9	15.00'	23.56'	90°00'00"	21.21'	N45°08'21"E
C10	15.00'	23.56'	90°00'00"	21.21'	N44°51'39"W
C11	465.00'	628.53'	77°26'45"	581.77'	N38°51'43"E
C12	406.00'	325.07'	45°52'30"	316.46'	S84°04'09"E
C13	556.00'	428.35'	44°08'29"	417.83'	N74°22'45"E
C14	1762.76'	408.69'	13°17'02"	407.78'	N89°48'28"E
C15	646.00'	158.55'	14°03'44"	158.15'	S89°48'11"E
C16	188.00'	468.59'	142°48'38"	356.37'	N84°41'12"E
C17	40.00'	81.10'	116°10'19"	67.91'	S81°59'38"E
C18	75.00'	39.23'	29°58'15"	38.79'	N24°56'05"E
C19	188.00'	324.19'	98°48'12"	285.49'	S39°18'34"E
C20	405.00'	170.70'	24°08'59"	169.44'	S22°10'02"W
C21	645.00'	199.92'	17°45'33"	199.12'	S04°53'47"E
C22	639.42'	431.53'	38°40'05"	423.39'	S23°19'02"W
C23	965.00'	505.32'	30°00'09"	499.56'	S69°42'02"E
C24	2010.00'	378.74'	10°47'46"	378.18'	S79°18'14"E
C25	965.00'	597.57'	35°28'48"	588.07'	N88°21'15"E
C26	97.00'	31.44'	18°34'24"	31.31'	N61°19'39"E
C27	143.00'	46.36'	18°34'24"	46.15'	N61°19'39"E
C28	28.50'	42.78'	85°59'47"	38.87'	S66°23'16"E
C29	1060.00'	408.41'	22°04'31"	405.88'	S34°25'38"E
C30	940.00'	379.02'	23°06'09"	376.46'	S33°54'49"E
C31	435.00'	34.86'	04°35'30"	34.85'	N75°17'21"E
C32	28.50'	44.77'	90°00'00"	40.31'	S22°38'15"W

NOTE:

SEE SHEET 11 OF 11 FOR
LINE & CURVE TABLE DATA

THIS IS NOT A BOUNDARY SURVEY

Richard M. Ritz
RICHARD M. RITZ
FLORIDA CERTIFICATE NO. LS 4009

NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 11 OF 11 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

BANKS
ENGINEERING

Professional Engineers,
Planners & Land Surveyors
1144 Tallevast Road, Suite 105
Sarasota, FL 34243
Phone (941) 360-1618
Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION

PARCEL LYING IN SECTIONS 23 & 26, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL J	TAB	RMR	N/A	11 of 11

Exhibit 2 - Part B



Professional Engineers, Planners & Land Surveyors

1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
Phone (941) 360-1618
Fax (941) 360-6918

FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DESCRIPTION OF LANDS LYING IN
SECTION 24, TOWNSHIP 34 SOUTH, RANGE 18 EAST,
MANATEE COUNTY, FLORIDA.


PARCEL M1

A TRACT OR PARCEL OF LAND SITUATED IN THE STATE OF FLORIDA, COUNTY OF MANATEE, LYING IN SECTION 24, TOWNSHIP 34 SOUTH, RANGE 18 EAST, BEING OVER, ACROSS, AND THROUGH PART OF LANDS DESCRIBED IN OFFICIAL RECORDS BOOK 1639, PAGE 1711, PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA, BEING FURTHER BOUNDED AND DESCRIBED AS FOLLOWS:

BEGIN AT THE SOUTHEAST CORNER OF TRACT 416, HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3, RECORDED IN PLAT BOOK 48, PAGES 99-132, SAID PUBLIC RECORDS, AND THE EASTERLY LINE OF TRACT 636, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3; THENCE N.00°23'05"E., ALONG THE EASTERLY LINE OF SAID TRACT 416 AND THE EASTERLY LINE OF TRACT 643, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3, FOR 851.18 FEET TO THE MEAN HIGH WATER LINE OF MANATEE RIVER; THENCE ALONG SAID MEAN HIGH WATER LINE THE FOLLOWING 30 (THIRTY) CALLS: 1) THENCE S.52°35'42"E., FOR 15.85 FEET; 2) THENCE S.60°17'48"E., FOR 96.81 FEET; 3) THENCE S.59°26'20"E., FOR 124.82 FEET; 4) THENCE S.61°07'34"E., FOR 97.82 FEET; 5) THENCE S.64°35'16"E., FOR 130.62 FEET; 6) THENCE S.69°10'17"E., FOR 54.57 FEET; 7) THENCE S.71°34'15"E., FOR 136.55 FEET; 8) THENCE S.76°46'50"E., FOR 112.09 FEET; 9) THENCE S.86°48'26"E., FOR 61.47 FEET; 10) THENCE S.85°54'18"E., FOR 89.61 FEET; 11) THENCE N.89°22'48"E., FOR 70.56 FEET; 12) THENCE S.86°26'30"E., FOR 86.46 FEET; 13) THENCE S.83°19'29"E., FOR 78.87 FEET; 14) THENCE S.62°05'05"E., FOR 34.02 FEET; 15) THENCE S.32°52'42"E., FOR 24.85 FEET; 16) THENCE S.10°21'32"E., FOR 52.48 FEET; 17) THENCE S.24°28'43"W., FOR 46.58 FEET; 18) THENCE S.38°28'01"W., FOR 56.47 FEET; 19) THENCE S.36°44'55"W., FOR 36.55 FEET; 20) THENCE S.34°11'57"W., FOR 156.74 FEET; 21) THENCE S.28°57'48"W., FOR 189.79 FEET; 22) THENCE S.14°09'03"W., FOR 111.70 FEET; 23) THENCE S.14°02'07"W., FOR 64.61 FEET; 24) THENCE S.31°13'24"W., FOR 59.14 FEET; 25) THENCE S.67°24'11"W., FOR 59.59 FEET; 26) THENCE S.52°46'52"W., FOR 45.40 FEET; 27) THENCE S.33°27'25"W., FOR 48.10 FEET; 28) THENCE S.54°40'40"E., FOR 74.13 FEET; 29) THENCE S.46°30'54"E., FOR 40.81 FEET; 30) THENCE S.02°08'21"W., FOR 30.89 FEET TO THE NORTHERLY LINE

(CONTINUED ON SHEET 2 OF 5)

BANKS ENGINEERING
FLORIDA LICENSED BUSINESS NO. LB 6690


RICHARD M. RITZ
REGISTERED LAND SURVEYOR
FLORIDA LICENSE NO. LS 4009

04/19/13

DATE

SHEET 1 OF 5

SERVING THE STATE OF FLORIDA

Fort Myers Office
10511 Six Mile Cypress Parkway, Suite 101
Fort Myers, Florida 33912
(239) 939-5490
Fax (239) 939-2523

Lake Suzy Office
12653 SW County Road 769
Lake Suzy, Florida 34269
(941) 625-1165
Fax (941) 625-1149

Sarasota Office
1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
(941) 360-1618
Fax (941) 360-6918

www.bankseng.com



Professional Engineers, Planners & Land Surveyors

1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
Phone (941) 360-1618
Fax (941) 360-6918

FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

(CONTINUED FROM SHEET 1 OF 5)

OF TRACT 630, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3; THENCE N.78°52'12"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 144.45 FEET; THENCE N.82°25'39"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 21.29 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 50.00 FEET, DELTA ANGLE OF 36°53'44", CHORD BEARING OF S.79°07'31"W., CHORD DISTANCE OF 31.64 FEET; THENCE ALONG SAID NORTHERLY LINE OF TRACT 630 AND SAID CURVE TO THE LEFT, FOR 32.20 FEET; THENCE N.66°11'33"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 94.43 FEET; THENCE N.84°56'42"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 73.55 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 30.00 FEET, DELTA ANGLE OF 97°59'42", CHORD BEARING OF N.22°42'50"W., CHORD DISTANCE OF 45.28 FEET; THENCE ALONG SAID NORTHERLY LINE OF TRACT 630 AND SAID CURVE TO THE LEFT, FOR 51.31 FEET; THENCE N.71°42'41"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 59.31 FEET; THENCE N.55°06'51"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 62.44 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 30.00 FEET, DELTA ANGLE OF 47°47'45", CHORD BEARING OF N.79°00'44"W., CHORD DISTANCE OF 24.31 FEET; THENCE ALONG SAID NORTHERLY LINE OF TRACT 630 AND SAID CURVE TO THE LEFT, FOR 25.03 FEET; THENCE S.77°05'24"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 56.73 FEET; THENCE S.59°47'40"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 18.03 FEET; THENCE N.81°25'00"W., ALONG SAID NORTHERLY LINE OF TRACT 630, FOR 31.81 FEET; THENCE S.43°24'18"W., ALONG SAID NORTHERLY LINE OF TRACT 630 AND THE NORTHERLY LINE OF TRACT 153, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3, FOR 138.96 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 265.00 FEET, DELTA ANGLE OF 04°17'31", CHORD BEARING OF S.41°15'33"W., CHORD DISTANCE OF 19.85 FEET; THENCE ALONG SAID NORTHERLY LINE OF TRACT 153 AND SAID CURVE TO THE LEFT, FOR 19.85 FEET TO THE NORTHERLY LINE OF TRACT 210, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE E, RECORDED IN PLAT BOOK 47, PAGES 107-129, SAID PUBLIC RECORDS; THENCE N.50°53'13"W., ALONG SAID NORTHERLY LINE OF TRACT 210, THE NORTHERLY LINE OF TRACT 804, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE E, AND THE NORTHERLY LINE OF TRACT 219, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE E, FOR 70.00 FEET TO THE EASTERLY LINE OF SAID TRACT 636 AND THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 335.00 FEET, DELTA ANGLE OF 04°17'31", CHORD BEARING OF N.41°15'33"E., CHORD DISTANCE OF 25.09 FEET; THENCE ALONG SAID EASTERLY LINE OF TRACT 636 AND SAID CURVE TO THE RIGHT, FOR 25.09 FEET; THENCE N.43°24'18"E., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 85.33 FEET; THENCE N.87°36'07"W., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 20.76 FEET; THENCE N.83°50'45"W., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 37.65 FEET; THENCE N.61°20'56"W., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 5.14 FEET; THENCE N.02°35'00"E., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 38.80 FEET; THENCE N.26°59'11"E., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 54.15 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 30.00 FEET, DELTA ANGLE OF 12°42'29", CHORD BEARING OF N.20°37'57"E., CHORD DISTANCE OF 6.64 FEET; THENCE ALONG SAID EASTERLY LINE OF TRACT 636 AND SAID CURVE TO THE LEFT, FOR 6.65 FEET; THENCE N.14°16'43"E., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 45.06 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, HAVING A RADIUS OF 30.00 FEET, DELTA ANGLE OF 58°33'19", CHORD BEARING OF N.14°59'57"W., CHORD DISTANCE OF 29.34 FEET; THENCE ALONG SAID EASTERLY LINE OF TRACT 636 AND SAID CURVE TO THE LEFT, FOR 30.66 FEET; THENCE N.44°16'37"W., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 59.90 FEET; THENCE N.41°19'33"W., ALONG SAID EASTERLY LINE OF TRACT 636, FOR 28.19 FEET TO THE POINT OF BEGINNING.

CONTAINING 882,566 SQUARE FEET OR 20.26 ACRES, MORE OR LESS.

BEARINGS ARE BASED ON THE SAID EASTERLY LINE OF SAID TRACT 416, HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3, HAVING A BEARING OF N.00°23'05"E.

(CONTINUED ON SHEET 3 OF 5)

SHEET 2 OF 5

SERVING THE STATE OF FLORIDA

Fort Myers Office
10511 Six Mile Cypress Parkway, Suite 101
Fort Myers, Florida 33912
(239) 939-5490
Fax (239) 939-2523

Lake Suzy Office
12653 SW County Road 769
Lake Suzy, Florida 34269
(941) 625-1165
Fax (941) 625-1149

Sarasota Office
1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
(941) 360-1618
Fax (941) 360-6918

www.bankseng.com



Professional Engineers, Planners & Land Surveyors

1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
Phone (941) 360-1618
Fax (941) 360-6918

FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

(CONTINUED FROM SHEET 2 OF 5)

PARCEL M2

A TRACT OR PARCEL OF LAND SITUATED IN THE STATE OF FLORIDA, COUNTY OF MANATEE, LYING IN SECTION 24, TOWNSHIP 34 SOUTH, RANGE 18 EAST, BEING OVER, ACROSS, AND THROUGH PART OF LANDS DESCRIBED IN OFFICIAL RECORDS BOOK 1639, PAGE 1711, PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA, BEING FURTHER BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF SAID SECTION 24-34-18; THENCE N.01°24'52"E. ALONG THE EAST LINE OF SAID SECTION 24, FOR 1914.25 FEET TO THE SOUTHEAST CORNER OF HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3, RECORDED IN PLAT BOOK 48, PAGES 99-132, SAID PUBLIC RECORDS; THENCE N.01°24'52"E., CONTINUING ALONG SAID EAST LINE OF SECTION 24 AND THE EAST LINE OF SAID HERITAGE HARBOUR, PHASE I, UNIT 1, UNIT 2, & UNIT 3, FOR 2429.83 FEET TO THE NORTHEAST CORNER OF TRACT 628, SAID HERITAGE HARBOUR, PHASE I, UNIT 1, UNIT 2, & UNIT 3, AND THE BEGINNING OF A SURVEY TIE LINE; THENCE S.82°32'06"W., ALONG SAID SURVEY TIE LINE, FOR 116.96 FEET TO THE WESTERLY LINE OF SAID TRACT 628 AND THE POINT OF BEGINNING; THENCE S.26°01'24"W., ALONG SAID WESTERLY LINE OF TRACT 628, FOR 92.80 FEET; THENCE S.16°14'13"W., CONTINUING ALONG SAID WESTERLY LINE OF TRACT 628, FOR 63.60 FEET; THENCE S.07°03'24"W., CONTINUING ALONG SAID WESTERLY LINE OF TRACT 628, FOR 6.09 FEET TO THE NORTHERLY LINE OF TRACT 152, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3, AND THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 203.00 FEET, DELTA ANGLE OF 42°57'09", CHORD BEARING OF S.85°15'49"W., CHORD DISTANCE OF 148.64 FEET; THENCE ALONG SAID NORTHERLY LINE OF TRACT 152 AND SAID CURVE TO THE LEFT, FOR 152.18 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 673.37 FEET, DELTA ANGLE OF 11°40'07", CHORD BEARING OF S.69°37'18"W., CHORD DISTANCE OF 136.90 FEET; THENCE ALONG SAID NORTHERLY LINE OF TRACT 152 AND SAID CURVE TO THE RIGHT, FOR 137.14 FEET TO THE BEGINNING OF A REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 470.00 FEET, DELTA ANGLE OF 37°05'42", CHORD BEARING OF S.56°54'30"W., CHORD DISTANCE OF 299.01 FEET; THENCE ALONG SAID NORTHERLY LINE OF TRACT 152 AND SAID CURVE TO THE LEFT, FOR 304.29 FEET; THENCE N.51°38'21"W., ALONG SAID NORTHERLY LINE OF TRACT 152 AND ALONG THE NORTHERLY LINE OF TRACT 630, SAID HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3, FOR 87.17 FEET TO THE MEAN HIGH WATER LINE OF MANATEE RIVER; THENCE ALONG SAID MEAN HIGH WATER LINE THE FOLLOWING 10 (TEN) CALLS: 1) THENCE N.20°50'00"E., FOR 20.37 FEET; 2) THENCE N.31°24'28"E., FOR 228.25 FEET; 3) THENCE N.40°09'55"E., FOR 163.80 FEET; 4) THENCE N.39°40'45"E., FOR 68.04 FEET; 5) THENCE N.44°20'15"E., FOR 82.43 FEET; 6) THENCE N.77°46'00"E., FOR 63.71 FEET; 7) THENCE S.88°27'43"E., FOR 42.49 FEET; 8) THENCE S.74°42'27"E., FOR 78.24 FEET; 9) THENCE S.50°38'12"E., FOR 161.49 FEET; 10) THENCE S.39°39'11"E., FOR 26.04 FEET TO THE POINT OF BEGINNING.

CONTAINING 152,456 SQUARE FEET OR 3.50 ACRES, MORE OR LESS.

BEARINGS ARE BASED ON THE SAID EAST LINE OF SECTION 24-34-18, HAVING A BEARING OF N.01°24'52"E.

SHEET 3 OF 5

SERVING THE STATE OF FLORIDA

Fort Myers Office
10511 Six Mile Cypress Parkway, Suite 101
Fort Myers, Florida 33912
(239) 939-5490
Fax (239) 939-2523

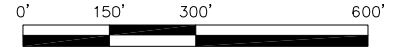
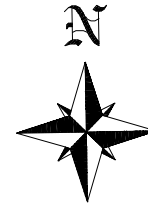
Lake Suzy Office
12653 SW County Road 769
Lake Suzy, Florida 34269
(941) 625-1165
Fax (941) 625-1149

Sarasota Office
1144 Tallevast Road, Suite 105
Sarasota, Florida 34243
(941) 360-1618
Fax (941) 360-6918

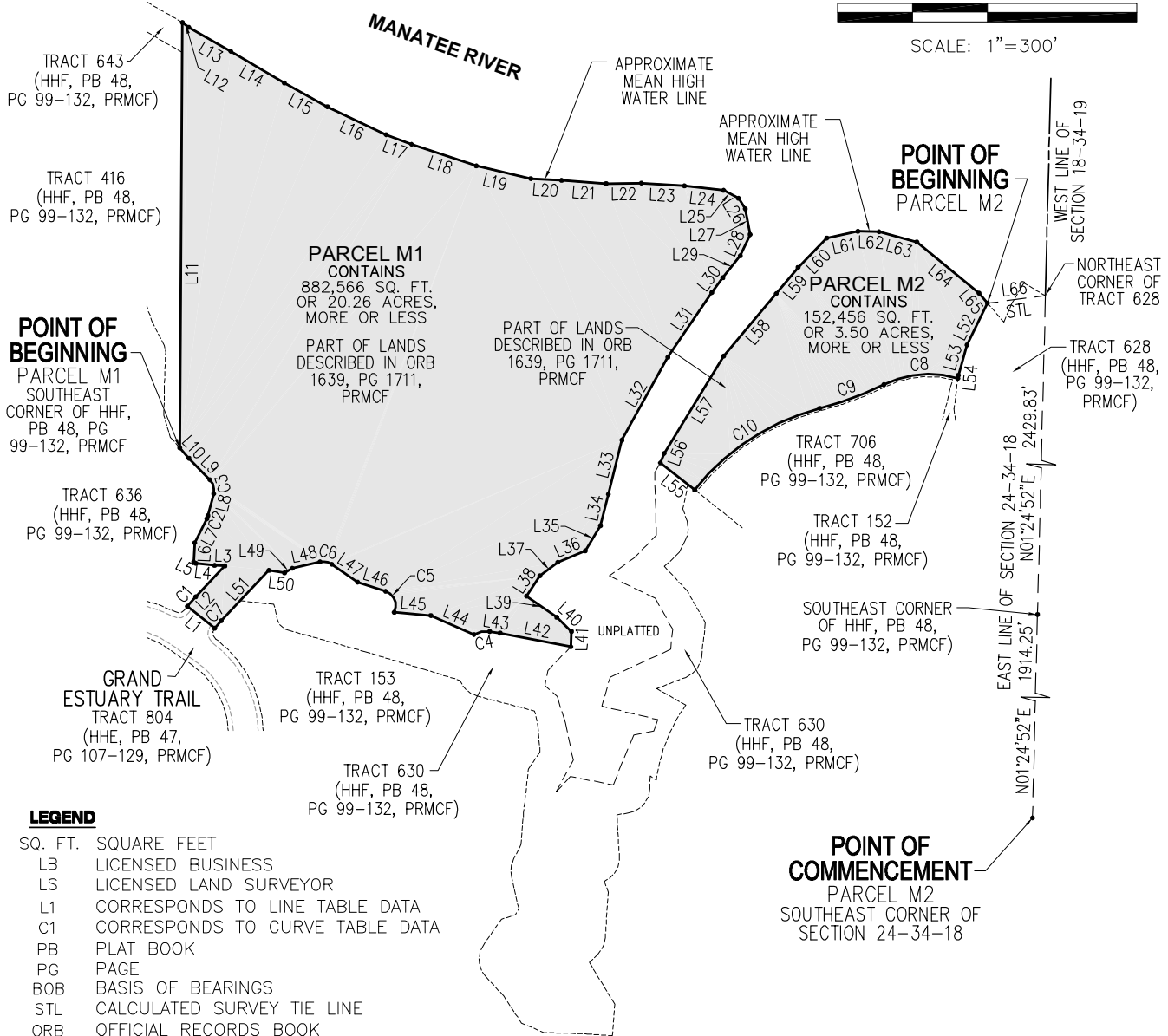
www.bankseng.com

NOTE:

SEE SHEET 5 OF 5 FOR
LINE & CURVE TABLE DATA



SCALE: 1"=300'



LEGEND

- SQ. FT. SQUARE FEET
- LB LICENSED BUSINESS
- LS LICENSED LAND SURVEYOR
- L1 CORRESPONDS TO LINE TABLE DATA
- C1 CORRESPONDS TO CURVE TABLE DATA
- PB PLAT BOOK
- PG PAGE
- BOB BASIS OF BEARINGS
- STL CALCULATED SURVEY TIE LINE
- ORB OFFICIAL RECORDS BOOK
- PRMCF PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA
- HHE HERITAGE HARBOUR, PHASE I, SUBPHASE E
- HHF HERITAGE HARBOUR, PHASE I, SUBPHASE F, UNIT 1, UNIT 2, & UNIT 3

POINT OF COMMENCEMENT
PARCEL M2
SOUTHEAST CORNER OF
SECTION 24-34-18

THIS IS NOT A BOUNDARY SURVEY
Richard M. Ritz
RICHARD M. RITZ
FLORIDA CERTIFICATE NO. LS 4009

NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 5 OF 5 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

<h1 style="margin: 0;">BANKS</h1> <h2 style="margin: 0;">ENGINEERING</h2>	Professional Engineers, Planners & Land Surveyors 1144 Tallevast Road, Suite 105 Sarasota, FL 34243 Phone (941) 360-1618 Fax (941) 360-6918	SKETCH TO ACCOMPANY DESCRIPTION PARCEL LYING IN SECTION 24, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT				DATE 04/19/13	PROJECT 6370	DRAWING HH NORTH CDD EXP., PARCEL M	DRAWN TAB	CHECKED RMR	SCALE 1"=300'	SHEET 4 OF 5

CURVE TABLE

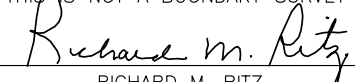
CURVE	RADIUS	ARC LENGTH	DELTA ANGLE	CHORD LENGTH	CHORD BEARING
C1	335.00'	25.09'	04°17'31"	25.09'	N41°15'33"E
C2	30.00'	6.65'	12°42'29"	6.64'	N20°37'57"E
C3	30.00'	30.66'	58°33'19"	29.34'	N14°59'57"W
C4	50.00'	32.20'	36°53'44"	31.64'	S79°07'31"W
C5	30.00'	51.31'	97°59'42"	45.28'	N22°42'50"W
C6	30.00'	25.03'	47°47'45"	24.31'	N79°00'44"W
C7	265.00'	19.85'	04°17'31"	19.85'	S41°15'33"W
C8	203.000'	152.18'	42°57'09"	148.64'	S85°15'49"W
C9	673.369'	137.14'	11°40'07"	136.90'	S69°37'18"W
C10	470.000'	304.29'	37°05'42"	299.01'	S56°54'30"W

LINE TABLES

LINE	BEARING	DISTANCE
L1	N50°53'13"W	70.00'
L2	N43°24'18"E	85.33'
L3	N87°36'07"W	20.76'
L4	N83°50'45"W	37.65'
L5	N61°20'56"W	5.14'
L6	N02°35'00"E	38.80'
L7	N26°59'11"E	54.15'
L8	N14°16'43"E	45.06'
L9	N44°16'37"W	59.90'
L10	N41°19'33"W	28.19'
L11	N00°23'05"E	851.18'
L12	S52°35'42"E	15.85'
L13	S60°17'48"E	96.81'
L14	S59°26'20"E	124.82'
L15	S61°07'34"E	97.82'
L16	S64°35'16"E	130.62'
L17	S69°10'17"E	54.57'
L18	S71°34'15"E	136.55'
L19	S76°46'50"E	112.09'
L20	S86°48'26"E	61.47'
L21	S85°54'18"E	89.61'
L22	N89°22'48"E	70.56'
L23	S86°26'30"E	86.46'
L24	S83°19'29"E	78.87'
L25	S62°05'05"E	34.02'
L26	S32°52'42"E	24.85'
L27	S10°21'32"E	52.48'
L28	S24°28'43"W	46.58'
L29	S38°28'01"W	56.47'
L30	S36°44'55"W	36.55'
L31	S34°11'57"W	156.74'
L32	S28°57'48"W	189.79'
L33	S14°09'03"W	111.70'

LINE	BEARING	DISTANCE
L34	S14°02'07"W	64.61'
L35	S31°13'24"W	59.14'
L36	S67°24'11"W	59.59'
L37	S52°46'52"W	45.40'
L38	S33°27'25"W	48.10'
L39	S54°40'40"E	74.13'
L40	S46°30'54"E	40.81'
L41	S02°08'21"W	30.89'
L42	N78°52'12"W	144.45'
L43	N82°25'39"W	21.29'
L44	N66°11'33"W	94.43'
L45	N84°56'42"W	73.55'
L46	N71°42'41"W	59.31'
L47	N55°06'51"W	62.44'
L48	S77°05'24"W	56.73'
L49	S59°47'40"W	18.03'
L50	N81°25'00"W	31.81'
L51	S43°24'18"W	138.96'
L52	S26°01'24"W	92.80'
L53	S16°14'13"W	63.60'
L54	S07°03'24"W	6.09'
L55	N51°38'21"W	87.17'
L56	N20°50'00"E	20.37'
L57	N31°24'28"E	228.25'
L58	N40°09'55"E	163.80'
L59	N39°40'45"E	68.04'
L60	N44°20'15"E	82.43'
L61	N77°46'00"E	63.71'
L62	S88°27'43"E	42.49'
L63	S74°42'27"E	78.24'
L64	S50°38'12"E	161.49'
L65	S39°39'11"E	26.04'
L66	S82°32'06"W	116.96'

THIS IS NOT A BOUNDARY SURVEY


 RICHARD M. RITZ
 FLORIDA CERTIFICATE NO. LS 4009

NOTE: THIS SKETCH NOT VALID UNLESS ACCOMPANIED BY SHEETS 1 THROUGH 5 OF 5 AND THE SIGNATURE AND RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AFFIXED HERETO.

BANKS
ENGINEERING

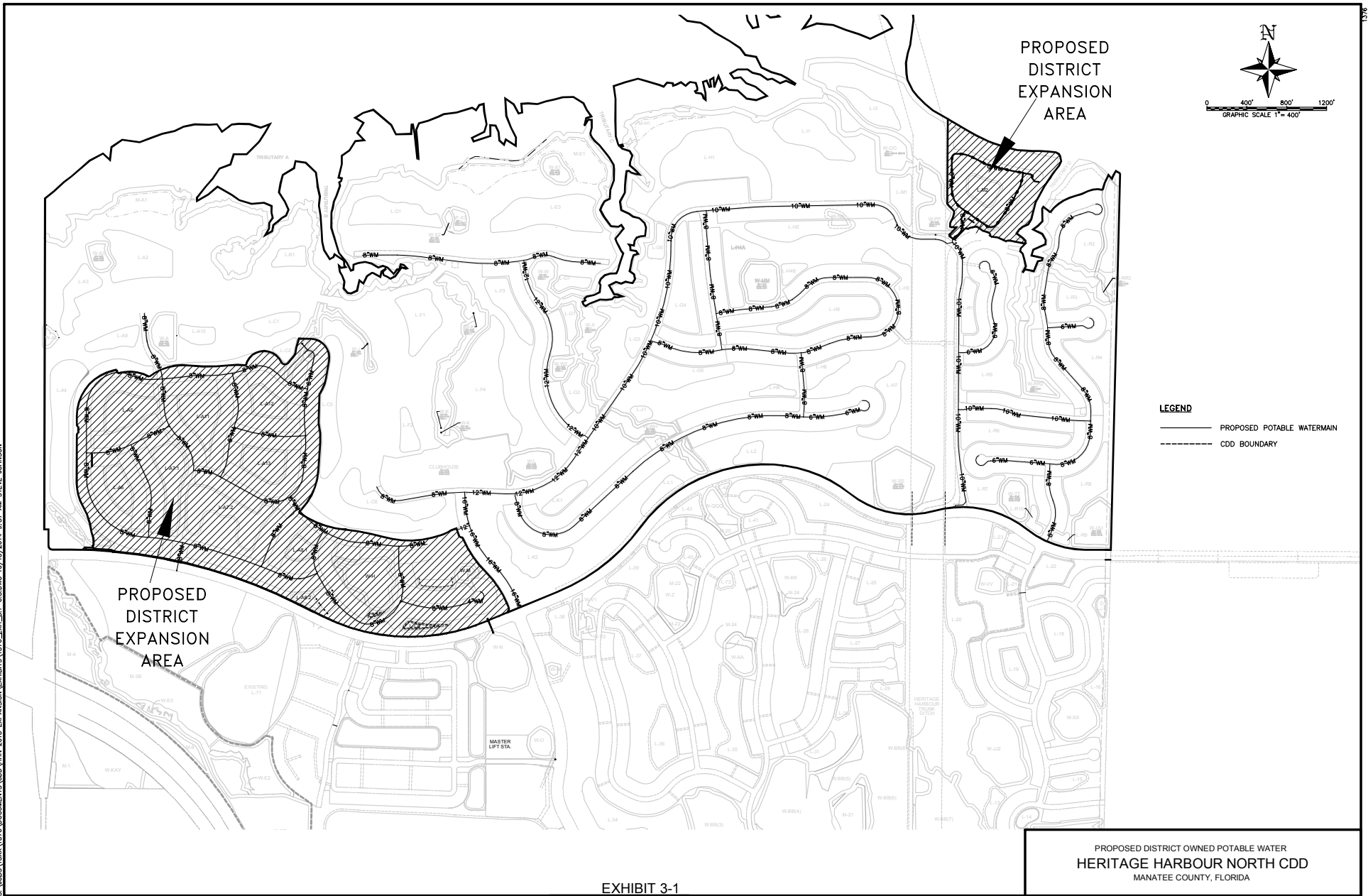
Professional Engineers,
Planners & Land Surveyors
1144 Tallevast Road, Suite 105
Sarasota, FL 34243
Phone (941) 360-1618
Fax (941) 360-6918

SKETCH TO ACCOMPANY DESCRIPTION

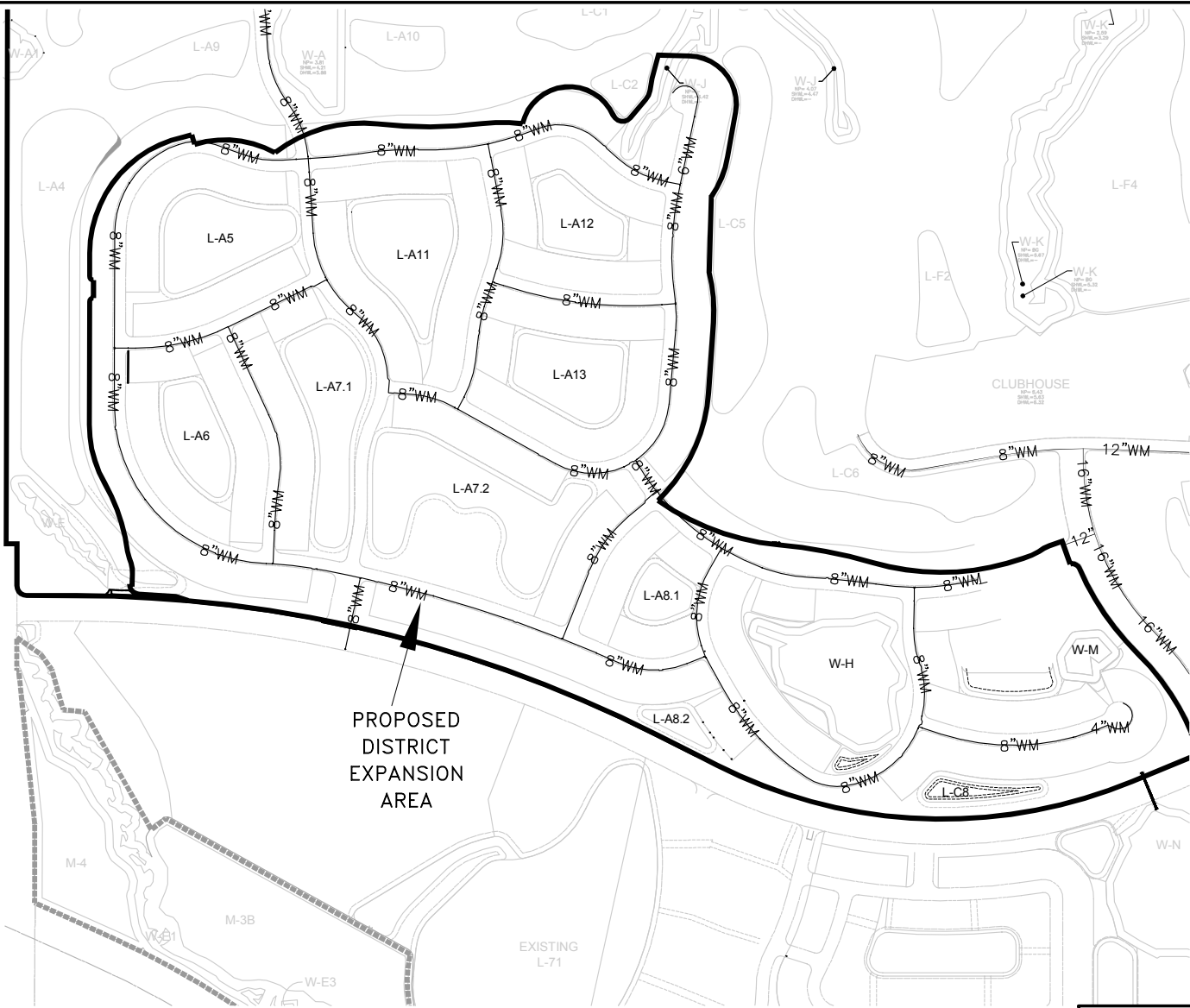
PARCEL LYING IN SECTION 24, TOWNSHIP 34 SOUTH, RANGE 18 EAST, MANATEE COUNTY, FLORIDA
FOR: HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

DATE	PROJECT	DRAWING	DRAWN	CHECKED	SCALE	SHEET
04/19/13	6370	HH NORTH CDD EXP., PARCEL M	TAB	RMR	N/A	5 OF 5

S:\065\1376\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EHA_3-1-6.3.DWG 10/15/2014 9:57 AM STEVE JOHNSON



S:\065\1376\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EHA_3_1-6.3.DWG 10/15/2014 9:57 AM STEVE JOHNSON



PROPOSED DISTRICT EXPANSION AREA

LEGEND

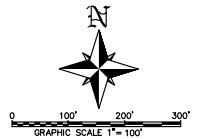
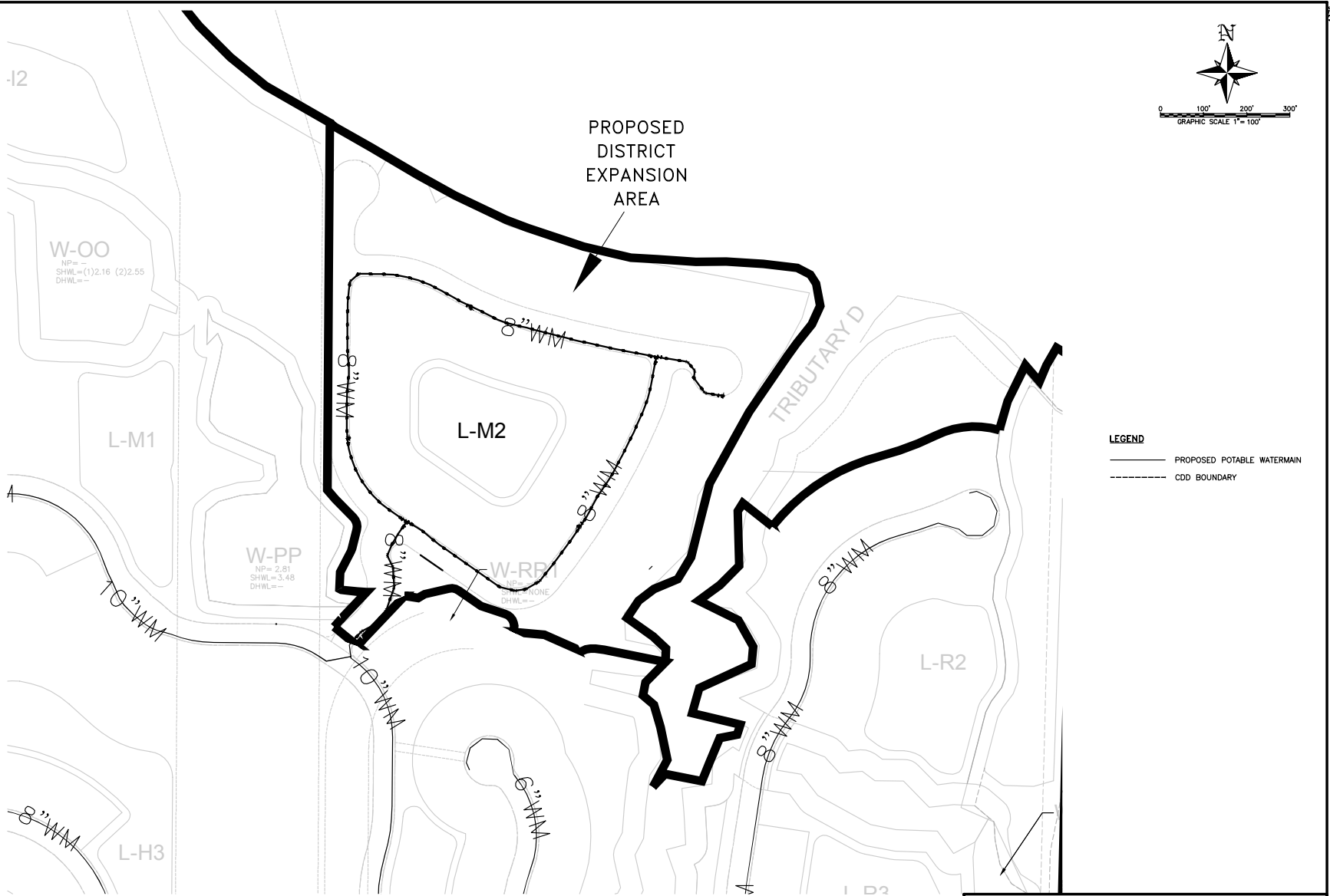
———— PROPOSED POTABLE WATERMAIN

- - - - - CDD BOUNDARY

PROPOSED DISTRICT OWNED POTABLE WATER
 HERITAGE HARBOUR NORTH CDD
 MANATEE COUNTY, FLORIDA

EXHIBIT 3-2

S:\065\1376\DOCUMENTS\CDD\HN 2013_EXPANSION\EXHIBITS\1376_EHA_3_1-6_3.DWG 10/15/2014 9:59 AM STEVE JOHNSON



LEGEND
 ——— PROPOSED POTABLE WATERMAIN
 - - - - - CDD BOUNDARY

PROPOSED DISTRICT OWNED POTABLE WATER
HERITAGE HARBOUR NORTH CDD
 MANATEE COUNTY, FLORIDA

EXHIBIT 3-3

S:\065\1376\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EHA_1_1-6.3.DWG 10/15/2014 9:58 AM STEVE JOHNSON

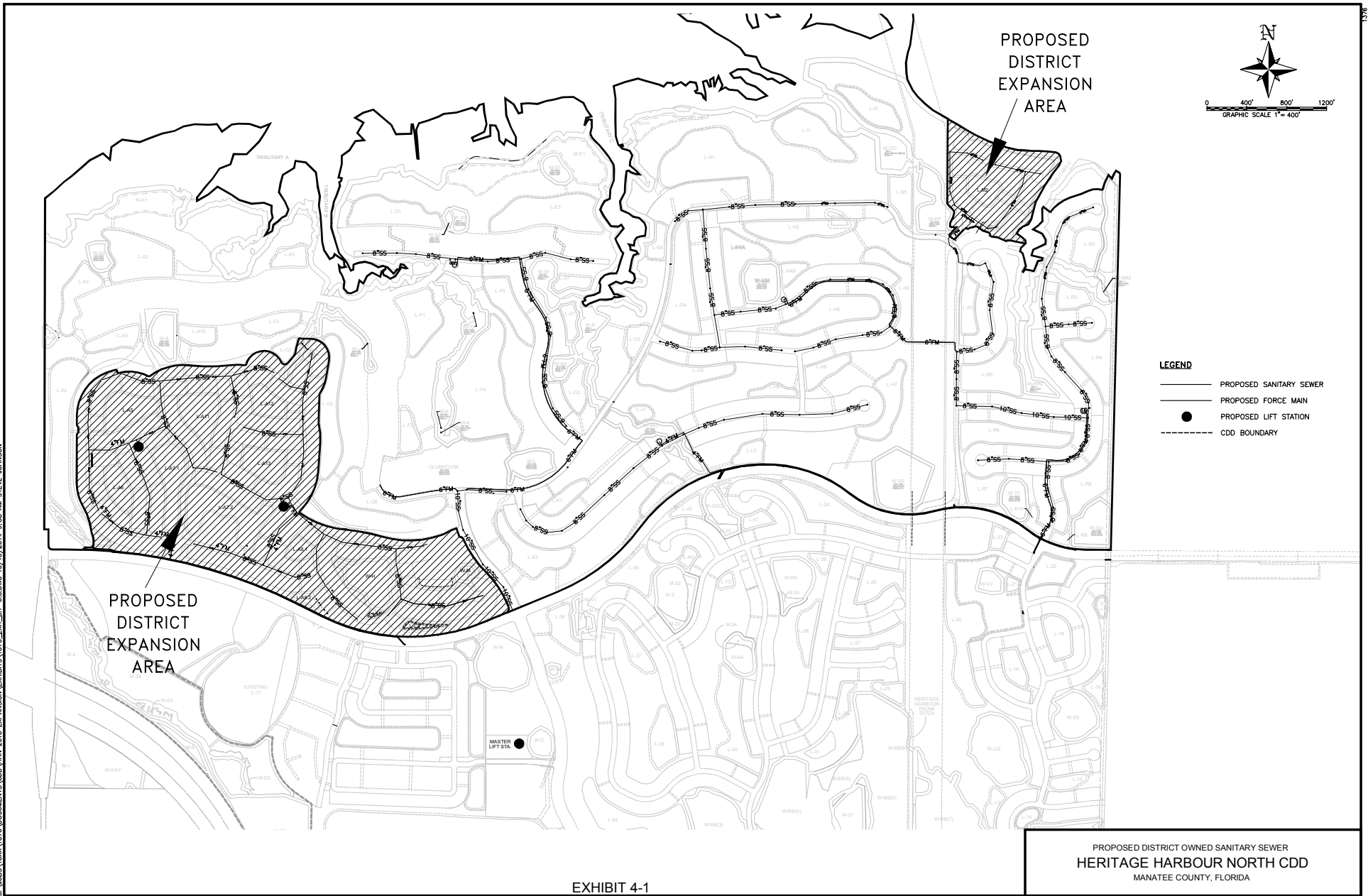
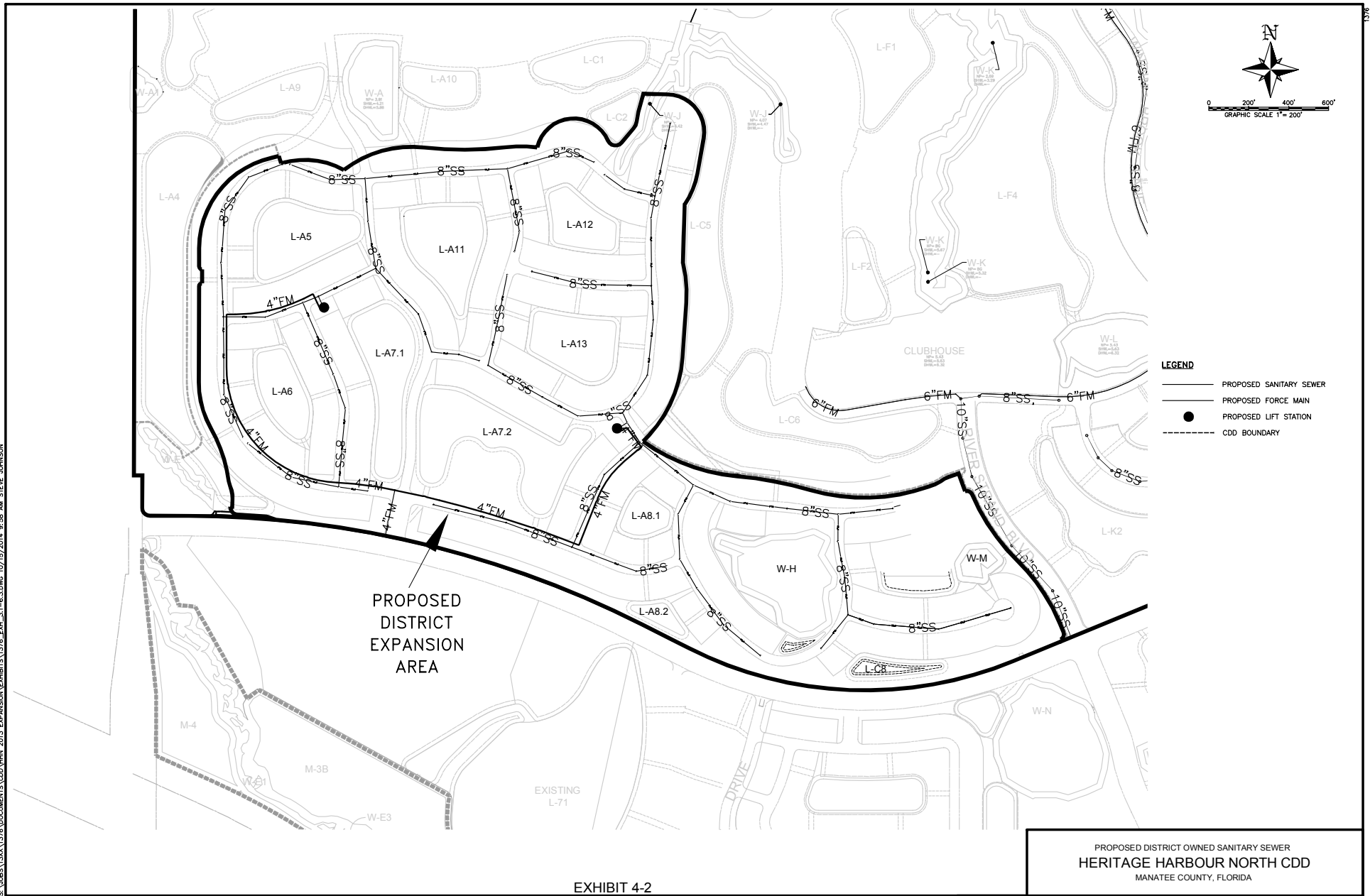


EXHIBIT 4-1

S:\065\1376\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EHA_1-6_3.DWG 10/15/2014 9:58 AM STEVE JOHNSON



PROPOSED DISTRICT EXPANSION AREA

EXHIBIT 4-2

PROPOSED DISTRICT OWNED SANITARY SEWER
 HERITAGE HARBOUR NORTH CDD
 MANATEE COUNTY, FLORIDA

S:\065\1376\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EH4_3_1-6.3.DWG 10/15/2014 9:58 AM STEVE JOHNSON

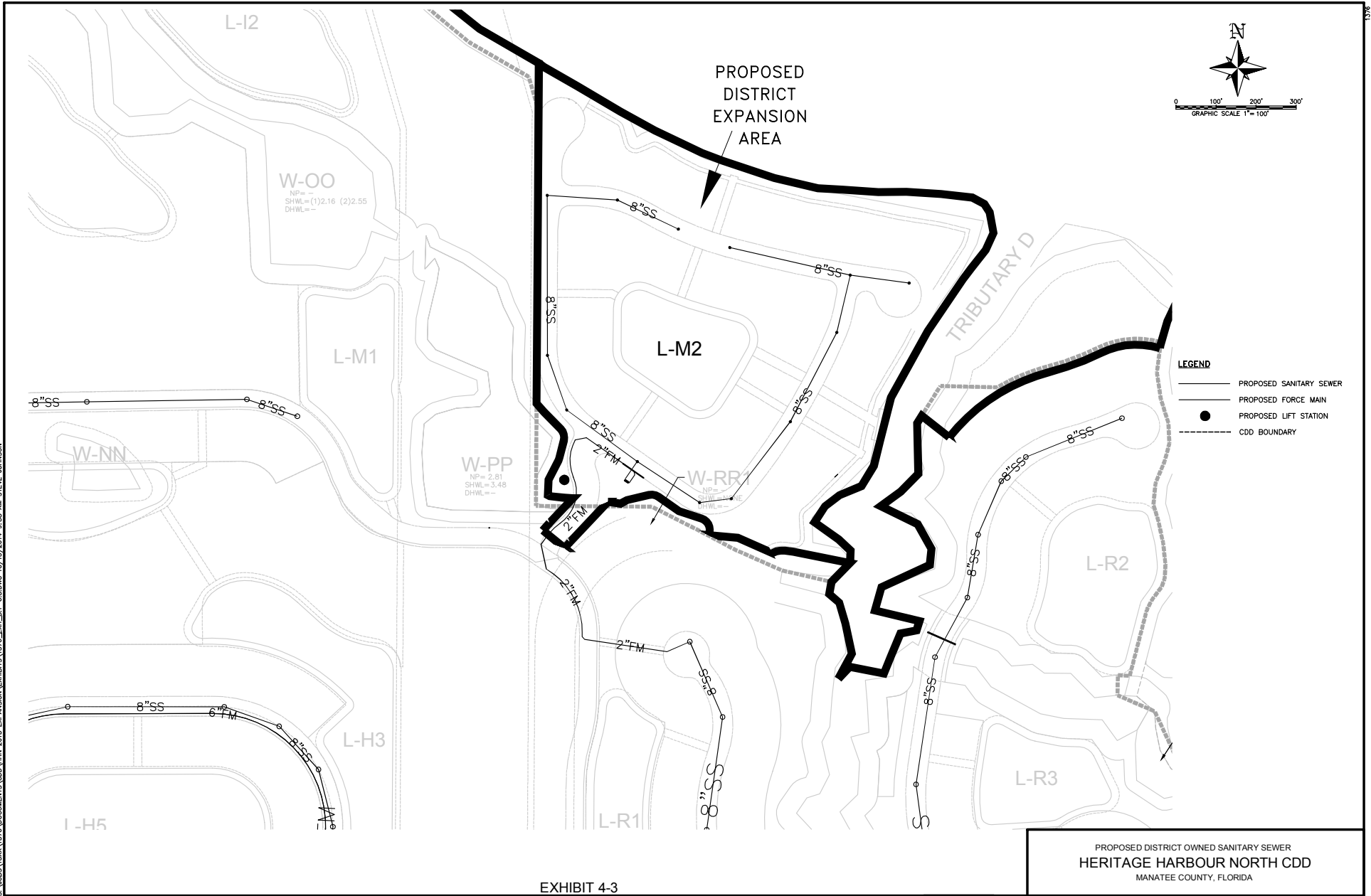


EXHIBIT 4-3

PROPOSED DISTRICT OWNED SANITARY SEWER
 HERITAGE HARBOUR NORTH CDD
 MANATEE COUNTY, FLORIDA

S:\JGSA\1376\DOCUMENTS\CDD\HN 2013_EXPANSION\EXHIBITS\1376_EHA_1_1-6.3.DWG 10/15/2014 9:58 AM STEVE JOHNSON

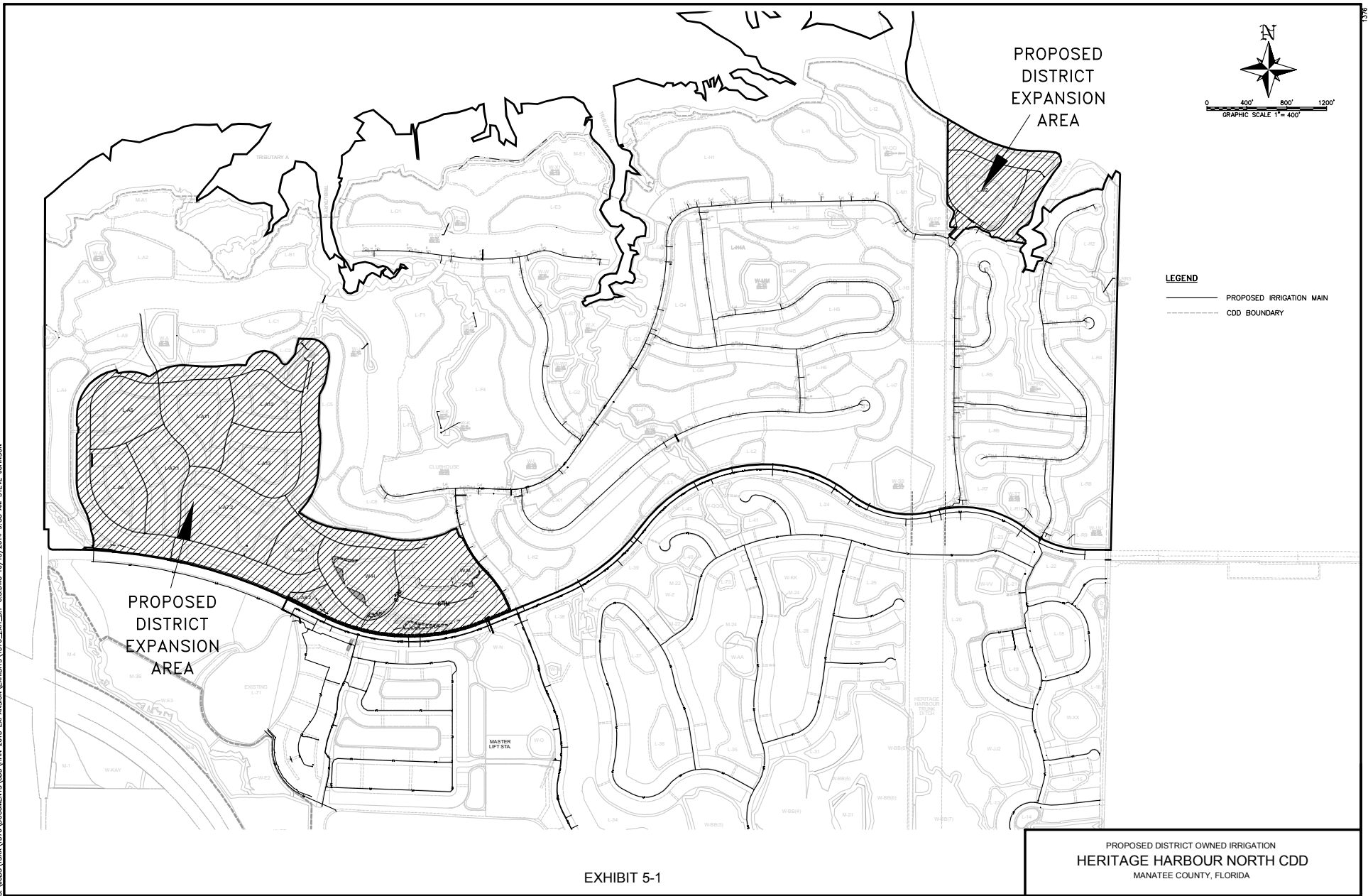
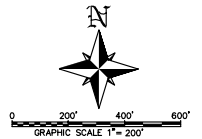
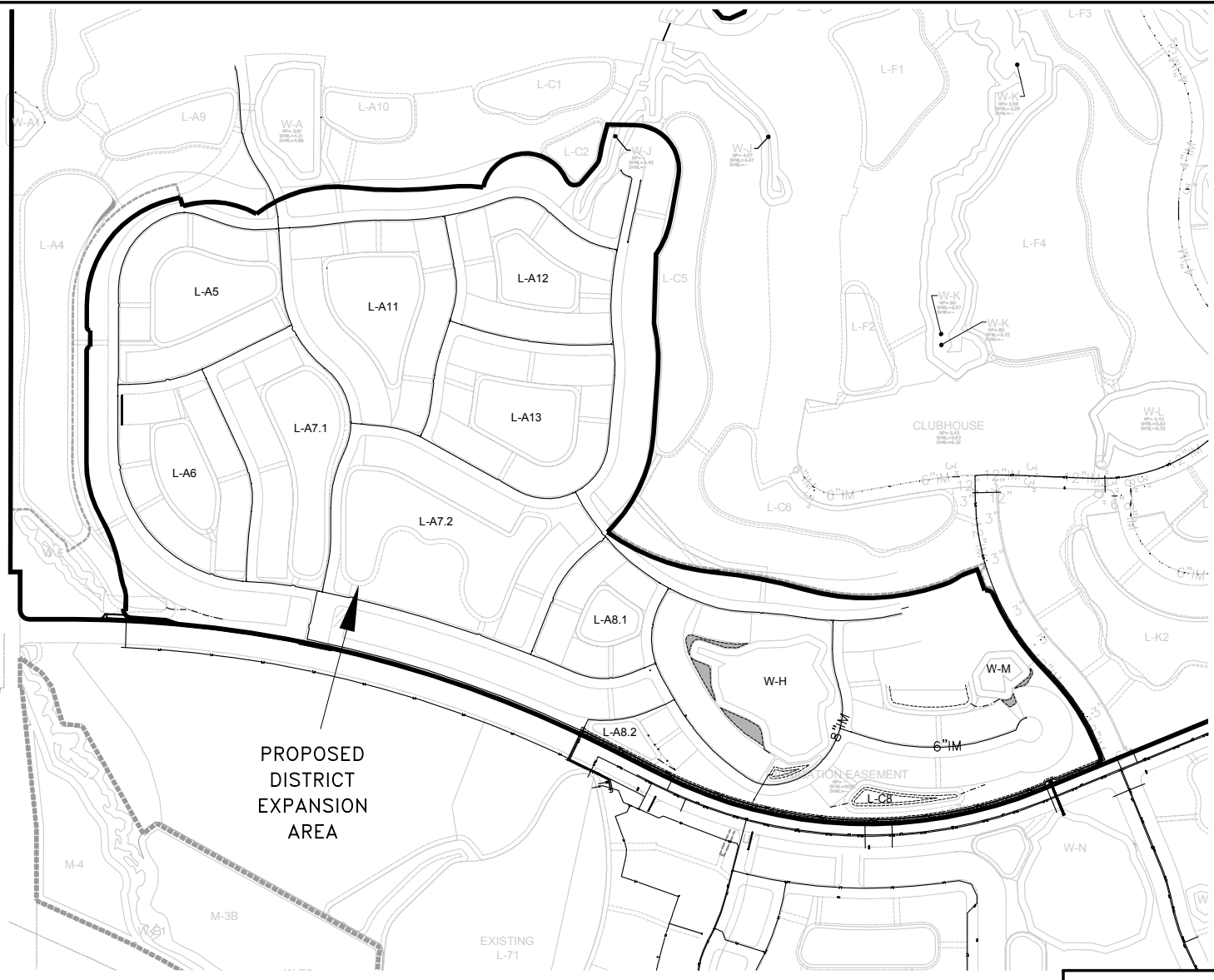


EXHIBIT 5-1

PROPOSED DISTRICT OWNED IRRIGATION
 HERITAGE HARBOUR NORTH CDD
 MANATEE COUNTY, FLORIDA

S:\065\1376\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EHA_1-6_3.DWG 10/15/2014 9:59 AM STEVE JOHNSON



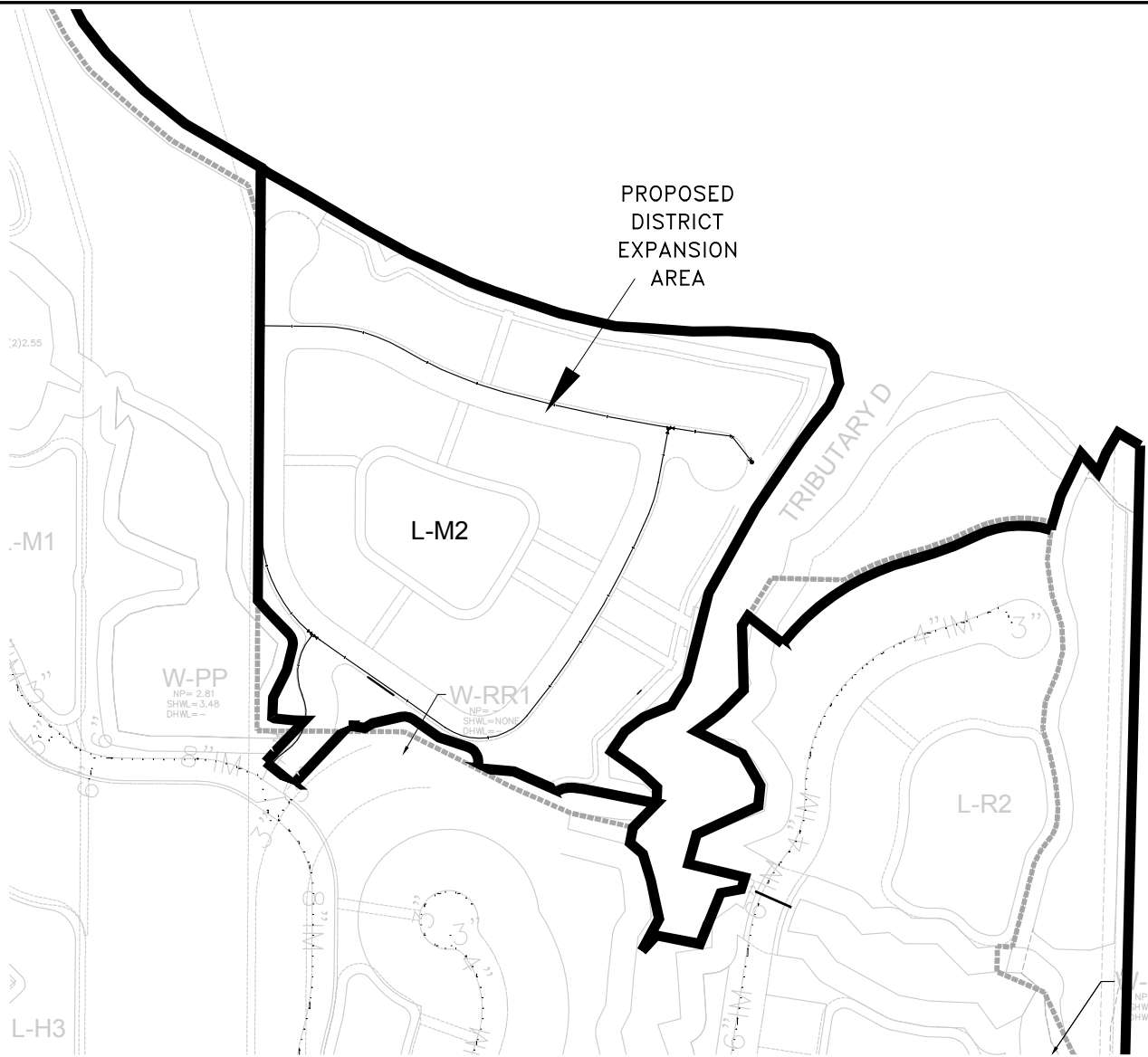
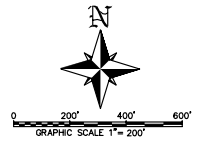
LEGEND
 ——— PROPOSED IRRIGATION MAIN
 - - - - - CDD BOUNDARY

PROPOSED
 DISTRICT
 EXPANSION
 AREA

PROPOSED DISTRICT OWNED IRRIGATION
 HERITAGE HARBOUR NORTH CDD
 MANATEE COUNTY, FLORIDA

EXHIBIT 5-2

S:\J065\1376\DOCUMENTS\CDD\HN 2013_EXPANSION\EXHIBITS\1376_EHA_3_1-6_3.DWG 10/15/2014 9:59 AM STEVE JOHNSON



LEGEND

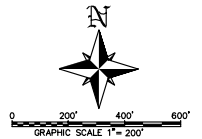
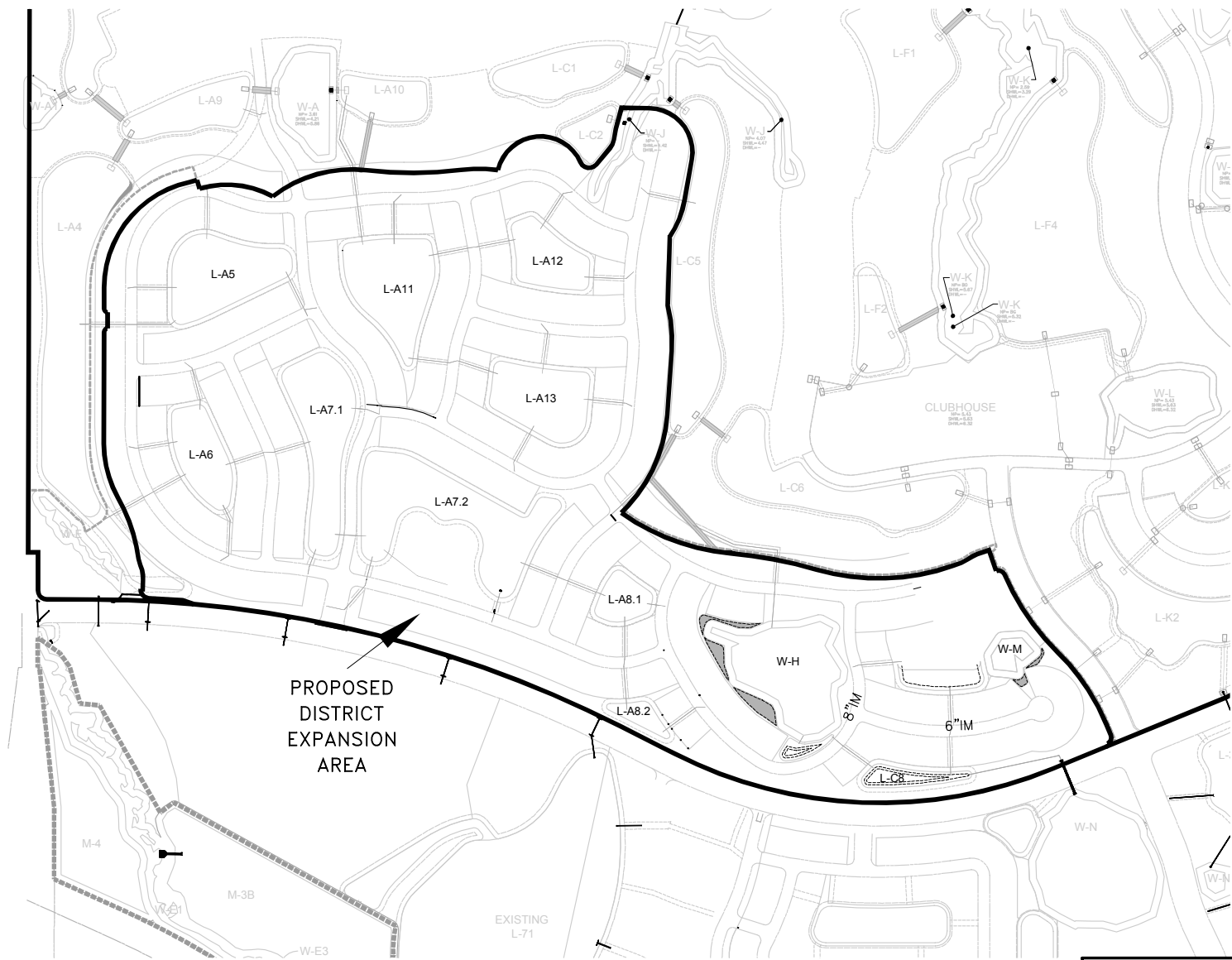
— PROPOSED IRRIGATION MAIN

- - - CDD BOUNDARY

EXHIBIT 5-3

PROPOSED DISTRICT OWNED IRRIGATION
HERITAGE HARBOUR NORTH CDD
 MANATEE COUNTY, FLORIDA

S:\065\1376\DOCUMENTS\CDD\HN 2013 EXPANSION\EXHIBITS\1376_EH4_1_1-6.3.DWG 10/15/2014 9:59 AM STEVE JOHNSON



- LEGEND**
- PROPOSED STORM SEWER
 - PROPOSED CONTROL STRUCTURE
 - ○ PROPOSED DRAINAGE STRUCTURE
 - - - CDD BOUNDARY

PROPOSED
DISTRICT
EXPANSION
AREA

EXISTING
L-71

PROPOSED DISTRICT OWNED STORM SEWER
HERITAGE HARBOUR NORTH CDD
MANATEE COUNTY, FLORIDA

EXHIBIT 6-2

S:\065\1376\DOCUMENTS\CDD\HN 2013_EXPANSION\EXHIBITS\1376_EHA_3_1-6_3.DWG 10/15/2014 9:59 AM STEVE JOHNSON

L-I2

W-00
NP=-
SHWL=(1)2.16 (2)2.55
DHWL=-

L-M1

W-PP
NP=2.51
SHWL=3.48
DHWL=-

L-M2

W-RR1
NP=-
SHWL=NONE
DHWL=-

PROPOSED
DISTRICT
EXPANSION
AREA

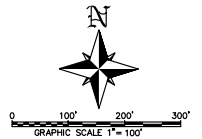
TRIBUTARY D

L-R2

L-H3

L-R3

W-RR
NP=-
SHWL=2.85
DHWL=-



LEGEND

- PROPOSED STORM SEWER
- PROPOSED CONTROL STRUCTURE
- PROPOSED DRAINAGE STRUCTURE
- - - CDD BOUNDARY

PROPOSED DISTRICT OWNED STORM SEWER
HERITAGE HARBOUR NORTH CDD
MANATEE COUNTY, FLORIDA

EXHIBIT 6-3

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B
FORM OF INDENTURE

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

PAGE

MASTER TRUST INDENTURE

between

HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
As Trustee

Dated as of November 1, 2014

relating to

HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
(MANATEE COUNTY, FLORIDA)
SPECIAL ASSESSMENT BONDS

ARTICLE I DEFINITIONS3

ARTICLE II THE BONDS23

SECTION 2.01. Issue of Bonds.....23

SECTION 2.02. Details of Bonds.....23

SECTION 2.03. Execution and Form of Bonds.....24

SECTION 2.04. Authentication.....24

SECTION 2.05. Registration and Registrar.....25

SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Bonds.....25

SECTION 2.07. Temporary Bonds.....26

SECTION 2.08. Cancellation and Destruction of Surrendered Bonds.....26

SECTION 2.09. Registration, Transfer and Exchange.....26

SECTION 2.10. Persons Deemed Owners.....27

SECTION 2.11. Pari Passu Obligations Under Credit Agreements.....27

SECTION 2.12. Qualification for The Depository Trust Company.....27

SECTION 2.13. Credit Enhancement.....29

SECTION 2.14. Special Obligations.....29

SECTION 2.15. Tax Status of Bonds.....29

SECTION 2.16. Bond Anticipation Notes.....29

ARTICLE III ISSUE OF BONDS.....31

SECTION 3.01. Issue of Bonds.....31

SECTION 3.02. Disposition of Proceeds and Other Funds.....32

SECTION 3.03. Additional Requirements for Refunding Bonds.....33

ARTICLE IV PROJECT FUND; COSTS OF ISSUANCE FUND.....34

SECTION 4.01. Project Fund.....34

SECTION 4.02. Payments From Project Fund.....34

SECTION 4.03. Costs of Issuance Fund.....35

ARTICLE V LIEN OF INDENTURE; ESTABLISHMENT AND APPLICATION OF FUNDS AND ACCOUNTS.....36

SECTION 5.01. Lien of Indenture.....36

SECTION 5.02. Funds and Accounts Relating to the Bonds.....36

SECTION 5.03. Revenue Fund and Series Revenue Accounts.....37

SECTION 5.04. Debt Service Fund and Series Debt Service Funds and Accounts.....37

SECTION 5.05. Drawings on Credit Facility.....40

SECTION 5.06. Procedure When Funds Are Sufficient to Pay All Bonds.....41

SECTION 5.07. Trust Funds.....41

ARTICLE VI SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS.....43

SECTION 6.01. Deposits and Security.....43

SECTION 6.02. Investment or Deposit of Funds.....43

SECTION 6.03. Valuation of Funds.....44

SECTION 9.08. Remedies Not Exclusive.....60

SECTION 9.09. Delays and Omissions Not to Impair Rights.....60

SECTION 9.10. Application of Moneys in Event of Default.....60

SECTION 9.11. Trustee's Right to Receiver; Compliance with Act.....61

SECTION 9.12. Trustee and Bondholders Entitled to all Remedies under Act.....61

SECTION 9.13. Credit Facility Issuer's Rights Upon Events of Default.....62

SECTION 9.14. No Cross Default.....62

ARTICLE X THE TRUSTEE; THE PAYING AGENT AND REGISTRAR63

SECTION 10.01. Acceptance of Trust.....63

SECTION 10.02. No Responsibility for Recitals.....63

SECTION 10.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence.....63

SECTION 10.04. Compensation and Indemnity.....63

SECTION 10.05. No Duty to Renew Insurance.....63

SECTION 10.06. Notice of Default; Right to Investigate.....63

SECTION 10.07. Obligation to Act on Defaults.....64

SECTION 10.08. Reliance by Trustee.....64

SECTION 10.09. Trustee May Deal in Bonds.....64

SECTION 10.10. Construction of Ambiguous Provisions.....64

SECTION 10.11. Resignation of Trustee.....64

SECTION 10.12. Removal of Trustee.....65

SECTION 10.13. Appointment of Successor Trustee.....65

SECTION 10.14. Qualification of Successor Trustee.....66

SECTION 10.15. Instruments of Succession.....66

SECTION 10.16. Merger of Trustee.....66

SECTION 10.17. Extension of Rights and Duties of Trustee to Paying Agent and Registrar.....66

SECTION 10.18. Resignation of Paying Agent or Registrar.....67

SECTION 10.19. Removal of Paying Agent or Registrar.....67

SECTION 10.20. Appointment of Successor Paying Agent or Registrar.....67

SECTION 10.21. Qualifications of Successor Paying Agent or Registrar.....67

SECTION 10.22. Judicial Appointment of Successor Paying Agent or Registrar.....68

SECTION 10.23. Acceptance of Duties by Successor Paying Agent or Registrar.....68

SECTION 10.24. Successor by Merger or Consolidation.....68

ARTICLE XI ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS 69

SECTION 11.01. Acts of Bondholders; Evidence of Ownership of Bonds.....69

ARTICLE XII AMENDMENTS AND SUPPLEMENTS.....70

SECTION 12.01. Amendments and Supplements Without Bondholders' Consent.....70

SECTION 12.02. Amendments With Bondholders' Consent.....70

SECTION 12.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel.....71

SECTION 12.04. Credit Facility Issuer as Owner.....71

ARTICLE XIII DEFEASANCE.....72

FTL:1936355.6

FTL:1936355.6

ARTICLE VII REDEMPTION AND PURCHASE OF BONDS.....45

SECTION 7.01. Redemption Generally.....45

SECTION 7.02. Notice of Redemption.....45

SECTION 7.03. Payment of Redemption Price.....46

SECTION 7.04. Purchase of Bonds of a Series.....47

ARTICLE VIII COVENANTS OF THE ISSUER49

SECTION 8.01. Power to Issue Bonds and Create Lien.....49

SECTION 8.02. Payment of Principal and Interest on Bonds.....49

SECTION 8.03. Pledged Revenues.....49

SECTION 8.04. Method of Collection.....49

SECTION 8.05. Delinquent Assessments.....50

SECTION 8.06. Sale of Tax Certificates and Issuance of Tax Deeds; Foreclosure of Assessment Liens.....51

SECTION 8.07. Construction to be on Issuer Lands.....51

SECTION 8.08. Operation, Use and Maintenance.....52

SECTION 8.09. Observance of and Compliance with Valid Requirements.....52

SECTION 8.10. Payment of Operating or Maintenance Costs by State or Others.....52

SECTION 8.11. Use of Revenues for Authorized Purposes Only.....52

SECTION 8.12. Books and Records.....52

SECTION 8.13. Observance of Accounting Standards.....52

SECTION 8.14. Employment of Certified Public Accountant.....53

SECTION 8.15. Establishment of Fiscal Year, Annual Budget.....53

SECTION 8.16. Employment of Consulting Engineer.....53

SECTION 8.17. Audit Reports.....53

SECTION 8.18. Covenant Against Sale or Encumbrance; Exceptions.....53

SECTION 8.19. No Loss of Lien on Pledged Revenues.....54

SECTION 8.20. Compliance With Other Contracts and Agreements.....54

SECTION 8.21. Issuance of Additional Obligations.....54

SECTION 8.22. Extension of Time for Payment of Interest Prohibited.....54

SECTION 8.23. Further Assurances.....54

SECTION 8.24. Investments and Use of Proceeds to Comply with Internal Revenue Code of 1986, as amended.....54

SECTION 8.25. Corporate Existence and Maintenance of Properties.....55

SECTION 8.26. Continuing Disclosure.....55

SECTION 8.27. Arbitrage Rebate Covenants.....56

SECTION 8.28. Insurance.....56

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES58

SECTION 9.01. Events of Default Defined.....58

SECTION 9.02. No Acceleration.....59

SECTION 9.03. Legal Proceedings by Trustee.....59

SECTION 9.04. Discontinuance of Proceedings by Trustee.....59

SECTION 9.05. Bondholders May Direct Proceedings.....59

SECTION 9.06. Limitations on Actions by Bondholders.....60

SECTION 9.07. Trustee May Enforce Rights Without Possession of Bonds.....60

FTL:1936355.6

FTL:1936355.6

SECTION 13.01.	Defeasance.....	72
SECTION 13.02.	Moneys Held in Trust.....	75
ARTICLE XIV MISCELLANEOUS PROVISIONS.....76		
SECTION 14.01.	Limitations on Recourse.....	76
SECTION 14.02.	Payment Dates.....	76
SECTION 14.03.	No Rights Conferred on Others.....	76
SECTION 14.04.	Illegal Provisions Disregarded.....	76
SECTION 14.05.	Substitute Notice.....	76
SECTION 14.06.	Notices.....	76
SECTION 14.07.	Controlling Law.....	77
SECTION 14.08.	Successors and Assigns.....	77
SECTION 14.09.	Headings for Convenience Only.....	77
SECTION 14.10.	Counterparts.....	77
SECTION 14.11.	Appendices and Exhibits.....	77

EXHIBITS

EXHIBIT A	FORM OF BOND.....	A-1
-----------	-------------------	-----

THIS MASTER TRUST INDENTURE dated as of November 1, 2014 (the "Master Indenture") is entered into by and between **HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special purpose government organized and existing under the laws of the State of Florida (together with its permitted successors and assigns, the "Issuer"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America and having corporate trust offices in Fort Lauderdale, Florida (said national banking association and any bank or trust company becoming successor trustee under this Master Indenture being hereinafter referred to as the "Trustee"). Except to the extent the context clearly indicates otherwise, terms defined (i.e. capitalized) in this Master Indenture shall have the meaning ascribed thereto herein.

WITNESSETH:

WHEREAS, the Issuer is a local unit of special purpose government duly organized, created, established by the Ordinance and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, for the purpose, among other things, of financing and managing the acquisition, construction, maintenance, and operation of major infrastructure improvements authorized by the Act for the benefit of the District Lands governed by the Issuer, as such premises are further described in the Ordinance;

WHEREAS, the Issuer has found and determined and does hereby find and determine, that acquisition and construction of the Series Projects and Additional Series Projects is and will be necessary and desirable in serving the Issuer's goal of properly managing the acquisition, construction, and operation of portions of the infrastructure specially benefiting District Lands; and

WHEREAS, the Issuer proposes to finance the cost of acquisition and construction of the Series Projects and Additional Series Projects by the issuance of one or more series of bonds and other obligations pursuant to this Master Indenture;

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the Issuer, in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds by the Owners, and of the sum of ten dollars (\$10.00), lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of each and every Series issued hereunder according to their tenor and effect and to secure the performance and observance by the Issuer of all of the covenants expressed or implied herein, in the applicable Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee and its successors in trust, and assigns forever, for the securing of the performance of the obligations of the Issuer herein set forth: (i) the Pledged Revenues and Pledged Funds; and (ii) any and all property of every kind or description which may from time to time hereafter be sold,

FTL:1936355.6

FTL:1936355.6

transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for each and every Series of Bonds issued pursuant to this Master Indenture by the Issuer or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the applicable Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series, Additional Bonds of such Series and other obligations issued expressly on parity therewith and for no other Series;

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

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

IT IS HEREBY COVENANTED, DECLARED AND AGREED (a) that this Master Indenture creates a continuing lien equally and ratably to secure the payment in full of the principal of, premium, if any, and interest on all Bonds of a Series which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein or in a Supplemental Indenture, (b) that the Trust Estate shall immediately be subject to the lien of this pledge and assignment without any physical delivery thereof or further act, (c) that the lien of this pledge and assignment shall be a first lien and shall be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice thereof, and (d) that the Bonds of a Series are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Master Indenture and the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds of each respective Series, as follows:

FTL:1936355.6

FTL:1936355.6

**ARTICLE I
DEFINITIONS**

In this Master Indenture and any Supplemental Indenture (except as otherwise expressly provided or unless the context otherwise requires), the following terms shall have the meanings specified below:

"Account" shall mean any account established pursuant to this Master Indenture and any Supplemental Indenture.

"Accreted Value" shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places) equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Bonds from the date of original issuance of such Capital Appreciation Bonds to the date of computation, such interest to accrue at the rate of interest per annum of the Capital Appreciation Bonds (or in accordance with a table of compound accreted values set forth in such Capital Appreciation Bonds), compounded semi-annually on each Interest Payment Date; provided, however, that if the date with respect to which any such computation is made is not an Interest Payment Date, the Accreted Value of any Bond as of such date shall be the amount determined by compounding the Accreted Value of such Bond as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) at the rate of interest per annum of the Capital Appreciation Bonds for the partial semi-annual compounding period determined by dividing (x) the number of days elapsed (determined on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months) from the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance), by (y) one hundred eighty (180). A table of Accreted Values for the Capital Appreciation Bonds shall be incorporated in a Supplemental Indenture executed by the Issuer at or prior to the time of issuance of any Capital Appreciation Bonds.

"Act" shall mean the Ordinance, Chapter 190, Florida Statutes, as amended, any successor statute thereto, the Florida Constitution and other applicable provisions of law.

"Additional Bonds" shall mean Bonds of a Series, including Completion Bonds, authenticated and delivered in accordance with the terms hereof and of any Supplemental Indenture relating to the Series of Bonds with which the Additional Bonds are being issued on a *pari passu* basis.

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

"Amortization Installments" shall mean the moneys required to be deposited in the Series Principal Account within the Debt Service Fund for the purpose of redeeming when due any Term

Bonds of a Series, the specific amounts and dates of such deposits to be set forth in a Supplemental Indenture.

“Annual Budget” shall mean the Issuer’s budget of current operating and maintenance expenses for each Series Project and Additional Series Project for a Fiscal Year, adopted pursuant to the provisions of Section 8.15 of this Master Indenture, as the same may be amended from time to time.

“Assessments” shall mean, collectively, Benefit Special Assessments and Special Assessments.

“Authenticating Agent” shall mean the agent so described in, and appointed pursuant to, Section 2.04 hereof.

“Authorized Denomination” shall mean, with respect to a Series of Bonds, initially (i.e., at the time of sale by the Participating Underwriters to the initial purchasers of the Bonds of such Series) a denomination of \$100,000 and integral multiples of \$5,000 in excess thereof and, thereafter, a denomination of \$5,000 and integral multiples thereof, provided, however, so long as the Bonds of such Series carry an investment grade rating (Baa3 or higher from Moody’s or BBB- or higher from S&P), “Authorized Denominations” shall mean a denomination of \$5,000 and integral multiples thereof.

“Authorized Newspaper” shall mean a newspaper printed in English and customarily published at least once a day at least five days a week and generally circulated in New York, New York, or such other cities as the Issuer from time to time may determine by written notice provided to the Trustee. When successive publications in an Authorized Newspaper are required, they may be made in the same or different Authorized Newspapers.

“Beneficial Owners” shall have the meaning given such term by The Depository Trust Company so long as it is the registered Owner through its nominee Cede & Co of the Series of Bonds as to which such reference is made to enable such Series of Bonds to be held in book-entry only form, and, shall otherwise mean the registered Owner on the registration books of the Issuer maintained by the Registrar.

“Benefit Special Assessments” shall mean the non-ad valorem assessments levied by or on behalf of the Issuer and collected or caused to be collected by the Issuer against the District Lands that are subject to assessment as a result of a Series Project or Additional Series Project or any part thereof, as provided for under the Act, Section 190.021(2), Florida Statutes, Chapter 197, Florida Statutes and other applicable law, to the extent levied and collected to enable the Issuer to pay the Debt Service Requirements on the Bonds and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds. Benefit Special Assessments shall be deemed to include the interest and penalties on such Benefit Special Assessments, pursuant to all applicable provisions of the Act, Section 190.021(2), Florida Statutes, Chapter 197, Florida Statutes and other applicable law (and any successor statutes thereto), including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such assessments or from the issuance and sale of tax certificates with

FTL1936355.6

“Certified Resolution” or “Certified Resolution of the Issuer” shall mean a copy of one or more resolutions certified by the Secretary or an Assistant Secretary of the Board of the Issuer, under its seal, to have been duly adopted by the Board and to be in full force and effect as of the date of such certification.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the applicable United States Treasury Department regulations promulgated thereunder.

“Consultant” shall mean a Person, who shall be Independent, appointed by the Board, qualified to pass upon questions relating to local government entities and having a favorable reputation for skill and experience in the financial affairs of local government entities.

“Consultant’s Certificate” shall mean a certificate or a report prepared in accordance with then applicable professional standards duly executed by a Consultant.

“Consulting Engineer” shall mean the Independent engineer or engineering firm or corporation at the time employed by the Issuer under the provisions of Section 8.16 of this Master Indenture to perform and carry out duties imposed on the Consulting Engineer by this Master Indenture. The Independent engineer or engineering firm or corporation at the time serving as the engineer to the Issuer may serve as Consulting Engineer under this Master Indenture.

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

“Continuing Disclosure Agreement” shall mean a Continuing Disclosure Agreement entered into among the Issuer, other obligated parties and an entity appointed to serve as dissemination agent thereunder (and which may also obligate the Trustee if the Trustee is a signatory thereto) pursuant to the requirements of the Rule in connection with the issuance of a Series of Bonds hereunder.

“Cost” or “Costs” in connection with a Series Project or any portion thereof or an Additional Series Project or any portion thereof shall include any Series Deferred Obligations and shall mean all expenses which are properly chargeable thereto under Generally Accepted Accounting Principles or which are incidental to the planning, financing, funding, acquisition, construction, reconstruction, equipping and installation thereof, including, without limiting the generality of the foregoing:

- (a) expenses of determining the feasibility or practicality of acquisition, construction or reconstruction;
- (b) cost of surveys, estimates, plans and specifications;
- (c) cost of improvements;
- (d) engineering, architectural, fiscal, legal, accounting and other professional and advisory expenses and charges;

FTL1936355.6

respect to such assessments, less (to the extent applicable) the fees and costs of collection thereof payable to the Tax Collector and less certain administrative costs payable to the Property Appraiser. Benefit Special Assessments shall not include non-ad valorem assessments levied and collected by the Issuer under the Act for maintenance purposes or Special Assessments as defined herein and shall also not include non-ad valorem assessments levied and collected by or on behalf of the Issuer against the District Lands in respect of a project other than a Series Project or Additional Series Project or bonds other than the Bonds.

“Board” shall mean the Board of Supervisors of the Issuer.

“Bond Counsel” shall mean legal counsel of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions.

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

“Bondholder,” “Holder of Bonds,” “Holder” or “Owner” or any similar term shall mean any Person or Persons who shall be the registered owner of any Outstanding Bond or Bonds of a Series, as evidenced on the Bond Register of the Issuer kept by the Registrar for such Series.

“Bond Register” shall have the meaning specified in Section 2.05 of this Master Indenture.

“Bonds” or “Bond” shall mean the Outstanding Bonds of all Series, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof, regardless of variations of maturity, interest rate or other provisions and, except where the context clearly requires otherwise, shall include bond anticipation notes issued in anticipation thereof, but shall not include any Series Deferred Obligation.

“Business Day” shall mean any day other than a Saturday or Sunday or legal holiday or a day on which the principal office of the Issuer, the Trustee, any Registrar or any Paying Agent is closed.

“Capital Appreciation Bonds” shall mean Bonds issued under this Master Indenture and any Supplemental Indenture as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then-current Accreted Value only at the maturity or earlier redemption thereof, all as so designated in a Supplemental Indenture of the Issuer providing for the issuance thereof.

“Capitalized Interest” shall mean the amount of proceeds of a Series of Bonds set aside to pay interest costs on that Series of Bonds, in such amount and for such period as is specified in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

“Certified Public Accountant” shall mean a Person, who shall be Independent, appointed by the Board, actively engaged in the business of public accounting and duly certified as a certified public accountant under the laws of the State.

FTL1936355.6

(e) cost of all labor, materials, machinery and equipment (including, without limitation, (i) amounts payable to contractors, builders and materialmen and costs incident to the award of contracts and (ii) the cost of labor, facilities and services furnished by the Issuer and its employees, materials and supplies purchased by the Issuer);

(f) cost of all lands and properties, rights, easements and franchises acquired including, without limitation, any and all costs associated with acquiring the lands, properties, rights, easements or franchises through eminent domain proceedings;

(g) financing charges;

(h) creation of initial reserves and debt service funds;

(i) working capital;

(j) interest charges incurred or estimated to be incurred on money borrowed prior to and during construction and acquisition and for such reasonable period of time after completion of construction or acquisition as the Board may determine;

(k) the cost of issuance of the Bonds issued to finance the Series Project or Additional Series Project, including, without limitation, advertisements and printing;

(l) the cost of any election held pursuant to the Act and all other expenses of issuance of the Bonds issued to finance the Series Project or Additional Series Project;

(m) the discount, if any, on the sale or exchange of Bonds issued to finance the Series Project or Additional Series Project;

(n) amounts required to repay temporary or bond anticipation loans made to finance any costs permitted under the Act;

(o) costs of prior improvements made or acquired by the Issuer in anticipation of the Series Project or Additional Series Project;

(p) taxes, assessments and similar governmental charges during construction or reconstruction of a Series Project or Additional Series Project;

(q) costs incurred to enforce remedies against contractors, subcontractors, any provider of labor, material, services, or any other Person, for a default or breach under the corresponding contract, or in connection with any other dispute;

(r) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;

FTL1936355.6

- (s) payments, contributions, dedications and any other exactions required as a condition to receive any government approval or permit;
- (t) cost of permits and licenses obtained by the Issuer;
- (u) mitigation costs;
- (v) administrative expenses;
- (w) such other expenses as may be necessary or incidental to the acquisition, construction, or to the repair, restoration, replacement or reconstruction of the Series Project or Additional Series Project or to the financing thereof, or to the development of any District Lands; and
- (x) any other "cost" or expense as provided by the Act.

In connection with the refunding or redeeming of any Bonds, "Cost" includes, without limiting the generality of the foregoing, the items listed in (d), (k), (l), (m) and (n) above, and other expenses related to the redemption of the Bonds to be redeemed and the Redemption Price of such Bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above. Whenever Costs are to be paid hereunder, such payment may be made by way of reimbursement to the Issuer or any other Person who has paid the same.

"Costs of Issuance Fund" shall mean the fund so designated in and created pursuant to Section 4.03 hereof.

"Counsel" shall mean an attorney-at-law or law firm (who may be counsel for the Issuer) not unsatisfactory to the Trustee.

"County" shall mean Manatee County, Florida.

"Credit Facility" shall mean any credit enhancement mechanism such as an irrevocable letter of credit, a surety bond, a policy of municipal bond insurance, a corporate or other guaranty, a repurchase agreement, a liquidity agreement, a credit agreement or deficiency agreement or other similar facility applicable to a Series of Bonds, pursuant to which the entity providing such facility agrees to provide funds to make payment of the principal of and interest on such Series of Bonds. Notwithstanding anything to the contrary contained in this Master Indenture, any Series of Bonds may be issued without a Credit Facility; the decision to provide a Credit Facility in respect of any Series of Bonds shall be within the absolute discretion of the Issuer.

"Credit Facility Agreement" shall mean any agreement pursuant to which a Credit Facility Issuer issues a Credit Facility.

"Credit Facility Issuer" shall mean the issuer or guarantor of any Credit Facility.

FTL1936355.6

unconditional senior obligation of the issuer thereof. The issuer of such letter or line of credit shall be a banking association, bank or trust company or branch thereof whose senior debt obligations ranking *pari passu* with its obligations under such letter or line of credit are rated at the time of deposit of the letter or line of credit to the credit of a Series Reserve Account in the highest rating category of both Moody's and S&P, unless otherwise approved by the Credit Facility Issuer who has issued a municipal bond insurance policy with respect to the Series of Bonds secured by the Series Reserve Account.

"Defeasance Securities" shall mean, to the extent permitted by law, non-callable Government Obligations.

"Delinquent Assessments" shall mean, with respect to Assessments that are billed directly, any and all installments of any Assessments which are not paid within thirty (30) days of the date on which such installments are due and payable, and with respect to Assessments that are billed by the uniform method of levy and collection, Assessments that are not paid and have become delinquent under applicable State law, subject to the provisions of a Supplemental Indenture relating to a Series of Bonds further modifying the definition of "Delinquent Assessments" with respect to the Assessments securing such Series of Bonds.

"District Lands" shall mean the premises governed by the Issuer, consisting of approximately 1,066.58 acres of land located entirely within the County, as more fully described in the Ordinance.

"District Manager" shall mean the then District Manager or acting District Manager of the Issuer.

"Event of Default" shall mean, with respect to a Series of Bonds, any of the events described in Section 9.01 hereof.

"Fiscal Year" shall mean the period of twelve (12) months beginning October 1 of each calendar year and ending on September 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding September 30; or such other consecutive twelve-month period as may hereafter be established pursuant to a Certified Resolution as the fiscal year of the Issuer for budgeting and accounting purposes as authorized by law.

"Fund" shall mean any fund established pursuant to this Master Indenture.

"Generally Accepted Accounting Principles" shall mean those accounting principles applicable in the preparation of financial statements of governmental entities.

"Government Obligations" shall mean direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Indenture" shall mean this Master Indenture, as amended and supplemented from time to time by a Supplemental Indenture or indentures, and, shall mean when used with respect to a Series

FTL1936355.6

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

"Debt Service Fund" shall mean the Fund so designated which is established pursuant to Section 5.02 hereof.

"Debt Service Requirements," shall mean with respect to a Series of Bonds and with reference to a specified period:

(a) interest payable on all Outstanding Bonds of such Series during such period, subject to reduction for amounts held as Capitalized Interest for such Series of Bonds in the Funds and Accounts established under this Master Indenture; and

(b) Amortization Installments required to be paid into any mandatory sinking fund account with respect to all Term Bonds during such period; and

(c) amounts required to pay the principal or Maturity Amount of all Outstanding Series of Serial Bonds maturing during such period and not to be redeemed prior to or at maturity through any sinking fund account.

"Debt Service Reserve Fund" shall mean the Fund so designated which is established pursuant to Section 5.02 hereof.

"Debt Service Reserve Insurance Policy" shall mean the insurance policy, surety bond or other evidence of insurance, if any, deposited to the credit of a Series Reserve Account in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or the evidence of insurance constitutes an unconditional senior obligation of the issuer thereof. The issuer thereof shall be a municipal bond insurer whose obligations ranking *pari passu* with its obligations under such policy, bond or other evidence of insurance are rated at the time of deposit of such policy, bond or other evidence of insurance to the credit of a Series Reserve Account in the highest rating category of both Moody's and S&P, unless otherwise approved by the Credit Facility Issuer who has issued a municipal bond insurance policy with respect to the Series of Bonds secured by the Series Reserve Account.

"Debt Service Reserve Letter of Credit" shall mean the irrevocable, transferable letter or line of credit, if any, deposited for the credit of a Series Reserve Account in lieu of or in partial substitution for cash or securities on deposit therein, which letter or line of credit constitutes an

FTL1936355.6

of Bonds issued hereunder, this Master Indenture, as amended and supplemented by the Supplemental Indenture relating to such Series of Bonds.

"Independent" shall mean a Person who is not a member of the Issuer's Board, an officer or employee of the Issuer or the majority landowner(s) within the District, or which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the Issuer's Board, or an officer or employee of the Issuer; provided, however, that the fact that such Person is retained regularly by or regularly transacts business with the Issuer or the majority landowner(s) shall not make such Person an employee within the meaning of this definition.

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

"Investment Securities" shall mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the Issuer:

- (i) Government Obligations;
- (ii) obligations of the Government National Mortgage Association (including participation certificates issued by such Association);
- (iii) obligations of the Federal National Mortgage Association (including participation certificates issued by such Association);
- (iv) obligations of Federal Home Loan Banks;
- (v) deposits, Federal funds or bankers' acceptances (with term to maturity of 270 days or less) of any bank which has an unsecured, uninsured and unguaranteed obligation rated in one of the top two rating categories by both Moody's and S&P;
- (vi) commercial paper rated in the top two rating category by both Moody's and S&P;
- (vii) obligations of any state of the United States or political subdivision thereof or constituted authority thereof the interest on which is exempt from federal income taxation under Section 103 of the Code and rated in one of the top two rating categories by both Moody's and S&P;

(viii) both (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category for such funds by both Moody's and S&P, and (B) shares of money market mutual funds that invest only in Government Obligations and repurchase agreements

FTL1936355.6

secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P;

(ix) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market daily by the Holder of the Collateral (as hereinafter defined) with Collateral with a domestic or foreign bank or corporation (other than life or property casualty insurance company) the long-term debt of which, or, in the case of a mono-line financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's provided that the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall immediately notify the Trustee and the provider shall at its option, within ten days of receipt of publication of such downgrade, either (A) maintain Collateral at levels, sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (B) repurchase all Collateral and terminate the repurchase agreement. Further, if the provider's rating by either S&P or Moody's falls below "A" or "A3," respectively, the provider must at the direction of the Issuer to the Trustee, within ten (10) calendar days, either (1) maintain Collateral at levels sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (2) repurchase all Collateral and terminate the repurchase agreement without penalty. In the event the repurchase agreement provider has not satisfied the above conditions within ten (10) days of the date such conditions apply, then the repurchase agreement shall provide that the Trustee shall be entitled to, and in such event, the Trustee shall withdraw the entire amount invested plus accrued interest within two (2) Business Days. Any repurchase agreement entered into pursuant to this Indenture shall contain the following additional provisions:

(1) Failure to maintain the requisite Collateral percentage will require the Issuer or the Trustee to liquidate the Collateral as provided above;

(2) The Holder of the Collateral shall have possession of the Collateral or the Collateral shall have been transferred to the Holder of the Collateral, in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(3) The repurchase agreement shall state and an opinion of Counsel in form and in substance satisfactory to the Trustee shall be rendered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted Collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(4) The repurchase agreement shall be a "repurchase agreement" as defined in the United States Bankruptcy Code and, if the provider is a domestic bank, a "qualified financial contract" as defined in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and such bank is subject to FIRREA;

FTL1936355.6

12

(xi) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are rated in one of the three highest ratings by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's; and

(xii) investment agreements with a bank, insurance company or other financial institution, or the subsidiary of a bank, insurance company or other financial institution if the parent guarantees the investment agreement, which bank, insurance company, financial institution or parent has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated in the highest short-term rating category by Moody's or S&P (if the term of such agreement does not exceed 365 days), or has an unsecured, uninsured and unguaranteed obligation (or claims paying ability) rated by at least 2 national rating agencies with a minimum rating of A2, AA or AA by Moody's, S&P or Fitch, respectively (if the term of such agreement is more than 365 days) or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation of the aforesaid ratings, provided:

(A) interest is paid at least semiannually at a fixed rate (subject to adjustments for yield restrictions required by the Code) during the entire term of the agreement, consistent with the Interest Payment Dates;

(B) moneys invested thereunder may be withdrawn without penalty, premium, or charge upon not more than two days' notice unless otherwise specified in a Supplemental Indenture;

(C) the same guaranteed interest rate will be paid on any future deposits made to restore the account to its required amount; and

(D) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company, bank, financial institution or parent;

(E) in the event of a suspension, withdrawal, or downgrade below the minimum rating specified above, within 10 days, the investment agreement provider will either (a) deliver to the Trustee collateral (level and type of collateral to meet published ratings agencies guidelines for an investment grade) or (b) repay the principal of and accrued but unpaid interest on the investment;

(xiii) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are rated in one of the three highest ratings by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's;

(xiv) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 or the corresponding provisions of subsequent laws provided that

FTL1936355.6

14

(5) The repurchase transaction shall be in the form of a written agreement, and such agreement shall require the provider to give written notice to the Trustee of any change in its long-term debt rating;

(6) The Issuer or its designee shall represent that it has no knowledge of any fraud involved in the repurchase transaction;

(7) The Issuer and the Trustee shall receive the opinion of Counsel (which opinion shall be addressed to the Issuer and the Trustee and shall be in form and substance satisfactory to the Trustee) that such repurchase agreement complies with the terms of this section and is legal, valid, binding and enforceable upon the provider in accordance with its terms;

(8) The term of the repurchase agreement shall be no longer than one year, or, if payable upon demand, five years;

(9) The interest with respect to the repurchase transaction shall be payable no less frequently than semi-annually;

(10) The repurchase agreement shall provide that the Trustee may withdraw funds without penalty at any time, or from time to time, for any purpose permitted or required under this Indenture;

(11) Any repurchase agreement shall provide that a perfected security interest in such investments is created for the benefit of the Beneficial Owners under the Uniform Commercial Code of Florida, or book-entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. are created for the benefit of the Beneficial Owners; and

(12) The Collateral delivered or transferred to the Issuer, the Trustee, or a third-party acceptable to, and acting solely as agent for, the Trustee (the "Holder of the Collateral") shall be delivered and transferred in compliance with applicable state and federal laws (other than by means of entries on provider's books) free and clear of any third-party liens or claims pursuant to a custodial agreement subject to the prior written approval of the majority of the Holders and the Trustee. The custodial agreement shall provide that the Trustee must have disposition or control over the Collateral of the repurchase agreement, irrespective of an event of default by the provider of such repurchase agreement.

If such investments are held by a third-party, they shall be held as agent for the benefit of the Trustee as fiduciary for the Beneficial Owners and not as agent for the bank serving as Trustee in its commercial capacity or any other party and shall be segregated from securities owned generally by such third party or bank;

(x) any other investment approved in writing by the Majority Owners of the Series of Bonds secured thereby;

FTL1936355.6

13

such fund is rated at least "AA" by S&P (without regard to gradation) or at least "Aa" by Moody's (without regard to gradation); and

(xv) other investments permitted by Florida law.

Under all circumstances, the Trustee shall be entitled to request and to receive from the Issuer a certificate of a Responsible Officer setting forth that any investment directed by the Issuer is permitted under the Indenture relating to a Series of Bonds, upon which certification the Trustee may conclusively rely as to the accuracy of the matters described therein.

"Issuer" shall mean Heritage Harbour North Community Development District.

"Majority Owners" shall mean the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of the Series of Bonds then Outstanding to which such reference is made.

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

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

"Maximum Annual Debt Service Requirement" shall mean, at any given time of determination, the greatest amount of principal, interest and Amortization Installments coming due in any current or future Bond Year with regard to the Series of Bonds for which such calculation is made; provided (i) the amount of interest coming due in any Bond Year shall be reduced to the extent moneys derived from the proceeds of Bonds of such Series are on deposit in a related Series Capitalized Interest Account and are available to be used to pay interest on such Series of Bonds in such Bond Year in accordance with the terms of the applicable Supplemental Indenture; and (ii) the amount of principal and Amortization Installments coming due any Bond Year as a result of the final maturity or earlier extraordinary mandatory redemption of such Series of Bonds shall be reduced, to the extent of amounts available in the related Series Reserve Account for that purpose, in the event the applicable Supplemental Indenture directs moneys on deposit in the related Series Reserve Account to be used to make such payments as a result of the final maturity or earlier extraordinary mandatory redemption of such Series of Bonds.

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

"Officers' Certificate" or "Officer's Certificate" shall mean a certificate, duly executed by a Responsible Officer and delivered to the Trustee.

FTL1936355.6

15

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

"Ordinance" shall mean Ordinance No. 06-71 enacted by the County on November 2, 2006, as amended, establishing the Issuer.

"Outstanding" shall mean, as of the time in question, all Bonds authenticated and delivered under this Master Indenture, except:

(a) Bonds theretofore canceled or required to be canceled under Section 2.08 hereof;

(b) Bonds for the payment, redemption or purchase of which moneys and/or Defeasance Securities, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article XIII hereof, shall have been or shall concurrently be deposited with the Trustee; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof.

In determining whether the Holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Master Indenture, Bonds which are known by the Trustee to be held on behalf of the Issuer shall be disregarded for the purpose of any such determination; provided, however, this provision does not affect the right of the Trustee to deal in Bonds as set forth in Section 10.09 hereof.

"Participating Underwriter" shall mean any of the original underwriters of a Series of Bonds required to comply with the Rule in connection with the offering of the Bonds of such Series.

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

"Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, governmental body, political subdivision, municipality, municipal authority or any other group or organization of individuals.

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

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

FTL-1936355.6

"Prepayments" shall mean any Assessments, or portions thereof, which shall be paid to the Issuer prior to the time such amounts become due with respect to the Series of Bonds for which said Assessments are levied, and which are in excess of the Debt Service Requirements on such Series of Bonds coming due prior to the date on which such Series of Bonds may next be redeemed as a result of such prepayment of Assessments.

"Project Fund" shall mean the Fund of that name created and designated by Section 4.01 of this Master Indenture.

"Property Appraiser" shall mean the property appraiser of the County.

"Property Appraiser and Tax Collector Agreement" shall mean the Property Appraiser and Tax Collector Agreement described in Section 8.04 hereof.

"Rebate Fund" shall mean the Fund of that name created and designated by Section 5.02 of this Master Indenture.

"Record Date" shall mean, as the case may be, the applicable Regular or Special Record Date.

"Redemption Price" shall mean the principal amount of any Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to this Master Indenture and the related Supplemental Indenture.

"Refunding Bonds" shall mean Bonds issued pursuant to this Master Indenture and as more specifically described in a Supplemental Indenture authorizing the refunding or advance refunding of all or any portion of one or more Series (or any portion thereof) of Bonds Outstanding.

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

"Regular Record Date" shall mean the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date applicable to a Series of Bonds.

"Regulatory Body" shall mean and include (a) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America, (b) the State, any political subdivision thereof and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the State, (c) the County, and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the County, and (d) any other public body, whether federal, state or local or otherwise having regulatory jurisdiction and authority over the Issuer.

FTL-1936355.6

"Responsible Officer" shall mean any member of the Board or any other officer of the Issuer or the District Manager or any other person designated by Certified Resolution of the Issuer, a copy of which shall be on file with the Trustee, to act for any of the foregoing, either generally or with respect to the execution of any particular document or other specific matter.

"Revenue Fund" shall mean the Fund of that name created and designated by Section 5.02 hereof.

"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.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

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

"Series" shall mean all of the Bonds authenticated and delivered on original issuance of a stipulated aggregate principal amount in a simultaneous transaction under and pursuant to the same Supplemental Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefore pursuant to this Master Indenture and such Supplemental Indenture regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the Issuer upon original issuance. Two or more Series of Bonds may be issued simultaneously under separate Supplemental Indentures, but under this Master Indenture. In addition, if an issue of Bonds is followed by a second issue of Bonds closed within 45 days of the closing of the first issue and the proceeds of the second issue are to be used to pay the costs of issuance of the first issue, or to pay for certain costs of a Series Project or Additional Series Project being financed from the proceeds of the first issue which costs cannot be financed with Tax Exempt Bonds, then the two issues of Bonds will be deemed a single Series for purposes of this Master Indenture, if so designated by the Issuer.

"Series Accounts" shall mean, with respect to a Series of Bonds, the Accounts established in this Master Indenture and any Supplemental Indenture authorizing such Series of Bonds which are pledged thereto by this Master Indenture and such Supplemental Indenture.

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

FTL-1936355.6

"Series Costs of Issuance Account" shall mean the Account with respect to a Series of Bonds established in the Costs of Issuance Fund so designated in, and created pursuant to, Section 4.03 hereof.

"Series Deferred Obligations" shall mean, with respect to a Series of Bonds, any obligation of the Issuer evidenced in a written agreement to pay, without interest, the amount by which the Cost of a Series Project or Additional Series Project or portion thereof to be conveyed to the Issuer pursuant to such agreement exceeds the amount actually paid by the Issuer therefor from proceeds of such Series of Bonds initially deposited to the Series Account of the Project Fund and investment earnings thereon, which obligation shall be subordinate to such Series of Bonds and payable, if ever, solely as provided herein and in the applicable Supplemental Indenture and which shall be designated in the applicable Supplemental Indenture. The Trustee may conclusively rely on certifications set forth in a requisition delivered to it with respect to the existence of any Series Deferred Obligations to be paid and the amount to be paid.

"Series Interest Account" shall mean the Account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 5.02 hereof.

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

"Series Pledged Revenues" shall mean the revenues designated as such by Supplemental Indenture and which shall constitute the security for and source of payment of a Series of Bonds and may consist of Assessments or other user fees or other revenues or combinations thereof derived or to be derived by the Issuer in accordance with the Act.

"Series Principal Account" shall mean the Account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 5.02 hereof.

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

"Series Project Account" shall mean the Account within the Project Fund with respect to each Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture relating to such Series of Bonds.

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

FTL-1936355.6

“Series Redemption Account” shall mean the Account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 5.02 hereof.

“Series Reserve Account” shall mean the Account, if any, within the Debt Service Reserve Fund with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture relating to such Series of Bonds and funded in an amount equal to the Series Reserve Account Requirement for such Series of Bonds.

“Series Reserve Account Requirement” shall mean the amount of money or other security which may be in the form of a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit or other security as may be required by the terms of a Supplemental Indenture to be deposited in or credited to a Series Reserve Account for each Series of Bonds; provided, however, that unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, as of any date of calculation for a particular Series Reserve Account, the “Series Reserve Account Requirement” shall be an amount equal to the least of: (A) Maximum Annual Debt Service Requirement for all Outstanding Bonds of such Series, (B) 125% of the average annual debt service for all Outstanding Bonds of such Series, or (C) the aggregate of 10% of the proceeds of the Bonds of such Series calculated as of the date of original issuance thereof; provided, that a Supplemental Indenture may instead provide that the Series Reserve Account Requirement shall be \$0.00. In computing the Series Reserve Account Requirement in respect of any Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of: (1) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Series of Bonds shall have been Outstanding, or (2) the actual rate of interest borne by the such Variable Rate Bonds on such date of calculation; provided, in no event shall the Series Reserve Account Requirement as adjusted on such date of calculation exceed the least of the amounts specified in the immediately preceding sentence determined by assuming that the interest rate is equal to the interest rate that the Bonds of such Series would bear if the Bonds of such Series bore interest at a fixed rate to maturity. In computing the Series Reserve Account Requirement in accordance with clause (C) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value.

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

“Series Trust Estate” shall mean, collectively, the Series Pledged Funds and Series Pledged Revenues and other portions of the Trust Estate securing a Series of Bonds as shall be set forth in a Supplemental Indenture for such Series of Bonds.

“Special Assessments” shall mean the non-ad valorem assessments levied and collected by or on behalf of the Issuer against the District Lands that are subject to assessment as a result of a Series Project or Additional Series Project or any part thereof, as provided for under the Act, Chapter 170, Florida Statutes, Chapter 197, Florida Statutes and other applicable law, to the extent levied and collected to enable the Issuer to pay the Debt Service Requirements on the Bonds and which are

FTL1936355.6

exercise corporate trust powers in the State, having its designated corporate trust office in Fort Lauderdale, Florida, together with its successor or successors as Trustee under this Master Indenture.

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

The words “hereof,” “herein,” “hereto,” “hereby,” and “hereunder” (except in the form of Bond), refer to the entire Indenture.

Every “request,” “requisition,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” or similar action hereunder by the Issuer shall, unless the form or execution thereof is otherwise specifically provided, be in writing signed by a Responsible Officer of the Issuer.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

[END OF ARTICLE 1]

FTL1936355.6

referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds. Special Assessments shall be deemed to include the interest and penalties on such Special Assessments, pursuant to all applicable provisions of the Act, Chapter 170, Florida Statutes and Chapter 197, Florida Statutes (and any successor statutes thereto), including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such assessments or from the issuance and sale of tax certificates with respect to such assessments, less (to the extent applicable) the fees and costs of collection thereof payable to the Tax Collector and less certain administrative costs payable to the Property Appraiser pursuant to the Property Appraiser and Tax Collector Agreement. Special Assessments shall not include non-ad valorem assessments levied and collected by the Issuer under the Act for maintenance purposes or Benefit Special Assessments and shall also not include non-ad valorem assessments levied and collected by or on behalf of the Issuer against the District Lands in respect of a project other than a Series Project or Additional Series Project or bonds other than the Bonds.

“Special Record Date” shall mean such date as shall be fixed for the payment of defaulted interest on any Series of Bonds in accordance with Section 2.02 hereof.

“State” shall mean the State of Florida.

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

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

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

“Tax Collector” shall mean the tax collector of the County.

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

“Term Bonds” shall mean Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments or Bonds designated by the Issuer as Term Bonds upon original issuance thereof.

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

“Trustee” shall mean U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America and duly authorized to

FTL1936355.6

ARTICLE II THE BONDS

SECTION 2.01. Issue of Bonds. Bonds of a Series may be issued, from time to time, under this Master Indenture for the purpose of paying all or part of the Cost of a Series Project or Additional Series Project, subject to the conditions hereinafter provided in Article III of this Master Indenture, in a principal amount not to exceed Twelve Million Two Hundred Thousand Dollars (\$12,200,000). Bonds of a Series may also be issued under this Master Indenture, without limitation as to aggregate principal amount, subject to the terms and conditions hereinafter provided in Article III of this Master Indenture, for the purpose of refunding Bonds of a Series. The Debt Service Requirements on each Series of Bonds shall be payable solely from the Series Pledged Revenues and Series Pledged Funds pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds and, except as may otherwise be provided in such Supplemental Indenture, all of the provisions of this Master Indenture shall be for the benefit and security of the present and future Owners of such Series of Bonds so issued, without preference, priority or distinction, as to lien or otherwise, of any one Bond of such Series over any other Bond of such Series.

SECTION 2.02. Details of Bonds. Bonds of a Series shall be in such Authorized Denominations, shall be numbered consecutively, shall bear interest from their date until their payment at rates not exceeding the maximum rate permitted by law, shall be dated, shall be stated to mature in such year or years in accordance with the Act, and shall be subject to redemption prior to their respective maturities, subject to the limitations hereinafter provided, as provided for in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series may be issued as Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Option Bonds or any combination thereof and may be secured by a Credit Facility, all as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Bonds of a Series shall bear interest from the applicable Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an applicable Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond of such Series is authenticated between a Record Date and the next succeeding applicable Interest Payment Date, such Bond shall bear interest from such succeeding Interest Payment Date; provided further, however, that if at the time of authentication of any Bond of a Series interest thereon is in default, such Bond shall bear interest from the date to which interest has been paid. Any interest on any Bond of a Series which is payable, but is not punctually paid or provided for on any applicable Interest Payment Date (hereinafter called “Defaulted Interest”) shall be paid to the Owner in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, first-class, postage-prepaid, to each Owner of the Bonds of such Series of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Bonds of a Series in an aggregate principal amount of at least \$1,000,000 shall be entitled to have

FTL1936355.6

interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and the applicable Paying Agent, upon requesting the same in a writing received by the Trustee and such Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and applicable Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and such Paying Agent at least fifteen (15) days prior to the relevant Record Date. Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on the Bonds (other than Variable Rate Bonds) will be computed on the basis of a 360-day year of twelve (12) 30-day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by such Bonds on the day before the default occurred.

SECTION 2.03. Execution and Form of Bonds. Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Board of the Issuer, and the corporate seal of the Issuer shall appear thereon (which may be in facsimile) and shall be attested by the manual or facsimile signature of its Secretary or any Assistant Secretary of the Board of the Issuer. Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee, notwithstanding that one or both of the officers of the Issuer whose signatures appear on such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds. Except as otherwise set forth in a Supplemental Indenture relating to a Series of Bonds, the Bonds of each Series, and the provisions for registration and reconversion to be endorsed on such Bonds, shall be substantially in the form set forth in Exhibit B hereto.

SECTION 2.04. Authentication. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created. The Trustee may appoint one or more Authenticating Agents. The Trustee shall be entitled to be reimbursed for payments made to any Authenticating Agent as reasonable compensation for its services.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, the Issuer and any related Paying Agent. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent, the Issuer and any related Paying Agent. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor Authenticating Agent, shall give written

FTL1936355.6

24

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

SECTION 2.07. Temporary Bonds. Unless the Bonds of a Series are registered pursuant to Section 2.12 hereof, pending preparation of definitive Bonds of a Series, or by agreement with the original purchasers of all Bonds of such Series, the Issuer may issue and, upon its request, the Trustee shall authenticate in lieu of definitive Bonds of a Series one or more temporary printed or typewritten Bonds of such Series of substantially the tenor recited above. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds of such Series in exchange for and upon surrender of an equal principal amount of temporary Bonds of such Series. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds. So long as Cede & Co., or any other nominee of The Depository Trust Company, New York, New York ("DTC") is the registered Owner of the Bonds of a Series, the definitive Bonds of such Series shall be in typewritten form.

SECTION 2.08. Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly transferred by the applicable Registrar, Paying Agent or Authenticating Agent to, and cancelled and destroyed by, the Trustee. The Trustee shall deliver to the Issuer a certificate of destruction in respect of all Bonds destroyed in accordance with this Section.

SECTION 2.09. Registration, Transfer and Exchange. As provided in Section 2.05 hereof, the Issuer shall cause a Bond Register in respect of the Bonds of each Series to be kept at the designated office of the Registrar for such Series.

Upon surrender for registration or transfer of any Bond of a Series at the designated office of the applicable Registrar, and upon compliance with the conditions for the transfer of Bonds set forth in this Section 2.09, the Issuer shall execute and the Trustee (or applicable Registrar or Authenticating Agent as described in Section 2.04 hereof) shall authenticate and deliver, in the name of the designated transferees, one or more new Bonds of such Series of a like aggregate principal amount and of the same maturity.

At the option of the Bondholder, Bonds may be exchanged for other Bonds of a like aggregate principal amount and of the same maturity, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute and the Trustee (or applicable Registrar or Authenticating Agent as described in Section 2.04 hereof) shall authenticate and deliver the Bonds of such Series which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be valid obligations of the Issuer, evidencing the same debt and entitled to the same benefits under this Master Indenture and related Supplemental Indenture as the Bonds surrendered upon such transfer or exchange.

FTL1936355.6

26

notice of such appointment to the Issuer and the Paying Agent, shall mail a notice of such appointment to all Holders of Bonds of a Series affected thereby as the names and addresses of such Holders appear on the Bond Register.

SECTION 2.05. Registration and Registrar. The Registrar for each Series of Bonds shall act as registrar and transfer agent for the Bonds of such Series. The Issuer shall cause to be kept at an office of each Registrar for a Series of Bonds a register (herein sometimes referred to as the "Bond Register" or "Register") in which, subject to the provisions set forth in Section 2.09 below and such other regulations as the Issuer and such Registrar may prescribe, the Issuer shall provide for the registration of the Bonds of such Series and for the registration of transfers and exchanges of such Bonds. The Issuer shall cause each Registrar to designate, by a written notification to the Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register for the related Series of Bonds is kept.

Each Registrar (when it is not also the Trustee), forthwith following each Record Date for a Series of Bonds and at any other time as reasonably requested by the Trustee, shall certify and furnish to the Trustee, and to any Paying Agent as such Trustee shall specify, the names, addresses, and holdings of Bondholders of such Series and any other relevant information reflected in the applicable Bond Register, and the Trustee and any such Paying Agent shall for all purposes be entitled to rely upon the information so furnished to it and shall have no liability or responsibility in connection with the preparation thereof.

SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond of a Series shall become mutilated, the Issuer shall execute and the Trustee or Authenticating Agent, as the case may be, shall thereupon authenticate and deliver a new Bond of such Series of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or Authenticating Agent, as the case may be, of such mutilated Bond for cancellation, and the Issuer and the Trustee or Authenticating Agent, as the case may be, may require reasonable indemnity therefor. If any Bond of a Series shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Issuer and the Trustee or Authenticating Agent, as the case may be; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Issuer shall execute, and thereupon the Trustee or Authenticating Agent, as the case may be, shall authenticate and deliver a new Bond of such Series of like tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Issuer may, with the consent of the Trustee or Authenticating Agent, as the case may be, pay to the Owner the principal amount of and accrued interest on such Bond upon the maturity thereof and compliance with the aforesaid conditions by such Owner, without the issuance of a substitute Bond therefore.

Every substituted Bond issued pursuant to this Section 2.06 shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Master Indenture and related Supplemental Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

FTL1936355.6

25

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, applicable Agent or Registrar, duly executed by the Bondholder or his attorney duly authorized in writing.

Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the Issuer nor the applicable Registrar on behalf of the Issuer shall be required (i) to issue, transfer or exchange any Bond of a Series during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds of such Series selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond of a Series so selected for redemption in whole or in part.

SECTION 2.10. Persons Deemed Owners. The Issuer, the Trustee, any Paying Agent, any Registrar, or any Authenticating Agent shall deem and treat the person in whose name any Bond is registered as the absolute Owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, any Paying Agent, the Registrar or the Authenticating Agent) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such Bond, and for all other purposes, and the Issuer, the Trustee, any Paying Agent, Registrar and Authenticating Agent shall not be affected by any notice to the contrary. All such payments so made to any such Owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

SECTION 2.11. Pari Passu Obligations Under Credit Agreements. As may be provided for or required in any Supplemental Indenture, the Issuer may incur financial obligations under a Credit Facility Agreement payable *pari passu* with respect to the lien on the Trust Estate pledged to a Series of Bonds issued under this Master Indenture and a Supplemental Indenture, without meeting any financial test or requirement set forth in this Master Indenture or the corresponding Supplemental Indenture, but only if the Credit Facility supports a related Series of Bonds then being issued which does meet such tests or requirements.

SECTION 2.12. Qualification for The Depository Trust Company. To the extent authorized and directed by a Certified Resolution of the Issuer, the Trustee shall be authorized to enter into agreements with DTC and other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to any Series of Bonds, utilization of electronic book entry data received from DTC, and other depository trust companies in place of actual delivery of Bonds of any Series and provision of notices with respect to Bonds of any Series registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, teletype or other similar means of communication.

FTL1936355.6

27

So long as there shall be maintained a book-entry-only system with respect to any Series of Bonds (or portion thereof), as shall be provided in the Supplemental Indenture authorizing such Series of Bonds, the following provisions shall apply with respect to the Bonds of such Series:

The Bonds shall initially be registered in the name of Cede & Co. as nominee for DTC, which will act initially as securities depository for the Bonds and so long as the Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered Owner for all purposes hereof. On original issue, the Bonds of each Series registered pursuant to this Section 2.12 shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Bonds of each Series registered pursuant to this Section 2.12 ("Beneficial Owners").

Principal and interest on the Bonds prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the Issuer.

The Bonds of each Series registered pursuant to this Section 2.12 shall initially be issued in the form of one fully registered Bond for each maturity and shall be held in such form until maturity. Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Bonds, through DTC Participants and Indirect Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE BONDS, ANY NOTICES TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICES TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO BENEFICIAL OWNERS.

The Issuer shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Bonds in the form of fully registered Bonds in accordance with the instructions from Cede & Co.

In the event DTC, any successor of DTC or the Issuer elects to discontinue the book-entry-only system, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time Bonds may be exchanged for an equal aggregate principal amount of Bonds in other Authorized Denominations and of the same maturity upon surrender thereof at the designated corporate trust office of the Trustee.

FTL1936355.6

28

Supplemental Indenture authorizing such bond anticipation notes may provide for the payment of interest on such bond anticipation notes from the proceeds of sale of such bond anticipation notes and for the deposit of such interest in the related Series Interest Account. In the event that the Issuer adopts a resolution rather than a Supplemental Indenture to authorize the issuance of bond anticipation notes, the Issuer will promptly furnish to the Trustee a copy of such resolution, certified by a Responsible Officer, together with such information with respect to such bond anticipation notes as the Trustee may reasonably request, including, without limitation, information as to the paying agent or agents for such bond anticipation notes. If authorized by resolution in lieu of Supplemental Indenture, the Trustee shall have no duties or obligations to the holders of such bond anticipation notes unless specifically so authorized by the resolution of the Issuer authorizing the issuance of such bond anticipation notes and accepted in writing by the Trustee. The provisions of this Master Indenture shall apply to bond anticipation notes issued pursuant hereto, except where the context clearly requires otherwise or as otherwise provided in a Supplemental Indenture.

[END OF ARTICLE III]

FTL1936355.6

30

Neither the Issuer, the Trustee, the Paying Agent nor the Registrar shall have any responsibility to any DTC Participant or Indirect Participant for any action specified in this Section 2.12 as the obligation of DTC.

SECTION 2.13. Credit Enhancement. By adoption of a Supplemental Indenture either prior to or subsequent to the issuance of a Series of Bonds, the Issuer may provide for a Credit Facility for such Series of Bonds and any requirements of the applicable Credit Facility Issuer.

SECTION 2.14. Special Obligations. Each Series of Bonds shall be a special and direct obligation of the Issuer. Neither the Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the Issuer within the meaning of the Constitution and laws of Florida. The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the Issuer or a lien upon any property of the Issuer other than as provided herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer or any other public authority or governmental body to pay Debt Service Requirements or to pay any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service Requirements and any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely by, the Series Pledged Revenues and the Series Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

SECTION 2.15. Tax Status of Bonds. Any Series of Bonds issued under this Master Indenture either: (i) may be issued as Tax Exempt Bonds or (ii) may be issued as Taxable Bonds. The intended tax status of any Series of Bonds to be issued may be referenced in any Supplemental Indenture authorizing the issuance of such Series of Bonds.

SECTION 2.16. Bond Anticipation Notes. Whenever the Issuer shall authorize the issuance of a Series of Bonds, the Issuer may by resolution or Supplemental Indenture authorize the issuance of bond anticipation notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series and with a maturity date or dates not later than the date or dates permitted by the Act and other applicable law. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the Series Project or Additional Series Project for which the proceeds of the bond anticipation notes will be applied shall not exceed such Cost. The interest on such bond anticipation notes may be payable out of the related Series Interest Account to the extent provided in the resolution of the Issuer or Supplemental Indenture authorizing such bond anticipation notes. The principal of and interest on such bond anticipation notes and renewals thereof shall be payable from any moneys of the Issuer available therefore or from the proceeds of the sale of the Series of Bonds in anticipation of which such bond anticipation notes are issued. The proceeds of sale of bond anticipation notes shall be applied to the purposes for which the Bonds anticipated by such bond anticipation notes are authorized and shall be deposited in the appropriate Fund or Account established by the resolution or resolutions or Supplemental Indenture relating to such bond anticipation notes for such purposes; provided, however, that the resolution or resolutions or

FTL1936355.6

29

ARTICLE III ISSUE OF BONDS

SECTION 3.01. Issue of Bonds. Subject to the provisions of Section 2.01 hereof, the Issuer may issue Bonds hereunder from time to time without limitation as to aggregate principal amount for the purposes of: (i) financing all or part of the cost of one or more Series Project or Additional Series Project or refunding (including advance refunding) an Outstanding Series of Bonds or any portion thereof; (ii) paying Capitalized Interest on a Series of Bonds; (iii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds; and (iv) paying the costs and expenses of issuing such Series of Bonds. In any such event the Trustee shall, at the request of the Issuer, authenticate the Bonds of each Series and deliver or cause them to be authenticated and delivered, as specified in the request, but only upon receipt of the following (except as otherwise provided in a Supplemental Indenture):

- (1) a Certified Resolution of the Issuer (a) authorizing this Master Indenture and the Supplemental Indenture(s) relating to the Series of Bonds; and (b) authorizing the execution and delivery of the Series of Bonds to be issued;
- (2) an executed and attested original or certified copy of this Master Indenture;
- (3) an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things, the dates on, and the amounts in, which such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent and Bond Registrar, fixing the Amortization Installments, if any, for the Term Bonds of such Series, specifying the interest rates or the method for calculating such interest rates with respect to such Series of Bonds, specifying the redemption provisions and prices thereupon, establishing the provisions for Additional Bonds, if any, which may be issued on a *pari passu* basis with such Series of Bonds, specifying other details of such Series of Bonds, and directing the delivery of such Series of Bonds to or upon the order of the initial purchaser thereof upon payment of the purchase price therefore set forth in such Supplemental Indenture;
- (4) a written opinion or opinions of Counsel to the Issuer, addressed to the Trustee that (a) all conditions prescribed herein as precedent to the issuance of the Series of Bonds to be issued have been fulfilled; (b) such Series of Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the Issuer will be valid obligations of the Issuer entitled to the benefit of the trust created hereby; (c) any consents of any Regulatory Bodies required in connection with the issuance of the Series of Bonds or in connection with the acquisition of the improvements included in the Series Project or Additional Series Project being financed with the proceeds of such Series of Bonds have been obtained or can be reasonably expected to be obtained (provided, however, no opinion is required to be expressed as to any environmental or land use permits or similar regulatory consents); and (d) if the acquisition of any real property or interest therein is included in the purpose of such issue, (i) the Issuer has or can acquire good and marketable

FTL1936355.6

31

title thereto free from all liens and encumbrances except such as will not materially interfere with the proposed use thereof or (ii) the Issuer has or can acquire a valid, subsisting and enforceable leasehold, easement, right-of-way or other interest in real property sufficient to effectuate the purpose of the issue (which opinion may be stated in reliance on the opinion of other Counsel satisfactory to the signer or on a title insurance policy issued by a reputable title company);

(5) a Consulting Engineer's Certificate stating, in the signer's opinion, that (a) the Series Project or Additional Series Project being financed by the Series of Bonds is reasonable and practicable; and (b)(i) the construction items and the Costs thereof as stated in the Engineer's Report are reasonable, (ii) the Series Project or Additional Series Project, as applicable, has been, or can be, acquired, constructed, reconstructed, equipped and installed in accordance with plans and specifications for the Series Project or Additional Series Project, as applicable approved by all Regulatory Bodies required to approve them or such approval can reasonably be expected to be obtained;

(6) one or more Certified Resolutions of the Issuer relating to the levy of Special Assessments, Maintenance Special Assessments or Benefit Special Assessments, as applicable, in respect of the Series Project or Additional Series Project, and evidencing that the Issuer has undertaken and, to the extent then required under applicable law, completed all necessary proceedings, including, without limitation, the approval of assessment rolls, the holding of public hearings, the adoption of resolutions and the establishment of all necessary collection procedures, in order to levy and collect Special Assessments or Benefit Special Assessments, as applicable, upon the District Lands in an amount sufficient to pay the Debt Service Requirements on the Series of Bonds to be issued;

(7) an executed opinion of Bond Counsel stating that the signer is of the opinion that the Bonds of such Series are valid, binding and enforceable obligations of the Issuer and, if such Series of Bonds are not intended to be Taxable Bonds, that interest thereon is excludable from gross income of the Owners under the income tax laws of the United States in effect on the date such Series of Bonds are delivered to their initial purchasers;

(8) a written direction of the Issuer to the Trustee to authenticate and deliver the Series of Bonds; and

(9) such other documents, certifications and opinions as shall be required by the Issuer or the Trustee upon advice of counsel.

The delivery to the Trustee by the Issuer of the Issuer's order to authenticate and deliver the Series of Bonds and the delivery to the Trustee by Bond Counsel of Bond Counsel's opinion shall evidence that the foregoing requirements have been fulfilled to the satisfaction of the Issuer, Bond Counsel and the purchaser of the Series of Bonds.

SECTION 3.02. Disposition of Proceeds and Other Funds. The proceeds (including accrued interest and any premium) of each Series of Bonds shall be applied as soon as practicable

FTL1936355.6

ARTICLE IV PROJECT FUND; COSTS OF ISSUANCE FUND

SECTION 4.01. Project Fund. There is created and established a fund designated as the "Project Fund" which shall be held by the Trustee. Pursuant to a Supplemental Indenture authorizing a Series of Bonds (other than Refunding Bonds), the Issuer may create a Series Project Account relating to that Series of Bonds. The Issuer shall pay to the Trustee, for deposit into the related Series Project Account of the Project Fund, as promptly as practicable, the following amounts received by it:

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

(ii) payments made to the Issuer from the sale, lease or other disposition of the Series Project or Additional Series Project any portion thereof which are not part of the Series Pledged Funds and Series Pledged Revenues pledged to a Series of Bonds;

(iii) insurance proceeds with respect to the loss or destruction of the Series Project or Additional Series Project or any portion thereof if a determination is made to restore, rebuild or replace such Series Project or Additional Series Project pursuant to Section 8.28 hereof; and

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

Amounts in such Account shall be applied to the Cost of the Series Project or Additional Series Project until the Date of Completion, at which time such amounts shall be applied in the manner set forth in Section 4.02 below.

SECTION 4.02. Payments From Project Fund. Payment of the Cost of any Series Project or Additional Series Project shall be made from the Project Fund as herein provided. All such payments shall be subject to the provisions and restrictions set forth in this Master Indenture, and the Issuer covenants that it will not request any sums to be paid from the Project Fund except in accordance with such provisions and restrictions. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, before any payment from the related Series Project Account shall be made, the Issuer shall file with the Trustee a requisition in the form attached to the corresponding Supplemental Indenture, signed by a Responsible Officer and by the Consulting Engineer. Such requisition may be provided in an electronic format. Upon receipt of each such requisition the Trustee shall promptly withdraw from the Series Project Account and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. The Trustee shall have no duty to investigate the accuracy or validity of the items delivered pursuant to the requisition. Moneys in the Project Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Trustee legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth in this Section 4.02. All requisitions and engineer's certificates received by the Trustee pursuant to this Section shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the Issuer, the

FTL1936355.6

upon delivery thereof to the Trustee as set forth in the Supplemental Indenture relating to such Series of Bonds.

SECTION 3.03. Additional Requirements for Refunding Bonds. The Trustee shall, at the request of the Issuer, authenticate Refunding Bonds and provide for delivery of such Refunding Bonds as specified in the request, but only upon receipt of the following, in addition to the items listed in Section 3.01 hereof:

(1) an Officer's Certificate of the Issuer stating (a) the intended use of the proceeds of the issue of Refunding Bonds; (b) any other amounts available for the purpose; (c) that the proceeds of the issue of the Refunding Bonds plus the other amounts, if any, stated to be available for the purpose will be sufficient to refund the Bonds to be refunded in accordance with the refunding plan and in compliance with Article XIII of this Master Indenture, including, without limitation, to pay the costs of issuance of such Refunding Bonds; and (d) that notice of redemption, if applicable, of the Bonds to be refunded has been duly given or that provision has been made therefor, as applicable;

(2) a written opinion of Bond Counsel to the effect that the issuance of such Refunding Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax Exempt Bonds that will remain issued and Outstanding pursuant to this Master Indenture following the issuance of the Refunding Bonds; and

(3) to the extent that the proceeds of the Refunding Bonds are to be applied to defease all or a portion of a Series of Bonds Outstanding, a verification report of a firm of certified public accountants selected by the Issuer and having a favorable reputation in the preparation of such reports, to the effect that the moneys and/or Defeasance Securities deposited with the escrow agent to effect such defeasance are sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, or portion thereof, to be defeased.

[END OF ARTICLE III]

FTL1936355.6

Consulting Engineer, the Owner of any Bonds of the related Series, and the agents and representatives thereof. On the Date of Completion of a Series Project or Additional Series Project, the balance in the related Series Project Account not reserved for the payment of any remaining part of the Cost of the Series Project or Additional Series Project (including any Series Deferred Obligations) shall be transferred by the Trustee first, at the written direction of the Issuer to the credit of the related Series Rebate Account in the amount, and to the extent necessary, so that the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code and thereafter to the credit of the Prepayment Subaccount of the Series Redemption Account relating to the Series of Bonds issued to finance such Series Project or Additional Series Project and used for the purposes set forth for such Account in the Supplemental Indenture relating to such Series of Bonds. Notwithstanding anything herein to the contrary, any payment of any Series Deferred Obligations pursuant to the provisions hereof and of the applicable Supplemental Indenture shall be disbursed using the same requisition procedures described above.

SECTION 4.03. Costs of Issuance Fund. There is created and established a fund designated as the "Costs of Issuance Fund" which shall be held by the Trustee. Pursuant to a Supplemental Indenture authorizing a Series of Bonds, the Issuer shall create a Series Costs of Issuance Account relating to that Series of Bonds into which shall be deposited a portion of the proceeds of the Series of Bonds upon delivery thereof and from which costs of issuance of the applicable Series of Bonds shall be paid. The amounts in the Series Costs of Issuance Account, until applied, shall be held for the security of the related Series of Bonds. Monies held for the credit of the Series Costs of Issuance Account shall be used, as and when the Issuer determines it to be appropriate as evidenced in a certificate delivered by the Issuer to the Trustee, for the purpose of paying any unpaid costs of issuance of the related Series of Bonds. Requisitions from each Series Costs of Issuance Account shall be made pursuant to the requisition form attached to the Supplemental Indenture authorizing the related Series of Bonds, and the Trustee shall make disbursements from the Series Costs of Issuance Account as directed in the applicable Requisition. Amounts in the Series Costs of Issuance Account not needed to pay costs of issuance of the related Series of Bonds shall, upon notification from the Issuer to the Trustee that such funds are not needed, be transferred to the related Series Project Account through and including the Date of Completion and thereafter applied in accordance with the provisions of Section 4.02 hereof.

[END OF ARTICLE IV]

FTL1936355.6

**ARTICLE V
LIEN OF INDENTURE; ESTABLISHMENT AND
APPLICATION OF FUNDS AND ACCOUNTS**

SECTION 5.01. Lien of Indenture. The applicable Trust Estate is hereby irrevocably pledged for the payment of the Bonds of the related Series issued hereunder and all reimbursements due to any Credit Facility Issuer for any drawing with respect to such Series of Bonds on its Credit Facility, including, without limitation, interest thereon, as required under the terms of the applicable Credit Facility Agreement, subject only to the provisions of this Master Indenture and any Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Master Indenture and any such Supplemental Indenture with respect to each Series of Bonds; provided, however, that unless otherwise specifically provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Trust Estate securing such Series of Bonds, the Series Pledged Funds and Series Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds and Bonds issued on a parity therewith and shall not secure any other Bonds or Series of Bonds. Notwithstanding anything to the contrary herein, the lien and pledge of this Master Indenture shall not apply to any moneys transferred by the Trustee to the Rebate Fund.

The foregoing pledge shall be valid and binding from and after the date of initial delivery of the Bonds and the proceeds of sale of the Bonds and all the moneys, securities and funds set forth in this Section 5.01 shall immediately be subject to the lien of the foregoing pledge, which lien is hereby created, without any physical delivery thereof or further act. Such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer or the Trustee, irrespective of whether such parties have notice thereof. Such lien shall be prior and superior to all other liens now existing or hereafter created.

SECTION 5.02. Funds and Accounts Relating to the Bonds. In addition to the Project Fund and Costs of Issuance Fund and the Accounts therein, the following Funds and Accounts are hereby established and shall be held by the Trustee:

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

(b) A Debt Service Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a Series Debt Service Fund and within such Series Debt Service Fund the following Accounts shall be established for each Series of Bonds issued hereunder:

- (i) a Series Interest Account,
- (ii) a Series Principal Account, and
- (iii) a Series Redemption Account, and therein a Prepayment Subaccount and an Optional Redemption Subaccount.

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

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

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

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

Notwithstanding the foregoing, so long as there are moneys on deposit in the related Series Capitalized Interest Account on the date required for any transfer into the Series Interest Account as set forth above, the Trustee shall, prior to making any transfer into the related Series Interest Account from the related Series Revenue Account, transfer to the related Series Interest Account from the related Series Capitalized Interest Account, the lesser of the interest on such Series of Bonds coming due on the next succeeding Interest Payment Date or the amount remaining on deposit in the related Series Capitalized Interest Account. In addition, moneys may be transferred to the appropriate Series Rebate Account from the Project Fund or Revenue Fund at the times and the amounts necessary to pay any Rebate Amount then due.

(b) Disposition of Remaining Amounts on Deposit in Series Revenue Account. The Issuer shall authorize the withdrawal, from time to time, from the Series Revenue Account of an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent relating to that Series of Bonds, when due. If following such payment, money remains in the Series Revenue Account, then, if (x) the amount on deposit in the related Series Interest Account, Series Principal Account, and Series Redemption Account equals the Debt Service Requirements on the Bonds of such Series in such Bond Year (taking into account any Bonds of such Series which are to be purchased by the Trustee pursuant to written directions from the Issuer in accordance with Section 7.04 hereof), (y) the related Series Reserve Account in the Debt Service Reserve Fund is fully funded and (z) there is no Event of Default known to the Trustee that has not been cured or waived, then the amounts remaining in the Series Revenue Account shall, first be deposited to the credit of the related Series Rebate Account in the amount, and to the extent necessary, so that the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code and shall thereafter, at the written direction of the Issuer (which shall include a

In addition, a Series Capitalized Interest Account may be created in the Series Debt Service Fund with respect to a Series of Bonds pursuant to a Supplemental Indenture.

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

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

In addition to the foregoing, whenever the Issuer issues Refunding Bonds hereunder, the Issuer may, by the Certified Resolution of the Issuer or Supplemental Indenture authorizing the Refunding Bonds, direct the Trustee to establish a separate fund and to deposit therein the proceeds of the Refunding Bonds. The Certified Resolution or Supplemental Indenture shall specify the investment and application of amounts so deposited including, without limitation, the transfer thereof to any other agent or trustee of the Issuer and the time and conditions for such transfer.

SECTION 5.03. Revenue Fund and Series Revenue Accounts. The Issuer hereby covenants and agrees to promptly (within thirty (30) days of receipt) deposit all Series Pledged Revenues (except Prepayments of related Assessments), when received, into the related Series Revenue Account and to promptly (within thirty (30) days of receipt) deposit all Prepayments of related Assessments, when received, into the Prepayment Subaccount of the related Series Redemption Account, unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds. The Issuer may deposit proceeds of any casualty relating to a Series Project or Additional Series Project, whether from insurance or self-insurance, to the related Series Revenue Account as provided in Section 8.29 hereof.

SECTION 5.04. Debt Service Fund and Series Debt Service Funds and Accounts.

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

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

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

certification that no amounts need to be deposited to the existing Series Revenue Accounts), shall next be used to pay Series Deferred Obligations, if any, if so specified in a Supplemental Indenture with respect to the applicable Series of Bonds in accordance with said Supplemental Indenture and thereafter, any remaining amounts shall, if a Responsible Officer of the Issuer has requested the Trustee to make such payments, be (i) used to pay the commissions, fees, costs and any other charges of the Tax Collector and the Property Appraiser, or, if such commissions, fees, costs, or other charges have been paid by the Issuer, to reimburse the Issuer for such payment upon written request of a Responsible Officer; (ii) transferred to the related Series Optional Redemption Subaccount in the related Series Redemption Account and applied as provided herein; (iii) disbursed to the Issuer and applied to pay the operating and administrative costs and expenses of the Issuer; (iv) retained in the applicable Series Revenue Account; or (v) applied in any combination of the foregoing.

(c) Series Reserve Account. Moneys held for the credit of a Series Reserve Account shall be used for the purpose of paying any Debt Service Requirements on the Bonds of the related Series whenever amounts on deposit in the Series Debt Service Fund shall be insufficient for such purpose. At the time of any withdrawal from a Series Reserve Account that results in a deficiency therein, the Trustee shall promptly notify the Issuer of the amount of any such deficiency and the Trustee shall withdraw the amount of such deficiency from the related Series Revenue Account, and, if amounts on deposit therein are insufficient therefor, the Issuer shall pay the amount of such deficiency to the Trustee, for deposit in such Series Reserve Account, from the first legally available sources of the Issuer. The Trustee, as of the close of business on the last Business Day in each Bond Year, after taking into account all payments and transfers made as of such date, shall compute, in the manner set forth in Section 6.03, the value of the Series Reserve Account and shall promptly notify the Issuer of the amount of any "deficiency" or "surplus" (as such terms are hereinafter defined) as of such date in such Series Reserve Account. The Issuer shall immediately pay the amount of any deficiency to the Trustee, for deposit in the Series Reserve Account, from any legally available sources of the Issuer; provided, however, it shall not, *a fortiori*, constitute an Event of Default hereunder if the full amount of the foregoing deposit is not made due to an insufficiency of funds therefor. The Trustee, as soon as practicable after such computation, shall deposit any surplus, at the direction of a Responsible Officer, to the credit of the Series Redemption Account or the Series Principal Account or as otherwise provided in the Supplemental Indenture relating to a Series of Bonds, including to pay Series Deferred Obligations, if any.

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

(d) Series Debt Service Fund. Moneys held for the credit of a Series Principal Account in a Series Debt Service Fund shall be withdrawn therefrom by the Trustee and transferred by the Trustee to the Paying Agent in amounts and at times sufficient to pay, when due, the principal of Serial Bonds of such Series, the Maturity Amount of Capital

Appreciation Bonds of such Series and to redeem Term Bonds of such Series that are subject to mandatory redemption from Amortization Installments. Moneys held for the credit of a Series Interest Account in a Series Debt Service Fund shall be withdrawn therefrom by the Trustee and transferred by the Trustee to the Paying Agent in amounts and at times sufficient to pay, when due, the interest on the Bonds of such Series

(e) Series Redemption Account. Moneys representing Prepayments and sums transferred from a Series Project Account in accordance herewith on deposit in a Prepayment Subaccount of a Series Redemption Account to the full extent of a multiple of an Authorized Denomination shall, unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds, be used by the Trustee to redeem Bonds of such Series on the earliest date on which such Bonds are permitted to be called without payment of premium by the terms thereof (including extraordinary or extraordinary mandatory redemption) and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article VII. Except as otherwise provided in a Supplemental Indenture relating to a Series of Bonds, moneys deposited in a Series Redemption Account other than from Prepayments or sums transferred from a Series Project Account may be deposited into the Series Optional Redemption Subaccount in the corresponding Series Redemption Account and shall be applied by the Trustee, at the written direction of a Responsible Officer, (i) unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, to redeem the related Series of Bonds by calling, on or prior to the forty-fifth (45th) day preceding the date of redemption, such amount of Bonds of such Series then subject to optional redemption as, with the redemption premium, if any, will exhaust, as nearly as may be practicable, moneys on deposit in the related Optional Redemption Subaccount in a Series Redemption Account, and/or (ii) to purchase Outstanding Bonds of the related Series in accordance herewith. Such redemption or purchase shall be made pursuant to the provisions of Article VII. The Issuer shall pay all expenses incurred by the Trustee and Paying Agent in connection with any redemption or purchase.

(f) Payment to Issuer. When no Bonds of a Series remain Outstanding, and after all expenses and charges herein and in the related Supplemental Indenture and any rebate obligation under Section 148(f) of the Code required to be paid have been paid, as certified to the Trustee in writing by a Responsible Officer, and after the Issuer's obligations with respect to any Series Deferred Obligations have been satisfied if and to the extent required in the applicable Supplemental Indenture, the Trustee shall pay any balance in the Series Funds and Series Accounts for such Series of Bonds to the Issuer upon the written direction of a Responsible Officer, free and clear of any lien and pledge created by this Master Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount of, or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series to the aggregate principal amount of all Series Outstanding and for which such an Event of Default has occurred and is continuing) to each other Series of Bonds for which such an Event of Default has occurred and is continuing.

SECTION 5.05. Drawings on Credit Facility. In the event that there has been issued a Credit Facility with respect to the Bonds, the Trustee shall draw on the Credit Facility, in accordance

FTL1936355.6

40

Notwithstanding anything to the contrary herein, the Trustee is authorized and directed to transfer moneys from the Series Accounts in the Project Fund and Reserve Fund to the Credit of the related Series Rebate Account at the written direction of the Issuer in the amount, and to the extent necessary so that the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code with respect to the applicable Series of Bonds.

[END OF ARTICLE V]

FTL1936355.6

42

with the provisions for drawing under such Credit Facility, and within the requisite time period, all as set forth in the Credit Facility.

SECTION 5.06. Procedure When Funds Are Sufficient to Pay All Bonds. If at any time the moneys held by the Trustee in the Funds and Accounts (excluding the Project Fund) hereunder and available therefore are sufficient to pay the principal or Redemption Price of, as the case may be, and interest on all Bonds then Outstanding to maturity or prior redemption, together with any amounts due the Trustee, Paying Agent, Registrar, Credit Facility Issuer, and the Issuer, any Series Deferred Obligations (to the extent provided in the applicable Supplemental Indenture) and any rebate obligation under Section 148(f) of the Code, the Issuer shall direct the Trustee to, and the Trustee shall, apply the amounts in the Funds and Accounts to the payment of the aforesaid obligations, without premium, and the Issuer shall not be required to pay over any further Pledged Revenues with respect to such Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts held by the Trustee.

SECTION 5.07. Trust Funds. All amounts on deposit in Series Funds and Series Accounts for the benefit of a Series of Bonds shall:

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

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

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

(d) except for amounts on deposit in the Series Rebate Accounts in the Rebate Fund, until applied for the purposes provided herein, be subject to a first lien in favor of the Owners of such Series of Bonds and any *pari passu* obligations to Credit Facility Issuers with respect to such Series of Bonds, which lien is hereby created, prior and superior to all other liens now existing or hereafter created, and, to a second lien in favor of the Trustee, as security for the reasonable compensation for the services of the Trustee hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, subordinate and inferior to the security interest granted to the Owners of such Series of Bonds and any *pari passu* obligations to Credit Facility Issuers with respect to such Series of Bonds, but nevertheless payable in the order of priority as set forth in Section 9.10 hereof upon the occurrence of an Event of Default; and

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

FTL1936355.6

41

ARTICLE VI SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS

SECTION 6.01. Deposits and Security. All moneys received by the Trustee for deposit in any Fund or Account established under this Master Indenture shall be considered trust funds, shall not be subject to lien or attachment, except for the lien created by this Master Indenture, and shall be deposited in the commercial department of the Trustee, until or unless invested or deposited as provided in Section 6.02 hereof. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds or unless such deposit is of a type specified in (v) of the definition of Investment Securities, all deposits of moneys received by the Trustee under this Master Indenture in the commercial department of the Trustee (whether original deposits under this Section 6.01 or deposits or redeposits in time accounts under Section 6.02) shall, to the extent not insured, and to the extent permitted by law, be fully secured as to both principal and interest earned, by Investment Securities. If at any time the commercial department of the Trustee is unwilling to accept such deposits or unable to secure them as provided above, the Trustee may deposit such moneys with any other depository which is authorized to receive them and the deposits of which are insured by the Federal Deposit Insurance Corporation (including the FDIC'S Savings Association Insurance Fund). All deposits in any other depository in excess of the amount covered by insurance (whether under this Section 6.01 or Section 6.02 as aforesaid) shall, to the extent permitted by law, be fully secured as to both principal and interest earned, in the same manner as required herein for deposits with the Trustee. Such security shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000.

SECTION 6.02. Investment or Deposit of Funds. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in the Project Fund, the Costs of Issuance Fund, the Revenue Fund, the Debt Service Fund, the Rebate Fund, and the Debt Service Reserve Fund, and all accounts therein, only in Investment Securities. All investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth herein. All securities securing investments under this Section shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made and retained therein except as otherwise provided in the Supplemental Indenture authorizing a Series of Bonds. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, unless it has failed to make investments in accordance with written directions of the Issuer. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such

FTL1936355.6

43

Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the Revenue Fund.

The Trustee shall make investments in accordance with the direction of the Issuer, and if the Issuer has failed to give instructions, in accordance with the standing instructions of the Issuer. Absent specific or standing instructions from the Issuer, all moneys in the Funds and Accounts established under this Master Indenture shall be invested in Investment Securities described in item (viii) of the definition of Investment Securities. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale upon the investment instructions of the Issuer or otherwise, including that set forth in the preceding sentence.

SECTION 6.03. Valuation of Funds. In addition to any valuation required by a Supplemental Indenture with respect to a Series of Bonds, the Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the Issuer a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof, subject to Section 6.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder (other than the Debt Service Reserve Fund), obligations in which money in such Fund or Account shall have been invested shall be valued at the market value thereof. For the purpose of determining the amount on deposit to the credit of the Debt Service Reserve Fund, obligations in which money in such Fund shall have been invested shall be valued at the market value thereof or the amortized cost thereof, whichever is lower.

[END OF ARTICLE VI]

FTL1936355.6

44

- (a) the redemption date;
- (b) the Redemption Price;
- (c) CUSIP numbers, to the extent applicable, and any other distinctive numbers and letters;
- (d) if less than all Outstanding Bonds of a Series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (e) that on the redemption date the Redemption Price will become due and payable upon surrender of each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and
- (f) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be a corporate trust office of the Trustee.

If at the time of mailing of notice of an optional redemption, the Issuer shall not have deposited with the Trustee or Paying Agent for the Bonds to be redeemed, moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited. Notwithstanding any other provision of this Master Indenture, notice of optional redemption may also be conditioned upon the occurrence or non-occurrence of such other event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Issuer if expressly set forth in such notice.

If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the Redemption Price and accrued interest on the Bonds of a Series so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and among different maturities of Bonds in the same manner as the initial selection of Bonds to be redeemed, and from and after such redemption date, interest on the Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Bonds not been called for redemption.

The notices required to be given by this Section 7.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or printed on the Bonds.

SECTION 7.03. Payment of Redemption Price. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds of a Series called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent for such Bonds, then

FTL1936355.6

46

ARTICLE VII REDEMPTION AND PURCHASE OF BONDS

SECTION 7.01. Redemption Generally. The Bonds of any Series shall be subject to redemption, either in whole or in part on any date, and at such times, in the manner and at such prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Series of Bonds. Unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, the Issuer shall provide written notice to the Trustee of any optional redemption on or before the forty-fifth (45th) day next preceding the date to be fixed for such optional redemption.

Unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, if less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds of a Series to be redeemed shall be selected by lot in such reasonable manner as the Bond Registrar for such Series in its discretion may determine. The portion of any Series of Bonds to be redeemed shall be in an Authorized Denomination and, in selecting the Bonds of such Series to be redeemed, the Bond Registrar for such Series shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such Bond by an Authorized Denomination (such amount being hereafter referred to as the "unit of principal amount"). If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such unit or units of principal amount as provided below, the registered Owner of such Bond, upon surrender of such Bond to the Paying Agent for such Bond for payment to such registered Owner of the Redemption Price of the unit or units of principal amount called for redemption, shall be entitled to receive a new Bond or Bonds of such Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond; provided, however, while Bonds are maintained under a book-entry only system, no presentation of Bonds is required. New Bonds of such Series representing the unredeemed balance of the principal amount shall be issued to the Owner thereof without any charge therefor. If the Owner of any Bond of a denomination greater than the unit of principal amount to be redeemed shall fail to present such Bond to the Paying Agent for such Bond for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption.

SECTION 7.02. Notice of Redemption. Unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, when required to redeem Bonds under any provision of this Master Indenture or directed to do so by the Issuer, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed at least thirty (30) but not more than sixty (60) days prior to the redemption date to all Owners of Bonds to be redeemed (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses and also to any Credit Facility Issuer providing a Credit Facility securing such Bonds, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption of the Bonds for which notice was duly mailed in accordance with this Section 7.02. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the Bonds Outstanding which shall be called for redemption and shall include, without limitation, the following additional information:

FTL1936355.6

45

in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by this Master Indenture and related Supplemental Indenture and shall not be deemed to be Outstanding under the provisions of this Master Indenture and related Supplemental Indenture.

Payment of the Redemption Price, together with accrued interest, shall be made by the Trustee or applicable Paying Agent to or upon the order of the Owners of the Bonds called for redemption upon surrender of such Bonds. The Redemption Price of the Bonds to be redeemed, the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund or Account from which redemption is to be made or by the Issuer.

SECTION 7.04. Purchase of Bonds of a Series. The Issuer may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds were issued if such Bonds were called for redemption on such date. Before making each such purchase, the Issuer shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. At the written direction of the Issuer, the Trustee shall either: (i) pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds which would have been payable during the Bond Year in which the purchase occurs from the related Series Principal Account or (ii) pay the interest accrued on such Bonds to the date of delivery thereof and the principal portion of the purchase price of Serial Bonds which would have been payable during the Bond Year in which the purchase occurs from the Optional Redemption Subaccount in the related Series Redemption Account, but no such purchase shall be made after the Record Date in any Bond Year in which the Bonds to be purchased have been called for redemption. To the extent that such purchase is not to be made from the related Optional Redemption Subaccount and insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds or in a related Series Principal Account to pay the aforescribed principal amount of the purchase price of any Serial Bond, the Trustee shall transfer into such Accounts from the related Series Revenue Account sufficient moneys to pay such respective amounts. To the extent that such purchase is not to be made from the related Optional Redemption Subaccount and there are insufficient moneys on deposit in the related Series Principal Account with which to pay the principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction of the Issuer, transfer moneys into such related Series Principal Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year. The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth

FTL1936355.6

47

in the next preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from a Responsible Officer to the Trustee accompanied by a certificate of a Responsible Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any transfers from the related Series Revenue Account, to pay the principal portion of the purchase price of such Term Bonds; (ii) setting forth the amounts and maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii) setting forth cash flow statements which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and having the maturities and with the credits against Amortization Installments set forth in clause (ii) above and any transfers from the related Series Revenue Account, the Pledged Revenues to be received by the Issuer in the current and in each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. If any Bonds are purchased pursuant to this Section, the principal amount of the Bonds so purchased shall be credited as follows (unless otherwise provided in Supplemental Indenture with respect to a Series of Bonds):

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

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

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

[END OF ARTICLE VII]

FTL1936355.6

48

Florida Statutes, the Issuer will use its best efforts to enter into the Property Appraiser and Tax Collector Agreement with respect to each Series of Bonds, pursuant to which the Property Appraiser and Tax Collector will agree to list on the tax roll for each of the subsequent tax years any Special Assessments which are pledged to the payment of any Series of Bonds, to include in the notice of proposed property taxes the dollar amount of such Special Assessments and to include on the tax notice issued pursuant to Section 197.322, Florida Statutes, the dollar amount of such Special Assessments. The Issuer will agree to provide by not later than September 15 of each year (or such earlier date as shall be required by the Tax Collector or the Property Appraiser) the amount of any such Special Assessment to be levied against each parcel in the District. The term of the Property Appraiser and Tax Collector Agreement will continue until after the final Debt Service Requirements are scheduled to be paid on the Series of Bonds to which such Special Assessments are pledged. If the Issuer is unable to enter into the Property Appraiser and Tax Collector Agreement or to keep it in place for the period described above, despite use of its best efforts to do so, then the Issuer covenants that the Special Assessments will be levied and collected by it in any other manner authorized by law.

The Issuer shall also comply with the provisions of Section 190.021 (2), Florida Statutes with respect to Benefit Special Assessments in order to cause the Property Appraiser to include the Benefit Assessments which are pledged to the payment of any Series of Bonds to be included on the Property Appraiser's tax roll for certification by November by the Property Appraiser to the Tax Collector for inclusion in the merged collection roll prepared by the Tax Collector and for mailing by the Tax Collector on the official tax notice pursuant to Section 197.3632, Florida Statutes, as amended. The Issuer may exercise instead its option regarding the collection and enforcement of Benefit Special Assessments which are pledged to the payment of any Series of Bonds to use the alternative procedures in Section 197.3632, Florida Statutes, for certification by the Chairman of the Board of the Issuer to the Tax Collector by September 15 of each calendar year of the particular non-ad valorem special assessment roll for the Benefit Special Assessments so that they can be included in the official November tax notice of the Tax Collector.

Notwithstanding the foregoing, unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, the Issuer shall not be required to cause the Tax Collector to collect any Special Assessments or Benefit Special Assessments (i) which are due and payable within a period of less than ten calendar years from the date of levy thereof, or, (ii) that are levied against benefited land that has not yet been platted for its ultimate use, or, (iii) with respect to Assessments which are pledged as security for bond anticipation notes issued by the Issuer. The election to collect and enforce Special Assessments or Benefit Special Assessments in any year pursuant to any one method shall not, to the extent permitted by law, preclude the Issuer from electing to collect and enforce Special Assessments or Benefit Special Assessments pursuant to any other method permitted by law in any subsequent year.

SECTION 8.05. Delinquent Assessments. Subject to the provisions of Section 8.04 hereof, if the owner of any lot or parcel of land subject to the Assessments pledged to a Series of Bonds shall be delinquent in the payment of any Assessments collected in accordance with the provisions of Chapter 197, Florida Statutes, or any successor statutes thereto, then such Assessments shall be enforced pursuant to the provisions of Chapter 197, Florida Statutes, or any successor statute thereto, including but not limited to the sale of tax certificates and tax deed as regards such

FTL1936355.6

50

ARTICLE VIII COVENANTS OF THE ISSUER

SECTION 8.01. Power to Issue Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Bonds of each Series, to adopt and execute and deliver this Master Indenture, to adopt and execute Supplemental Indentures, and to pledge the Pledged Funds and Pledged Revenues in the manner and to the extent provided herein. Except as may be provided in a Supplemental Indenture relating to a Series of Bonds, the Pledged Funds and the Pledged Revenues relating to each Series of Bonds are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Bonds of each Series and any Credit Facility Issuer providing a Credit Facility securing such Bonds. The Bonds of each Series and the provisions of this Master Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by this Master Indenture and all the rights of the Bondholders and any Credit Facility Issuer under this Master Indenture against all claims and demands of all other Persons whomsoever.

SECTION 8.02. Payment of Principal and Interest on Bonds. The Issuer shall promptly pay the interest on and the principal or Redemption Price of every Bond issued hereunder according to the terms thereof, but shall be required to make such payment only out of the portion of the Trust Estate pledged to each Series of Bonds. The Issuer shall appoint one or more Paying Agents for such purpose, each such agent to be a bank and trust company or a trust company or a national banking association having trust powers.

SECTION 8.03. Pledged Revenues.

(a) The Issuer shall assess, levy, collect, or cause to be collected and, to the extent necessary, enforce payments of Assessments which constitute Pledged Revenues for the payment of any Series of Bonds, to the extent and in an amount sufficient to pay the Debt Service Requirements on all Outstanding Series of Bonds to which such Pledged Revenues are pledged and to pay or cause to be paid the proceeds of such Assessments as received to the Trustee in accordance with the provisions hereof.

(b) If any Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any such Assessments are so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make such Assessments when it might have done so, the Issuer shall either (i) take all necessary steps to cause new Assessments to be made for the whole or any part of said improvement or against any property benefited by said improvement, or (ii) in its sole discretion, make up the amount of such Assessments from legally available moneys, which moneys shall be deposited into the applicable Series Revenue Account in the Revenue Fund. In case such second Assessments shall be annulled, the Issuer shall obtain and make other Assessments until valid Assessments shall be made.

SECTION 8.04. Method of Collection. Unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, pursuant to the procedures set forth in Section 197.3631,

FTL1936355.6

49

Delinquent Assessments. In the event the provisions of Chapter 197, Florida Statutes, and any provisions of the Act with respect to such sale are inapplicable by operation of law, or the Assessments are being billed and collected directly by the Issuer, then upon the delinquency of any Assessments the Issuer shall, to the extent permitted by law, and subject to any applicable provisions of the related Supplemental Indenture with respect to a Series of Bonds, utilize any other method of enforcement as provided by Section 8.04 hereof, including, without limitation, declaring the entire unpaid balance of such Assessments to be in default and, at its own expense, cause such delinquent property to be foreclosed, in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, Florida Statutes, or otherwise as provided by law.

SECTION 8.06. Sale of Tax Certificates and Issuance of Tax Deeds; Foreclosure of Assessment Liens. If the Assessments levied and collected under the uniform method described in Section 8.04 are delinquent, then, if available, the applicable procedures for issuance and sale of tax certificates and tax deeds for nonpayment shall be followed in accordance with Chapter 197, Florida Statutes and related statutes. Alternatively, if the uniform method of levy and collection is not utilized, the following provisions of this Section 8.06 shall apply, unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds. If any property shall be offered for sale for the nonpayment of any Assessments, and no person or persons shall purchase the same for an amount at least equal to the full amount due on the Assessments (principal, interest, penalties and costs, plus attorneys fees, if any), the property may then be purchased by the Issuer with its legally available funds, if any, for an amount equal to the balance due on the Assessments (principal, interest, penalties and costs, plus attorneys fees, if any), and the Issuer shall thereupon receive in its corporate name the title to the property for the benefit of the Registered Owners of the Series of Bonds to which such Assessments were pledged. The Issuer, either through its own actions or actions caused to be done through the Trustee, shall have the power and shall use its best efforts to lease or sell such property and deposit all of the net proceeds of any such lease or sale into the related Series Revenue Account. Not less than ten (10) days prior to the filing of any foreclosure action or any sale of tax deed as herein provided, the Issuer shall cause written notice thereof to be mailed to the registered Owners of the Bonds secured by such Delinquent Assessments. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the Issuer, it shall give written notice thereof to such registered Owners. The Issuer, either through its own actions or actions caused to be done through the Trustee, agrees that it shall be required to take the measure provided by law for sale of property acquired by it as trustee for the registered Owners of the related Series of Bonds within thirty (30) days after the receipt of the request therefore signed by the registered Owners of twenty-five percent (25%) of the aggregate principal amount of all Outstanding Bonds of the related Series (or by the Trustee on behalf of such registered Owners).

SECTION 8.07. Construction to be on Issuer Lands. The Issuer covenants that no part of a Series Project or Additional Series Project will be constructed on, over or under lands other than (i) lands good and marketable title to which is owned by the Issuer or other appropriate entity in fee simple, (ii) lands on, over or under which the Issuer or other appropriate entity shall have acquired precluding easements for the purposes of the Series Project or Additional Series Project, or (iii) lands, including public streets and highways, the right to the use and occupancy of which for such purposes shall be vested in the Issuer or other appropriate entity by law or by valid franchises, licenses, easements or rights of way or other legally effective permissions or approval.

FTL1936355.6

51

SECTION 8.08. Operation, Use and Maintenance. The Issuer shall establish and enforce reasonable rules and regulations governing the use and operation of any portion of a Series Project or Additional Series Project owned by the Issuer, such rules and regulations to be adopted in accordance with the Act, and the Issuer shall operate, use and maintain any portion of a Series Project or Additional Series Project owned by the Issuer in accordance with the Act and all other applicable federal and State laws, rules and regulations; the Issuer shall maintain and operate any portion of a Series Project or Additional Series Project owned by the Issuer in an efficient and economical manner, shall at all times maintain the same in good repair and in sound operating condition and shall make all necessary repairs, renewals and replacements.

SECTION 8.09. Observance of and Compliance with Valid Requirements. The Issuer shall pay all municipal or governmental charges lawfully levied or assessed upon a Series Project or Additional Series Project or any part thereof or upon any revenues when the same shall become due, and the Issuer shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Series Project or Additional Series Project. The Issuer shall not, except as otherwise permitted in Section 8.18 of this Article, create or suffer to be created any lien or charge upon a Series Project or Additional Series Project or upon Series Pledged Funds or Series Pledged Revenues, except the lien and charge of the Series of Bonds to which such Pledged Funds and Pledged Revenues are pledged.

SECTION 8.10. Payment of Operating or Maintenance Costs by State or Others. The Issuer may permit any of the United States of America, the State, the County, or any of their agencies, departments or political subdivisions or any other person or entity to pay all or any part of the cost of maintaining, repairing and operating a Series Project or Additional Series Project out of funds other than Pledged Revenues and other non-*ad valorem* assessments of the Issuer.

SECTION 8.11. Use of Revenues for Authorized Purposes Only. None of the Pledged Funds or Pledged Revenues shall be used for any purpose other than as provided in this Master Indenture and the Act and no contract or contracts shall be entered into or any action taken by the Trustee which will be inconsistent with the provisions of this Master Indenture or the Act.

SECTION 8.12. Books and Records. The Issuer shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to each Series Project and Additional Series Project, and which, together with all other books and records of the Issuer, including, without limitation, insurance policies, relating to each Series Project and Additional Series Project, shall at all times be subject during regular business hours to the inspection of the Trustee.

The report, statements and other documents required to be furnished by the Issuer to the Trustee pursuant to any provisions of this Master Indenture shall be available for the inspection of Bondholders at the office of the Trustee.

SECTION 8.13. Observance of Accounting Standards. The Issuer covenants that all the accounts and records of the Issuer relating to each Series Project and Additional Series Project

FTL-1936355.6

will be kept according to Generally Accepted Accounting Principles consistently applied and consistent with the provisions of this Master Indenture.

SECTION 8.14. Employment of Certified Public Accountant. The Issuer shall employ or cause to be employed as required a Certified Public Accountant to perform accounting and auditing functions and duties required by Sections 8.17 of this Master Indenture.

SECTION 8.15. Establishment of Fiscal Year, Annual Budget. The Issuer has established a Fiscal Year beginning October 1 of each year and ending September 30 of the following year. The reports and budget of the Issuer shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established.

On or before the first day of each Fiscal Year the Issuer shall adopt a final Annual Budget with respect to each Series Project and Additional Series Project for such Fiscal Year for the payment of anticipated operating and maintenance expenses. If for any reason the Issuer shall not have adopted the Annual Budget with respect to each Series Project and Additional Series Project on or before the first day of any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall, until the adoption of the new Annual Budget, be deemed in force for the ensuing Fiscal Year. The Issuer may at any time adopt an amended or supplemental Annual Budget for the remainder of the current Fiscal Year, and when such amended or supplemental Annual Budget is approved it shall be treated as the official Annual Budget under this Master Indenture.

SECTION 8.16. Employment of Consulting Engineer. The Issuer shall, for the purpose of performing and carrying out the duties, if any, imposed on the Consulting Engineer by this Master Indenture, employ one or more Independent engineers or engineering firms or corporations having a statewide and favorable repute for skill and experience in such work.

SECTION 8.17. Audit Reports. The Issuer covenants that, no later than the date same is required to be made pursuant to applicable Florida law, it will cause an audit to be made by a Certified Public Accountant covering all receipts and moneys then on deposit with or in the name of the Trustee or the Issuer and any security held therefore and any investments thereof.

SECTION 8.18. Covenant Against Sale or Encumbrance; Exceptions. Subject to obtaining an opinion of Bond Counsel that such action will not adversely affect the exemption from federal income tax of the interest on any Tax Exempt Bonds, the Issuer may sell, lease or otherwise dispose of or encumber any Series Project and Additional Series Project, or any part thereof, including, without limitation, pursuant to lease-purchase agreements, and by granting use rights, licenses, easements, franchises or concessions for the use of any part of any Series Project and Additional Series Project. A Supplemental Indenture may set forth additional restrictions on the sale, lease, disposition or encumbrance of any Series Project or Additional Series Project. The proceeds of any such sale or disposition (to the extent not part of the Series Pledged Funds and Series Pledged Revenues pledged to a Series of Bonds) shall be deposited, at the written direction of the Issuer, to the credit of the related Series Revenue Account or the related Series Project Account or as otherwise provided in a Supplemental Indenture relating to a Series of Bonds.

FTL-1936355.6

SECTION 8.19. No Loss of Lien on Pledged Revenues. The Issuer shall not do or omit to do, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the lien of a Series of Bonds on the Pledged Funds and Pledged Revenues or any part thereof pledged to such Series, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund or Accounts therein held by the Trustee under any arbitrage rebate agreement.

SECTION 8.20. Compliance With Other Contracts and Agreements. The Issuer shall comply with and abide by all of the terms and conditions of any and all contracts and agreements which the Issuer enters into in connection with any Series Project or Additional Series Project and the issuance of Bonds.

SECTION 8.21. Issuance of Additional Obligations. The Issuer will not issue or incur any obligations payable from the proceeds of Series Pledged Revenues securing a Series of Bonds (other than such related Series of Bonds) nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Series Pledged Revenues other than the lien of the related Series of Bonds or Additional Bonds on a parity therewith except for fees, commissions, costs, and other charges payable to the Property Appraiser or to the Tax Collector pursuant to Florida law or amounts payable to the Trustee and any Credit Facility Issuer and amounts payable with respect to any Series Deferred Obligation; provided, such Series Deferred Obligations shall not have a lien upon any Series Pledged Revenues prior to or on a parity with the lien thereof of the related Series of Bonds or Additional Bonds.

SECTION 8.22. Extension of Time for Payment of Interest Prohibited. The Issuer shall not directly or indirectly extend or assent to an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement therefore by purchasing or funding or in any manner keeping alive any such claim for interest; no claim for interest which in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or which shall in any manner have been kept alive after maturity by extension or by purchase thereof or on behalf of the Issuer, shall be entitled, in case of a default hereunder, to any benefit or security under this Master Indenture or Supplemental Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

SECTION 8.23. Further Assurances. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Master Indenture or any Supplemental Indenture.

SECTION 8.24. Investments and Use of Proceeds to Comply with Internal Revenue Code of 1986, as amended.

(a) The Issuer covenants with the Holders of each Series of Tax Exempt Bonds that it shall comply with the requirements of the Code necessary to maintain the exclusion of interest on such Series of Tax Exempt Bonds from gross income for purposes of federal income taxation, including the payment of any amount required to be rebated to the U.S.

FTL-1936355.6

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 of Tax Exempt Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such Series of Tax Exempt Bonds to be or become subject to federal income taxation, nor shall it fail to do any act which would cause such interest to become subject to federal income taxation.

(b) The Issuer covenants with the Holders of each Series of Tax Exempt Bonds that neither the Issuer nor any other person under its control or direction will make any investment or other use of the proceeds of such Bonds (or amounts deemed to be proceeds under the Code) or make any use of the Series Project or Additional Series Project financed by such Series of Tax Exempt Bonds in any manner which would cause such 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 Tax Exempt Bonds of each Series.

(c) The provisions of this Section shall survive any defeasance of any Tax Exempt Bonds of a Series pursuant to Article XIII hereof.

SECTION 8.25. Corporate Existence and Maintenance of Properties. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Act, the Issuer shall maintain its corporate existence as a local unit of special purpose government under the Act and shall provide for or otherwise require each Series Project or Additional Series Project, and all parts thereof owned by the Issuer to be (a) continuously operated, repaired, improved and maintained as shall be necessary to provide adequate service to the lands benefited thereby; and (b) in compliance with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any competent public authority.

SECTION 8.26. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of each Continuing Disclosure Agreement. Notwithstanding any other provision of this Master Indenture, failure of the Issuer (or any other third party obligated pursuant to any Continuing Disclosure Agreement) to comply with any Continuing Disclosure Agreement shall not be considered an Event of Default with respect to the related Series of Bonds; however, with respect to each Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter of the related Series of Bonds or the Holders of at least 25% aggregate principal amount in Outstanding Bonds of the related Series of Bonds and receipt of indemnity to its satisfaction, shall) or any Holder of the related Series of Bonds or Beneficial Owner with respect to the related Series of Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Section 8.26. For purposes of this Section, "Beneficial Owner" means, with respect to a Series of Bonds, any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds of a Series (including persons holding Bonds of a Series through nominees, depositaries or other intermediaries), or (b) is treated as the Owner of any Bonds of a Series for federal income tax purposes.

FTL-1936355.6

SECTION 8.27. Arbitrage Rebate Covenants. The Issuer hereby establishes the Rebate Fund to be held in the custody of the Trustee and covenants and agrees to establish within the Rebate Fund a Series Rebate Account for each Series of Tax Exempt Bonds. Prior to the issuance of each Series of Tax Exempt Bonds, the Issuer shall execute and deliver a certificate containing arbitrage rebate covenants (the "Rebate Covenants") as to said Bonds. The Issuer shall make deposits to the Series Rebate Account established for a Series of Tax Exempt Bonds in the amounts and at the times required by the Rebate Covenants and shall make or cause to be made payments from the applicable Series Rebate Account of amounts required to be deposited therein to the United States of America in the amounts and at the times required by the Rebate Covenants. The Issuer covenants for the benefit of the Bondholders of each Series of Tax Exempt Bonds that it will comply with the requirements of the Rebate Covenants applicable to such Series. There shall be excluded from the pledge and lien of this Master Indenture the Rebate Fund and each Series Rebate Account, together with all monies and securities from time to time held therein and all investment earnings derived therefrom. The Issuer shall not be required to comply with the requirements of this Section with respect to a Series of Tax Exempt Bonds, or with the Rebate Covenants applicable to such Series, in the event that the Issuer obtains an opinion of Bond Counsel that: (i) such compliance is not required in order to maintain the federal income tax exemption of interest on the applicable Series of Bonds; and/or (ii) compliance with some other requirement is necessary to maintain the federal income tax exemption of interest on the applicable Series of Bonds or is a permissible substitute for any deleted requirement. At the written direction of the Issuer, the Trustee shall pay to the United States, out of amounts in the applicable Series Rebate Account in the Rebate Fund established for the related Series of Bonds, the rebate requirement, in the amounts and at the times required by the Rebate Covenants or any letter of instructions given in connection therewith, subject to the provisions thereof. In the event that, prior to the time of any required payment out of any Series Rebate Account in the Rebate Fund, the amount in said Series Rebate Account is not sufficient to make such payment when such payment is due, the Issuer shall deposit with the Trustee for application to the applicable Series Rebate Account in the Rebate Fund an amount equal to such deficiency in said Series Rebate Account prior to the time such payment is due. Any funds remaining in each Series Rebate Account of the Rebate Fund, after redemption and payment of all of the Bonds of a Series relating to such Series Rebate Account and any amounts required to be paid to the United States, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees or other amounts to the Trustee and satisfaction of the rebate requirement described in the Rebate Covenants, and after paying all expenses and fees of any Credit Facility Issuer and the Trustee, shall be withdrawn by the Trustee and remitted to the Issuer. The Issuer shall adopt an amendment or supplement to this Master Indenture and related Supplemental Indenture, or to the Rebate Covenants relating to the Series of Bonds, as may be applicable, to reflect the deletion or substitution of any such requirement. The provisions of this Section shall survive any defeasance of any Series of Tax Exempt Bonds pursuant to Article XIII hereof.

SECTION 8.28. Insurance. The Issuer shall maintain insurance with respect to each Series Project and Additional Series Project, in the form of multiple peril, all risks insurance, provided by a responsible insurance company or companies licensed to and doing business in the State, in the amount determined by the District Manager to be customary and appropriate to provide adequate protection against loss caused by damage to or destruction of any component of each Series Project and Additional Series Project owned by the Issuer, to the extent such insurance is obtainable from time to time. Notwithstanding the foregoing, the Issuer may institute and maintain self-

insurance programs with regard to such risks as shall be consistent with the foregoing. The net proceeds of any casualty, whether from insurance or self-insurance, may be deposited to the related Series Project Account to be used to repair, restore, rebuild or replace the related Series Project or Additional Series Project. If the Issuer determines not to deposit such net proceeds to the Series Project Account or if such net proceeds are insufficient to accomplish the repair, restoration, rebuilding or replacement of the related Series Project or Additional Project, such net proceeds shall be deposited to the related Series Revenue Account and applied in accordance herewith.

[END OF ARTICLE VIII]

FTL1936355.6

56

FTL1936355.6

57

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01. Events of Default Defined. Each of the following shall be an "Event of Default" under this Master Indenture with respect to a Series of Bonds in addition to any other "Event of Default" specified in a Supplemental Indenture with respect to a Series of Bonds:

- (a) if payment of any installment of interest on any Bond of such Series is not made when it becomes due and payable; or
- (b) if payment of the principal or Redemption Price of any Bond of such Series is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or
- (c) if the Issuer, for any reason, is rendered incapable of fulfilling its obligations under this Master Indenture or under the Act or under the Supplemental Indenture relating to such Series of Bonds; or
- (d) if the Issuer proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Issuer or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Issuer and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or
- (e) if the Issuer defaults in any material respect in the due and punctual performance of any other covenant in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds or in any Bond of such Series issued pursuant to this Master Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the Issuer shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or
- (f) written notice shall have been received by the Trustee from a Credit Facility Issuer providing a Credit Facility securing Bonds of such Series that an event of default has occurred under the Credit Facility Agreement, or there shall have been a failure by said Credit Facility Issuer to make said Credit Facility available or to reinstate the interest component of said Credit Facility in accordance with the terms of said Credit Facility, to the

extent said notice or failure is established as an event of default under the terms of the Credit Facility Agreement.

SECTION 9.02. No Acceleration. No Bonds of a Series issued under this Master Indenture shall be subject to acceleration by reason of an Event of Default.

SECTION 9.03. Legal Proceedings by Trustee. If any Event of Default with respect to the Bonds of a Series has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Majority Owners of the Outstanding Bonds of such Series and receipt of indemnity to its satisfaction shall, in its own name:

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds of such Series, including, without limitation, the right to require the Issuer to carry out any agreements with, or for the benefit of, the Bondholders of the Bonds of such Series and to perform its or their duties under the Act;
- (b) bring suit upon the Bonds of such Series;
- (c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds of such Series;
- (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds of such Series; and
- (e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing such Bonds of such Series.

SECTION 9.04. Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, the Issuer, the Trustee, the applicable Paying Agent and the Bondholders of the applicable Series of Bonds shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

SECTION 9.05. Bondholders May Direct Proceedings. The Majority Owners of the Outstanding Bonds of a Series then subject to remedial proceedings under this Article shall have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under this Master Indenture and the applicable Supplemental Indenture with respect to such Series of Bonds, provided that such directions shall not be in conflict with any rule of law or otherwise than in accordance with law or the provisions of this Master Indenture (including, but not limited to, Article X hereof) and the related Supplemental Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unduly prejudicial to the rights of the Owners of such Series of Bonds not parties to such direction or would subject the Trustee to personal liability or expense. Notwithstanding the foregoing, the Trustee shall have the right to select and retain legal counsel of its choosing to represent it in any such proceedings.

FTL1936355.6

58

FTL1936355.6

59

SECTION 9.06. Limitations on Actions by Bondholders. No Bondholder of the Bonds of a Series shall have any right to pursue any remedy hereunder or the applicable Supplemental Indenture or applicable Series of Bonds unless (a) the Trustee shall have been given written notice of an Event of Default with respect to such Series of Bonds and such Event of Default is continuing, (b) the Majority Owners of the Outstanding Bonds of such Series shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, (d) the Trustee shall have declined, or failed, to comply with such request within sixty (60) days after its receipt of such written request and offer of indemnity; and (e) no direction inconsistent with such request has been given to the Trustee during such sixty (60)-day period by the Majority Owners of such Series Outstanding. The provisions of this immediately preceding sentence of this Section 9.06 are conditions precedent to the exercise by any Owner of such Series of Bonds of any remedy hereunder or under the applicable Supplemental Indenture or applicable Series of Bonds. The exercise of such rights is further subject to the provisions of Section 9.05 and Section 9.09 hereof. No one or more Owner of such Series of Bonds shall have any right in any manner whatever to enforce any right under this Master Indenture, the applicable Supplemental Indenture or applicable Series of Bonds, except in the manner provided herein.

SECTION 9.07. Trustee May Enforce Rights Without Possession of Bonds. All rights under this Master Indenture, the related Supplemental Indenture authorizing the issuance of a Series of Bonds and such Series of Bonds may be enforced by the Trustee without the possession of any of the Bonds of such Series or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the applicable Series of Bonds.

SECTION 9.08. Remedies Not Exclusive. Except as limited under Section 14.01 of this Master Indenture, no remedy contained in this Master Indenture or applicable Supplemental Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 9.09. Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.10. Application of Moneys in Event of Default. Any moneys then held, or received by the Trustee or the Paying Agent, as the case may be, in connection with any proceedings brought under this Article with respect to a Series of Bonds, shall be applied in the following order of priority:

(a) to the payment of the costs of the Trustee and Paying Agent incurred in connection with actions taken under this Article with respect to such Series of Bonds, including counsel fees and any disbursements of the Trustee and the Paying Agent and payment of unpaid fees owed to the Trustee allocable to such Series of Bonds.

FTL1936355.6

60

SECTION 9.13. Credit Facility Issuer's Rights Upon Events of Default. Anything in this Master Indenture to the contrary notwithstanding, if any Event of Default with respect to a Series of Bonds has occurred and is continuing while a Credit Facility securing all or a portion of such Series of Bonds Outstanding is in effect, the Credit Facility Issuer shall have the right, in lieu of the Owners of the Bonds of such Series (or portion thereof) secured by said Credit Facility, by an instrument in writing, executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Master Indenture and the related Supplemental Indenture, or exercising any trust or power conferred on the Trustee by this Master Indenture or related Supplemental Indenture. Said direction shall be controlling to the extent the direction of Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility would have been controlling under this Article. If the Credit Facility Issuer shall be in default in the performance of its obligations under the Credit Facility, said Credit Facility Issuer shall have no rights under this Section.

SECTION 9.14. No Cross Default. The occurrence of an Event of Default hereunder or under any Supplemental Indenture with respect to any Series of Bonds shall not constitute an Event of Default with respect to any other Series of Bonds, unless the event giving rise to the Event of Default also constitutes an Event of Default hereunder or under the Supplemental Indenture with respect to such other Series of Bonds.

[END OF ARTICLE IX]

FTL1936355.6

62

(b) thereafter:

FIRST: to payment of all installments of interest then due on the Bonds of such Series in the order of maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any preference or priority of one installment of interest over any other installment; and

SECOND: to payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds of such Series which shall have become due in the order of their due dates, with interest on said Bonds of such Series from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the principal or Redemption Price coming due on said Bonds of such Series on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any preference or priority of one such Bond of such Series over another or of any installment of interest over another.

Any surplus remaining after the payments described above shall be paid to the Issuer or, if a Responsible Officer of the Issuer so directs the Trustee, to the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct the Trustee.

For purposes of the application of moneys described above, to the extent payments of principal of and interest on the Bonds of such Series shall have been made under a Credit Facility relating thereto, the Credit Facility Issuer shall be entitled to moneys in the related Series Accounts in the related Debt Service Fund in accordance with the agreement pursuant to which such Credit Facility has been issued (but subject to subsection (a) hereof and Section 10.04 hereof) and the Certified Resolution of the Issuer authorizing the issuance of the Series of Bonds to which such Credit Facility relates.

SECTION 9.11. Trustee's Right to Receiver; Compliance with Act. The Trustee shall be entitled as of right to the appointment of a receiver and the Trustee, the Bondholders of the affected Series of Bonds and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act and other applicable law of the State.

SECTION 9.12. Trustee and Bondholders Entitled to all Remedies under Act. It is the purpose of this Article to provide such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act and other applicable laws of the State; if any remedy herein granted shall be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act and other applicable laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article shall apply to and be binding upon any receiver appointed in accordance with Section 9.11 hereof.

FTL1936355.6

61

ARTICLE X THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

SECTION 10.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto and the Bondholders agree. The Trustee shall have only those duties expressly set forth herein and no duties shall be implied against the Trustee. The Trustee shall act as Trustee for the Bonds.

SECTION 10.02. No Responsibility for Recitals. The recitals, statements and representations in this Master Indenture, in any Supplemental Indenture or in the Bonds, save only the Trustee's Certificate, if any, upon the Bonds, have been made by the Issuer and not by the Trustee and the Trustee shall be under no responsibility for the correctness thereof.

SECTION 10.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel and other experts concerning all questions hereunder; the Trustee shall not be answerable for the default or misconduct of any attorney, agent or other expert selected and supervised by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Master Indenture or any Supplemental Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct or breach of its obligations hereunder.

SECTION 10.04. Compensation and Indemnity. The Issuer shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, and shall indemnify and, to the extent permitted by applicable law, hold the Trustee harmless against any liabilities which it may incur in the proper exercise and performance of its powers and duties hereunder or any Supplemental Indenture, except with respect to its own willful misconduct, negligence or breach of its obligations hereunder. If the Issuer defaults in respect of the foregoing obligations, the Trustee may, payable in the order of priority set forth in Section 9.10 hereof, deduct the amount owing to it from any moneys held by it or coming into its hands but exclusive of the Rebate Fund and moneys from a drawing on any Credit Facility. This provision shall survive the termination of this Master Indenture and any Supplemental Indenture and, as to any Trustee, its removal or resignation as Trustee.

SECTION 10.05. No Duty to Renew Insurance. The Trustee shall not be under any duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the Issuer to require or effect or renew insurance or to report or file claims of loss thereunder.

SECTION 10.06. Notice of Default; Right to Investigate. The Trustee shall give written notice by first-class mail to registered Holders of the Bonds of the affected Series of all defaults known to the Trustee, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 10.07 being defined to include the events specified as "Events of Default" in Article X hereof, but not including any notice or periods of grace provided for therein); provided that, except in the case of a default in payment of principal or interest or Redemption Price, the

FTL1936355.6

63

Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondholders of such Series. The Trustee shall not be deemed to have notice or know of any default other than a payment default under this Master Indenture or a notification by a Credit Facility Issuer of a default under its Credit Facility, unless notified in writing of such default by at least the Majority Owners of the Outstanding Bonds of the affected Series. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder, and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Issuer, an investigation into the affairs of the Issuer.

SECTION 10.07. Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise unless it is requested in writing to do so by at least the Majority Owners of the Outstanding Series of Bonds which are or would be, upon the taking of such action, subject to remedial proceedings under Article IX of this Master Indenture and, if in its opinion such action may tend to involve expense or liability, unless it is also furnished with indemnity satisfactory to it.

SECTION 10.08. Reliance by Trustee. The Trustee may act on any opinion or advice of professionals, requisition, resolution, notice, telegram, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed, signed or given by the persons purporting to be authorized (which in the case of the Issuer shall be a Responsible Officer) or to have been prepared and furnished pursuant to any of the provisions of this Master Indenture or any Supplemental Indenture; the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement. The Trustee shall have no duty to review the information delivered to the Trustee by the Issuer pursuant to Sections 8.15, 8.17 or 8.18 hereof and the Trustee's sole duty with respect to such information shall be to hold it for review by any Bondholder.

SECTION 10.09. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to this Master Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Issuer; provided, however, that if the Trustee determines that any such relation is in conflict with its duties under this Master Indenture or any Supplemental Indenture, it shall eliminate the conflict or resign as Trustee.

SECTION 10.10. Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of this Master Indenture or any Supplemental Indenture, and except as otherwise provided in Article XII of this Master Indenture, any construction by the Trustee shall be binding upon the Bondholders. The Trustee shall give prompt notice to the Issuer of any intention to make such construction.

SECTION 10.11. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Master Indenture by written resignation filed with the Secretary of the Board of the Issuer not less than sixty (60) days before the date when such resignation is to take effect; provided, however, that (i) if any Outstanding Bonds are not registered Bonds, notice of such

resignation is published at least once a week for three (3) consecutive calendar weeks in at least one Authorized Newspaper and at least once in The Bond Buyer, or its successor, if any, the first publication to appear not less than three (3) weeks prior to the date when the resignation is to take effect; and that (ii) if any Outstanding Bonds are registered Bonds, notice of such resignation shall be sent by first-class mail to each Bondholder as its name and address appears on the Bond Register and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer, if any, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing, such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within ninety (90) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. Notice of such resignation shall also be given to any rating agency that shall then have in effect a rating on any of the Bonds.

SECTION 10.12. Removal of Trustee. The Trustee may be removed at any time by either (a) the Issuer, if no Event of Default exists and is continuing under this Master Indenture without the consent of the Owners, or (b) an instrument or concurrent instruments in writing, executed by the Owners of at least the Majority Owners of the Bonds then Outstanding and filed with the Issuer. A photographic copy of any instrument or instruments filed with the Issuer under the provisions of this paragraph, duly certified by a Responsible Officer, shall be delivered promptly by the Issuer to the Trustee and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer, if any.

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

SECTION 10.13. Appointment of Successor Trustee. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Issuer shall appoint a successor and (i) if any Outstanding Bonds are not registered Bonds, shall publish notice of such appointment in an Authorized Newspaper and in The Bond Buyer, or its successor, if any, and (ii) if any Outstanding Bonds are registered Bonds, shall mail notice of such appointment by first-class mail to each Bondholder as its name and address appear on the Bond Register, and to the Paying Agent, Registrar, Credit Facility Issuer, if any, and any rating agency that shall then have in effect a rating on any of the Bonds. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Master Indenture prior to the date specified in the notice of resignation or removal as the date when such resignation or removal was to take effect, the Majority Owners of all Bonds then Outstanding may appoint a successor Trustee. Notwithstanding the foregoing, if an Event of Default has occurred hereunder and is continuing, and the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall

forthwith exist in the office of the Trustee, and a successor may be appointed by any court of competent jurisdiction upon the application of the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding, and such successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Registrar, any Credit Facility Issuer and any rating agency that shall then have in effect a rating on any of the Bonds.

SECTION 10.14. Qualification of Successor Trustee. A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000.

SECTION 10.15. Instruments of Succession. Any successor Trustee shall, subject to Section 10.16 hereof, execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder and thereupon, such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder, after deducting all amounts owed to the Trustee, shall pay over to the successor Trustee all moneys held by it hereunder and, upon request of the successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument or instruments prepared by the Issuer transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the predecessor Trustee, except for its rights under Section 10.04 hereof. The successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Registrar, any Credit Facility Issuer and any rating agency that shall then have in effect a rating on any of the Bonds.

SECTION 10.16. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated or into which all or substantially all of its corporate trust assets shall be sold or its operations conveyed, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Master Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 10.14 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article.

SECTION 10.17. Extension of Rights and Duties of Trustee to Paying Agent and Registrar. The provisions of Sections 10.02, 10.03, 10.04, 10.08, 10.09 and 10.10 hereof are hereby made applicable to each Paying Agent and the Registrar, as appropriate, and any Person serving as Paying Agent and/or Registrar, hereby enters into and agrees to comply with the covenants and agreements of this Master Indenture and any Supplemental Indenture applicable to such Paying Agent and Registrar, respectively.

SECTION 10.18. Resignation of Paying Agent or Registrar. Any Paying Agent or Registrar may resign and be discharged of the duties created by this Master Indenture and any Supplemental Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the Issuer, the Trustee, and any rating agency that shall then have in effect a rating on any of the Bonds of the Series for which it is acting as Paying Agent or Registrar, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation not less than three (3) weeks prior to such resignation date to the Bondholders of the applicable Series of Bonds, mailed to their addresses as such appear in the Bond Register. Such resignation shall take effect on the date specified in such instrument and notice, but only if a successor Paying Agent or Registrar shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Registrar. If the successor Paying Agent or Registrar shall not have been appointed within a period of ninety (90) days following the giving of notice, then the Paying Agent or Registrar shall be authorized to petition any court of competent jurisdiction to appoint a successor Paying Agent or Registrar as provided in Section 10.22 hereof.

SECTION 10.19. Removal of Paying Agent or Registrar. Any Paying Agent or Registrar for a Series of Bonds may be removed at any time prior to any Event of Default by the Issuer with respect to that Series of Bonds by filing with the Paying Agent or Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by the Issuer appointing a successor, or an instrument or instruments in writing designating, and accompanied by an instrument or appointment by the Issuer of, such successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder.

SECTION 10.20. Appointment of Successor Paying Agent or Registrar. In case at any time any Paying Agent or Registrar for a Series of Bonds shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Registrar, as the case may be, and a successor shall be appointed by the Issuer; and in case at any time the Paying Agent or Registrar shall resign, then a successor shall be appointed by the Issuer. After any such appointment, notice of such appointment shall be given by the Issuer to the predecessor Paying Agent or Registrar, the successor Paying Agent or Registrar, the Trustee, any rating agency that shall then have in effect a rating on any of the Bonds of the affected Series, and all Bondholders of such Series. Any new Paying Agent or Registrar so appointed shall immediately, and without further act, supersede the predecessor Paying Agent or Registrar.

SECTION 10.21. Qualifications of Successor Paying Agent or Registrar. Every successor Paying Agent or Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (i) authorized by law to perform all the duties imposed upon it by this Master Indenture and any Supplemental Indenture

and (iii) capable of meeting its obligations hereunder and thereunder, and (b) shall have a combined net capital and surplus of at least \$50,000,000.

SECTION 10.22. Judicial Appointment of Successor Paying Agent or Registrar. In case at any time any Paying Agent or Registrar shall resign and no appointment of a successor Paying Agent or Registrar shall be made pursuant to the foregoing provisions of this Master Indenture prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Paying Agent or Registrar may forthwith apply to a court of competent jurisdiction for the appointment of a successor Paying Agent or Registrar. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Paying Agent or Registrar. Notice of such appointment shall be given by the successor Registrar or Paying Agent to the Issuer, the Trustee, any rating agency that shall then have in effect a rating on any of the Series of Bonds affected, and all Bondholders of such Series. In the absence of such an appointment, the Trustee shall become the Registrar or Paying Agent for such Series of Bonds, or and shall so notify the Issuer, any rating agency that shall have issued a rating on the Bonds on such Series, and all Bondholders of such Series.

SECTION 10.23. Acceptance of Duties by Successor Paying Agent or Registrar. Any successor Paying Agent or Registrar for a Series of Bonds shall, subject to Section 10.24 hereof, become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Registrar herein. Upon request of such Paying Agent or Registrar, such predecessor Paying Agent or Registrar and the Issuer shall execute and deliver an instrument transferring to such successor Paying Agent or Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Registrar and such predecessor Paying Agent or Registrar shall pay over and deliver to the successor Paying Agent or Registrar all moneys and other assets at the time held by it hereunder.

SECTION 10.24. Successor by Merger or Consolidation. Any corporation into which any Paying Agent or Registrar hereunder may be merged or converted or with which it may be consolidated or into which all or substantially all of its corporate trust assets shall be sold or its operations conveyed, or any corporation resulting from any merger or consolidation to which any Paying Agent or Registrar hereunder shall be a party, shall be the successor Paying Agent or Registrar under this Master Indenture without the execution or filing of any paper or any further act on the part of the parties thereto, anything in this Master Indenture or any Supplemental Indenture to the contrary notwithstanding.

[END OF ARTICLE X]

FTL1936355.6

68

ARTICLE XII AMENDMENTS AND SUPPLEMENTS

SECTION 12.01. Amendments and Supplements Without Bondholders' Consent. This Master Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by a Certified Resolution of the Issuer filed with the Trustee, for one or more of the following purposes:

(a) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;

(b) for any purpose not inconsistent with the terms of this Master Indenture, or to cure any ambiguity or to cure, correct or supplement any defective provision (whether because of any inconsistency with any other provision hereof or otherwise) of this Master Indenture, in such manner as shall not impair the security hereof or thereof or adversely affect the rights and remedies of the Bondholders;

(c) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of any Series Project or Additional Series Project to the United States of America, the State, the County, or any department, agency or branch of any thereof, or any other unit of government of the United States of America, the State, or the County; provided, however, that the Issuer shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or adversely affect the rights and remedies of the Bondholders of the Series of Bonds that financed or refinanced such Series Project or Additional Series Project; and

(d) to make such changes as may be necessary in order to reflect amendments to the Act, Chapter 170, Florida Statutes or Chapter 197, Florida Statutes, so long as, in the opinion of counsel to the Issuer, such changes either: (i) do not have an adverse effect on the Holders of the Bonds; or (ii) if such changes do have an adverse effect, that they nevertheless are required to be made as a result of such amendments; and

(e) to provide for, and set forth any or all of the matters in connection with, the issuance of a Series of Bonds or bond anticipation notes in accordance with the provisions hereof, provided that the issuance of Additional Bonds satisfy the requirements of any Supplemental Indenture relating to the original Series of Bonds to which such Additional Bonds relate.

SECTION 12.02. Amendments With Bondholders' Consent.

(a) Subject to the provisions of Section 12.03 hereof, this Master Indenture may be amended from time to time by a Supplemental Indenture approved by the Majority Owners of the Bonds then Outstanding; provided that the provisions regarding: (i) the interest payable upon any Bonds, (ii) the dates of maturity or redemption provisions of any Bonds, (iii) this Article XII and (iv) the security provisions hereunder, may only be amended by approval of the Owners of all Bonds to be so amended.

FTL1936355.6

70

B-19

ARTICLE XI ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS

SECTION 11.01. Acts of Bondholders; Evidence of Ownership of Bonds. Any action to be taken by Bondholders may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Bondholders in person or by an agent appointed in writing. The fact and date of the execution by any person of any such instrument may be provided by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution. Any action by the Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered by the Issuer, Trustee, Paying Agent or Registrar in pursuance thereof.

[END OF ARTICLE XI]

FTL1936355.6

69

(b) In addition to the foregoing, the Majority Owners of the Bonds of a Series then Outstanding shall have the right, from time to time, anything contained in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental to the Supplemental Indenture relating to such Series of Bonds or amendatory thereof, but not hereof, as shall be deemed desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of such Supplemental Indenture or of any Supplemental Indenture; provided, however, that the provisions regarding: (i) the interest payable upon any Bonds of such Series, (ii) the dates of maturity or redemption provisions of any Bonds of such Series, (iii) this Section 12.02(b), and (iii) the security provisions hereunder and under the Supplemental Indenture applicable to the Bonds of such Series, may only be amended by approval of the Owners of all Bonds of such Series to be so amended.

SECTION 12.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join in the execution and delivery of any Supplemental Indenture or amendment permitted by this Article and in so doing may request and is entitled to receive and rely on a written opinion of Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

SECTION 12.04. Credit Facility Issuer as Owner. As long as a Credit Facility securing all or a portion of the Bonds of a Series Outstanding is in effect and the Credit Facility Issuer is not in default thereunder, the Credit Facility Issuer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit Facility: (i) at all times for the purpose of the execution and delivery of a Supplemental Indenture or of any amendment, change or modification of the Indenture or the applicable Supplemental Indenture or the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the Majority Owners of the Bonds of the Series at the time Outstanding; (ii) at all times for the purpose of the mailing of any notice to Owners under the Master Indenture or the applicable Supplemental Indenture; and (iii) following an Event of Default for all other purposes, subject to the provisions of Section 9.13 hereof. Notwithstanding the foregoing, a Credit Facility Issuer with respect to a Series of Bonds will not be deemed to be an Owner of the Bonds of such Series with respect to any such Supplemental Indenture or of any amendment, change or modification of the Master Indenture which would have the effect of permitting: (i) a change in the terms of redemption or maturity of any Bonds of a Series Outstanding or of any installment of interest thereon; or (ii) a reduction in the principal amount or the Redemption Price thereof or in rate of interest thereon; or (iii) reducing the percentage or otherwise affecting the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment; or (iv) creating any preference or priority of any Bond of a Series over any other Bond of such Series.

[END OF ARTICLE XII]

FTL1936355.6

71

**ARTICLE XIII
DEFEASANCE**

SECTION 13.01. Defeasance.

(a) If the Issuer pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon and the obligations under any Credit Facility at the times and in the manner stipulated therein and in this Master Indenture and any Credit Facility and pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture, including any amounts then owing to the Trustee, then the lien of this Master Indenture and all covenants, agreements and other obligations of the Issuer to the Owners and any Credit Facility Issuer shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the request of the Issuer shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the Issuer, all moneys or securities held by them pursuant to this Master Indenture which are not required for the payment of principal, interest or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Credit Facility. If the Issuer pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds or of a particular maturity, of a particular Series or of any part of a particular maturity or Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Master Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture, and all covenants, agreements and obligations of the Issuer to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Anything to the contrary in this Section 13.01 notwithstanding, this Master Indenture shall not be discharged nor shall any Bonds with respect to which moneys or Defeasance Securities have been deposited in accordance with the provisions of this Section 13.01 cease to be entitled to the lien, benefit or security under this Master Indenture, except to the extent that the lien, benefit and security of this Master Indenture and the obligations of the Issuer hereunder shall be limited solely to and such Bonds shall be secured solely by and be payable solely from the moneys or Defeasance Securities so deposited.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Outstanding Bonds of any particular maturity or Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 13.01 if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee or each applicable Bond Registrar irrevocable instructions accepted in writing by the Trustee or each such Bond Registrar to mail as provided in Article VII notice of redemption of such Bonds on such date; (ii) there shall have

been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which when due shall, as demonstrated in a certificate of a Certified Public Accountant, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be; (iii) the Issuer shall have given the Trustee or each applicable Bond Registrar in form satisfactory to it irrevocable instructions to mail, postage prepaid, to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the Issuer, a notice to the registered Owners of such Bonds and to each applicable Registrar that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 13.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds; and, (iv) an opinion of Bond Counsel to the effect that such defeasance is permitted under this Master Indenture and the Supplemental Indenture relating to the Series of Bonds so defeased. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section 13.01 nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee: (i) to the extent such cash shall not be required at any time for such purpose as evidenced by a certificate of a Certified Public Accountant or, and to the extent all obligations under any Credit Facility are satisfied, as determined by an Insurer or any Credit Facility Issuer providing a Credit Facility securing the Bonds with respect to which such Defeasance Securities have been so deposited, shall be paid over upon the direction of the Issuer as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and (ii) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds, or obligations under any Credit Facility, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the Issuer, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture. For the purposes of this provision, Defeasance Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(c) As to any Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (a) or (b) above, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been

FTL1936355.6

required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds and obligations under any Credit Facility pursuant to the provisions of this Section, the Issuer may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Master Indenture or under any Credit Facility.

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

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the Issuer be repaid by the Trustee or Paying Agent to the Issuer, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Issuer for the payment of such Bonds; provided, however, that before being required to make any such payment to the Issuer, the Trustee or Paying Agent shall, at the expense of the Issuer, cause to be mailed, postage prepaid, to any Credit Facility Issuer, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the Issuer, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Issuer.

(f) In the event that the principal and Redemption Price, if applicable, and interest due on the Bonds shall be paid by a Credit Facility Issuer pursuant to a municipal bond insurance policy, the assignment and pledge and all covenants, agreements and other

FTL1936355.6

FTL1936355.6

obligations of the Issuer to the Owners of such Bonds shall continue to exist and the Credit Facility Issuer shall be subrogated to the rights of such Owners.

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

SECTION 13.02. Moneys Held in Trust. All moneys and obligations held by an escrow or paying agent or trustee pursuant to this Section shall be held in trust and the principal and interest of said obligations when received, and said moneys, shall be applied to the payment, when due, of the principal, interest and premium, if any, of the Bonds to be paid or to be called for redemption.

[END OF ARTICLE XIII]

FTL1936355.6

STATE OF FLORIDA)
) SS:
COUNTY OF MANATEE)

EXHIBIT A

FORM OF BONDS

On this ___ day of November, 2014, before me, a notary public in and for the State and County aforesaid, personally appeared Scott Schuhle, an authorized signatory of U.S. Bank National Association, as Trustee, who acknowledged that he did sign said instrument as such officer for and on behalf of said corporation; and that the same is his free act and deed as such officer and the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Florida

My Commission expires:

[NOTARIAL SEAL]

R- _____ \$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
(MANATEE COUNTY, FLORIDA)
[BENEFIT] SPECIAL ASSESSMENT BOND,
SERIES 20 _____

Interest Rate _____ Maturity Date _____ Date Date _____ CUSIP NO. _____
_____ % _____ 1, 20 _____ 1, 20 _____

Registered Owner: CEDE & CO.

Principal Amount: _____ Dollars

KNOW ALL PERSONS BY THESE PRESENTS that Heritage Harbour North Community Development District (the "Issuer"), for value received, hereby promises to pay to the registered owner shown above or registered assigns, on the date specified above, from the sources hereinafter mentioned, upon presentation and surrender hereof at the corporate trust office of U.S. Bank National Association, in _____, Florida, as paying agent (said U.S. Bank National Association and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the principal sum of _____ DOLLARS (\$ _____) with interest thereon at the rate of _____ % per annum, payable on the first day of May and November of each year, commencing _____ 1, 20 _____. Principal of this Bond is payable at the corporate trust office of U.S. Bank National Association, located in _____, Florida, in lawful money of the United States of America. As long as this Bond is maintained under a book-entry only system, no presentation of this Bond is required. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed to the address of the registered owner as such name and address shall appear on the registry books of the Issuer maintained by U.S. Bank National Association, as Registrar (said U.S. Bank National Association and any successor Registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each interest payment date or the date on which the principal of a Bond is to be paid (the "Record Date"). Such interest shall be payable from the most recent interest payment date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a May 1 or November 1 to which interest has been paid, in which case from

FTL:1936355:6

FTL:1936355:6

the date of authentication hereof or unless the date of authentication hereof is between a Record Date and the next succeeding interest payment date, in which case from such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice whereof shall be given to Bondholders of record as of the fifth (5th) day prior to such mailing, at their registered addresses, not less than ten (10) days prior to such Special Record Date, or may be paid, at any time in any other lawful manner, as more fully provided in the Indenture (defined below).

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY OUT OF THE PLEDGED REVENUES PLEDGED THEREFORE UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE ISSUER, MANATEE COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE BONDS, EXCEPT THAT THE ISSUER IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SPECIAL ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, MANATEE COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

This Bond is one of an authorized issue of Bonds of Heritage Harbour North Community Development District, a community development district duly created, organized and existing under Chapter 190, Florida Statutes, by Ordinance No. 06-71 enacted by Manatee County, Florida on November 2, 2006, as amended, and other applicable law (the "Act") designated as "Heritage Harbour North Community Development District (Manatee County, Florida) Special Assessment Bonds, Series 20 _____" in the aggregate principal amount of _____ Dollars (\$ _____) (the "Bonds") of like date, tenor and effect, except as to number. The Bonds are being issued under authority of the Act, to pay the costs of acquisition and/or construction of a project consisting of certain infrastructure and facilities, as defined in the hereinafter mentioned Indenture (the "Project"), make deposits to certain Funds and Accounts created under the Indenture and pay costs of issuing the Bonds. The Bonds shall be issued as fully registered Bonds in authorized denominations, as set forth in the Indenture. The Bonds are issued under and secured by a Master Trust Indenture (the "Master Indenture") dated as of November 1, 2014, as supplemented by a _____ Supplemental Indenture (the "_____ Supplemental Indenture") dated as of _____ 1, 20 ____ (collectively, the "Indenture"), each entered into by and between the Issuer and the Trustee, executed counterparts of which are on file at the corporate trust office of the Trustee in _____, Florida.

Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds issued under the Indenture, the operation and application of the Series 20 _____ Debt Service Account and other Accounts and Subaccounts (each as defined in the Indenture) charged with and pledged to the payment of the principal of, premium, if any, and the interest on the Bonds, the levy and the evidencing and certifying for

collection, of Series 20 _____ Special Assessments, the nature and extent of the security for the Bonds, the terms and conditions on which the Bonds are issued, the rights, duties and obligations of the Issuer and of the Trustee under the Indenture, the conditions under which such Indenture may be amended without the consent of the owners of Bonds, the conditions under which such Indenture may be amended with the consent of the Majority Owners of the Bonds Outstanding, and as to other rights and remedies of the owners of the Bonds.

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.

It is expressly agreed by the owner of this Bond that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, Manatee County, Florida, the State of Florida or any political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, Manatee County, Florida, the State of Florida or any political subdivision thereof, for the payment of the principal of, premium, if any, and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Series 20 _____ Special Assessments to be assessed and levied by the Issuer with respect to the Bonds as set forth in the Indenture.

By the acceptance of this Bond, the owner hereof assents to all the provisions of the Indenture.

This Bond is payable from and secured by the Series 20 _____ Pledged Revenues, as such term is defined in the Indenture, all in the manner provided in the Indenture. The Indenture provides for the levy and the evidencing and certifying, of non ad valorem assessments in the form of Series 20 _____ Special Assessments to secure and pay the Bonds.

[Optional Redemption] The Series 20 _____ Bonds are subject to redemption at the option of the Issuer prior to maturity, in whole or in part at any time on or after _____ 1, 20 ____ (less than all Series 20 _____ Bonds of the same maturity to be selected at the direction of the Issuer), at the Redemption Price of 100% of the principal amount of such Series 20 _____ Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.]

[Mandatory Sinking Fund Redemption] The Series 20 _____ Bonds are subject to mandatory sinking fund redemption on _____ 1 in the respective years set forth in the following table, at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date.

FTL:1936355:6

FTL:1936355:6

Year (_____)	Principal Amount	Year (_____)	Principal Amount
-------------------	---------------------	-------------------	---------------------

* Final maturity]

In connection with such mandatory sinking fund redemption of Series 20 _____ Bonds, amounts shall be transferred from the Series 20 _____ Revenue Account to the Series 20 _____ Sinking Fund Subaccount of the Series 20 _____ Debt Service Account, all as more particularly described in Section 4.02(d) of the _____ Supplemental Indenture. Upon any redemption of Series 20 _____ Bonds (other than Series 20 _____ Bonds redeemed in accordance with the mandatory sinking fund schedule above or redeemed at the direction of the Issuer accompanied by a cash flow certificate as required by Section 7.04 of the Master Indenture) the Issuer shall cause to be recalculated and delivered to the Trustee a revised schedule of mandatory sinking fund redemption of the Series 20 _____ Bonds so as to re-amortize the remaining Outstanding Series 20 _____ 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 20 _____ Bonds.]

[Extraordinary Mandatory Redemption. The Series 20 _____ Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory Redemption Price equal to 100% of the principal amount of the Series 20 _____ Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

- (i) from moneys transferred from the Series 20 _____ Project Account and deposited into the Series 20 _____ Prepayment Subaccount of the Series 20 _____ Redemption Subaccount following the Date of Completion of the Series 20 _____ Project as provided in Section 3.05 of the _____ Supplemental Indenture;
- (ii) from Series 20 _____ Prepayment Principal deposited into the Series 20 _____ Prepayment Subaccount of the Series 20 _____ Redemption Subaccount pursuant to Section 4.02(a) of the _____ Supplemental Indenture;
- (iii) from amounts in the Series 20 _____ Reserve Subaccount transferred to the Series 20 _____ Prepayment Subaccount as a result of a decrease in the Series 20 _____ Reserve Requirement (after payment of any Series 20 _____ Deferred Obligations), pursuant to Section 4.03 of the _____ Supplemental Indenture;
- (iv) when amounts on deposit in the Series 20 _____ Reserve Subaccount, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 20 _____ Bonds then outstanding and any unpaid Series 20 _____ Deferred Obligations and are transferred to the Series 20 _____ Prepayment Subaccount as provided in Section 4.03 of the _____ Supplemental Indenture.]

FTL-1936355.6

A-4

Trustee, or such other authenticating agent as may be appointed by the Trustee under the Indenture, of the certificate of authentication endorsed hereon.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Act, and that the issuance of this Bond, and of the issue of the Bonds of which this Bond is one, is in full compliance with all constitutional and statutory limitations or provisions.

IN WITNESS WHEREOF, Heritage Harbour North Community Development District has caused this Bond to be signed by the facsimile signature of the Chairman of its Board of Supervisors and a facsimile of its seal to be imprinted hereon, and attested by the facsimile signature of the Secretary of its Board of Supervisors, all as of the date hereof.

**HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT
DISTRICT**

(SEAL)

By: _____
Chairman
Board of Supervisors

Attest:

By: _____
Secretary
Board of Supervisors

FTL-1936355.6

A-6

Notice of Redemption and of Purchase. When required to redeem or purchase Bonds under any provision of the Indenture or directed to do so by the Issuer, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses and also to any Credit Facility Issuer, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Bonds for which notice was duly mailed in accordance with the Indenture. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the Bonds Outstanding which shall be called for redemption or purchase and shall include, certain additional information required by the Indenture.

Partial Redemption of Bonds. If less than all the Bonds of a maturity are to be redeemed, the Trustee shall select the particular Bonds or portions of Bonds to be redeemed by lot in such reasonable manner as the Trustee in its discretion may determine.

The Issuer shall keep books for the registration of the Bonds at the corporate trust office of the Registrar in _____, Florida. Subject to the restrictions contained in the Indenture, the Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer shall execute and the Trustee or such other authenticating agent as may be appointed by the Trustee under the Indenture shall authenticate and deliver a new Bond or Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. There shall be no charge for any such exchange or transfer of Bonds, but the Issuer may require payment of a sum sufficient to pay any tax, fee or other governmental charge imposed. Neither the Issuer nor the Registrar shall be required (a) to transfer or exchange Bonds for a period of 15 days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bond called for redemption in whole or in part.

The Issuer, the Trustee, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, the Paying Agent or the Registrar) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

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 execution of the

FTL-1936355.6

A-5

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication: _____, 20 _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

FTL-1936355.6

A-7

STATEMENT OF VALIDATION

This Bond is one of an issue of Bonds which were validated by judgment of the Circuit Court of the Circuit Court in and for Manatee County, Florida, rendered on the 5th day of November, 2013.

Chairman

ATTEST:

Secretary

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 rights of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

Under Uniform Gifts to Minors

Act _____
(State)

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

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(please print or typewrite name and address of assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Please insert social security or other identifying number of Assignee.

TABLE OF CONTENTS

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

FIRST SUPPLEMENTAL TRUST INDENTURE

between

HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

and

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

Dated as of November 1, 2014

relating to

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
(MANATEE COUNTY, FLORIDA)
SPECIAL ASSESSMENT BONDS, SERIES 2014**

	<u>Page</u>
ARTICLE I DEFINITIONS	3
SECTION 1.01. Definitions.....	3
ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF 2014 BONDS	6
SECTION 2.01. Authorization of 2014 Bonds; Book-Entry Only Form.....	6
SECTION 2.02. Terms of 2014 Bonds.....	7
SECTION 2.03. Dating; Interest Accrual.....	7
SECTION 2.04. Denominations.....	7
SECTION 2.05. Paying Agent.....	7
SECTION 2.06. Registrar.....	7
SECTION 2.07. Conditions Precedent to Issuance of 2014 Bonds.....	8
ARTICLE III REDEMPTION OF 2014 BONDS.....	8
SECTION 3.01. 2014 Bonds Subject to Redemption.....	8
ARTICLE IV DEPOSIT OF PROCEEDS OF 2014 BONDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF.....	9
SECTION 4.01. Establishment of Accounts.....	9
SECTION 4.02. Use of Proceeds of the 2014 Bonds.....	9
SECTION 4.03. 2014 Project Account.....	10
SECTION 4.04. Costs of Issuance Account.....	10
SECTION 4.05. 2014 Reserve Account.....	11
SECTION 4.06. Amortization Installments.....	12
SECTION 4.07. Application of Revenues and Investment Earnings.....	12
ARTICLE V CONCERNING THE TRUSTEE	15
SECTION 5.01. Acceptance by Trustee.....	15
SECTION 5.02. Limitation of Trustee's Responsibility.....	15
SECTION 5.03. Trustee's Duties.....	15
ARTICLE VI ADDITIONAL BONDS	15
SECTION 6.01. Parity Bonds.....	15
ARTICLE VII COVENANTS OF THE ISSUER; ADDITIONAL EVENTS OF DEFAULTS AND REMEDIES; MISCELLANEOUS.....	16
SECTION 7.01. Confirmation of Master Indenture.....	16
SECTION 7.02. Continuing Disclosure Agreement.....	16
SECTION 7.03. Additional Covenants Regarding Collection of 2014 Assessments.....	16
SECTION 7.04. Additional Matters Relating to Delinquent Assessments.....	16
SECTION 7.05. Additional Matters Relating to 2014 Assessments and Assessment Proceedings.....	17
SECTION 7.06. Additional Matters Relating to Events of Default.....	18
SECTION 7.07. Provisions Relating to Bankruptcy or Insolvency of Landowner.....	18

(i)

SECTION 7.08. Miscellaneous.....20

EXHIBITS

Exhibit A - Form of 2014 Bonds	A-1
Exhibit B - 2014 Project Account Requisition.....	B-1
Exhibit C - 2014 Costs of Issuance Account Requisition.....	C-1
Exhibit D - Description of Project.....	D-1

FIRST SUPPLEMENTAL TRUST INDENTURE

THIS FIRST SUPPLEMENTAL TRUST INDENTURE (the "First Supplemental Indenture") dated as of November 1, 2014, from **HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT** (the "Issuer") to U.S. Bank National Association, as Trustee (the "Trustee"), a national banking association existing under and by virtue of the laws of the United States and authorized to accept and execute trusts of the character herein set out, with its designated office and post office address located at Fort Lauderdale, Florida, Attention: Corporate Trust Department. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Master Indenture (hereinafter defined).

WHEREAS, the Issuer has entered into the Master Indenture with the Trustee to secure the issuance from time to time of its Heritage Harbour North Community Development District Special Assessment Bonds (the "Bonds") in one or more Series; and

WHEREAS, pursuant to the Bond Resolution, the Issuer authorized the issuance, sale and delivery of not to exceed \$12,200,000 of its Bonds in one or more Series as authorized under the Master Indenture; and

WHEREAS, the Bonds were validated by final judgment of the Circuit Court in and for Manatee County, Florida on November 5, 2013; and

WHEREAS, the Board of the Issuer duly adopted Resolution Nos. 2013-8 and 2013-9 on September 17, 2013 providing for the acquisition and construction of the Project, providing estimated Costs of the Project, defining assessable property to be benefited by the Project, defining the cost of the Project with respect to which 2014 Assessments will be imposed and the manner in which such 2014 Assessments shall be levied against such benefited property within the District Lands, directing the preparation of an assessment roll, and, stating the intent of the Issuer to issue bonds of the Issuer secured by such 2014 Assessments to finance the costs of the acquisition and construction of all or a portion of the Project and the Board of the Issuer duly adopted Resolution No. 2014-1 on October 18, 2013, following a public hearing conducted in accordance with the Act, to fix and establish the 2014 Assessments; and

WHEREAS, the Issuer has determined that it is necessary and desirable at this time to proceed with the acquisition, construction, installation and equipping of the Project; and

WHEREAS, pursuant to the Award Resolution, the Issuer, among other matters, authorized the issuance of its not exceeding \$9,000,000 in aggregate principal amount of its Special Assessment Bonds in one Series (the "2014 Bonds"), pursuant to the Master Indenture, as supplemented hereby, for the purpose of providing funds sufficient to: (i) finance the construction, acquisition, equipping and/or improvement of a portion of the Project comprising the "2014 Project," as defined herein; (ii) pay Capitalized Interest on such 2014 Bonds through November 1, 2015; (iii) fund the account in the Reserve Fund established for such 2014 Bonds; and (iv) pay certain costs associated with the issuance of such 2014 Bonds; and

WHEREAS, the execution and delivery of the 2014 Bonds and of this First Supplemental Indenture have been duly authorized by the Board of the Issuer and all things necessary to make the 2014 Bonds, when executed by the Issuer and authenticated by the Trustee, valid and binding legal obligations of the Issuer and to make this First Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the 2014 Trust Estate, as hereinafter defined (a "Series Trust Estate" as defined in the Master Indenture) have been done.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS FIRST SUPPLEMENTAL TRUST INDENTURE WITNESSETH:

That the Issuer, 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 2014 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 the Redemption Price, of and interest on, the 2014 Bonds Outstanding 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 to further secure the observance and performance by the Issuer of all the covenants, expressed or implied in the Master Indenture, in this First Supplemental Indenture and in the 2014 Bonds: (a) has executed and delivered this First 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 Issuer, 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, and, with respect to the 2014 Bonds only, the 2014 Pledged Revenues (as hereinafter defined) and the 2014 Pledged Funds and Accounts (as hereinafter defined) which shall comprise a part of the 2014 Trust Estate (as hereinafter defined);

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 2014 Bonds issued or to be issued under and secured by this First Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any one 2014 Bond over any other 2014 Bond by reason of priority in their issue, sale or execution;

PROVIDED FURTHER HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the Redemption Price of the 2014 Bonds or any 2014 Bonds of a particular maturity issued, secured and Outstanding under this First Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the 2014 Bonds and this First 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 First 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

2

"Delinquent Assessment Interest" shall mean 2014 Assessment Interest deposited by the Issuer with the Trustee on or after May 1 of the year in which such Assessment Interest has, or would have, become delinquent under State law applicable thereto, and, in the case of 2014 Assessment Interest that is billed directly by the Issuer, any installment of 2014 Assessment Interest that is not paid by the applicable Interest Payment Date with respect to which it has been billed.

"Delinquent Assessment Principal" shall mean 2014 Assessment Principal deposited by the Issuer with the Trustee on or after May 1 of the year in which such 2014 Assessment Principal has, or would have, become delinquent under State law applicable thereto and, in the case of 2014 Assessment Principal that is billed directly by the Issuer, any installment of 2014 Assessment Principal that is not paid by the applicable Interest Payment Date with respect to which it has been billed.

"Delinquent Assessments" shall mean, collectively, Delinquent Assessment Interest and Delinquent Assessment Principal.

"Developer" shall mean Lennar Homes, LLC, a Florida limited liability company, its successors and assigns.

"Developer Agreement" shall mean, collectively, one or more written agreements between the Developer and the Issuer pursuant to which the Developer has agreed to convey, construct and/or complete, and the Issuer has agreed to purchase and/or accept, from time to time, interests in real property and completed components of infrastructure comprising the Project.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"Engineer's Report" shall mean the Engineer's Report attached as an appendix to the Limited Offering Memorandum relating to the 2014 Bonds and prepared by Banks Engineering, Inc., as same may be supplemented and amended from time to time.

"Indenture" shall mean, collectively, the Master Indenture and this First Supplemental Indenture, as same may be amended from time to time.

"Interest Payment Date" shall mean each November 1 and May 1, commencing May 1, 2015.

"Master Indenture" shall mean the Master Trust Indenture dated as of November 1, 2014 between the Issuer and the Trustee, as same may be amended from time to time.

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

"Operation and Maintenance Assessments" shall mean non-ad valorem special assessments levied by the Issuer pursuant to the Act and other applicable law on assessable District Lands that are subject to the 2014 Assessments for the operation and maintenance of the 2014 Project and/or the operations of the Issuer.

4

Master Indenture and this First Supplemental Indenture, then upon such final payments, this First Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all 2014 Bonds or any 2014 Bond of a particular maturity, otherwise this First Supplemental Indenture shall remain in full force and effect;

THIS FIRST SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all 2014 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 First Supplemental Indenture), including this First Supplemental Indenture, expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the 2014 Bonds, as follows:

**ARTICLE I
DEFINITIONS**

SECTION 1.01. Definitions. All terms used herein that are defined in the recitals hereto are used with the same meaning herein unless the context clearly requires otherwise. All terms used herein that are defined in the Master Indenture are used with the same meaning herein (including the use of such terms in the recitals hereto and the granting clauses hereof) unless (i) expressly given a different meaning herein or (ii) the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used herein shall have the following meanings:

"Assessment Proceedings" shall mean the proceedings of the Issuer with respect to the establishment, levy and collection of the 2014 Assessments, including, but not limited to Resolution Nos. 2013-8, 2013-9 and 2014-1 adopted on September 17, 2013 and October 18, 2013, respectively, by the Board of the Issuer, and any supplemental proceedings undertaken by the Issuer with respect to the 2014 Assessments.

"Award Resolution" shall mean Amended and Restated Resolution No. 2015-1 adopted by the Board on October 2, 2014.

"Bond Depository" shall mean the securities depository from time to time under Section 2.01 hereof, which may be the Issuer.

"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.

"Bond Resolution" shall mean collectively, Resolution No. 2013-10 of the Board adopted on September 17, 2013, as amended by Resolution No. 2014-3 of the Board adopted on October 18, 2013, as same may be further amended from time to time, and the Award Resolution.

"Collateral Assignment" shall mean that certain Collateral Assignment of Collateral Assignment and Assumption of Development and Contract Rights dated as of November 13, 2014 between the Issuer and the Developer, as amended from time to time.

3

"Project" shall mean the infrastructure improvements and facilities and related interests in land described in the Engineer's Report.

"Uniform Method" shall mean the uniform method for the levy, collection and enforcement of non-ad valorem assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, and any amendments thereto, and any successor statutes thereto.

"2014 Assessments" shall mean the portion of the Assessments to be levied and collected in connection with the Project pursuant to the Assessment Proceedings which are pledged to the payment of the 2014 Bonds.

"2014 Assessment Interest" shall mean the interest on the 2014 Assessments which is pledged to the 2014 Bonds.

"2014 Assessment Principal" shall mean the amount of 2014 Assessments received by the Issuer which represents the principal and Amortization Installments relating to the 2014 Bonds, other than applicable Delinquent Assessment Principal and 2014 Prepayment Principal.

"2014 Assessment Revenues" or "2014 Pledged Revenues" shall mean all revenues derived by the Issuer from the 2014 Assessments.

"2014 Bonds" shall mean \$7,945,000 Heritage Harbour North Community Development District Special Assessment Bonds, Series 2014 issued and delivered pursuant to the provisions of the Indenture.

"2014 Pledged Funds and Account" shall mean the Funds and Accounts (except for the 2014 Rebate Account) established hereby.

"2014 Prepayment Principal" shall mean the excess amount of 2014 Assessment Principal received by the Issuer over the 2014 Assessment Principal included within an Assessment appearing on any outstanding and unpaid bill. Anything herein or in the Master Indenture to the contrary notwithstanding, the term 2014 Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the Issuer.

"2014 Project" shall mean the infrastructure improvements and facilities and related interests in land comprising the portion of the Project financed by the Issuer with proceeds of the 2014 Bonds, as such Project is more fully described in the Engineer's Report and Exhibit D hereto.

"2014 Reserve Account Requirement" shall mean, as of any date of calculation as provided for herein, an amount equal to fifty percent (50%) of the Maximum Annual Debt Service Requirement for all Outstanding 2014 Bonds as of the date of calculation. The foregoing is not in excess of \$518,800.00, which is not more than the lesser of (i) 125% of the average annual Debt Service Requirement for all Outstanding 2014 Bonds calculated as of the date of original issuance thereof or (ii) 10% of the proceeds of the 2014 Bonds calculated as of the date of original issuance thereof.

5

"2014 Trust Estate" shall mean the 2014 Pledged Revenues and the 2014 Pledged Funds and Accounts.

ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF 2014 BONDS

SECTION 2.01. Authorization of 2014 Bonds; Book-Entry-Only Form. The 2014 Bonds are hereby authorized to be issued in one Series in the aggregate principal amount of \$7,945,000 for the purposes enumerated in the recitals hereto and designated as "Heritage Harbour North Community Development District Special Assessment Bonds, Series 2014." The 2014 Bonds shall be substantially in the form set forth as Exhibit A to this First Supplemental Indenture.

The 2014 Bonds shall be initially issued in the form of a separate single certificated fully registered 2014 Bond for each maturity of the 2014 Bonds and shall be numbered R-1 and R-2. Upon initial issuance, the ownership of such 2014 Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as Nominee of DTC, the initial Bond Depository. Except as provided in this Section 2.01, all of the Outstanding 2014 Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as Nominee of DTC.

With respect to 2014 Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as Nominee of DTC, the Issuer, the Trustee, the 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 Issuer, the Trustee, the 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 2014 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 Registrar, of any notice with respect to the 2014 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 Registrar, of any amount with respect to principal of, premium, if any, or interest on the 2014 Bonds. The Issuer, the Trustee, the Registrar and the Paying Agent may treat and consider the person in whose name each 2014 Bond is registered in the registration books kept by the Registrar as the absolute owner of such 2014 Bond for the purpose of payment of principal, premium and interest with respect to such 2014 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2014 Bond, for the purpose of registering transfers with respect to such 2014 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the 2014 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the 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 Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the 2014 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 Registrar, shall receive a certificated 2014 Bond evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Issuer 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 First Supplemental Indenture shall

6

SECTION 2.07. Conditions Precedent to Issuance of 2014 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the 2014 Bonds, all the 2014 Bonds shall be executed by the Issuer for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Issuer or upon its order, but only upon the further receipt by the Trustee of:

- (a) Certified copies of the Assessment Proceedings;
- (b) Executed copies of the Bond Resolution, the Master Indenture and this First Supplemental Indenture;
- (c) A Bond Counsel opinion to the effect that: (i) the Master Indenture and this First Supplemental Indenture have been duly authorized executed and delivered by the Issuer; (ii) the Master Indenture, as amended and supplemented by this First Supplemental Indenture, creates a valid pledge of the 2014 Trust Estate and each constitutes the valid and binding obligation of the Issuer, enforceable in accordance with its respective terms and the 2014 Bonds are valid, binding, special limited obligations of the Issuer, payable in accordance with, and as limited by the terms of the Master Indenture and this First Supplemental Indenture, subject, in each case, to bankruptcy, insolvency or other laws affecting the rights of creditors generally and;
- (d) An opinion of Counsel to the Issuer to the effect that the Issuer has good right and lawful authority under the Act to apply proceeds of the 2014 Bonds and other funds held under the First Supplemental Indenture to undertake the Project and apply the proceeds of the 2014 Bonds as described herein, that all proceedings undertaken by the Issuer with respect to the 2014 Assessments have been in accordance with Florida law and that the Issuer has taken all action necessary to levy and impose the 2014 Assessments, and the 2014 Assessments are legal, valid and binding first liens upon the property against which such 2014 Assessments are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other liens, titles and claims, until paid, and that the 2014 Assessments may be collected as and when needed in an amount sufficient to pay the principal of and interest on the 2014 Bonds when due;
- (e) A certificate of a Responsible Officer to the effect that, upon the authentication and delivery of the 2014 Bonds, the Issuer will not be in default in the performance of the terms and provisions of the Master Indenture or this First Supplemental Indenture; and
- (f) A certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal.

ARTICLE III REDEMPTION OF 2014 BONDS

SECTION 3.01. 2014 Bonds Subject to Redemption. The 2014 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit A to this First

8

refer to such new Nominee of DTC; and upon receipt of such a notice the Issuer shall promptly deliver a copy of the same to the Trustee, Registrar and the Paying Agent.

Upon receipt by the Trustee or the Issuer of written notice from DTC: (i) confirming that DTC has received written notice from the Issuer to the effect that a continuation of the requirement that all of the Outstanding 2014 Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as Nominee of DTC, is not in the best interest of the beneficial owners of the 2014 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 2014 Bonds shall no longer be restricted to being registered in the registration books kept by the 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 2014 Bonds shall designate, in accordance with the provisions hereof.

SECTION 2.02. Terms of 2014 Bonds. The 2014 Bonds shall be Term Bonds. The 2014 Bonds shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

Maturity Date	Principal Amount	Interest Rate	Cusip No.
May 1, 2034	\$3,605,000	5.000%	42727LAA5
May 1, 2045	\$4,340,000	5.125%	42727LAB3

SECTION 2.03. Dating; Interest Accrual. Each 2014 Bond shall be dated November 13, 2014. Each 2014 Bond also shall bear its date of authentication. Each 2014 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 2014 Bond has been paid, in which event such 2014 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2014 Bonds, in which event, such 2014 Bond shall bear interest from its dated date. Interest on the 2014 Bonds shall be due and payable on each November 1 and May 1, commencing May 1, 2015, and shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2.04. Denominations. The 2014 Bonds shall be issued in Authorized Denominations; provided, however, that the 2014 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations of \$5,000 in excess of \$100,000.

SECTION 2.05. Paying Agent. The Issuer appoints the Trustee as the Paying Agent for the 2014 Bonds.

SECTION 2.06. Registrar. The Issuer appoints the Trustee as Registrar for the 2014 Bonds.

7

Supplemental Indenture. If less than all of the 2014 Bonds are to be redeemed, the Trustee shall select the 2014 Bonds or portions thereof to be redeemed by lot. Notice of redemption shall be given as provided in the Master Indenture; provided, however, that notwithstanding anything to the contrary in the Master Indenture, notice of the extraordinary mandatory redemption of 2014 Bonds from amounts deposited or transferred to the 2014 Prepayment Subaccount representing prepayments of 2014 Assessments or excess in the 2014 Reserve Account resulting from a reduction in the 2014 Reserve Account Requirement shall be given fifteen (15) days prior to the applicable redemption date.

ARTICLE IV DEPOSIT OF PROCEEDS OF 2014 BONDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF

SECTION 4.01. Establishment of Accounts. The following Funds and Accounts are hereby established.

- (a) There are hereby established within the Project Fund held by the Trustee the following accounts:
 - (i) a 2014 Project Account (which shall constitute a "Series Project Account" within the meaning of the Master Indenture); and
 - (ii) a 2014 Costs of Issuance Account.
- (b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a 2014 Debt Service Account and, therein, a 2014 Principal Account, a 2014 Interest Account and a 2014 Capitalized Interest Account; and (ii) a 2014 Redemption Account, and, therein, a 2014 Prepayment Subaccount and an Optional Redemption Subaccount.
- (c) There is hereby established within the Revenue Fund held by the Trustee a 2014 Revenue Account.
- (d) There is hereby established within the Reserve Fund held by the Trustee a 2014 Reserve Account which shall be held for the benefit of all of the 2014 Bonds, without distinction and without privilege or priority of one 2014 Bond over another.
- (e) There is hereby established within the Rebate Fund held by the Trustee a 2014 Rebate Account.

SECTION 4.02. Use of Proceeds of the 2014 Bonds. The net proceeds of sale of the 2014 Bonds, \$7,769,391.00 (the "Bond Proceeds") (representing the par amount of the 2014 Bonds of \$7,945,000.00, less original issue discount of \$16,709.00, less underwriter's discount of \$158,900.00), shall as soon as practicable upon the delivery thereof to the Trustee by the Issuer pursuant to Section 3.01 of the Master Indenture, be applied as follows:

9

- (a) \$389,252.50 of the Bond Proceeds, representing Capitalized Interest on the 2014 Bonds shall be deposited in the 2014 Capitalized Interest Account;
- (b) \$259,400.00 of the Bond Proceeds, representing the initial 2014 Reserve Account Requirement shall be deposited to the 2014 Reserve Account;
- (c) \$200,738.50 of the Bond Proceeds shall be deposited to the credit of the 2014 Costs of Issuance Account; and
- (d) the balance of the Bond Proceeds, \$6,920,000.00, shall be deposited to the credit of the 2014 Project Account and applied as provided herein and the Master Indenture.

SECTION 4.03. 2014 Project Account.

- (a) Amounts on deposit in the 2014 Project Account shall be applied from time to time to pay the Costs of the 2014 Project upon compliance with the requisition provisions set forth in Section 4.02 of the Master Indenture and pursuant to the form of requisition attached hereto as Exhibit B.
- (b) Notwithstanding anything to the contrary in the Master Indenture, upon the Date of Completion of the 2014 Project, any balance remaining in the 2014 Project Account not needed to pay any accrued but unpaid Costs of the 2014 Project which are required to be reserved in the 2014 Project Account in accordance with the certificate of the Consulting Engineer establishing such Date of Completion shall, at the written direction of a Responsible Officer of the Issuer, (i) first be transferred to and deposited in the 2014 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the Issuer detailing the amount of such obligation to be deposited, and (ii) the balance, if any, shall be transferred to the 2014 Prepayment Subaccount of the 2014 Redemption Account and applied in accordance with Section 3.01 hereof to the extraordinary mandatory redemption of the 2014 Bonds pursuant to the requisition in the form of 2014 Bonds set forth as Exhibit A hereto or, upon the Issuer obtaining an opinion of Bond Counsel to the effect that such application will not adversely affect the tax-exempt status of the 2014 Bonds, applied to the Cost of a Series Project or Additional Series Project included in the Project, other than the 2014 Project.
- (c) Amounts on deposit in the 2014 Capitalized Interest Account shall, until and including November 1, 2015, be transferred into the 2014 Interest Account and applied to the payment of interest first coming due on the 2014 Bonds, and thereafter transferred into the 2014 Project Account.

SECTION 4.04. Costs of Issuance Account. The amount deposited in the 2014 Costs of Issuance Account shall, at the written direction of a Responsible Officer to the Trustee, be used to pay the costs of issuance relating to the 2014 Bonds pursuant to the requisition in the form attached hereto as Exhibit C. Amounts in the 2014 Costs of Issuance Account not used to pay costs of issuance of the 2014 Bonds shall be transferred not later than 180 days after the issuance of the 2014 Bonds to the 2014 Project Account and used for the purposes permitted therefore by the Master Indenture and this First Supplemental Indenture.

10

SECTION 4.06. Amortization Installments.

- (a) The Amortization Installments established for the 2014 Bonds shall be as set forth in the form of Bonds attached hereto.
- (b) Upon any redemption of 2014 Bonds (other than 2014 Bonds redeemed in accordance with scheduled Amortization Installments and other than 2014 Bonds redeemed at the direction of the Issuer accompanied by a cash flow certificate as required by Section 7.04 of the Master Indenture), the Issuer shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so as to amortize the Outstanding 2014 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the 2014 Bonds.

SECTION 4.07. Application of Revenues and Investment Earnings.

- (a) The Trustee shall deposit into the 2014 Revenue Account any and all amounts required to be deposited therein by this Section 4.07 or by any other provision of the Master Indenture or this First Supplemental Indenture, and any other amounts or payments specifically designated by the Issuer pursuant to a written direction or by a Supplemental Indenture for said purpose. The 2014 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 Issuer shall deposit 2014 Assessment Revenues with the Trustee within thirty (30) days of receipt, together with a written accounting setting forth the amounts of such 2014 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:
 - (i) 2014 Assessment Principal, which shall be deposited into the 2014 Principal Account;
 - (ii) 2014 Prepayment Principal, which shall be deposited into the 2014 Prepayment Subaccount in the 2014 Redemption Account;
 - (iii) 2014 Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2014 Reserve Account to pay the principal of 2014 Bonds, and, the balance, if any, shall be deposited into the 2014 Principal Account;
 - (iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the 2014 Reserve Account to pay the interest on 2014 Bonds and, the balance, if any, deposited into the 2014 Revenue Account; and
 - (v) all other 2014 Assessment Revenues, which shall be deposited into the 2014 Revenue Account.

Moneys other than 2014 Assessment Revenues, shall, at the written direction of the Issuer be deposited into the Optional Redemption Subaccount of the 2014 Redemption Account and used to pay the principal of and premium, if any, on 2014 Bonds called or to be called for redemption at the

12

SECTION 4.05. 2014 Reserve Account. Amounts on deposit in the 2014 Reserve Account shall be used, except as otherwise provided in the Indenture, only for the purpose of making payments into the 2014 Interest Account and the 2014 Principal Account to pay the Debt Service Requirement on the 2014 Bonds, when due, without distinction as to 2014 Bonds and without privilege or priority of one 2014 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such 2014 Reserve Account shall consist only of cash and Investment Securities.

Anything herein or in the Master Indenture to the contrary notwithstanding, on the twentieth (20th) day prior to each Interest Payment Date (or the next succeeding Business Day if such date is not a Business Day), the Trustee is hereby authorized and directed to recalculate the 2014 Reserve Account Requirement (assuming for purposes of such recalculation that the Maximum Annual Debt Service Requirement is the Maximum Annual Debt Service Requirement that will exist after application of amounts to be applied to the redemption of 2014 Bonds on the next succeeding Interest Payment Date) and to transfer any excess on deposit in the 2014 Reserve Account resulting from the Prepayment of 2014 Assessments into the 2014 Prepayment Subaccount of the 2014 Redemption Account to be applied to the extraordinary mandatory redemption of the 2014 Bonds. Notwithstanding the foregoing, prior to any transfers being made pursuant to this paragraph, transfers shall first be made to the credit of the 2014 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the Issuer detailing the amount of such obligation to be deposited.

On the earliest date on which there is on deposit in the 2014 Reserve Account, sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding 2014 Bonds, together with accrued interest and redemption premium, if any, on such 2014 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the 2014 Reserve Account into the 2014 Prepayment Subaccount in the 2014 Redemption Account to pay and redeem all of the Outstanding 2014 Bonds on the earliest date permitted for redemption therein and herein.

The Issuer may provide that the 2014 Reserve Requirement required to be on deposit in the 2014 Reserve Account shall be satisfied by a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit (individually or collectively, the "Reserve Account Credit Instrument"). At any time after the issuance of the 2014 Bonds, the Issuer may withdraw any or all of the amount of money on deposit in the 2014 Reserve Account and substitute in its place a Reserve Account Credit Instrument as described above in the face amount of such withdrawal and such withdrawal moneys shall, after payment of the premium for such Reserve Account Credit Instrument, be transferred to the 2014 Prepayment Subaccount of the 2014 Redemption Account and applied to the redemption of 2014 Bonds or, upon the Issuer obtaining an opinion of nationally recognized bond counsel to the effect that such application will not adversely affect the tax-exempt status of the Outstanding 2014 Bonds, be used for any other lawful purpose of the Issuer.

11

written direction of the Issuer in accordance with the provisions for redemption of 2014 Bonds as set forth in the form of 2014 Bonds attached hereto.

- (c) Anything herein or in the Master Indenture to the contrary notwithstanding, on the twentieth (20th) day prior to each Interest Payment Date (or the next succeeding Business Day if such date is not a Business Day), the Trustee shall determine the amount on deposit in the 2014 Prepayment Subaccount of the 2014 Redemption Account and, if the balance therein is greater than zero, shall transfer from the 2014 Revenue Account for deposit into such 2014 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 corresponding 2014 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in the 2014 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of the 2014 Bonds set forth in the form of 2014 Bond attached hereto, Section 3.01 hereof, and Article VII of the Master Indenture.

- (d) Subject to the following clause FIRST, on each May 1 (or if such May 1 is not a Business Day, on the Business Day preceding such May 1), the Trustee shall transfer from amounts on deposit in the 2014 Revenue Account to the Funds and Accounts designated below, the following amounts in the following order of priority:

FIRST, from the 2014 Revenue Account to the 2014 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2014 Bonds then Outstanding on such May 1 and the next successive November 1, less any amount transferred from the 2014 Capitalized Interest Account in accordance with Section 4.03(d) hereof and less any other amount already on deposit in the 2014 Interest Account not previously credited;

SECOND, beginning on May 1, 2016, and no later than the Business Day next preceding each May 1 thereafter while 2014 Bonds remain Outstanding, to the 2014 Principal Account, an amount equal to the principal amount of the 2014 Bonds subject to mandatory sinking fund redemption on such May 1 or maturing on such May 1, less any amount on deposit in the 2014 Principal Account not previously credited;

THIRD, to the 2014 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2014 Reserve Account Requirement with respect to the 2014 Bonds; and

FOURTH, the balance shall be retained in the 2014 Revenue Account.

Anything herein to the contrary notwithstanding, it shall not, *a fortiori*, constitute an Event of Default hereunder if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefor.

- (e) Within ten (10) Business Days after the last Interest Payment Date in each calendar year, the Trustee shall, at the written direction of the Issuer, withdraw any moneys held for the credit of the 2014 Revenue Account as of November 2nd of such year which are not otherwise required to be deposited to other 2014 Pledged Funds and Accounts pursuant to this Section and deposit such

13

moneys first to the credit of the 2014 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the Issuer by such date detailing the amount of such obligation which shall be deposited, and thereafter, at the written direction of the Issuer, either retain such moneys held as of November 2nd therein or transfer such moneys to the Issuer to be used to pay the operating and administrative costs and expenses of the Issuer, or any combination of the foregoing; provided, however, that on the date of such proposed transfer the amount on deposit in the 2014 Reserve Account shall be equal to the 2014 Reserve Account Requirement and, provided further, that the Trustee shall not have actual knowledge of an Event of Default under the Master Indenture or hereunder relating to any of the 2014 Bonds, including the payment of Trustee's fees and expenses then due.

(f) 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 2014 Bonds shall be invested only in cash and Investment Securities, and further, earnings on the 2014 Project Account and the subaccounts therein, the 2014 Interest Account, the 2014 Capitalized Interest Account, the 2014 Prepayment Subaccount, and the Optional Redemption Subaccount shall be retained, as realized, in such Accounts or subaccounts and used for the purpose of such Account or subaccount and earnings of the 2014 Principal Account shall be transferred, as realized, to the 2014 Revenue Account. Earnings on investments in the Revenue Account shall be retained therein.

Earnings on investments in the 2014 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in the Master Indenture) in the 2014 Reserve Account as of the most recent date on which amounts on deposit in the 2014 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the 2014 Reserve Account since such date which have created a deficiency, then earnings on the 2014 Reserve Account shall be deposited into the 2014 Capitalized Interest Account through November 1, 2015 and thereafter, to the 2014 Revenue Account; and

(ii) if as of the last date on which amounts on deposit in the 2014 Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 5.04(c) of the Master Indenture), or if after such date withdrawals have been made from the 2014 Reserve Account and have created such a deficiency, then earnings on investments in the 2014 Reserve Account shall be deposited into the 2014 Reserve Account until the amount on deposit therein is equal to the 2014 Reserve Account Requirement, and then earnings on the 2014 Reserve Account shall be deposited into the 2014 Capitalized Interest Account through November 1, 2015 and thereafter, to the 2014 Revenue Account.

Notwithstanding the foregoing, prior to any transfers being made pursuant to this paragraph, transfers shall first be made to the credit of the 2014 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the Issuer detailing the amount of such obligation to be deposited.

14

ARTICLE VII COVENANTS OF THE ISSUER; ADDITIONAL EVENTS OF DEFAULTS AND REMEDIES; MISCELLANEOUS

SECTION 7.01. Confirmation of Master Indenture. As supplemented by this First Supplemental Indenture, the Master Indenture is in all respects ratified and confirmed, and this First 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 or supplemented herein, shall apply and remain in full force and effect with respect to this First Supplemental Indenture and to the 2014 Bonds issued hereunder.

SECTION 7.02. Continuing Disclosure Agreement. Contemporaneously with the execution and delivery hereof, the Issuer has executed and delivered a Continuing Disclosure Agreement relating to the 2014 Bonds in order to comply with the requirements of the Rule. The Issuer 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 as provided in the Master Indenture and the Continuing Disclosure Agreement relating to the 2014 Bonds.

SECTION 7.03. Additional Covenants Regarding Collection of 2014 Assessments. Anything herein or in the Master Indenture to the contrary notwithstanding, subject to the next succeeding sentence, 2014 Assessments levied on platted lots and pledged hereunder to secure the 2014 Bonds shall be collected pursuant to the Uniform Method and 2014 Assessments levied on unplatted lots and pledged hereunder to secure the 2014 Bonds shall be billed and collected directly by the Issuer pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method. Prior to an Event of Default, the election to collect and enforce 2014 Assessments in any year pursuant to any one method shall not, to the extent permitted by law, preclude the Issuer from electing to collect and enforce 2014 Assessments pursuant to any other method permitted by law in any subsequent year. Following an Event of Default, 2014 Assessments levied on platted lots and pledged hereunder to secure the 2014 Bonds shall be collected pursuant to the Uniform Method and 2014 Assessments levied on unplatted lots and pledged hereunder to secure the 2014 Bonds shall be billed and collected directly by the Issuer pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method in each case unless the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, provides written consent to a different method of collection. All 2014 Assessments that are billed and collected directly by the Issuer and not via the Uniform Method shall be due and payable by the landowner no later than thirty (30) days prior to each Interest Payment Date; provided, however, that such 2014 Assessments shall not be deemed to be Delinquent Assessments unless and until same are not paid by the applicable Interest Payment Date with respect to which they have been billed.

SECTION 7.04. Additional Matters Relating to Delinquent Assessments. (a) Notwithstanding anything in herein or in the Master Indenture to the contrary, the following provisions shall apply with respect to the 2014 Assessments and 2014 Bonds: If any property shall be offered for sale for the nonpayment of any 2014 Assessments and no person or persons shall purchase such property for an amount equal to the full amount due on the 2014 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the Issuer, after receiving the

16

ARTICLE V CONCERNING THE TRUSTEE

SECTION 5.01. Acceptance by Trustee. The Trustee accepts the trusts declared and provided in this First Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture.

SECTION 5.02. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this First Supplemental Indenture by the Issuer or for the recitals contained herein, all of which are made solely by the Issuer.

SECTION 5.03. Trustee's Duties. Except as otherwise expressly stated in this First 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 X thereof. Notwithstanding anything to the contrary herein, the Issuer shall have the right to remove the Trustee as provided in Section 10.12(a) of the Master Indenture, without consent of the Owners of the 2014 Bonds.

ARTICLE VI ADDITIONAL BONDS

SECTION 6.01. Parity Bonds. The Issuer covenants and agrees that other than Refunding Bonds issued to refund all or a portion of the 2014 Bonds, as long as there are any 2014 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the 2014 Trust Estate; provided, however, that the Issuer reserves the right to issue bonds, notes or other obligations payable from or secured by the 2014 Trust Estate pledged to the 2014 Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the 2014 Trust Estate equal or prior to the lien of this First Supplemental Indenture securing the 2014 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 First Supplemental Indenture on such 2014 Trust Estate and the rights and remedies of the holders of such Subordinated Debt to payment and upon default thereon and under any installment securing such Subordinated 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 2014 Bonds to payment and the control of remedies and acceleration, if any, granted hereunder and under the Master Indenture.

The Issuer further covenants and agrees that so long as the 2014 Bonds are Outstanding, it will not impose Assessments or other non-ad valorem assessments for capital projects on any lands subject to the 2014 Assessments without the written consent of the Majority Owners; provided that, notwithstanding the foregoing, without the consent of any Owners, the Issuer may levy Assessments or other non-ad valorem assessments on any lands subject to the 2014 Assessments in connection with Bonds or other obligations issued to finance renovations, repairs and/or rehabilitation of the 2014 Project.

15

written consent of the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, specifying whether the Issuer is to take title to the property in its corporate name or in the name of a special purpose entity, may purchase the property for an amount less than or equal to the balance due on the 2014 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the Issuer and the Issuer shall receive in its corporate name or in the name of a special-purpose entity title to the property for the benefit of the Owners of the 2014 Bonds. The Issuer, either through its own actions, or actions caused to be taken by the Issuer 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 2014 Revenue Account. The Issuer, either through its own actions, or actions caused to be taken by the Issuer through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the 2014 Bonds within six (60) days after the receipt of the request therefore signed by the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding. The Issuer may pay costs associated with any actions taken by the Issuer pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture, provided such action does not adversely impact the tax-exempt status of the 2014 Bonds.

(b) Notwithstanding anything to the contrary herein or in the Master Indenture, the Issuer acknowledges and agrees that (i) upon failure of any property owner to pay when due any installment of 2014 Assessments that are billed directly by the Issuer, that the entire 2014 Assessments levied on the property for which such installment of 2014 Assessments is due and unpaid, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and, with the written consent of the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, the Issuer shall promptly, but in any event within one hundred twenty (120) days of the receipt of such consent, cause to be brought the necessary legal proceedings for the foreclosure of liens of Delinquent Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages.

SECTION 7.05. Additional Matters Relating to 2014 Assessments and Assessment Proceedings. In addition, and not in limitation of, the covenants contained elsewhere herein and in the Master Indenture, the Issuer covenants to comply with the terms of the proceedings heretofore adopted with respect to the 2014 Assessments, including the Assessment Proceedings, and to levy the 2014 Assessments and any required true-up payments set forth in the Assessment Proceedings, in such manner as will generate funds sufficient to pay the principal of and interest on the 2014 Bonds, when due. The Issuer covenants and agrees that upon the occurrence and continuance of an Event of Default with respect to the 2014 Bonds, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments that are directly billed and collected by the Issuer, as well as delinquent direct billed Operation and Maintenance Assessments, and the provisions for the foreclosure of liens of Delinquent Assessments that are directly billed and collected by the Issuer, as well as delinquent direct billed Operation and Maintenance Assessments, all in a manner consistent with the Master Indenture and this First Supplemental Indenture.

17

SECTION 7.06. Additional Matters Relating to Events of Default.

(a) In addition to the events set forth in Section 9.01 of the Master Indenture, each of the following events shall be an Event of Default with respect to the Series 2014 Bonds, notwithstanding anything to the contrary in the Master Indenture:

(i) Any portion of the 2014 Assessments pledged to the 2014 Bonds shall have become Delinquent Assessments and, as the result thereof, the Indenture authorizes the Trustee to withdraw funds in an amount greater than twenty-five percent (25%) of the amount on deposit in the 2014 Reserve Account to pay the Debt Service Requirements on the 2014 Bonds (regardless of whether the Trustee does or does not actually withdraw such funds from the 2014 Reserve Account to pay the Debt Service Requirements on the 2014 Bonds) (the foregoing being referred to as a "2014 Reserve Account Event") unless within sixty (60) days from the 2014 Reserve Account Event the Issuer has either (i) replenished the amounts, if any, withdrawn from the 2014 Reserve Account or (ii) the portion of the Delinquent Assessments giving rise to the 2014 Reserve Account Event are paid and are no longer Delinquent Assessments; and

(ii) More than twenty-five percent (25%) of the Operation and Maintenance Assessments that are directly billed by the Issuer and levied by the Issuer on tax parcels subject to the 2014 Assessments are not paid by the date such are due and payable and such default continues for sixty (60) days after the date when due.

SECTION 7.07. Provisions Relating to Bankruptcy or Insolvency of Landowner.

(a) The provisions of this Section 7.07 shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least three percent (3%) of the 2014 Assessments pledged to the 2014 Bonds Outstanding (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding").

(b) The Issuer acknowledges and agrees that, although the 2014 Bonds were issued by the Issuer, the Owners of the 2014 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer:

(i) the Issuer hereby agrees that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority Owners of the 2014 Bonds Outstanding, prior to making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the 2014 Assessments relating to the 2014 Bonds Outstanding, the Outstanding 2014 Bonds or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the 2014 Bonds Outstanding, to the proposed action if the Issuer does not receive a written response from the Trustee within thirty (30) days following receipt by the Trustee of the written request for consent);

Proceeding shall not be considered an action adverse or inconsistent with the Trustee's rights or consents with respect to the 2014 Assessments relating to the 2014 Bonds Outstanding whether such claim is pursued by the Issuer or the Trustee; provided, however, that the Issuer shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (b)(iv) above.

SECTION 7.08. Miscellaneous.

(a) The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder and under the Master Indenture with respect to the 2014 Bonds Outstanding.

(b) The Issuer hereby assigns its rights under the Collateral Assignment to the Trustee for the benefit of the Owners, from time to time, of the 2014 Bonds and any other Bonds issued under the Master Indenture. Such assignment shall not be considered an assumption by the Trustee of any obligations thereunder.

(c) The Consulting Engineer shall annually certify to the District that all components of the 2014 Project are owned by the Issuer or another governmental entity, are located on public property or within public rights of way or easements, are accessible by the general public, and are not subject to any lease, management agreement or other use arrangement, or otherwise used in a manner, that would cause the 2014 Bonds to be deemed private activity bonds within the meaning of Section 141 of the Code.

(d) If any provision hereof or of the Master Indenture provides that the Majority Owners of the 2014 Bonds Outstanding may direct the Trustee to take any action, the Trustee shall also be entitled, but shall not be obligated, to take such action without such direction, unless directed not to take such action by the Majority Owners of the 2014 Bonds Outstanding.

[This Space Intentionally Left Blank]

(ii) the Issuer hereby agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the 2014 Assessments relating to the 2014 Bonds Outstanding, the 2014 Bonds Outstanding or any rights of the Trustee under the Indenture that are inconsistent with any written consent received (or deemed received) from the Trustee;

(iii) the Issuer hereby agrees that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the 2014 Bonds Outstanding, to the proposed action if the Issuer does not receive a written response from the Trustee within thirty (30) days following receipt by the Trustee of the written request for consent);

(iv) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the Issuer, as claimant with respect to the 2014 Assessments relating to the 2014 Bonds, Outstanding would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the Issuer shall not oppose the Trustee in seeking to exercise any and all rights and taking any and all actions available to the Issuer in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the 2014 Assessments relating to the 2014 Bonds Outstanding, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code; and

(v) the Issuer shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the Issuer's claim and rights with respect to the 2014 Assessments relating to the 2014 Bonds Outstanding or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the Issuer agrees that the Trustee shall have the right (i) to file a proof of claim with respect to the 2014 Assessments pledged to the 2014 Bonds Outstanding, (ii) to deliver to the Issuer a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

(c) Notwithstanding the provisions of the immediately preceding paragraphs, nothing in this Section shall preclude the Issuer from becoming a party to a Proceeding in order to enforce a claim for Operation and Maintenance Assessments, and the Issuer shall be free to pursue such a claim in such manner as it shall deem appropriate in its sole and absolute discretion. Any actions taken by the Issuer in pursuance of its claim for Operation and Maintenance Assessments in any

IN WITNESS WHEREOF, Heritage Harbour North Community Development Issuer 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 the Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created and the Trustee has caused these presents to be signed in its name and on its behalf by its duly Responsible Officer.

SEAL **HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT DISTRICT**

Attest:

By: _____
Secretary

By: _____
Chairman, Board of Supervisors

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

By: _____
Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF MANATEE)

On this ___ day of November, 2014, before me, a notary public in and for the State and County aforesaid, personally appeared Terry Kirschner and James P. Ward, the Chairman and the Secretary, respectively, of the Board of Supervisors of Heritage Harbour North Community Development District, who acknowledged that they did sign the foregoing instrument as such officers, respectively, for and on behalf of Heritage Harbour North Community Development District; that the same is their free act and deed as such officers, respectively, and the free act and deed of Heritage Harbour North Community Development District; and that the seal affixed to said instrument is the seal of Heritage Harbour North Community Development District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Florida

My Commission expires:

[NOTARIAL SEAL]

STATE OF FLORIDA)
) SS:
COUNTY OF _____)

On this ___ day of November, 2014, before me, a notary public in and for the State and County aforesaid, personally appeared Scott Schuhle, a Vice President of U.S. Bank National Association, as Trustee, who acknowledged that he did sign said instrument as such officer for and on behalf of said corporation and that the same is his free act and deed as such officer and the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Florida

My Commission expires:

[NOTARIAL SEAL]

EXHIBIT A

FORM OF 2014 BONDS

No. R-11]2] \$[3,605,000][4,340,000]

**UNITED STATES OF AMERICA
STATE OF FLORIDA
HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
(MANATEE COUNTY, FLORIDA)
SPECIAL ASSESSMENT BONDS, SERIES 2014**

Interest Rate	Maturity Date	Dated Date	CUSIP NO.
[5.00][5.125]%	May 1, 20[34][45]	November 13, 2014	42727L[AA5][AB3]

Registered Owner: CEDE & CO.

Principal Amount: [THREE MILLION SIX HUNDRED FIVE][FOUR MILLION THREE HUNDRED FORTY] THOUSAND DOLLARS

HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT, a community development district duly created, established and existing pursuant to Chapter 190, Florida Statutes (the "Issuer"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) on the Maturity Date set forth above (or date of redemption, if earlier) and 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 November 1 and May 1 of each year (each, an "Interest Payment Date"), commencing on May 1, 2015, 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 9.01 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 Registrar as the registered Owner of this Bond. Any payment of principal, interest 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"), except no presentation is needed when this Bond is held in book-entry only form. 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 2014 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months.

Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture hereinafter referred to.

This Bond is one of a duly authorized issue of Bonds of the Issuer designated "Special Assessment Bonds, Series 2014" (the "2014 Bonds"), issued in the aggregate principal amount of \$7,945,000, under a Master Trust Indenture, dated as of November 1, 2014 (the "Master Indenture"), between the Issuer and the Trustee, as amended and supplemented by a First Supplemental Indenture, dated as of November 1, 2014 (the "Supplemental Indenture"), between the Issuer and the Trustee (the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"). The proceeds of the sale of the Bonds, together with other legally available funds, will be applied for the purpose of: (i) financing the construction, acquisition, equipping and/or improvement of certain assessable improvements comprising a portion of the Project (as such term is defined in the Indenture) (the "2014 Project"); (ii) paying Capitalized Interest on the 2014 Bonds; (iii) funding the 2014 Reserve Account in an amount equal to the 2014 Reserve Account Requirement; and (iv) paying certain costs associated with the issuance of the 2014 Bonds.

NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE ISSUER 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 ISSUER OR A LIEN UPON ANY PROPERTY OF THE ISSUER OTHER THAN AS PROVIDED IN THE MASTER INDENTURE OR IN THE SUPPLEMENTAL INDENTURE AUTHORIZING THE ISSUANCE OF THE BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE ISSUER OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2014 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID

PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2014 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2014 PLEDGED REVENUES AND THE 2014 PLEDGED FUNDS AND ACCOUNTS PLEDGED TO THE 2014 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, as amended, 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 2014 Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the Redemption Price of, and the interest on, the 2014 Bonds, the nature and extent of the security thereby created, the covenants of the Issuer with respect to the levy and collection of 2014 Assessments, the terms and conditions under which the 2014 Bonds are or may be issued, the rights, duties, obligations and immunities of the Issuer and the Trustee under the Indenture and the rights of the Owners of the 2014 Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The 2014 Bonds are equally and ratably secured by the 2014 Trust Estate, without preference or priority of one Bond over another. The Supplemental Indenture does not authorize the issuance of any additional Bonds ranking on a parity with the 2014 Bonds.

The 2014 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"); provided, however, that the 2014 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000. This Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Fort Lauderdale, Florida, as Registrar (the "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 Registrar, subject to such reasonable regulations as the Issuer or the Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or 2014 Bonds, in the same aggregate principal amount as the Bond or 2014 Bonds transferred, will be issued to the transferee. At the corporate trust office of the 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, 2014 Bonds may be exchanged for an equal aggregate principal amount of 2014 Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The 2014 Bonds may, at the option of the Issuer be called for redemption as a whole, at any time, or in part on any Interest Payment Date, on or after May 1, 2029 (less than all 2014 Bonds to be selected by lot), at a Redemption Price (expressed as percentages of principal amount) described below, plus accrued interest from the most recent Interest Payment Date to the redemption date:

Redemption Date (both dates inclusive)	Redemption Price
May 1, 2029 through April 30, 2030	101%
May 1, 2030 and thereafter	100%

The 2014 Bonds maturing on May 1, 2034 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the 2014 Principal 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:

Year	Amortization Installments
2016	\$115,000
2017	125,000
2018	130,000
2019	135,000
2020	145,000
2021	150,000
2022	155,000
2023	165,000
2024	175,000
2025	185,000
2026	190,000
2027	200,000
2028	210,000
2029	225,000
2030	235,000
2031	245,000
2032	260,000
2033	275,000
2034*	285,000

* Maturity

The 2014 Bonds maturing on May 1, 2045 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the 2014 Principal 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:

A - 3

A - 4

Year	Amortization Installments
2035	\$300,000
2036	315,000
2037	335,000
2038	350,000
2039	370,000
2040	390,000
2041	410,000
2042	430,000
2043	455,000
2044	480,000
2045*	505,000

* Maturity

As more particularly set forth in the Master Indenture and Supplemental Indenture, any 2014 Bonds that are purchased by the Issuer 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 2014 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of 2014 Bonds (other than 2014 Bonds redeemed in accordance with scheduled Amortization Installments and other than 2014 Bonds redeemed at the direction of the Issuer accompanied by a cash flow certificate as required by Section 7.04 of the Master Indenture) so as to reamortize the remaining Outstanding principal balance of the 2014 Bonds as set forth in the Supplemental Indenture.

The 2014 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) on or after the Date of Completion of the 2014 Project (as such terms are defined in the Indenture), by application of moneys transferred from the 2014 Project Account in the Acquisition and Construction Fund established under the Indenture to the 2014 Prepayment Subaccount of the 2014 Redemption Account in accordance with the terms of the Indenture; or
- (b) from Prepayments of 2014 Assessments (as such terms are defined in the Indenture) deposited into the 2014 Prepayment Subaccount of the 2014 Redemption Account or from amounts transferred from the 2014 Reserve Account into the 2014 Prepayment Subaccount of the 2014 Redemption Account after the deposit to the 2014 Reserve Account of a Reserve Account Credit Instrument (as such term is defined in the Indenture); or
- (c) from amounts transferred to the 2014 Prepayment Subaccount of the 2014 Redemption Account resulting from a reduction in the 2014 Reserve Account Requirement as

A - 5

provided for in the Indenture, and, on the date on which the amount on deposit in the 2014 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2014 Bonds then Outstanding, including accrued interest thereon.

If less than all of the 2014 Bonds shall be called for redemption, the particular 2014 Bonds or portions of 2014 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of 2014 Bonds is required to be mailed by the Registrar in the manner provided in the Indenture. 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 2014 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 Bonds or such portions thereof on such date, interest on such 2014 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2014 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 2014 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 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.

If at the time of mailing of notice of an optional redemption, the Issuer shall not have deposited with the Trustee or Paying Agent for the Bonds to be redeemed, moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited. Notwithstanding any other provision of the Indenture, notice of optional redemption may also be conditioned upon the occurrence or non-occurrence of such other event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Issuer 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.

Modifications or alterations of the Master Indenture, the Supplemental 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 2014 Bonds 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

A - 6

Bond became due and payable, shall be paid to the Issuer, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or redemption price of any 2014 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 2014 Bonds as to the 2014 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 Issuer 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 Issuer has caused this Bond to bear the signature of the Chairman of its Board of Supervisors and the official seal of the Issuer 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**

Attest:

Secretary, Board of Supervisors

By: _____
Chairman, Board of Supervisors

A - 7

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

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Date of Authentication:

November 13, 2014

By: _____
Authorized Signatory

A - 8

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court in and for Manatee County, Florida, rendered on November 5, 2013.

**HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT
DISTRICT**

Attest:

Secretary, Board of Supervisors

By: _____
Chairman, Board of Supervisors

A - 9

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

UNIFORM GIFT MIN ACT - _____ Custodian _____
under Uniform Gifts to Minors Act
(Cust) (Minor) (State)

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

So long as the Issuer maintains the book-entry only system for the Bonds, unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Bond on the books of the Issuer, 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.

A - 10

EXHIBIT B

**FORM OF 2014 PROJECT ACCOUNT
REQUISITION NO. ___**

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2014**

The undersigned, a Responsible Officer of the Heritage Harbour North Community Development District (the "Issuer") hereby submits the following requisition for disbursement from the 2014 Project Account created under and pursuant to the terms of the Master Trust Indenture from the Issuer to U.S. Bank National Association, as trustee (the "Trustee"), dated as of November 1, 2014, as supplemented by that certain First Supplemental Indenture, dated as of November 1, 2014 (collectively, the "Indenture"), (all capitalized terms used herein shall have the meaning ascribed to such terms in this Indenture);

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

The undersigned hereby certifies that:

1. This requisition is for a Cost of the 2014 Project payable from the 2014 Project Account that has not previously been paid; and
2. Each disbursement set forth above is a proper charge against the 2014 Project Account noted above.

If applicable, each disbursement set forth above is made as payment of a portion of the purchase price payable for the 2014 Project and the undersigned represents with respect to the Developer Agreement that such agreement has not been modified or amended and is in full force and effect on the date hereof.

**HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT DISTRICT**

By: _____
Responsible Officer

Date: _____

B - 1

The undersigned, an authorized representative of the Consulting Engineer to the Issuer hereby certifies that this disbursement is for a Cost of the 2014 Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of the 2014 Project with respect to which such disbursement is being made; and (iii) the Engineer's Report.

The undersigned further certifies that: (a) the amount to be paid to the Developer for the component of the 2014 Project that is the subject of this requisition is equal to or less than the cost of constructing the same by the Developer, including the value of any real property conveyed in connection therewith, (b) such component is part of or necessary for the 2014 Project, (c) such component has been installed or constructed in substantial conformity with the plans and specifications approved by the appropriate governmental entity and applicable laws governing the installation and construction of the same, (d) to the extent such component relates to stormwater management or irrigation, the Issuer has acquired an easement for stormwater or irrigation purposes, or both, as applicable, over the property in which such component will be located or the Issuer has acquired fee title to such property, (e) the amount to be paid by the Issuer for any interest in real property which is the subject of this requisition is equal to or less than the appraised value thereof, based on an appraisal by the Issuer's appraiser; and (f) such component of the 2014 Project is owned by the Issuer, is located on public property or within public rights of way or easements, is accessible by the general public, and is not subject to any lease, management agreement or other use arrangement, or otherwise used in a manner, that would cause the 2014 Bonds to be deemed private activity bonds within the meaning of Section 141 of the Code.

[CONSULTING ENGINEER]

By: _____
Name: _____
Title: _____
Date: _____

B - 2

EXHIBIT C

**FORM OF 2014 BONDS COSTS OF ISSUANCE ACCOUNT REQUISITION
COST OF ISSUANCE REQUISITION NO. ___**

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2014**

The undersigned, a Responsible Officer of the Heritage Harbour North Community Development District (the "Issuer") hereby submits the following requisition for disbursement from the 2014 Costs of Issuance Account created under and pursuant to the terms of the Master Trust Indenture from the Issuer to U.S. Bank National Association, as trustee (the "Trustee"), dated as of November 1, 2014, as supplemented by a First Supplemental Indenture dated as of November 1, 2014 (collectively, the "Indenture"), (all capitalized terms used herein shall have the meaning ascribed to such terms in this Indenture):

- (A) Requisition Number:
- (B) Name of Payee:
- (C) Amount Payable:
- (D) Purpose for which paid or incurred:

The undersigned hereby certifies that:

1. This requisition is for Costs of Issuance payable from the 2014 Costs of Issuance Account that have not previously been paid; and
2. Each disbursement set forth above is a proper charge against the 2014 Costs of Issuance Account.

Attached hereto are copies of the invoice(s) from the vendor of the services rendered with respect to which disbursement is hereby requested.

**HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT
DISTRICT**

By: _____
Responsible Officer

Date: _____

C-1

EXHIBIT D

DESCRIPTION OF PROJECT

**See Table 3 of Engineer's Report
dated September 17, 2013, revised October 21, 2014**

D-1

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

[FORM OF BOND COUNSEL OPINION]

November __, 2014

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

Re: Heritage Harbour North Community Development District \$7,945,000
Special Assessment Bonds, Series 2014 (the "2014 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 2014 Bonds. The 2014 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. 2013-10 adopted by the Board of Supervisors of the District (the "Board") on September 17, 2013, as amended by Resolution No. 2014-3 adopted by the Board on October 18, 2013, as supplemented by Amended and Restated Resolution No. 2015-1 adopted by the Board on October 2, 2014 (collectively, the "Resolution"). The 2014 Bonds are being further issued and secured by a Master Trust Indenture dated as of November 1, 2014 between the District and U.S. Bank National Association, as trustee (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of November 1, 2014 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 2014 Bonds (including the respective certificates of the developer of the land within the District and the District's Consulting Engineers attached thereto), the proceedings for validation in Case No. 2013-CA-5872 in the Twelfth Circuit Court in and for Manatee County, Florida (the "Validation Proceedings") 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 2014 Bonds, including with respect to the 2014 Assessments included in the 2014 Pledged Revenues. 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 and certain certifications and representations provided as of the date hereof by the Developer, as the primary landowner and developer of the lands within the boundaries of the District subject to the 2014 Assessments. Reference is also made to the opinion of even date herewith of counsel to the Trustee, on which we have relied, as to the due authorization and execution of the Indenture by the Trustee and of the enforceability of the Indenture against the Trustee.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Indenture has been duly authorized, executed and delivered by the District. The Indenture creates a valid pledge of the 2014 Trust Estate and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

2. The issuance and sale of the 2014 Bonds has been duly authorized by the District, and, assuming the due authentication thereof, the 2014 Bonds constitute valid and binding special limited obligations of the District payable solely in accordance with, and as limited by, the terms of the Indenture.

3. Interest on the 2014 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 Internal Revenue Code of 1986, as amended (the "Code").

The opinion set forth in the preceding paragraph is subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the 2014 Bonds in order for interest on the 2014 Bonds to be excluded from gross income for federal income tax purposes. The District has covenanted in the Indenture to comply with such requirements. Failure to comply with certain of such requirements may cause interest on the 2014 Bonds to be included in gross income for

federal income tax purposes retroactively to the date of issuance of the 2014 Bonds. In rendering the opinion set forth in the preceding paragraph, we have assumed continuing compliance with the requirements of the Code that must be met after the issuance of the 2014 Bonds in order that interest on the 2014 Bonds not be included in gross income for federal income tax purposes. The opinion set forth in the preceding paragraph is predicated upon present law and interpretations thereof and we assume no affirmative obligation with respect to any change of circumstances or law that may adversely affect the exclusion of interest on the 2014 Bonds from gross income for federal income tax purposes. Ownership of the 2014 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the 2014 Bonds.

4. The 2014 Bonds and interest thereon are not subject to taxation under the laws of the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in Chapter 220. We express no opinion regarding other state tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the 2014 Bonds.

5. The 2014 Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The scope of our engagement in relation to the issuance of the 2014 Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. In addition, we have not been engaged to, and therefore, do not express any opinion as to compliance by the District with any federal or state statute, regulation or ruling with respect to the sale and distribution of the 2014 Bonds. The opinions expressed herein shall not be deemed or treated as offering material or as an offering circular, prospectus or official statements and are not intended in any way to be a disclosure statement used in connection with the sale or delivery of the 2014 Bonds. We have not been engaged, nor have we undertaken, to review, confirm or verify, and, accordingly, we express no opinion as to, the accuracy, completeness, fairness or sufficiency of any of the statements in the Limited Offering Memorandum relating to the 2014 Bonds, including the appendices thereto, or other offering material relating to the 2014 Bonds (except to the extent stated in such Limited Offering Memorandum and in our supplemental opinion of even date herewith addressed to the District and the underwriter of the 2014 Bonds).

The opinions set forth herein are qualified to the extent that the rights of the holders of the 2014 Bonds and the enforceability of the 2014 Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, now or hereafter in effect, and by the exercise of judicial discretion in appropriate cases in accordance with equitable principles.

We wish to call to your attention that the 2014 Bonds are special limited obligations of the District payable solely in accordance with, and as limited by, the terms of the Indenture and

neither the full faith and credit nor the taxing power of the District, Manatee County, Florida, the State of Florida or any other political subdivision thereof is pledged as security for the payment of the 2014 Bonds. The 2014 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provision or limitation.

This opinion letter is rendered to you in connection with the 2014 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.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (the “Disclosure Agreement”) dated November 13, 2014 is executed and delivered by the **HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT** (the “District” or the “Issuer”), **LENNAR HOMES, LLC** a Florida limited liability company (the “Developer”) and joined in by the Disclosure Representative and the Trustee (as such terms are herein defined), in connection with the issuance of \$7,945,000 Heritage Harbour North Community Development District Special Assessment Bonds, Series 2014 (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Indenture dated as of November 1, 2014, as supplemented by a First Supplemental Trust Indenture dated as of November 1, 2014 (collectively, the “Indenture”), each between the District and U.S. Bank National Association, 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 Developer covenant and agree as follows:

1. **Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the District and the Developer for the benefit of the Owners of the Bonds and to assist the Participating Underwriter of the Bonds in complying with the applicable provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as amended from time to time (the “Rule”). The District and the Developer understand and acknowledge 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 or a governmental regulatory agency that the Rule requires the District or the Developer to provide additional information, the District and the Developer, as applicable, agree 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.

2. **Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Filing Date” means the date set forth in Section 4(a) hereof by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessments” shall mean the non ad valorem special assessments pledged to the payment of the Bonds pursuant to the Indenture.

“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.

"Beneficial Owners" 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 Bond 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 and Paying Agent 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.

“Development” shall have meaning ascribed thereto in the Limited Offering Memorandum.

“Disclosure Representative” shall mean (i) as to the District, the District Manager or its designee, or such other person as the District shall appoint from time to time, with notice to the Dissemination Agent, as the person responsible for providing information to the Dissemination Agent; and (ii) as to the Developer while it is an Obligated Person, the individual executing this Disclosure Agreement on behalf of the Developer or such person(s) as the Developer shall designate in writing to the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent

“Dissemination Agent” shall mean Prager & Co., LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent appointed by the District.

“District Manager” shall mean the person or entity serving as District Manager from time to time.

“EMMA” means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

“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.

“Limited Offering Memorandum” shall mean the Limited Offering Memorandum dated November 5, 2014 prepared in connection with the issuance of the Bonds.

“Listed Event” shall mean any of the events listed in Section 7(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“MSRB Website” shall mean www.emma.msrb.org.

“Obligated Person(s)” shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds, which person(s) shall include the District and the Developer or other landowner in the District, while the Developer or such landowner is the owner of at least twenty percent (20%) of the District Lands which have been determined by the District to be lands benefited by the 2014 Project or is responsible for payment of at least twenty percent (20%) of the Assessments.

“Owners” shall have the meaning ascribed thereto in the Indenture with respect to the Bonds and shall include beneficial owners of the Bonds, including those that have 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 are treated as the owner of any Bonds for federal income tax purposes.

“Participating Underwriter” shall mean MBS Capital Markets, LLC, in its capacity as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Quarterly Report” shall mean any Quarterly Report provided by the Developer, its successors or assigns pursuant to, and as described in, Sections 5 and 6 of this Disclosure Agreement.

“Repository” shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission’s website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access (“EMMA”) web portal at “<http://emma.msrb.org>.”

“State” shall mean the State of Florida.

3. **Content of Annual Reports.**

(a) The District’s Annual Report shall contain or incorporate by reference Annual Financial Information with respect to the District, including:

- (i) The amount of Assessments levied for the most recent Fiscal Year.
- (ii) The amount of Assessments collected from property owners during the most recent Fiscal Year.

(iii) If available, the amount of delinquencies greater than 150 days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) The balances in all Funds and Accounts for the Bonds. The District shall provide any Owners and the Dissemination Agent with this information more frequently than annually within thirty (30) days of the written request of the Owners.

(vi) The total amount of Bonds Outstanding.

(vii) The amount of principal and interest due 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. Any or all of the items listed above may be incorporated by reference from other documents, including offering documents of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is a final offering document, it must be available from the MSRB or EMMA. The District shall clearly identify each such other document so incorporated by reference.

(b) 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.

4. **Provision of Annual Reports.**

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent no later than one hundred eighty (180) days after the close of the Issuer's Fiscal Year, commencing with the Fiscal Year ended September 30, 2014 in an electronic format as prescribed by a Repository. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3(a) 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 no later than the date such Audited Financial Statements are required to be filed in accordance with applicable Florida law after the close of the District's Fiscal Year. Provided that if the audited financial statements are not available at the time of the filing of the Annual Report unaudited financial statements are required to be delivered as part of the Annual Report in a format similar to the Audited Financial Statements.

(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 of the District by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant

to Section 4(a) above. Upon such reminder, the Disclosure Representative of the District, shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report in accordance with Section 4(a) above, or (ii) instruct the Dissemination Agent in writing that the Issuer, will not be able to file the Annual Report within the time required under the Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a Notice Event as described in Section 7(a)(xvi) has occurred and to immediately send a notice to any Repository in electronic format as required by such repository in substantially the for form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository; and

(ii) promptly upon fulfilling its obligations under subsection (b) above, file a notice with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, state the date(s) it was provided and listing any Repository to which it was provided.

5. **Content of Quarterly Reports.**

(a) The Developer, so long as it is an Obligated Person for purposes of this Disclosure Agreement, shall prepare a Quarterly Report no later than thirty (30) days after the end of each calendar quarter commencing, March 31, 2015; provided, however, that so long as any Developer is a reporting company, such thirty (30) days shall be extended to the date of filing of its respective 10K or 10Q if later, as the case may be (each, a "Quarterly Receipt Date"). At such time as the Developer is no longer an Obligated Person, the Developer will no longer be obligated to prepare any Quarterly Report pursuant to this Disclosure Agreement.

(b) The Quarterly Report shall contain an update of the financial and operating data for the Developer to the extent presented in the Limited Offering Memorandum under the caption "THE DEVELOPMENT," including an update of all tables presented therein.

(c) Each Quarterly Report shall also address the following information if such information is not otherwise provided pursuant to subsection (b) or (d) of this Section 5:

(i) A description of the infrastructure improvements and recreational amenities needed for the Development that have been completed and that are currently under construction, including infrastructure financed by the Bonds.

(ii) The percentage of the infrastructure financed by the Bonds that has been completed.

(iii) The number of single-family homes planned on property subject to the Assessments.

(iv) The number of single-family homes closed with retail end users.

- (v) The number of single-family homes under contract with retail end users.
- (vi) The number of single-family lots under contract with builders, together with the name of each builder.
- (vii) The number of single-family lots closed with builders, together with name of each builder.
- (viii) The estimated date of complete build-out of residential units.
- (ix) Whether the Developer has made any bulk sale of the land subject to the Assessments other than as contemplated by the Limited Offering Memorandum.
- (x) The status of development approvals for the Development.
- (xi) Materially adverse changes or determinations to permits/approvals for the Development which necessitate changes to the Developer's land-use or other plans for the Development.
- (xii) Updated plan of finance (i.e., status of any credit enhancement, issuance of additional bonds to complete project, draw on credit line of Developer, additional mortgage debt, etc.).
- (xiii) Any event that would have a material adverse impact on the implementation of the Development as described in the Limited Offering Memorandum or on the Developer's ability to undertake the Development as described in the Limited Offering Memorandum.

(d) Any of the items listed in subsections (b) and (c) above may be incorporated by reference from other documents which have been submitted to each of the Repositories or the SEC. The Developer shall clearly identify each such other document so incorporated by reference.

(e) If the Developer sells, assigns or otherwise transfers ownership of real property in the Development to a third party, which will in turn be an Obligated Person for purposes of the Disclosure Agreement as a result thereof (a "Transfer"), the Developer hereby agrees to require such third party to comply with the disclosure obligations of the Developer hereunder for so long as such third party is an Obligated Person hereunder, to the same extent as if such third party were a party to this Disclosure Agreement. The Developer involved in such Transfer shall promptly notify the District and the Dissemination Agent in writing of the Transfer. For purposes of Section 5 and 6 hereof, the term "Developer" shall be deemed to include any third party that becomes an Obligated Person hereunder as a result of a Transfer. In the event that the Developer remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Developer from their obligations hereunder.

6. **Provision of Quarterly Reports.**

(a) The Developer shall provide a Quarterly Report which contains the information in Sections 5(b) and (c) of this Disclosure Agreement to the Dissemination Agent no later than the Quarterly Receipt Date for such Quarterly Report. Within thirty (30) days of the Quarterly Receipt Date, the Dissemination Agent shall file the Quarterly Report provided to it by the Developer with each Repository (the "Quarterly Filing Date").

(b) Notwithstanding anything to the contrary herein, the failure of the Developer to provide Quarterly Report which includes the information set forth in Section 5(c) of this Disclosure Agreement shall not constitute a Listed Event if such Quarterly Report includes the information set forth in Section 5(b) of this Disclosure Agreement.

(c) If on the seventh (7th) day prior to each Quarterly Receipt Date the Dissemination Agent has not received a copy of the Quarterly Report due on such Quarterly Receipt Date, the Dissemination Agent shall contact the Developer by telephone and in writing (which may be by e-mail) to remind the Developer of its undertaking to provide the Quarterly Report pursuant to Section 5. Upon such reminder, the Developer shall either (i) provide the Dissemination Agent with an electronic copy of the Quarterly Report in accordance with Section 6(a) above, or (ii) instruct the Dissemination Agent in writing that the Developer will not be able to file the Quarterly Report within the time required under this Disclosure Agreement and state the date by which such Developer Report will be provided.

(d) If the Dissemination Agent has not received a Quarterly Report that contains, at a minimum, the information in Section 5(b) of this Disclosure Agreement by 12:00 noon on the first business day following each Quarterly Receipt Date, a Listed Event described in Section 7(a)(xvi) shall have occurred and the District and the Developer hereby direct the Dissemination Agent to send a notice to each Repository in substantially the form attached as Exhibit A hereto, with a copy to the District. The Dissemination Agent shall file such notice no later than thirty (30) days following the applicable Quarterly Receipt Date.

(e) The Dissemination Agent shall:

(i) determine prior to each Quarterly Filing Date the name and address of each Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Developer and the District stating that the Quarterly Report has been provided pursuant to this Disclosure Agreement and stating the date(s) it was provided.

7. **Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 7, 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 2014 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

* Note: The Bonds are not rated.

** Note: There are currently no credit or liquidity providers for the Bonds.

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 3(a) of this Disclosure Agreement, respectively.

8. **Identifying Information.** In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Agreement to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

(a) the category of information being provided;

(b) the period covered by any annual financial information, financial statement or other financial information or operation data;

(c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);

(d) the name of any Obligated Person other than the Issuer;

(e) the name and date of the document being submitted; and

(f) contact information for the submitter.

9. **Termination of Disclosure Agreement.** The Issuer's and the Developer's obligation under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer and/or the Developer, or if the Rule is repealed or no longer in effect and the Developer's obligations hereunder shall terminate at such time as it is no

longer an Obligated Person. If such termination occurs prior to the final maturity of the Bonds, the Issuer and/or the Developer shall give notice of such termination in the same manner as for a Listed Event under Section 7.

10. **Dissemination Agent.** 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 Prager & Co., 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.

11. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Developer 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 Section 3(a), 4, 5, 6 or 7(a), 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 and/or the Developer, 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, or the Developer 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 and the Developer, as applicable, shall describe such amendment in its next Annual Report or Quarterly Report, as applicable, 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 or the Developer, as applicable. 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.

Notwithstanding the above provisions of this Section 11, the District may amend this Disclosure Agreement in accordance with this Section 11 without the consent of the Developer, provided that no amendment to the provisions of Sections 5 and 6 hereof may be made without the consent of the Developer as long as the Developer is an Obligated Person.

12. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer or the Developer 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 potential material event, in addition to that which is required by this Disclosure Agreement. If the Issuer or the Developer 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 the Disclosure Agreement, the Issuer or the Developer shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

13. **Default.** In the event of a failure of the Issuer, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer or a Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of more than 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 mandate or specific performance by court order, to cause the Issuer, the Developer, the Disclosure Representative, of the District, the Disclosure Representative of the Developer or a 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 Issuer, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer or a Dissemination Agent, to comply with the Disclosure Agreement shall be an action to compel performance.

14. **Duties of Issuer, Developer and Dissemination Agent.** The District and the Developer each represent and warrant that they 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 and the Developer each acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, the Developer, 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, the Developer, 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. Notwithstanding anything to the contrary herein, the District shall have no responsibility for any information provided by the Developer or others in connection with the Quarterly Reports or to cause the Quarterly Reports to be provided by the Developer.

15. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Developer, the Dissemination Agent, the Participating Underwriter and Beneficial Owners, of the Bonds, and shall create no rights in any other person or entity.

16. **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.

17. **Governing Law.** This Disclosure Agreement shall be governed by the laws of the State of Florida and Federal law.

18. **Dissemination Agent Right to Information.** The Issuer and the Developer, respectively agree that the Dissemination Agent is a bona fide agent of the Issuer and the Developer and may receive, on a timely basis, any information or reports it requests that the Issuer and the Developer are required to provide hereunder.

**SIGNATURE PAGE FOR
CONTINUING DISCLOSURE AGREEMENT**
(Heritage Harbour North Community Development District)

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

**HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT
DISTRICT**

ATTEST:

Secretary

By: _____
Chairman, Board of Supervisors

CONSENTED TO AND AGREED TO BY:
JAMES P. WARD., as Disclosure
Representative

LENNAR HOMES, LLC a Florida limited
liability company

By: _____
Title: _____

By: _____
Title: _____

Acknowledged and agreed to for purposes of
Section 13 only:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Title: Authorized Officer

PRAGER & CO., LLC, as Dissemination
Agent

By: _____
Title: _____

EXHIBIT A

**NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Heritage Harbour North Community Development District
Obligated Person(s): Heritage Harbour North Community Development District
Lennar Homes, LLC
Name of Bond Issue: \$7,945,000 Heritage Harbour North Community Development District
Special Assessment Bonds, Series 2014
Date of Issuance: November 13, 2014

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated November 13, 2014, among the District, the Developer, the Dissemination Agent and the Trustee named therein. The District has advised the undersigned that it anticipates that the Annual Report will be filed by _____, 20____.

Dated: _____

_____, as Dissemination Agent, on
behalf of the Issuer

cc: Issuer
Obligated Person(s)

APPENDIX E

SPECIAL ASSESSMENT METHODOLOGY

[THIS PAGE INTENTIONALLY LEFT BLANK]

Final Supplemental Special Assessment Methodology

Prepared for:
Limited Offering Memorandum

Heritage Harbour North Community Development District

Prepared by:

11/12/2014

JPWard & Associates LLC

JAMES P. WARD

954.658.4900

WARD9490@COMCAST.NET

2041NE 6 TERRACE
WILTON MANORS
FLORIDA 33305

TABLE OF CONTENTS

	TABLE OF CONTENTS	1
1.0	INTRODUCTION	2-3
2.0	THE DISTRICT	3
3.0	PURPOSE OF THE REPORT	3-4
4.0	MASTER DEVELOPMENT PROGRAM	4-5
5.0	BOND REQUIREMENTS	5-6
6.0	ASSIGNMENT OF ASSESSMENTS	6-9
7.0	OVERVIEW OF ASSESSMENT METHODOLOGY	10-20
8.0	OVERVIEW OF THE INVENTORY ADJUSTMENT DETERMINATION	20-21
9.0	PRELIMINARY ASSESSMENT ROLL	21-27

1.0 INTRODUCTION

The District was created and chartered by law and established on the property by ordinance of Manatee County effective November 13, 2006, as amended.

The District's limited purpose is to manage the construction, acquisition, maintenance and financing of its public works including basic infrastructure, system, facilities, services and improvement.¹

When the District was initially established, a variety of public infrastructure improvements were constructed by the District, including but not limited to: a surface water management system, utilities, roadway improvements, exterior landscaping, off-site improvements and mitigation. The District has issued its Series 2007 bonds to benefit portions of the District outside the "Expansion Area" (hereinafter defined) and which are anticipated to have a mixture of single-family units, single-family attached villas, and multi-story condominiums, as well as a 27 hold golf course, a clubhouse with adjoining fitness center, along with a pool and tennis facilities.

In September, 2013 Manatee County approved an amendment to the District's boundaries, which added 174.68 acres into the District, and which is anticipated to be developed with single family units, and single-family attached villas. In addition, the current development plan includes an additional 26 multi-family residential condominium units described in the original 2007 engineer's report, and this area is also included as the subject of this assessment methodology, and for purposes of this report is referred to as the "Expansion Area".

¹ See Florida Statutes sections 190.002(1)(a) and (c) and (3); Florida Statutes section 190.003(6); Florida Statutes section 190.012; and *State v. Frontier Acres Com. Develop.*, 472 So 2d 455 (Fla. 1985) in which the Florida Supreme Court opines about the "limited grant of statutory powers under chapter 190 [and] the narrow purpose of such districts" as "special purpose governmental units," where the narrow purpose is in the singular as applied to their powers in the plural. *Frontier Acres Com.*, at 456. The Supreme Court also references section 190.002, Florida Statutes, to "evidence the narrow objective" in providing community infrastructure in section 190.002(1)(a), Florida Statutes, opining that the "powers" of such districts "implement the single, narrow legislative purpose." *Id.* at 457.

This report will identify the special and peculiar benefits for the works and services including added use of the property, added enjoyment of the property, and probability of increased marketability, value of the property and decreased insurance premiums will be evaluated for each of the residential product types in the Expansion Area to ensure that the new assessments are fair, just and reasonable for all property within the Expansion Area.

2.0 THE DISTRICT

The District was established by Ordinance of the Board of County Commissioner's of Manatee County, Florida, effective November 13, 2006 as amended in September, 2013 to accomplish a boundary expansion.

The District is located within unincorporated Manatee County and encompasses approximately 1,066.58 acres of land, including the area recently added to the District. The development called River Strand is situated within the Heritage Harbour Development of Regional Impact, an approved DRI in northeast Manatee County, which includes approximately 2,500 acres of land.

The Heritage Harbour DRI is bounded on the west by Interstate 75, on the south by State Road 64, on the north by the Manatee River and on the east by a middle and elementary school. The District is located in the Heritage Harbour DRI and is located north of Port Harbour Parkway, east of Cypress Creek Estates and west of Waterlefe. Downtown Sarasota and the Sarasota-Bradenton International Airport are approximately fifteen minutes southwest of the District and downtown Bradenton is approximately ten minutes west of Heritage Harbour. In addition, downtown St. Petersburg and Tampa are located within thirty and forty-five minutes, respectively.

3.0 PURPOSE OF THIS REPORT

This Preliminary Supplemental Assessment Methodology Report updates the report titled "Special Assessment Methodology and dated September 17, 2013 as approved by the Board to reflect the updated CIP and plan of development in the expansion area and is consistent with the methodology in the previous report.

This Special Assessment Report and the Methodology described herein have been developed to provide a roadmap and lays out in detail each step for use by the Board of Supervisors of the District (the "Board") for the imposition and levy of non-ad valorem special assessments. The District's CIP (hereinafter defined) will allow for the development of property within the Expansion Area and will be funded through the issuance by the District of tax-exempt

bonds (the “Bonds”) to be repaid from the proceeds of non-ad valorem special assessments (the “Assessments”) levied by the Board on properties within the Expansion Area that benefit from the implementation of the CIP. The Assessments will be liens against properties within the Expansion Area that receive special benefits from the CIP.

The Methodology described herein has two goals: (1) determining the special and peculiar benefits that flow to the properties in the Expansion Area as a logical connection from the infrastructure systems and facilities constituting enhanced use and increased enjoyment of the property; and (2) apportion the special benefits on a basis that is fair and reasonable. The District has adopted a Capital Improvement Program comprising certain public infrastructure and facilities (the “CIP”) that will allow for the development of property within the Expansion Area. The District plans to fund the CIP, all or in part, through the issuance of the Bonds. The Methodology herein is intended to set forth a framework to apportion the special and peculiar benefits from the portions of the CIP financed with the proceeds of the Bonds payable from and secured by the Assessments imposed and levied on the properties in the Expansion Area. The report is designed to conform to the requirements of the Constitution, Chapters 170, 190 and 197 F.S. with respect to the Assessments and is consistent with our understanding of the case law on this subject. Once levied by the Board, the Assessments will constitute liens co-equal with the liens of State, County, municipal and school board taxes, against properties within the Expansion Area that receive special benefits from the CIP.

4.0 MASTER DEVELOPMENT PROGRAM

4.1 Land Use Plan

The District’s boundary was expanded in September, 2013 to include 174.68 acres of land. This land, along with a small portion of the existing District, constitute the “Expansion Area” for this special assessment report. The small portion of the existing District area included in this Expansion Area covers the addition of twenty six (26) Condominium units to the development plan.

Description	SF - Manor	SF - Executive	SF - Estate	SF - River	Twin Villas	Condo's	Total
Subphase J	177	140	0	0	130		447
Marina			24	11			35
Condominiums						26	26
Total	177	140	24	11	130	26	508

4.2 Capital Requirements

Banks Engineering (the “District Engineer”) has identified certain public infrastructure and services that are being provided by the District for the Expansion Area and has provided a cost estimate for these improvements. The detail of the District’s CIP can be found in the Engineer’s Report, dated September 17, 2013 as revised on October 21, 2014.

The revised cost estimate for the District’s CIP has changed and has been reduced to take into consideration updated construction costs and to remove the funding for the off-site roadway improvements to Port Harbour Parkway.

The cost estimate for the District’s CIP can be found below in Table 1. It is estimated the cost of the CIP will be approximately \$6,920,000.00 and will be constructed in one phase without taking into consideration the various costs of financing the improvements.

Table 1 Cost Allocation	
Description	Total
Roadways (Port Harbour Parkway)	\$ -
Utilities	\$ 3,500,000
Water Management	\$ 2,700,000
Landscape	\$ 270,000
Wetland Mitigation	\$ 50,000
Professional Services	\$ 400,000
Contingencies	\$ -
Total:	\$ 6,920,000

5.0 BOND REQUIREMENTS

The District has financed its CIP through the issuance of the Special Assessment Bonds – Series 2014. As shown in Table 3, the District has issued an aggregate principal amount of \$7,945,000.00 in Bonds to fund the implementation of the CIP. A number of items comprise the estimated bond size required to fund the \$7,945,000.00 necessary to complete the District’s CIP.

These items may include, but are not limited to, a period of capitalized interest, a debt service reserve, an underwriter's discount, issuance costs, and rounding. Table 2 outlines the total estimated amount of par bonds debt required to fund the District's CIP.

As the finance plan is implemented the final source and use of funds will be determined at the time of issuance of the Bonds and is dependent on a variety of factors, most importantly, the interest rate that the District is able to secure on the Bonds, along with such items as the capitalized interest period, reserve requirement and costs of issuance.

The following is the Source and Use of Funds is based on the following parameters of the Series 2014 Special Assessment Bonds:

- Date of Issue: November 13, 2014
- Interest Rate: \$3,605,000 Term Bond at 5.000%
\$4,340,000 Term Bond at 5.125
- Capitalized Interest: One Year (12 months)
- Reserve Fund: 50% of Maximum Annual Debt Service

Source & Use of Funds
Special Assessment Bonds - Series 2014
Par Amount Issued - \$7,945,000.00

Table 2	
Par Debt	\$ 7,945,000.00
Original Issue Discount	\$ (16,709.00)
Total:	\$ 7,928,291.00
<hr/>	
Construction Requirements	\$ 6,920,000.00
NET - Construction Deposit:	\$ 6,920,000.00
Debt Service Reserve	\$ 259,400.00
Capitalized Interest	\$ 389,252.50
Cost of Issuance	\$ 358,900.00
Rounding Proceeds	\$ 738.50
Total:	\$ 7,928,291.00

6.0 ASSIGNMENT OF ASSESSMENTS

It is useful to consider three broad states or conditions of development within the Expansion Area. The initial condition is the "unplatted state". At this point infrastructure may or may not be constructed, but in general, home sites or other development units have not been defined

and all of the developable land within the Expansion Area is considered unplatted acreage (“Unplatted Acres”). In the unplatted state, all of the lands within the Expansion Area receive benefit from all or a portion of the components of the financed CIP and Assessments would be imposed upon all of the land within the Expansion Area on an equal acre basis to repay the Bonds in amount not in excess of the benefit accruing to such parcels.

The second condition is the interim or “approved state”. At this point, a developer would have received approval for a site development plan from the County. By virtue of the County granting an approval for its site development plan for a neighborhood, certain development rights are committed to and peculiar to that neighborhood, thereby changing the character and value of the land by enhancing the capacity of the Unplatted Acres within a neighborhood with the special and peculiar benefits flowing from components of the Expansion Area’s CIP and establishing the requisite logical connection for the flow of the special benefits peculiar to the property, while also incurring at the same time a corresponding increase in the responsibility for the payment of the levied Assessment to amortize the portion of the debt associated with those improvements.

Therefore, in the event that the District issues bonds which have or will benefit the lands within such area, the District will designate such area, or in combination with other such areas, as an assessment area, and, allocate a portion of this debt to such assessment area in the “approved state”.

This apportionment of benefit is based on accepted practices for the fair and equitable apportionment of special and peculiar benefits in accordance with applicable laws and the procedure for the imposition, levy and collection of non-ad valorem special assessments in conformity with State laws applicable to such assessments.

Development enters its third and “Platted state”, as property is platted. Land becomes platted property (the “Platted Property”) which single-family units are platted or multifamily land uses receive a building permit and a separate tax parcel identification number is issued for such parcel. At this point, and only at this point, is the use and enjoyment of the property fixed and determinable and it is only at this point that the ultimate special and peculiar benefit can be determined flowing from the components of the CIP peculiar to such platted parcel. At this point, a specific apportionment of the Assessments will be fixed and determinable from the supplemental assessment report to be prepared once the final pricing details of the Bonds are known.

When the development program contains a mix of residential land uses, an accepted method of allocating the costs of public infrastructure improvements to benefiting properties is

through the establishment of a system that “equates” the benefit received by each property to the benefit received by a single-family unit to other unit types. To implement this technique for CIP cost allocation purposes, a base unit type must be set.

For Water Management and Utility systems that provide potable water and sanitary sewer services are sized based on the volumes expected to be generated by each type of development.

The Expansion Area’s surface water management system was designed to be an integrated and functional water management system for the treatment and attenuation of stormwater runoff for the entire Expansion Area. As such, the allocation of costs are based on the capacity usage anticipated for each land use within the Expansion Area.

The Expansion Area’s utility system consists of potable water, sanitary sewer and irrigation water for the community, although irrigation improvements are not included in the costs to be financed with the Bonds as shown in Table 1. The development within the Expansion Area consists of residential properties. The potable water and sanitary sewer are divided among all property owners based on typical flow rates established by the District Engineer for similar use types based on the Florida Administrative Code.

Table 3 illustrates the allocation of the par debt for the water management and utility improvements to each benefitted unit type.

Unit Type	Units	Run Off	Weighted Acres	% Weighted Acres	Total Par Debt
SF - Manor	177	50%	3.5	30.04%	\$ 1,862,660.94
SF - Executive	140	50%	4.2	36.05%	\$ 2,235,193.13
SF - Estate	24	50%	0.9	7.73%	\$ 478,969.96
SF - River	11	50%	0.45	3.86%	\$ 239,484.98
Twin Villas	130	50%	2	17.17%	\$ 1,064,377.68
Condominiums	26	50%	0.6	5.15%	\$ 319,313.30
Total:	508		11.65	100.00%	\$ 6,200,000.00

For all other costs in the CIP, the base unit will be assigned an Equivalent Residential Unit Factor (“ERU”) of “1” beginning with the base single-family residential unit. This represents a certain amount of relative benefit that is received by the base unit on account of the implementation of the Expansion Area’s CIP. The ERU Factor for unit types other than the base unit will be determined based on the benefit each unit type receives from the Expansion Area’s

CIP relative to the base unit. The use of ERU Factors to estimate the benefit derived from public infrastructure improvements is recognized as a fair and reasonable method for apportioning benefit. The allocation of the Expansion Area’s CIP costs according to these ERU values is found in Table 4 for all other costs.

Table 4 - Allocation of All other Costs					
Unit Type	Units	ERU's/Unit	Total ERU's	% ERUs	Total Par Debt
SF - Manor	177	1	177	32.55%	\$ 234,350.86
SF - Executive	140	1.25	175	32.18%	\$ 231,702.83
SF - Estate	24	1.36	32.64	6.00%	\$ 43,215.89
SF - River	11	1.54	16.94	3.12%	\$ 22,428.83
Twin Villas	130	0.9	117	21.52%	\$ 154,909.89
Condominiums	26	0.97	25.22	4.64%	\$ 33,391.69
Total:	508		543.8	100.00%	\$ 720,000.00

Each units annual par debt per unit and annual debt service is outlined in Table 6, and represents the resulting allocation of the total cost of financing the Expansion Area’s CIP based upon the trips generation, weighted run-off and ERU values described above. The CIP cost allocations found in Table 6 will be assigned on a rolling basis as properties within the Expansion Area are contained in a plat. Each unit’s “Par Debt per Unit” allocation may be satisfied by an assessment of long-term par bond debt (typically with a 30 year term).

Table 5 - Assessment Levels									
Parcel Type	Number of Units	Total Apportioned Costs	Percent of Apportioned Costs	Total Debt Allocation	Series 2013 Par Debt Per Unit	ESTIMATED Annual Debt Service	Collection Costs and Discounts	ESTIMATED Total Annual Payment Per Unit	Total Debt Service
SF - Manor	177	\$2,097,011.81	30.30%	\$2,407,624.11	\$ 13,602.40	\$ 888.22	\$ 53.29	\$ 941.52	\$157,215.28
SF - Executive	140	\$2,466,895.96	35.65%	\$2,832,296.02	\$ 20,230.69	\$ 1,321.04	\$ 79.26	\$ 1,400.30	\$184,945.90
SF - Estate	24	\$ 522,185.85	7.55%	\$ 599,532.74	\$ 24,980.53	\$ 1,631.20	\$ 97.87	\$ 1,729.07	\$ 39,148.85
SF - River	11	\$ 261,913.81	3.78%	\$ 300,708.85	\$ 27,337.17	\$ 1,785.09	\$ 107.11	\$ 1,892.19	\$ 19,635.97
Twin Villas	130	\$1,219,287.58	17.62%	\$1,399,890.14	\$ 10,768.39	\$ 703.16	\$ 42.19	\$ 745.35	\$ 91,411.33
Condominiums	26	\$ 352,704.99	5.10%	\$ 404,948.15	\$ 15,574.93	\$ 1,017.03	\$ 61.02	\$ 1,078.05	\$ 26,442.68
Total	508	\$6,920,000.00	100.00%	\$7,945,000.00					\$518,800.00
								Maximum Annual Debt Service	\$518,800.00
								Rounding	\$ -

7.0 OVERVIEW OF ASSESSMENT METHODOLOGY; SPECIAL PECULIAR BENEFIT; REASONABLE AND FAIR APPORTIONMENT; PROPORTIONATE SPECIAL BENEFIT

The purpose of this Methodology is to discuss the special benefits peculiar to the properties from construction and acquisition of the Expansion Area systems, facilities and services, along with the further enhancement and enjoyment of the property from the Expansion Area's use of its special pinpointed and focused management capabilities to construct these systems, facilities and services.

The Methodology herein constitutes a valid and legal methodology for the Heritage Harbour North Community Development District in that it apportions special benefits peculiar to the properties in the Expansion Area in a reasonable and fair manner.

It should be noted that although all properties in the Expansion Area are indicated herein as receiving benefit from the CIP for purposes of determining the Assessments to be levied in the Expansion Area, none of the parcels in the Expansion Area are or will be assessed an amount of Assessments that is in excess of the benefit actually accruing from the portions of the CIP determined to benefit those parcels as reflected in the Engineer's Report.

This section is broken down into four (4) subsections:

Subsection 7.1 provides a detailed overview of the requirements for a valid special assessment. In this subsection, Florida's legal requirements to make the assessments liens equal in dignity to property taxes are explained and detailed. (A lien travels with the property and may result in the loss of the property if it is not paid.)

Subsection 7.2 identifies and details the actual special benefits flowing from the Expansion Area's construction activities of its systems, facilities and services to the properties. A breakdown of each special benefit (added use, added enjoyment, the combination of enhanced value and increased marketability and finally decreased insurance premiums) is provided and the way the properties are benefited is explained.

Subsection 7.3 covers the apportionment of these special benefits. This subsection shows the proportion of the special benefit flowing to the individual properties. For example, the Off-site Services will create equal special benefits peculiar to individual properties. That is, the relative magnitude of any one of these special benefits to any one property is proportional to the special benefits to another property. Similarly, the Water Management Services will benefit certain properties more than others, as will the Utilities and Irrigation Services.

The special benefits can be broken down into a percentage of the overall special benefit flowing based on each category. This section explains this breakdown in specificity for each property unit type in relation to the magnitude of the special benefit each property unit enjoys. This apportionment results in the proportionate special benefit.

Subsection 7.4 applies the proportionate special benefit to the dollar amount allocated in the Cost Allocation noted herein.

7.1 Requirements For a Valid Assessment Methodology

Valid assessments under Florida Law have two (2) requirements that must be met by the Board using this Methodology to provide that the assessments will be liens on property equal in dignity to County property tax liens and to justify reimbursement by the property owners to the District for the special benefits received by and peculiar to their properties.

First, the properties assessed must receive, peculiar to the acre or parcel of property, a special benefit that flows as a logical connection from the systems, facilities and services constituting improvements.² The courts recognize added use, added enjoyment, enhanced value

² The two basic requirements for a valid assessment under law are stated succinctly in *City of Boca Raton v. State*, 595 So. 2d 25, 29 (Fla. 1992) *holding modified by Sarasota County v. Sarasota Church of Christ, Inc.*, 667 So. 2d 180 (Fla. 1995) and *modified sub nom. Collier County v. State*, 733 So. 2d 1012 (Fla. 1999) (“There are two requirements for the imposition of a valid special assessment. First, the property assessed must derive a special benefit from the service provided. Second, the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit.”) (Citations omitted). The requirement that the benefits received from the property must be peculiar to the parcel or acres is stated in *City of Boca Raton v. State*, 595 So. 2d 25, 29 (Fla. 1992) *holding modified by Sarasota County v. Sarasota Church of Christ, Inc.*, 667 So. 2d 180 (Fla. 1995) and *modified sub nom. Collier County v. State*, 733 So. 2d 1012 (Fla. 1999) (A special assessment "is imposed upon the theory that that portion of the community which is required to bear it receives some special or peculiar benefit in the enhancement of value of the property against which it is imposed as a result of the improvement made with the proceeds of the special assessment."). The requirement for the existence of a logical connection from the systems, facilities and services constituting the improvements to the parcel or acre is found in *Lake County v. Water Management Corp.*, 695 So. 2d 667, 669 (Fla. 1997) (The test for evaluating whether a special benefit is conferred to

(footnote continued)

and decreased insurance premiums as the special benefits that flow as a logical connection from the systems, facilities and services peculiar to the property. Additionally, the properties will receive the special benefit of enhanced marketability.

Second, the special benefits must be fairly and reasonably apportioned in relation to the magnitude of the special benefit received by and peculiar to the various properties being assessed,³ resulting in the proportionate special benefit to be applied.

Although property taxes are automatically liens on the property, non-ad valorem assessments, including special assessments, are not automatically liens on the property but will become liens if the governing Board applies the following test in an informed, non-arbitrary manner. If this test for lienability is determined in a manner that is informed and non-arbitrary by the Board, as a legislative determination, then the special assessments may be imposed, levied, collected and enforced as a first lien on the property equal in dignity to the property tax lien.⁴ Florida courts have found that it is not necessary to calculate special benefits with mathematical precision at the time of imposition and levy⁵ so long as the levying and imposition process is not arbitrary, capricious or unfair.⁶

property by the services for which an assessment is imposed “is whether there is a ‘logical relationship’ between the services provided and the benefit to real property.”)

³ *City of Boca Raton v. State*, 595 So. 2d 25, 29 (Fla. 1992) *holding modified by Sarasota County v. Sarasota Church of Christ, Inc.*, 667 So. 2d 180 (Fla. 1995) and *modified sub nom. Collier County v. State*, 733 So. 2d 1012 (Fla. 1999).

⁴ *Workman Enterprises, Inc. v. Hernando County*, 790 So. 2d 598, 600 (Fla. 5th DCA 2001) (“When a trial court is presented with a property owner’s challenge to a special assessment the appropriate ‘standard of review is the same for both prongs; that is, the legislative determination as to the existence of special benefits and as to the apportionment of the costs of those benefits should be upheld unless the determination is arbitrary.’”) (Citation omitted). § 170.09, Fla. Stat. (2010) (“The special assessments . . . shall remain liens, coequal with the lien of all state, county, district, and municipal taxes, superior in dignity to all other liens, titles, and claims, until paid.”)

⁵ *City of Boca Raton v. State*, 595 So. 2d 25, 31 (Fla. 1992) (In determining the special benefit each parcel or acre receives, the District is “not required to specifically itemize a dollar amount

(footnote continued)

7.2 Special Peculiar Benefits

Focused, pinpointed and responsive management of the construction and eventually the operation of the system, facilities, and services by the District, create and enhance special benefits that flow peculiar to property within the borders of the Expansion Area, as well as general benefits to the public at large.

All benefits conferred on Expansion Area properties are special benefits conferred on property because only property within the Expansion Area will specially benefit from the enhanced services to be provided as a result of these new assessments. Any general benefits resulting from these assessments are incidental and are readily distinguishable from the special benefits that accrue to the property within the Expansion Area. Properties outside the Expansion Area do not depend on the Expansion Area's programs and undertakings in any way for their own benefit and are therefore not considered to receive benefits for the purposes of this methodology. The Assessments are designed with the specific properties of the Expansion Area in mind and for their exclusive special benefit.

7.2.1 General Review

From the District's focused and pinpointed management of the construction and eventual operation flows the special benefit peculiar to each parcel or acre of added use of the property. This special benefit of added use of a piece of property contemplates the increased ability to "use" the property for its intended purpose.

of benefit to be received by each parcel."). Pursuant to section 197.122(1), Florida Statutes, all taxes imposed pursuant to the State Constitution and laws of this state shall be a first lien, superior to all other liens, on any property against which the taxes have been assessed and shall continue in full force from January 1 of the year the taxes were levied until discharged by payment or until barred under chapter 95. Pursuant to the collection laws, section 197.3632, Florida Statutes, and all applicable case law, this provision on taxes also applies to non-ad valorem assessments.

⁶ See *Workman Enterprises, Inc. v. Hernando County*, 790 So. 2d 598 (Fla. 5th DCA 2001), *supra* note 5, at 600.

The District's control and management of the construction and eventual operation will also provide another special benefit peculiar to each parcel or acre of added enjoyment of the property. The special benefit of added enjoyment of property contemplates the increase in the satisfaction or quality of use of the specially benefitted property.

Additionally, the District's control and management of the construction and eventual operation will provide the special benefit peculiar to each parcel or acre of the probability of increased marketability and value of the property. The dollar increase in the value of the property could be determined at a later time by a property appraiser.

Because the benefits of the District's control and management are greater than the costs of the Assessments, an overall net special benefit occurs. This net special benefit equates into an increase in at least some of the property values of the surrounding homes. An increase in property values makes these properties more marketable and more saleable. Put differently, when a property's value increases and the price a property is for sale remains the same, the property will have a greater chance of being sold; therefore, the marketability of that property is increased.

Further, a derivative special benefit also exists from this increased marketability. Because of the overall benefit and increases in property values, the surrounding homes will increase in their marketability. More enhanced neighboring properties mean increased marketability. Therefore, even if a single property's value is not increased from the particular Expansion Area service, many surrounding properties' value will increase, and the non-value improving property will still gain an increase in marketability.

Finally, the District's focused and pinpointed control and management of the construction and eventual operation will provide a special benefit peculiar to each parcel or acre in the Expansion Area of decreased insurance premiums. The monetary decrease in the insurance premiums could be determined at a later time by an insurance adjuster.

These special and peculiar benefits are real and ascertainable, but are not yet capable of being calculated and assessed as to value with mathematical certainty; however, their magnitude can be determined with certainty today. Each special benefit is by orders of magnitude more valuable than the cost of, or the actual assessment imposed and levied for, the services and improvements that they provide peculiar to the receiving properties.

Accordingly, each system, facility and service provided by the District is discussed.

(A) Water Management Systems, Facilities and Services

The Special Benefit of Added Use

From the District's focused and pinpointed management of the construction and eventual operation of the Water Management System flows the special benefit peculiar to each parcel or acre of added use of the property. The special benefits peculiar to each parcel or acre from the Water Management System that contributes, as a logical relationship, to the added use of property throughout the Expansion Area are flood reduction and prevention and reduced over-drainage.

The Special Benefit of Added Enjoyment

The District's construction and eventual operation of the Water Management Services will also provide a special benefit peculiar to each parcel or acre of added enjoyment of the property. The items contributing, as a logical relationship, to the special benefit of added enjoyment of the property are reduced pollution on the property and throughout the Expansion Area, improved water quality throughout the Expansion Area, and an aesthetic enhancement of property in general through a better-maintained landscape resulting in a clean and pristine environment. Residential properties within the Expansion Area will also enjoy the significant decrease in pollutant build up on their lands and common areas and the consequent positive environmental and aesthetic effects on their lands and local community as a direct result of the enhanced Water Management System's construction by focused District management.

The Special Benefit of the Probability of Enhanced Value and Increased Marketability

The District's construction and eventual operation of the water management system will provide further a special benefit peculiar to each parcel or acre in the probability of increased marketability and enhanced value of the property. Specific benefits of this type include decreased landscaping and maintenance costs, reduced environmental degradation, higher quality property maintenance, reduced water treatment costs (since the system is effectively removing a substantial portion of the pollutants before the run-off water reaches a water treatment facility), and increased prestige and attractiveness. Moreover, the enhanced value received by the property will remain despite any change in future use because the water management system benefits the lands of the Expansion Area irrespective of their current or anticipated purpose. The dollar increase in the value of the property can be determined at a later time by a property appraiser. Residential properties would specially benefit from similar value increases directly attributable to better water quality at residents' disposal, less local

maintenance and landscaping expenditures, and significantly more attractive individual land lots which by their aesthetic characteristics are more sought after and marketable.

The Special Benefit of Decreased Insurance Premiums

Finally, the District's control and management of the construction and eventual operation of the water management system will provide a special benefit peculiar to each parcel or acre of decreased insurance premiums. The monetary decrease in the insurance premiums could be determined at a later time by an insurance adjuster. Residential properties within the Expansion Area should enjoy reductions in insurance costs if the system is proved to decrease pollutants locally in the manner intended as well as provide a means of flood prevention that will reduce the potential for property damage throughout the entire Expansion Area.

(B) Utilities (Potable Water and Sanitary Sewer)

From the District's focused and pinpointed management, the construction of the District's utility systems, including potable water and sanitary sewer system flows the special benefits peculiar to each parcel or acre in terms of added use, added enjoyment, enhanced value and marketability. All these special benefits would not exist but for the successful construction and eventual operation by the County of the District's functions and duties by the Board of Supervisors. Each parcel or acre within the Expansion Area requires the Board to construct a utility system for the benefit of and upon each individual property in order to meet the District's single, special purpose in providing sustained high quality infrastructure to the District. These services constitute the source of the special benefit peculiar to the property on which the assessment is based because without these services, no capital infrastructure nor its maintenance and operation could ever accrue to the properties.

(C) Exterior Landscaping

From the District's focused and pinpointed management, the construction of the exterior landscaping elements flows special benefits peculiar to each parcel within the Expansion Area. The Board will provide exterior landscaping which include buffering along the project borders and other areas of the Expansion Area. This landscaping was required by Manatee County Land Development Code. It is these specific services from which all property will gain and specially benefit from added use, added enjoyment, and enhanced value and marketability.

(D) Environmental Wetland Mitigation

From the District's focused and pinpointed management of the construction and eventual operation, mitigation improvements flows the special benefit peculiar to each parcel or acre within the Expansion Area. These improvements include the construction of wetland, and other habitat replacement due to the development of the community. These mitigation improvements would not be required if not for the development of the properties in the Expansion Area and these parcels will specifically benefit from increased storm protection and flood damage due to major storm events. These wetland and other habitat replacements increase nature's nurseries for various birds, animals and plant life, and ultimately increase the enjoyment by residents in the Expansion Area to participate in wetland activities, such as canoeing, bird watching, photography, and other outdoor recreation. As applicable to the other services, that is, all these special benefits would not exist but for the successful construction and eventual operation of the District's functions and duties by the Board of Supervisors. Each parcel or acre within the Expansion Area requires the Board to construct infrastructure that benefit each individual property in order to meet the District's single, special purpose in providing sustained high quality infrastructure to the Expansion Area. These services constitute the source of the special benefit peculiar to the property on which the assessment is based since without these services, no development could ever occur.

(E) Professional Fees, Permit Services & Contingencies

From the District's focused and pinpointed construction of the system, facilities and services enumerated above these miscellaneous improvements flows the special benefit peculiar to each parcel or acre within the Expansion Area. These improvements are required and include the necessary soft costs, such as engineering design and inspection, permitting, etc. for all of the other systems, facilities and services. These miscellaneous improvements would not be required if not for the balance of the others systems, facilities and services and as such, development of the properties in the Expansion Area and these parcels will specifically benefit from all of the other systems, facilities and services. As applicable to the other services, that is, all these special benefits would not exist but for the successful operation of the District's functions and duties by the Board of Supervisors. Each parcel or acre within the Expansion Area requires the Board to construct infrastructure that benefit each individual property in order to meet the District's single, special purpose in providing sustained high quality infrastructure to the Expansion Area. These services constitute the source of the special benefit peculiar to the property on which the assessment is based since without these services, no development could ever occur.

7.3 Reasonable and Fair Apportionment: The Proportionate Special Benefit

The special benefits described above must be fairly and reasonably apportioned in relation to the relative magnitude (not the value) of the special benefit received by and peculiar to the various properties being assessed. The magnitude of such benefit is different for each type of property within the Expansion Area and for each type of assessment on which the special benefit is based. The apportionment here is divided by unit type (as opposed to each individual parcel or acre) because the differences among the parcels and acres in each unit type, while present, are de minimus in this situation. It is illustrative of such benefit which one parcel or acre enjoys in comparison to another parcel or acre and that relationship informs the respective assessments which each parcel or acre must pay; always in proportion to the extent of the total benefit which they receive in relation to all other properties which also enjoy such benefit. All assessments discussed below are either equal to or less than such benefit with which it is associated.

(A) Water Management System Apportionment

The Water Management System provides several special benefits, peculiar to certain properties within the Expansion Area, as described above in section 6.2(A). Such benefits conferred by this system, as a whole, are to be apportioned to properties based on: (1) common areas that benefit the entire Expansion Area (2) common areas that benefit residential only, and (3) specific land uses which generate anticipated runoff based on type of property on a per parcel or per acre basis. These three methods combined will constitute the makeup of the Water Management Services special assessment for each individual parcel or acre.

For the first apportionment method, the Expansion Area's Water Management assessment will consist of an amount representative of all common areas within the Expansion Area from which all properties within the Expansion Area benefit. Because all properties within the Expansion Area benefit from all Expansion Area common areas, all properties share in the special benefit conferred on these areas. This is also reflective of the fact that the entire Water Management System is one aggregate system and all properties must bear their share of the respective costs in managing not only their own properties but also of the common areas whose proper functioning is paramount to the integrity of the system as whole.

The second apportionment method addresses the special benefits received by the properties within the residential areas that are common to the residential areas, such as roadways that serve residential areas only, and residential common areas as a result of the Water Management system.

The residential areas contain additional rights-of-way and common areas that affect water flow only within those residential communities. Therefore, only those properties will receive

special benefits from the proper drainage and treatment of stormwater run-off in these areas. Consequently, all properties within these communities are apportioned to reflect the magnitude of these proportionate special benefits.

The third apportionment method, which makes up the remainder of the Water Management assessment, addresses the unit type of individual parcels or acres. Property will be assessed, despite its run-off rate (as calculated in the “Cost Allocation Methodology” above), to reflect the relative magnitude of the individual special benefit it receives proportionally from the entire Water Management System. A considerable portion of the residential properties within the Expansion Area consists of impervious surfaces and therefore generate significant run-off from storm events.

(B) Utilities Apportionment

The utility services provide special benefits peculiar to all properties within the Expansion Area in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure provision. As explained earlier, because certain properties, by their nature, require more utility services and consideration when it comes to the provision of infrastructure, such properties benefit proportionally more than others within the Expansion Area. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive. Therefore, the magnitude of the proportional special benefit for each property for this particular assessment varies according to the particular characteristics of the parcel or acre, as well as the apportionment that each unit type receives from the other services.

(C) Exterior Landscaping Apportionment

The exterior landscaping services provide special benefits peculiar to all properties within the Expansion Area in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure. As explained earlier, this is because all properties, by their nature, require these buffer landscaping areas outside the Expansion Area in order to develop the property within the Expansion Area, such properties therefore benefit proportionally. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive. Therefore, the magnitude of the proportional benefit for each property for this particular assessment does not vary according to the particular characteristics of the parcel or acre.

(D) Environmental Mitigation Apportionment

The mitigation infrastructure services provide special benefits peculiar to all properties within the Expansion Area in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure. As explained earlier, this is because all properties, by their nature, require the replacement of lost wetland and habitat, irrespective of the type of land use, such properties therefore benefit proportionally. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive. Therefore, the magnitude of the proportional benefit for each property for this particular assessment does not vary according to the particular characteristics of the parcel or acre.

(E) Professional & Permitting Apportionment

The professional and permitting services provide special benefits peculiar to all properties within the Expansion Area in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure. As explained earlier, this is because all properties, by their nature, require the these design, inspection, permitting and other costs that are required for the entire infrastructure program, irrespective of the type of land use, such properties therefore benefit proportionally. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive.

8.0 Overview of the Inventory Adjustment Determination

The assessment methodology is based on the development plan that is currently proposed by the Developer. As with all projects of this size and magnitude, as development occurs their may be changes to various parts of the proposed project mix, the number of units, the types of units, etc. The inventory adjustment determination mechanism is intended to insure that all of the debt is levied only on developable properties, such that by the end of the development period their will be no remaining debt on any undevelopable property.

First, as property is taken from an undeveloped (raw land) state and readied for development, the property is platted or alternatively specific site plans are developed and processed through the County Property Appraiser, who assigns distinct parcel identification numbers for land that is ready to be built upon. Or in the case of property where a condominium is being developed the land is platted as a large tract of land, and ultimately as the developer files the declaration of condominium, the County Property Appraiser assign

distinct parcel identifications to each condominium unit that will be constructed on the property.

When either of these events occur, the District must allocate the appropriate portion of its debt to the newly established and distinct parcel identification numbers. The inventory adjustment determination allows for the District to take the debt on these large tracts of land, and assign the correct allocation of debt to these newly created units. This mechanism is done to insure that the principal assessment for each type of property constructed never exceed the initially allocated assessment contained in this report.

This is done periodically as determined by the District Manager or their authorized representative, and is intended to insure that the remaining number of units to be constructed can be constructed on the remaining developable land. If at any time, the remaining units are insufficient to absorb the remaining development plan, the applicable landowner will be required to make a density reduction payment, such that the debt remaining after the density reduction payment does not exceed principal assessment for each type of property is exceeded in the initially allocated assessment contained in this report.

9.0 Final Assessment Roll -

The following chart provides the current folio numbers derived from the Manatee County Tax Rolls and matches those folio number's with the anticipated product on each folio numbers.

**Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000**

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt
1101824559	Manor	TRACT 700 (FUTURE DEVELOPMENT) HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/	NO ASSIGNED ADDRESS	35	\$476,084.00
1101824709	Manor	TRACT 703 (FUTURE DEVELOPMENT) HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/	NO ASSIGNED ADDRESS	49	\$666,517.60
1101803059	Manor	LOT 388 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7121 QUIET CREEK DR	1	\$13,602.40
1101803109	Manor	LOT 389 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7125 QUIET CREEK DR	1	\$13,602.40
1101803159	Manor	LOT 390 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7129 QUIET CREEK DR	1	\$13,602.40
1101803209	Manor	LOT 391 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7133 QUIET CREEK DR	1	\$13,602.40
1101803359	Manor	LOT 394 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7134 QUIET CREEK DR	1	\$13,602.40
1101803409	Manor	LOT 395 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7130 QUIET CREEK DR	1	\$13,602.40
1101803459	Manor	LOT 396 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7126 QUIET CREEK DR	1	\$13,602.40
1101803509	Manor	LOT 397 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7122 QUIET CREEK DR	1	\$13,602.40
1101818659	Manor	LOT 321 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	104 SWEET TREE ST	1	\$13,602.40
1101818709	Manor	LOT 322 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	108 SWEET TREE ST	1	\$13,602.40
1101818759	Manor	LOT 323 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	112 SWEET TREE ST	1	\$13,602.40
1101818809	Manor	LOT 324 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	116 SWEET TREE ST	1	\$13,602.40
1101818859	Manor	LOT 325 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	120 SWEET TREE ST	1	\$13,602.40
1101818909	Manor	LOT 326 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	122 SWEET TREE ST	1	\$13,602.40
1101818959	Manor	LOT 327 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	124 SWEET TREE ST	1	\$13,602.40
1101819009	Manor	LOT 328 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	128 SWEET TREE ST	1	\$13,602.40
1101819059	Manor	LOT 329 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	132 SWEET TREE ST	1	\$13,602.40
1101819109	Manor	LOT 330 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	NO ASSIGNED ADDRESS	1	\$13,602.40
1101819159	Manor	LOT 331 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6889 WILLOWSHIRE WAY	1	\$13,602.40
1101819209	Manor	LOT 332 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6885 WILLOWSHIRE WAY	1	\$13,602.40
1101819259	Manor	LOT 333 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6881 WILLOWSHIRE WAY	1	\$13,602.40
1101819309	Manor	LOT 334 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6875 WILLOWSHIRE WAY	1	\$13,602.40
1101819359	Manor	LOT 335 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	103 SWEET TREE ST	1	\$13,602.40
1101819409	Manor	LOT 336 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	107 SWEET TREE ST	1	\$13,602.40
1101819459	Manor	LOT 337 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	111 SWEET TREE ST	1	\$13,602.40
1101819509	Manor	LOT 338 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	115 SWEET TREE ST	1	\$13,602.40
1101819559	Manor	LOT 339 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	119 SWEET TREE ST	1	\$13,602.40
1101819609	Manor	LOT 340 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	123 SWEET TREE ST	1	\$13,602.40
1101819659	Manor	LOT 341 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	127 SWEET TREE ST	1	\$13,602.40
1101819709	Manor	LOT 342 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	131 SWEET TREE ST	1	\$13,602.40
1101819759	Manor	LOT 343 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	NO ASSIGNED ADDRESS	1	\$13,602.40
1101819809	Manor	LOT 344 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6914 QUIET CREEK DR	1	\$13,602.40
1101819859	Manor	LOT 345 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6918 QUIET CREEK DR	1	\$13,602.40
1101819909	Manor	LOT 346 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	NO ASSIGNED ADDRESS	1	\$13,602.40
1101819959	Manor	LOT 347 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	NO ASSIGNED ADDRESS	1	\$13,602.40

Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt
1101820009	Manor	LOT 348 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	188 WANDERING WETLANDS CIR	1	\$13,602.40
1101820059	Manor	LOT 349 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	184 WANDERING WETLANDS CIR	1	\$13,602.40
1101820109	Manor	LOT 350 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	180 WANDERING WETLANDS CIR	1	\$13,602.40
1101820159	Manor	LOT 362 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6938 QUIET CREEK DR	1	\$13,602.40
1101820209	Manor	LOT 363 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7002 QUIET CREEK DR	1	\$13,602.40
1101820259	Manor	LOT 364 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7006 QUIET CREEK DR	1	\$13,602.40
1101820309	Manor	LOT 365 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7010 QUIET CREEK DR	1	\$13,602.40
1101820359	Manor	LOT 366 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6907 QUIET CREEK DR	1	\$13,602.40
1101820409	Manor	LOT 367 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6909 QUIET CREEK DR	1	\$13,602.40
1101820459	Manor	LOT 368 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6913 QUIET CREEK DR	1	\$13,602.40
1101820509	Manor	LOT 369 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6917 QUIET CREEK DR	1	\$13,602.40
1101820559	Manor	LOT 370 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6921 QUIET CREEK DR	1	\$13,602.40
1101820609	Manor	LOT 371 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6925 QUIET CREEK DR	1	\$13,602.40
1101820659	Manor	LOT 372 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6929 QUIET CREEK DR	1	\$13,602.40
1101820709	Manor	LOT 373 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6933 QUIET CREEK DR	1	\$13,602.40
1101820759	Manor	LOT 374 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6937 QUIET CREEK DR	1	\$13,602.40
1101820809	Manor	LOT 375 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7003 QUIET CREEK DR	1	\$13,602.40
1101820859	Manor	LOT 376 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7007 QUIET CREEK DR	1	\$13,602.40
1101820909	Manor	LOT 377 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7011 QUIET CREEK DR	1	\$13,602.40
1101820959	Manor	LOT 378 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7015 QUIET CREEK DR	1	\$13,602.40
1101821009	Manor	LOT 379 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7019 QUIET CREEK DR	1	\$13,602.40
1101821059	Manor	LOT 380 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7023 QUIET CREEK DR	1	\$13,602.40
1101821109	Manor	LOT 381 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7027 QUIET CREEK DR	1	\$13,602.40
1101821159	Manor	LOT 382 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7031 QUIET CREEK DR	1	\$13,602.40
1101821209	Manor	LOT 383 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7035 QUIET CREEK DR	1	\$13,602.40
1101821259	Manor	LOT 384 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7105 QUIET CREEK DR	1	\$13,602.40
1101821309	Manor	LOT 385 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7109 QUIET CREEK DR	1	\$13,602.40
1101821359	Manor	LOT 386 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7113 QUIET CREEK DR	1	\$13,602.40
1101821409	Manor	LOT 387 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7117 QUIET CREEK DR	1	\$13,602.40
1101821459	Manor	LOT 398 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7120 QUIET CREEK DR	1	\$13,602.40
1101821509	Manor	LOT 399 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7116 QUIET CREEK DR	1	\$13,602.40

**Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000**

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt
1101821559	Manor	LOT 400 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7114 QUIET CREEK DR	1	\$13,602.40
1101821609	Manor	LOT 401 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7110 QUIET CREEK DR	1	\$13,602.40
1101821659	Manor	LOT 402 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	7106 QUIET CREEK DR	1	\$13,602.40
1101821709	Manor	LOT 441 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	NO ASSIGNED ADDRESS	1	\$13,602.40
1101821759	Manor	LOT 442 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6890 WILLOWSHIRE WAY	1	\$13,602.40
1101821809	Manor	LOT 443 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6888 WILLOWSHIRE WAY	1	\$13,602.40
1101821859	Manor	LOT 444 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6884 WILLOWSHIRE WAY	1	\$13,602.40
1101821909	Manor	LOT 445 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6880 WILLOWSHIRE WAY	1	\$13,602.40
1101821959	Manor	LOT 446 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6878 WILLOWSHIRE WAY	1	\$13,602.40
1101822009	Manor	LOT 447 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6874 WILLOWSHIRE WAY	1	\$13,602.40
1101822059	Manor	LOT 448 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6870 WILLOWSHIRE WAY	1	\$13,602.40
1101822109	Manor	LOT 449 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6866 WILLOWSHIRE WAY	1	\$13,602.40
1101822159	Manor	LOT 450 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6862 WILLOWSHIRE WAY	1	\$13,602.40
1101822209	Manor	LOT 451 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6858 WILLOWSHIRE WAY	1	\$13,602.40
1101822259	Manor	LOT 452 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6854 WILLOWSHIRE WAY	1	\$13,602.40
1101822309	Manor	LOT 453 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6850 WILLOWSHIRE WAY	1	\$13,602.40
1101822359	Manor	LOT 454 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6846 WILLOWSHIRE WAY	1	\$13,602.40
1101822409	Manor	LOT 455 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6842 WILLOWSHIRE WAY	1	\$13,602.40
1101822459	Manor	LOT 456 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6838 WILLOWSHIRE WAY	1	\$13,602.40
1101822509	Manor	LOT 457 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6834 WILLOWSHIRE WAY	1	\$13,602.40
1101822559	Manor	LOT 458 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6830 WILLOWSHIRE WAY	1	\$13,602.40
1101822609	Manor	LOT 459 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6826 WILLOWSHIRE WAY	1	\$13,602.40
1101822659	Manor	LOT 460 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6822 WILLOWSHIRE WAY	1	\$13,602.40
1101822709	Manor	LOT 461 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6818 WILLOWSHIRE WAY	1	\$13,602.40
1101822759	Manor	LOT 462 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6814 WILLOWSHIRE WAY	1	\$13,602.40
1101822809	Manor	LOT 463 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6810 WILLOWSHIRE WAY	1	\$13,602.40
1101822859	Manor	LOT 464 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6806 WILLOWSHIRE WAY	1	\$13,602.40
	Manor			177	\$2,407,624.80
1101824659	Executive	TRACT 702 (FUTURE DEVELOPMENT) HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/	NO ASSIGNED ADDRESS	70	\$1,416,148.30
1101824609	Executive	TRACT 701 (FUTURE DEVELOPMENT) HERITAGE HARBOUR	NO ASSIGNED ADDRESS	42	\$849,688.98
1101803259	Executive	LOT 392 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7137 QUIET CREEK DR	1	\$20,230.69
1101803309	Executive	LOT 393 HERITAGE HARBOUR SUBPHASE J UNIT 1 [INSERT LESS	7138 QUIET CREEK DR	1	\$20,230.69
1101817359	Executive	LOT 228 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6748 WILD LAKE TER	1	\$20,230.69
1101817409	Executive	LOT 229 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6744 WILD LAKE TER	1	\$20,230.69
1101817459	Executive	LOT 230 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6740 WILD LAKE TER	1	\$20,230.69
1101817509	Executive	LOT 231 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6736 WILD LAKE TER	1	\$20,230.69

**Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000**

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt
1101817559	Executive	LOT 232 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6732 WILD LAKE TER	1	\$20,230.69
1101817609	Executive	LOT 233 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6728 WILD LAKE TER	1	\$20,230.69
1101817659	Executive	LOT 234 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6724 WILD LAKE TER	1	\$20,230.69
1101817709	Executive	LOT 235 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6720 WILD LAKE TER	1	\$20,230.69
1101817759	Executive	LOT 236 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6716 WILD LAKE TER	1	\$20,230.69
1101817809	Executive	LOT 237 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6712 WILD LAKE TER	1	\$20,230.69
1101817859	Executive	LOT 238 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6708 WILD LAKE TER	1	\$20,230.69
1101817909	Executive	LOT 239 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	NO ASSIGNED ADDRESS	1	\$20,230.69
1101817959	Executive	LOT 240 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	211 HERITAGE PRESERVE RUN	1	\$20,230.69
1101818009	Executive	LOT 241 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	215 HERITAGE PRESERVE RUN	1	\$20,230.69
1101818059	Executive	LOT 242 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	219 HERITAGE PRESERVE RUN	1	\$20,230.69
1101818109	Executive	LOT 243 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	223 HERITAGE PRESERVE RUN	1	\$20,230.69
1101818159	Executive	LOT 244 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	227 HERITAGE PRESERVE RUN	1	\$20,230.69
1101818209	Executive	LOT 245 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	231 HERITAGE PRESERVE RUN	1	\$20,230.69
1101818259	Executive	LOT 273 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6725 WILD LAKE TER	1	\$20,230.69
1101818309	Executive	LOT 274 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6729 WILD LAKE TER	1	\$20,230.69
1101818359	Executive	LOT 275 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6733 WILD LAKE TER	1	\$20,230.69
1101818409	Executive	LOT 276 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6737 WILD LAKE TER	1	\$20,230.69
1101818459	Executive	LOT 277 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6741 WILD LAKE TER	1	\$20,230.69
1101818509	Executive	LOT 278 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6745 WILD LAKE TER	1	\$20,230.69
1101818559	Executive	LOT 279 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6749 WILD LAKE TER	1	\$20,230.69
1101818609	Executive	LOT 280 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6753 WILD LAKE TER	1	\$20,230.69
Executive				140	\$2,832,296.60
1102000279	Estate	ALL SEC 24 TWN 34S RNG 18E, LESS RD R/W; (INSERT "LESS: 1/16 INTEREST IN OIL & IV NO ASSIGNED ADDRESS		24	\$599,532.72
Estate				24	\$599,532.72
1102000279	River	ALL SEC 24 TWN 34S RNG 18E, LESS RD R/W; (INSERT "LESS: 1/16 INTEREST IN OIL & IV NO ASSIGNED ADDRESS		11	\$300,708.87
River				11	\$300,708.87
1101811059	Twin Villas	LOT 1 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6784 WILLOWSHIRE WAY	1	\$10,768.39
1101811109	Twin Villas	LOT 2 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6780 WILLOWSHIRE WAY	1	\$10,768.39
1101811159	Twin Villas	LOT 3 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6776 WILLOWSHIRE WAY	1	\$10,768.39
1101811209	Twin Villas	LOT 4 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6772 WILLOWSHIRE WAY	1	\$10,768.39
1101811259	Twin Villas	LOT 5 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6768 WILLOWSHIRE WAY	1	\$10,768.39
1101811309	Twin Villas	LOT 6 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6764 WILLOWSHIRE WAY	1	\$10,768.39
1101811359	Twin Villas	LOT 7 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6760 WILLOWSHIRE WAY	1	\$10,768.39
1101811409	Twin Villas	LOT 8 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6756 WILLOWSHIRE WAY	1	\$10,768.39
1101811459	Twin Villas	LOT 9 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6752 WILLOWSHIRE WAY	1	\$10,768.39
1101811509	Twin Villas	LOT 10 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6748 WILLOWSHIRE WAY	1	\$10,768.39

**Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000**

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt
1101811559	Twin Villas	LOT 11 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6744 WILLOWSHIRE WAY	1	\$10,768.39
1101811609	Twin Villas	LOT 12 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6740 WILLOWSHIRE WAY	1	\$10,768.39
1101811659	Twin Villas	LOT 13 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6736 WILLOWSHIRE WAY	1	\$10,768.39
1101811709	Twin Villas	LOT 14 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6732 WILLOWSHIRE WAY	1	\$10,768.39
1101811759	Twin Villas	LOT 15 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6728 WILLOWSHIRE WAY	1	\$10,768.39
1101811809	Twin Villas	LOT 16 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6724 WILLOWSHIRE WAY	1	\$10,768.39
1101811859	Twin Villas	LOT 17 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6720 WILLOWSHIRE WAY	1	\$10,768.39
1101811909	Twin Villas	LOT 18 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6716 WILLOWSHIRE WAY	1	\$10,768.39
1101811959	Twin Villas	LOT 19 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6712 WILLOWSHIRE WAY	1	\$10,768.39
1101812009	Twin Villas	LOT 20 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6708 WILLOWSHIRE WAY	1	\$10,768.39
1101812059	Twin Villas	LOT 21 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6704 WILLOWSHIRE WAY	1	\$10,768.39
1101812109	Twin Villas	LOT 22 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6688 WILLOWSHIRE WAY	1	\$10,768.39
1101812159	Twin Villas	LOT 23 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6684 WILLOWSHIRE WAY	1	\$10,768.39
1101812209	Twin Villas	LOT 24 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6680 WILLOWSHIRE WAY	1	\$10,768.39
1101812259	Twin Villas	LOT 25 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6678 WILLOWSHIRE WAY	1	\$10,768.39
1101812309	Twin Villas	LOT 26 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6674 WILLOWSHIRE WAY	1	\$10,768.39
1101812359	Twin Villas	LOT 27 HERITAGE HARBOUR SUBPH J UNIT 2 LESS 1/16TH INTEREST	6670 WILLOWSHIRE WAY	1	\$10,768.39
1101812409	Twin Villas	LOT 28 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6666 WILLOWSHIRE WAY	1	\$10,768.39
1101812459	Twin Villas	LOT 29 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6662 WILLOWSHIRE WAY	1	\$10,768.39
1101812509	Twin Villas	LOT 30 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6658 WILLOWSHIRE WAY	1	\$10,768.39
1101812559	Twin Villas	LOT 31 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6654 WILLOWSHIRE WAY	1	\$10,768.39
1101812609	Twin Villas	LOT 32 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6650 WILLOWSHIRE WAY	1	\$10,768.39
1101812659	Twin Villas	LOT 33 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6646 WILLOWSHIRE WAY	1	\$10,768.39
1101812709	Twin Villas	LOT 34 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6642 WILLOWSHIRE WAY	1	\$10,768.39
1101812759	Twin Villas	LOT 35 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6638 WILLOWSHIRE WAY	1	\$10,768.39
1101812809	Twin Villas	LOT 36 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6634 WILLOWSHIRE WAY	1	\$10,768.39
1101812859	Twin Villas	LOT 37 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6630 WILLOWSHIRE WAY	1	\$10,768.39
1101812909	Twin Villas	LOT 38 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6626 WILLOWSHIRE WAY	1	\$10,768.39
1101812959	Twin Villas	LOT 95 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6505 CANDLESTICK DR	1	\$10,768.39
1101813009	Twin Villas	LOT 96 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6509 CANDLESTICK DR	1	\$10,768.39
1101813059	Twin Villas	LOT 97 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6513 CANDLESTICK DR	1	\$10,768.39
1101813109	Twin Villas	LOT 98 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6517 CANDLESTICK DR	1	\$10,768.39
1101813159	Twin Villas	LOT 99 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6521 CANDLESTICK DR	1	\$10,768.39
1101813209	Twin Villas	LOT 100 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6525 CANDLESTICK DR	1	\$10,768.39
1101813259	Twin Villas	LOT 101 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6529 CANDLESTICK DR	1	\$10,768.39
1101813309	Twin Villas	LOT 102 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6533 CANDLESTICK DR	1	\$10,768.39
1101813359	Twin Villas	LOT 103 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6537 CANDLESTICK DR	1	\$10,768.39

Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt
1101813409	Twin Villas	LOT 104 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6603 CANDLESTICK DR	1	\$10,768.39
1101813459	Twin Villas	LOT 105 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6607 CANDLESTICK DR	1	\$10,768.39
1101813509	Twin Villas	LOT 106 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6611 CANDLESTICK DR	1	\$10,768.39
1101813559	Twin Villas	LOT 107 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6615 CANDLESTICK DR	1	\$10,768.39
1101813609	Twin Villas	LOT 108 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6619 CANDLESTICK DR	1	\$10,768.39
1101813659	Twin Villas	LOT 109 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6623 CANDLESTICK DR	1	\$10,768.39
1101813709	Twin Villas	LOT 110 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6627 CANDLESTICK DR	1	\$10,768.39
1101813759	Twin Villas	LOT 111 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6631 CANDLESTICK DR	1	\$10,768.39
1101813809	Twin Villas	LOT 112 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6635 CANDLESTICK DR	1	\$10,768.39
1101813859	Twin Villas	LOT 113 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6636 CANDLESTICK DR	1	\$10,768.39
1101813909	Twin Villas	LOT 114 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6632 CANDLESTICK DR	1	\$10,768.39
1101813959	Twin Villas	LOT 115 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6628 CANDLESTICK DR	1	\$10,768.39
1101814009	Twin Villas	LOT 116 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6624 CANDLESTICK DR	1	\$10,768.39
1101814059	Twin Villas	LOT 117 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6620 CANDLESTICK DR	1	\$10,768.39
1101814109	Twin Villas	LOT 118 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6616 CANDLESTICK DR	1	\$10,768.39
1101814159	Twin Villas	LOT 119 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	245 BABBLING BROOK RUN	1	\$10,768.39
1101814209	Twin Villas	LOT 120 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	241 BABBLING BROOK RUN	1	\$10,768.39
1101814259	Twin Villas	LOT 121 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	237 BABBLING BROOK RUN	1	\$10,768.39
1101814309	Twin Villas	LOT 122 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	233 BABBLING BROOK RUN	1	\$10,768.39
1101814359	Twin Villas	LOT 123 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	229 BABBLING BROOK RUN	1	\$10,768.39
1101814409	Twin Villas	LOT 124 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	225 BABBLING BROOK RUN	1	\$10,768.39
1101814459	Twin Villas	LOT 125 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	221 BABBLING BROOK RUN	1	\$10,768.39
1101814509	Twin Villas	LOT 126 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	217 BABBLING BROOK RUN	1	\$10,768.39
1101814559	Twin Villas	LOT 127 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	213 BABBLING BROOK RUN	1	\$10,768.39
1101814609	Twin Villas	LOT 128 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	209 BABBLING BROOK RUN	1	\$10,768.39
1101814659	Twin Villas	LOT 129 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	205 BABBLING BROOK RUN	1	\$10,768.39
1101814709	Twin Villas	LOT 130 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	147 BABBLING BROOK RUN	1	\$10,768.39
1101814759	Twin Villas	LOT 131 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	143 BABBLING BROOK RUN	1	\$10,768.39
1101814809	Twin Villas	LOT 132 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	139 BABBLING BROOK RUN	1	\$10,768.39
1101814859	Twin Villas	LOT 133 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	135 BABBLING BROOK RUN	1	\$10,768.39
1101814909	Twin Villas	LOT 134 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	131 BABBLING BROOK RUN	1	\$10,768.39
1101814959	Twin Villas	LOT 135 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	127 BABBLING BROOK RUN	1	\$10,768.39
1101815009	Twin Villas	LOT 136 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	123 BABBLING BROOK RUN	1	\$10,768.39
1101815059	Twin Villas	LOT 137 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	119 BABBLING BROOK RUN	1	\$10,768.39
1101815109	Twin Villas	LOT 138 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	115 BABBLING BROOK RUN	1	\$10,768.39
1101815159	Twin Villas	LOT 139 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	111 BABBLING BROOK RUN	1	\$10,768.39
1101815209	Twin Villas	LOT 140 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	107 BABBLING BROOK RUN	1	\$10,768.39

Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt
1101815259	Twin Villas	LOT 141 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	106 BABBLING BROOK RUN	1	\$10,768.39
1101815309	Twin Villas	LOT 142 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	110 BABBLING BROOK RUN	1	\$10,768.39
1101815359	Twin Villas	LOT 143 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	114 BABBLING BROOK RUN	1	\$10,768.39
1101815409	Twin Villas	LOT 144 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	118 BABBLING BROOK RUN	1	\$10,768.39
1101815459	Twin Villas	LOT 145 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	122 BABBLING BROOK RUN	1	\$10,768.39
1101815509	Twin Villas	LOT 146 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	126 BABBLING BROOK RUN	1	\$10,768.39
1101815559	Twin Villas	LOT 147 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	130 BABBLING BROOK RUN	1	\$10,768.39
1101815609	Twin Villas	LOT 148 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	134 BABBLING BROOK RUN	1	\$10,768.39
1101815659	Twin Villas	LOT 149 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	140 BABBLING BROOK RUN	1	\$10,768.39
1101815709	Twin Villas	LOT 150 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	204 BABBLING BROOK RUN	1	\$10,768.39
1101815759	Twin Villas	LOT 151 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	208 BABBLING BROOK RUN	1	\$10,768.39
1101815809	Twin Villas	LOT 152 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	216 BABBLING BROOK RUN	1	\$10,768.39
1101815859	Twin Villas	LOT 153 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	220 BABBLING BROOK RUN	1	\$10,768.39
1101815909	Twin Villas	LOT 154 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	224 BABBLING BROOK RUN	1	\$10,768.39
1101815959	Twin Villas	LOT 155 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	228 BABBLING BROOK RUN	1	\$10,768.39
1101816009	Twin Villas	LOT 156 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	232 BABBLING BROOK RUN	1	\$10,768.39
1101816059	Twin Villas	LOT 157 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	236 BABBLING BROOK RUN	1	\$10,768.39
1101816109	Twin Villas	LOT 158 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	240 BABBLING BROOK RUN	1	\$10,768.39
1101816159	Twin Villas	LOT 159 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	244 BABBLING BROOK RUN	1	\$10,768.39
1101816209	Twin Villas	LOT 160 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	248 BABBLING BROOK RUN	1	\$10,768.39
1101816259	Twin Villas	LOT 161 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6522 CANDLESTICK DR	1	\$10,768.39
1101816309	Twin Villas	LOT 162 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6518 CANDLESTICK DR	1	\$10,768.39
1101816359	Twin Villas	LOT 163 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6516 CANDLESTICK DR	1	\$10,768.39
1101816409	Twin Villas	LOT 164 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6514 CANDLESTICK DR	1	\$10,768.39
1101816459	Twin Villas	LOT 165 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6510 CANDLESTICK DR	1	\$10,768.39
1101816509	Twin Villas	LOT 166 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	NO ASSIGNED ADDRESS	1	\$10,768.39
1101816559	Twin Villas	LOT 167 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6645 WILLOWSHIRE WAY	1	\$10,768.39
1101816609	Twin Villas	LOT 168 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6619 WILLOWSHIRE WAY	1	\$10,768.39
1101816659	Twin Villas	LOT 169 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6653 WILLOWSHIRE WAY	1	\$10,768.39
1101816709	Twin Villas	LOT 170 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6661 WILLOWSHIRE WAY	1	\$10,768.39
1101816759	Twin Villas	LOT 171 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6665 WILLOWSHIRE WAY	1	\$10,768.39
1101816809	Twin Villas	LOT 172 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6675 WILLOWSHIRE WAY	1	\$10,768.39
1101816859	Twin Villas	LOT 173 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6679 WILLOWSHIRE WAY	1	\$10,768.39
1101816909	Twin Villas	LOT 174 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6683 WILLOWSHIRE WAY	1	\$10,768.39
1101816959	Twin Villas	LOT 175 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6687 WILLOWSHIRE WAY	1	\$10,768.39
1101817009	Twin Villas	LOT 176 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6709 WILLOWSHIRE WAY	1	\$10,768.39
1101817059	Twin Villas	LOT 177 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6713 WILLOWSHIRE WAY	1	\$10,768.39

**Heritage Harbour North Community Development District
Final Assessment Roll
Series 2014 Speical Assessment Bonds - Par \$9,745,000**

Parcel ID	Type of Unit	Legal Description	Location Address	ERU's	Par Debt	
1101817109	Twin Villas	LOT 178 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6717 WILLOWSHIRE WAY	1	\$10,768.39	
1101817159	Twin Villas	LOT 179 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6721 WILLOWSHIRE WAY	1	\$10,768.39	
1101817209	Twin Villas	LOT 180 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6727 WILLOWSHIRE WAY	1	\$10,768.39	
1101817259	Twin Villas	LOT 181 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6733 WILLOWSHIRE WAY	1	\$10,768.39	
1101817309	Twin Villas	LOT 182 HERITAGE HARBOUR SUBPHASE J UNIT 2 LESS 1/16TH INT	6741 WILLOWSHIRE WAY	1	\$10,768.39	
1101824559	Twin Villas	TRACT 700 (FUTURE DEVELOPMENT) HERITAGE HARBOUR	NO ASSIGNED ADDRESS	4	\$43,073.56	
	Twin Villas			130	\$1,399,890.70	
1101800439	Condominiums	FRAC W1/2 OF SEC 23-34-18 - PART SUBM - LESS: BEG AT THE SE COR OF SEC 22; TH NNO ASSIGNED ADDRESS		26	\$404,948.18	
	Condominiums			26	\$404,948.18	
				Total:	508	\$7,945,001.87
				Par Issued		\$7,945,000.00
				Rounding		-\$1.87

APPENDIX F

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

[THIS PAGE INTENTIONALLY LEFT BLANK]

Heritage Harbour North
Community Development
District

Financial Statements

September 30, 2013

Heritage Harbour North Community Development District
Table of Contents
September 30, 2013

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (required supplemental information)	3 - 7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Fund Financial Statements:	
Balance Sheet	10
Reconciliation of the Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 - 22
REQUIRED SUPPLEMENTAL INFORMATION (other than MD&A)	
Budget to Actual Comparison Schedule - General Fund	23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24 - 25
Management Letter	26 - 27



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

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 AUDITOR'S 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, 2013, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Heritage Harbour North Community Development District as of September 30, 2013, and the respective changes in financial position thereof 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 on pages 3–7 and 23 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 a report dated June 6, 2014, 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.

Carly Riggs & Ingram, L.L.C.

Miramar Beach, Florida
June 6, 2014

Management's Discussion And Analysis

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, 2013. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2013, the liabilities of the District exceed its assets by approximately \$4.2 million (deficit net position). The deficit is primarily due to the use of capitalized interest and depreciation of capital assets.
- During the year ended September 30, 2013, the District incurred approximately \$1.4 million of interest expenditures and repaid principal of \$350,000.

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 changes in them. 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 are 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 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 5. 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. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year. Certain prior year amounts have been modified to reflect changes associated with the adoption of new accounting standards in the current year.

<i>September 30,</i>	2013	2012	Change
Assets			
Current and other assets	\$ 3,190,967	\$ 4,050,191	\$ (859,224)
Capital assets, net	15,224,770	15,155,385	69,385
Total assets	\$ 18,415,737	\$ 19,205,576	\$ (789,839)
Liabilities			
Current liabilities	\$ 962,068	\$ 949,129	\$ 12,939
Other liabilities	21,664,540	22,031,890	(367,350)
Total liabilities	22,626,608	22,981,019	(354,411)
Net position			
Net investment in capital assets	(4,566,296)	(4,086,822)	(479,474)
Restricted for:			
Debt service	143,139	140,474	2,665
Capital projects	191,706	144,583	47,123
Unrestricted	20,580	26,322	(5,742)
Total net position (deficit)	(4,210,871)	(3,775,443)	(435,428)
Total liabilities and net position	\$ 18,415,737	\$ 19,205,576	\$ (789,839)

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

During the fiscal year ended September 30, 2013, total assets and liabilities decreased by approximately \$790,000 and \$354,000, respectively. The decrease in assets is primarily related to depreciation on capital assets. The decrease in liabilities is due to principal payments on the Series 2007 bonds.

The following schedule compares the Statement of Activities for the current and previous fiscal year. Certain prior year amounts have been modified to reflect changes associated with the adoption of new accounting standards in the current year.

<i>Year ended September 30,</i>	2013	2012	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,878,284	\$ 1,874,565	\$ 3,719
Grants and contributions	1,453	4,677	(3,224)
General revenues:			
Interest and other revenues	49	45	4
Total revenues	1,879,786	1,879,287	499
Expenses:			
General government	89,598	78,648	10,950
Unallocated depreciation	802,004	772,958	29,046
Interest	1,423,612	1,447,863	(24,251)
Total expenses	2,315,214	2,299,469	15,745
Change in net position	(435,428)	(420,182)	(15,246)
Net position (deficit), beginning of year	(3,775,443)	(3,355,261)	(420,182)
Net position (deficit), end of year	\$ (4,210,871)	\$ (3,775,443)	\$ (435,428)

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

Revenues and expenses did not change significantly from the prior year. The overall result was a \$435,428 decrease in net position for fiscal year 2013.

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 \$3.2 million, which is a decrease from last year's balance that totaled approximately \$4 million. Significant transactions are discussed below.

- The District incurred approximately \$1.4 million of interest expenditures and repaid principal of \$350,000 in its debt service fund.

The overall decrease in fund balance for the year ended September 30, 2013 totaled approximately \$856,000.

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 23.

The District experienced a favorable variance in revenues as compared to the budget in the amount of \$6,713. Conversely, the District experienced an unfavorable variance in expenditures in the amount of \$4,725. Revenues and expenditures are not significantly different from the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2013, the District had approximately \$15.2 million invested in capital assets (net of accumulated depreciation). This amount represents a net increase of approximately \$69,000 from the fiscal year 2012 total.

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

<i>September 30,</i>	2013	2012	Change
Infrastructure being depreciated	\$ 19,550,500	\$ 18,679,111	\$ 871,389
Accumulated depreciation	(4,325,730)	(3,523,726)	(802,004)
Net capital assets	\$ 15,224,770	\$ 15,155,385	\$ 69,385

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

Debt

At September 30, 2013, the District had approximately \$22.1 million of bonds outstanding. This amount represents a decrease of \$350,000 from the fiscal year 2012 total.

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

<i>September 30,</i>	2013	2012	Change
Series 2007 bonds	\$ 22,100,000	\$ 22,450,000	\$ (350,000)

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

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 operation and maintenance assessment rates. Assessment rates for Fiscal Year 2014 were established to provide for the operations of the District.

As discussed in Note 5 to the financial statements, the District is in the process of requesting a boundary expansion, in order to issue additional bonds in an amount not to exceed \$12,000,000.

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 6th Terrace, Wilton Manors, Florida 33305, (954)658-4900, ward9490@comcast.net.

Basic Financial Statements

Heritage Harbour North Community Development District

Statement of Net Position

September 30, 2013

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 24,875
Investments	2,969,373
Assessments receivable	196,719
Capital assets:	
Depreciable, net	15,224,770
Total assets	18,415,737
Liabilities	
Accounts payable	5,036
Accrued interest payable	587,032
Non-current liabilities:	
Due within one year	370,000
Due in more than one year	21,664,540
Total liabilities	22,626,608
Net position	
Net investment in capital assets	(4,566,296)
Restricted for:	
Debt service	143,139
Capital projects	191,706
Unrestricted	20,580
Total net position (deficit)	\$ (4,210,871)

See accompanying notes to financial statements.

Heritage Harbour North Community Development District

Statement of Activities

Year ended September 30, 2013

Functions/Programs	Expenses	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ (89,598)	\$ 83,807	\$ -	\$ -	\$ (5,791)
Unallocated depreciation	(802,004)	-	-	-	(802,004)
Interest	(1,423,612)	1,794,477	993	460	372,318
Total governmental activities	\$ (2,315,214)	\$ 1,878,284	\$ 993	\$ 460	(435,477)

General revenues	
Interest and other revenues	49
<hr/>	
Change in net position	(435,428)
<hr/>	
Net position (deficit) - beginning of year	(3,351,591)
<hr/>	
Effect of adoption of GASB No. 65 (Note 11)	(423,852)
<hr/>	
Net position (deficit) - beginning of the year, as restated	(3,775,443)
<hr/>	
Net position (deficit) - end of year	\$ (4,210,871)

See accompanying notes to financial statements.

Heritage Harbour North Community Development District

Balance Sheet - Governmental Funds

September 30, 2013

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 24,875	\$ -	\$ -	\$ 24,875
Investments	-	2,215,504	753,869	2,969,373
Assessments receivable	741	195,978	-	196,719
Total assets	\$ 25,616	\$ 2,411,482	\$ 753,869	\$ 3,190,967
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,036	\$ -	\$ -	\$ 5,036
Total liabilities	5,036	-	-	5,036
Fund balances				
Restricted for:				
Debt service	-	2,411,482	-	2,411,482
Capital projects	-	-	753,869	753,869
Unassigned	20,580	-	-	20,580
Total fund balances	20,580	2,411,482	753,869	3,185,931
Total liabilities and fund balances	\$ 25,616	\$ 2,411,482	\$ 753,869	\$ 3,190,967

See accompanying notes to financial statements.

Heritage Harbour North Community Development District

Reconciliation of the Balance Sheet to the Statement of Net Position

September 30, 2013

Total fund balances, governmental funds	\$ 3,185,931
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	15,224,770
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(22,621,572)
<u>Total net position (deficit) - governmental activities</u>	<u>\$ (4,210,871)</u>

See accompanying notes to financial statements.

Heritage Harbour North Community Development District

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

Year ended September 30, 2013

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Assessments	\$ 90,152	\$ 1,794,477	\$ -	\$ 1,884,629
Interest and other revenues	49	993	460	1,502
Total revenues	90,201	1,795,470	460	1,886,131
Expenditures				
Current:				
General government	89,598	-	-	89,598
Debt service:				
Principal	-	350,000	-	350,000
Interest	-	1,431,188	-	1,431,188
Capital outlay	-	-	871,389	871,389
Total expenditures	89,598	1,781,188	871,389	2,742,175
Excess (deficit) of revenues over expenditures	603	14,282	(870,929)	(856,044)
Other Financing Sources (Uses)				
Transfer in	-	-	46,663	46,663
Transfer out	-	(46,663)	-	(46,663)
Total other financing sources (uses)	-	(46,663)	46,663	-
Net change in fund balances	603	(32,381)	(824,266)	(856,044)
Fund balances, beginning of year	19,977	2,443,863	1,578,135	4,041,975
Fund balances, end of year	\$ 20,580	\$ 2,411,482	\$ 753,869	\$ 3,185,931

See accompanying notes to 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

Year ended September 30, 2013

Net change in fund balances - governmental funds	\$	(856,044)
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Assets.		871,389
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities		(802,004)
Revenue reported in the prior year Statement of Activities that was collected in the current year and recognized in the current year fund financial statements.		(6,345)
Amortization of original issue discount is not recognized in the governmental fund statement but is reported as an expense in the Statement of Activities.		(2,650)
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.		350,000
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.		10,226
Change in net position of governmental activities	\$	(435,428)

See accompanying notes to 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. 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 special 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 in Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) in Statements No. 14 and No. 61. Based on the criteria identified, 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, 2013, 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. Assessments are levied and/or certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. 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. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

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.

Heritage Harbour North Community Development District

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

For the year ended September 30, 2013, 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 governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, and then 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)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct or indirect obligations of the United States Government; 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.

Heritage Harbour North Community Development District

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

<u>Asset</u>	<u>Years</u>
Earthwork	30
Landscaping and irrigation	15
Professional fees	30
Utilities	25
Water management	25

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.

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.

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.

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.

Heritage Harbour North Community Development District

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometime include 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, 2013.

In addition to liabilities, the Statement of Net 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, 2013.

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 net position 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.

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. For the year ended September 30, 2013, actual expenditures exceeded budgeted appropriations due to unanticipated expenses.

Heritage Harbour North Community Development District

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Certain 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, 2013 are reported at fair value based on quoted market prices, which approximates amortized cost.

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

<u>September 30,</u>	<u>2013</u>	<u>Credit Risk</u>	<u>Maturities</u>
Short-term Money Market Funds	\$ 2,969,373	S&P AAAM	49 days
Total investments	\$ 2,969,373		

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

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, 2013, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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.

Heritage Harbour North Community Development District

Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
<i>Capital assets, being depreciated:</i>				
Earthwork	\$ 9,243,144	\$ -	\$ -	\$ 9,243,144
Landscaping and irrigation	982,449	-	-	982,449
Professional fees	1,811,496	-	-	1,811,496
Utilities	4,547,299	647,325	-	5,194,624
Water management	2,094,723	224,064	-	2,318,787
Total capital assets being depreciated	18,679,111	871,389	-	19,550,500
<i>Less accumulated depreciation for:</i>				
Earthwork	(1,701,375)	(369,726)	-	(2,071,101)
Landscaping and irrigation	(267,446)	(65,497)	-	(332,943)
Professional fees	(294,560)	(72,054)	-	(366,614)
Utilities	(848,493)	(203,469)	-	(1,051,962)
Water management	(411,852)	(91,258)	-	(503,110)
Total accumulated depreciation	(3,523,726)	(802,004)	-	(4,325,730)
Governmental activities capital assets, net	\$ 15,155,385	\$ 69,385	\$ -	\$ 15,224,770

The District is currently performing an analysis of the cost to complete the District's infrastructure.

Depreciation expense of \$802,004 is unallocated on the accompanying Statement of Activities.

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.

The Bond Indenture has 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 Indenture.

The Bond Indenture requires that the District maintain adequate funds in the reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has been met for the fiscal year ended September 30, 2013.

The District is in the process of requesting a boundary expansion, and intends to issue additional bonds in an amount not to exceed \$12,000,000.

Heritage Harbour North Community Development District

Notes to Financial Statements

NOTE 5 – BONDS PAYABLE (CONTINUED)

The balance of the Series 2007 Bonds at September 30, 2013 is summarized as follows:

<i>September 30,</i>	2013
Bonds principal balance	\$ 22,100,000
Less unamortized bond discount	(65,460)
Net balance, Series 2007 Bonds	\$ 22,034,540

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2007	\$ 22,450,000	\$ -	\$ 350,000	\$ 22,100,000	\$ 370,000

At September 30, 2013, the scheduled debt service requirements on long-term debt were as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2014	\$ 370,000	\$ 1,408,875	\$ 1,778,875
2015	395,000	1,385,288	1,780,288
2016	420,000	1,360,106	1,780,106
2017	450,000	1,333,331	1,783,331
2018	480,000	1,304,644	1,784,644
2019 - 2023	2,910,000	6,022,781	8,932,781
2024 - 2028	4,000,000	4,965,169	8,965,169
2029 - 2033	5,505,000	3,510,394	9,015,394
2034 - 2038	7,570,000	1,509,600	9,079,600
	\$ 22,100,000	\$ 22,800,188	\$ 44,900,188

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. The District has not filed any insurance claims under this commercial coverage in the previous three years.

NOTE 7 – INTERFUND TRANSFERS

The transfers between the Debt Service and Capital Projects Funds were in accordance with the bond indentures and are to facilitate the acquisition of capital infrastructure. For the year ended September 30, 2013, these transfers totaled \$46,663.

Heritage Harbour North Community Development District

Notes to Financial Statements

NOTE 8 – MANAGEMENT

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 9 – 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.

NOTE 10 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2013, the District directly assessed the Developer \$42,748 and \$820,978 for operations and maintenance and debt service on its undeveloped property, respectively, of which \$195,978 was unpaid at year end and recorded as Assessments receivable on the accompanying Statement of Net Position and Balance Sheet – Governmental Funds. The Developer also paid prior year operations and maintenance assessments totaling \$6,345, which is included in Assessments on the fund level statements. In addition, the Developer paid on-roll assessments totaling \$3,178 and \$97,072 for operations and maintenance and debt service, respectively, on certain platted lots it owns.

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement established standards for reporting deferred outflows of resources, deferred inflows of resources, and net position and creates a new format for the statement of financial position that requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

The District made the decision to implement these standards effective October 1, 2012.

As a result of implementation, government-wide net position at the beginning of the year ended September 30, 2013 has been restated. GASBS No. 65 requires, among other things, that bond issue costs be shown as current-period outflows of resources (expenses) and not capitalized. Accordingly, prior year deferred charges have been removed from the current year financial statements. The restatement resulted in a decrease in the beginning net position of \$423,852.

Required Supplemental Information
(Other Than MD&A)

Heritage Harbour North Community Development District

Budget to Actual Comparison Schedule - General Fund

<i>Year ended September 30,</i>	2013		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Assessments	\$ 83,338	\$ 90,152	\$ 6,814
Interest and other revenues	150	49	(101)
Total revenues	83,488	90,201	6,713
Expenditures			
General government	84,873	89,598	(4,725)
Total expenditures	84,873	89,598	(4,725)
Excess (deficit) of revenues over expenditures	\$ (1,385)	\$ 603	\$ 1,988



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

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

**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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated June 6, 2014.

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 of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the 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 weakness 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Miramar Beach, Florida
June 6, 2014



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

MANAGEMENT LETTER

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

We have audited the financial statements of Heritage Harbour North Community Development District ("District") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 6, 2014.

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. We have issued our Independent Auditor's 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*. Disclosures in this report, which is dated June 6, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., 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)4., 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.

Section 10.554(1)(i)5., 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.

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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, 2013.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), 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.

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.

Carly Riggs & Ingram, L.L.C.

Miramar Beach, Florida
June 6, 2014

