

***HIGHLAND TRAILS
COMMUNITY DEVELOPMENT DISTRICT***

Advanced Meeting Package

Regular Meeting

Date/Time:

Tuesday, May 3, 2022

6:00 P.M.

Location:

Hilton Garden Inn

26640 Silver Maple Parkway

Wesley Chapel, Florida 33544

Note: The Advanced Meeting Package is a working document and thus all materials are considered DRAFTS prior to presentation and Board acceptance, approval or adoption.

Highland Trails Community Development District

c/o BREEZE

1540 International Parkway, Suite 2000

Lake Mary, FL 32745

Board of Supervisors

Highland Trails Community Development District

Dear Supervisors:

A Continued Meeting of the Board of Supervisors of the Highland Trails Community Development District is scheduled for **Tuesday, May 3, 2022 at 6:00 P.M.** at the **Hilton Garden Inn, 26640 Silver Maple Parkway, Wesley Chapel, Florida 33544.**

The advanced copy of the agenda for the meeting is attached along with associated documentation for your review and consideration. Any additional support material will be distributed at the meeting.

The agenda items are for immediate business purposes and for the health and safety of the community. Staff will present any reports at the meeting. If you have any questions, please contact me. I look forward to seeing you there.

Sincerely,

Patricia Thibault

Patricia Thibault

District Manager

CC: Attorney
Engineer
District Records

District: **HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT**

Date of Meeting: Tuesday, May 3, 2022
Time: 6:00 PM
Location: Hilton Garden Inn
26640 Silver Maple Parkway
Wesley Chapel, FL 33544

Call In: 312-626-6799
Meeting ID: 895 6522 6303
Passcode: 726696

Agenda

Note: For the full agenda packet, please contact patricia@breezehome.com

I. Roll Call

II. Audience Comments – *(limited to 3 minutes per individual for agenda items)*

III. Business Items

A. Consideration & Adoption of **Resolution 2022-06, A Delegated Award Resolution** Exhibit 1

- Form of Purchase Contract
- Forms of Master Indenture & Supplemental Indenture
- Form of Preliminary Offering Memorandum
- Form Of Continuing Disclosure Agreement

B. Interlocal Agreement Between Highland Trails CDD and Pasco County Property Appraiser Exhibit 2

C. Service Agreement Amendment with Innovative Employer Solutions Inc. Exhibit 3

D. Amortization Recalculation Agreement Highland Trails CDD Exhibit 4

IV. Consent Agenda

A. Presentation of Pasco County Number of Qualified Electors Exhibit 5

V. Staff Reports

A. District Manager

B. District Attorney

C. District Engineer

VI. Supervisors Requests

VII. Audience Comments – New Business – *(limited to 3 minutes per individual for non-agenda items)*

VIII. Adjournment

EXHIBIT 1

RESOLUTION NO. 2022-06

A RESOLUTION DELEGATING TO THE CHAIRMAN OF THE BOARD OF SUPERVISORS OF HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT (THE "DISTRICT") THE AUTHORITY TO APPROVE THE SALE, ISSUANCE AND TERMS OF SALE OF HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2022 (ASSESSMENT AREA ONE), AS A SINGLE SERIES OF BONDS UNDER THE MASTER TRUST INDENTURE (THE "SERIES 2022 BONDS") IN ORDER TO FINANCE THE SERIES 2022 PROJECT; ESTABLISHING THE PARAMETERS FOR THE PRINCIPAL AMOUNTS, INTEREST RATES, MATURITY DATES, REDEMPTION PROVISIONS AND OTHER DETAILS THEREOF; APPROVING THE FORM OF AND AUTHORIZING THE CHAIRMAN TO ACCEPT THE BOND PURCHASE CONTRACT FOR THE SERIES 2022 BONDS; APPROVING A NEGOTIATED SALE OF THE SERIES 2022 BONDS TO THE UNDERWRITER; APPROVING THE FORMS OF THE MASTER TRUST INDENTURE AND FIRST SUPPLEMENTAL TRUST INDENTURE AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF BY CERTAIN OFFICERS OF THE DISTRICT; APPOINTING A TRUSTEE, PAYING AGENT AND BOND REGISTRAR FOR THE SERIES 2022 BONDS; APPROVING THE FORM OF THE SERIES 2022 BONDS; APPROVING THE FORM OF AND AUTHORIZING THE USE OF THE PRELIMINARY LIMITED OFFERING MEMORANDUM AND LIMITED OFFERING MEMORANDUM RELATING TO THE SERIES 2022 BONDS; APPROVING THE FORM OF THE CONTINUING DISCLOSURE AGREEMENT RELATING TO THE SERIES 2022 BONDS; AUTHORIZING CERTAIN OFFICERS OF THE DISTRICT TO TAKE ALL ACTIONS REQUIRED AND TO EXECUTE AND DELIVER ALL DOCUMENTS, INSTRUMENTS AND CERTIFICATES NECESSARY IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE SERIES 2022 BONDS; AUTHORIZING THE VICE CHAIRMAN AND ASSISTANT SECRETARIES TO ACT IN THE STEAD OF THE CHAIRMAN OR THE SECRETARY, AS THE CASE MAY BE; SPECIFYING THE APPLICATION OF THE PROCEEDS OF THE SERIES 2022 BONDS; AUTHORIZING CERTAIN OFFICERS OF THE DISTRICT TO TAKE ALL ACTIONS AND ENTER INTO ALL AGREEMENTS REQUIRED IN CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF THE SERIES 2022 PROJECT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of Supervisors of Highland Trails Community Development District (the "Board" and the "District," respectively) has determined

to proceed at this time with the sale and issuance of Highland Trails Community Development District Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the "Series 2022 Bonds") to be issued under and pursuant to a Master Trust Indenture, dated as of the first day of the first month and year in which Bonds are issued thereunder (the "Master Indenture"), from the District to U.S. Bank Trust Company, National Association, Orlando, Florida, as trustee (the "Trustee"), as supplemented by a First Supplemental Trust Indenture to be dated as of the first day of the first month and year in which the Series 2022 Bonds are issued thereunder (the "Supplemental Indenture" and together with the Master Indenture, the "Indenture") from the District to the Trustee, in order to finance a portion of the Costs of the Series 2022 Project;

WHEREAS, the Board has determined that given the nature of the market, the necessity for moving rapidly and the nature of the security for the Series 2022 Bonds, it is necessary and desirable for the Series 2022 Bonds to be sold by negotiated sale rather than competitive bid;

WHEREAS, the Board has received a proposal from FMSbonds, Inc. (the "Underwriter") for the purchase of the Series 2022 Bonds within parameters to be established by the Board and the Board has determined that authorization of the Chairman or other designated person to enter into a Bond Purchase Contract (the "Purchase Contract") in substantially the form attached hereto as Exhibit A for the sale of the Series 2022 Bonds to the Underwriter within the Parameters (hereinafter defined) herein set forth is in the best interests of the District for the reasons hereafter indicated; and

WHEREAS, in conjunction with the sale and issuance of the Series 2022 Bonds, it is necessary to approve the forms of the Master Indenture and Supplemental Indenture, to establish the parameters for the delegated award of the Series 2022 Bonds as set forth in Schedule I attached hereto (the "Parameters"), to authorize the Chairman to approve the use of the Preliminary Limited Offering Memorandum relating to the Series 2022 Bonds and the form of the final Limited Offering Memorandum, to approve the form of the Series 2022 Bonds and to provide for various other matters with respect to the Series 2022 Bonds and the undertaking of the Series 2022 Project.

NOW, THEREFORE, BE IT RESOLVED that:

1. Definitions. All words and phrases used herein in capitalized form, unless otherwise defined herein, shall have the meaning ascribed to them in the Indenture.

2. Award. The Purchase Contract in the form attached hereto as Exhibit A is hereby approved in substantial form and the sale of the Series 2022 Bonds to the Underwriter upon the terms and conditions therein set forth, but within the

Parameters, is hereby approved. The Chairman is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the District, with such changes, additions, deletions and insertions as shall be approved by the official executing such Purchase Contract, which approval shall be conclusively evidenced by the execution and delivery thereof. In the absence or unavailability of the Chairman, the Vice Chairman is authorized and directed to execute the Purchase Contract, and in the absence or unavailability of the Vice Chairman, any other member of the Board is authorized and directed to execute the Purchase Contract. The Purchase Contract, when executed and delivered by the District and the Underwriter, shall be the legal, valid and binding obligation of the District, enforceable in accordance with its terms.

3. Negotiated Sale. The Board hereby determines that a negotiated sale of the Series 2022 Bonds to the Underwriter is in the best interests of the District because the market for instruments such as the Series 2022 Bonds is limited, because of prevailing market conditions and because the delays caused by soliciting competitive bids could adversely affect the District's ability to issue and deliver the Series 2022 Bonds.

4. Approval of Forms of Master Indenture and Supplemental Indenture; Appointment of Trustee, Paying Agent and Bond Registrar. Attached hereto as Exhibit B are the forms of the Master Indenture and Supplemental Indenture, which are each hereby authorized and approved, subject to such changes, additions, deletions and insertions as shall be approved by the Chairman, which approval shall be conclusively evidenced by the execution thereof. The Chairman is hereby authorized to execute and the Secretary is authorized to attest the Master Indenture and Supplemental Indenture and the Chairman is hereby authorized to deliver to the Trustee the Master Indenture and Supplemental Indenture which, when executed and delivered by the Trustee, shall each constitute the legal, valid and binding obligation of the District, enforceable in accordance with its respective terms. U.S. Bank Trust Company, National Association, is hereby appointed as Trustee, Paying Agent and Bond Registrar under the Indenture.

5. Description of Series 2022 Bonds. The Series 2022 Bonds shall be dated as of their date of delivery and may be issued in one or more Series having such details as shall be set forth in the Purchase Contract and as reflected in the Supplemental Indenture, but within the Parameters. The Series 2022 Bonds may be signed by the manual or facsimile signature of the Chairman and attested by the manual or facsimile signature of the Secretary. The Series 2022 Bonds shall, subject to the Parameters, be subject to redemption on the terms, at the times and prices and in the manner provided in the Purchase Contract and in the form of Series 2022 Bonds attached to the Supplemental Indenture, which form is hereby approved, subject to such changes, additions, deletions and insertions as shall be approved by the Chairman, which approval shall be conclusively evidenced by the execution thereof. The Chairman is hereby authorized to execute and the Secretary

is authorized to attest and seal the Series 2022 Bonds and the Chairman is hereby authorized to deliver to the Trustee for authentication and delivery to the Underwriter upon payment by the Underwriter of the purchase price therefor, the Series 2022 Bonds which, when authenticated and delivered by the Trustee, shall be legal, valid and binding obligations of the District, enforceable in accordance with their terms.

6. Approval of Form of Preliminary Limited Offering Memorandum and Limited Offering Memorandum; Approval of Form of Continuing Disclosure Agreement. The Chairman is hereby authorized to approve the form and content of the Preliminary Limited Offering Memorandum, which is attached hereto as Exhibit C (the "Preliminary Limited Offering Memorandum") with such changes, additions, deletions and insertions as shall be approved by the Chairman prior to its distribution and the final form of which is to be dated the date of execution and delivery of the Purchase Contract (the "Limited Offering Memorandum") relating to the Series 2022 Bonds. The Chairman is hereby authorized to execute on behalf of the District such Limited Offering Memorandum with such changes, additions, deletions and insertions as the Chairman may approve (such approval to be conclusively evidenced by the execution of the Limited Offering Memorandum, if required), and to deliver such Limited Offering Memorandum to the Underwriter in sufficient quantities for use by the Underwriter in marketing the Series 2022 Bonds. The Chairman is hereby authorized to deem "final" the Preliminary Limited Offering Memorandum, as of its date, for the purposes and within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (except for information concerning the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings or other terms dependent upon such matters, and except for such technical and conforming changes which shall be approved by the Chairman which approval shall be evidenced by the execution thereof, if required).

The Continuing Disclosure Agreement relating to the Series 2022 Bonds in the form attached hereto as Exhibit D is hereby approved, subject to such changes, additions, deletions and insertions as shall be approved by the Chairman, which approval shall be conclusively evidenced by the execution thereof. The Chairman is hereby authorized to execute and the Secretary is authorized to attest the Continuing Disclosure Agreement which, when executed and delivered by the District, shall be the legal, valid and binding obligation of the District, enforceable in accordance with its terms.

7. Open Meetings. It is hereby found and determined that all official acts of this Board concerning and relating to the issuance, sale, and delivery of the Series 2022 Bonds, including but not limited to adoption of this Resolution, were taken in open meetings of the members of the Board and all deliberations of the members of the Board that resulted in such official acts were in meetings open to

the public, in compliance with all legal requirements including, but not limited to, the requirements of Section 286.011, Florida Statutes.

8. Other Actions. The Chairman, the Secretary, and all other members, officers and employees of the Board and the District are hereby authorized and directed to take all actions necessary or desirable in connection with the issuance and delivery of the Series 2022 Bonds and the consummation of all transactions in connection therewith, including the execution of all certificates, documents, papers, and agreements necessary to the undertaking and fulfillment of all transactions referred to in or contemplated by the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum, the Indenture, this Resolution, the Continuing Disclosure Agreement and the Purchase Contract, in all cases within the Parameters.

The Vice Chairman is hereby authorized to act in the stead of the Chairman in any undertaking authorized or required of the Chairman hereunder and any Assistant Secretary is hereby authorized to act in the stead of the Secretary in any undertaking authorized or required of the Secretary hereunder.

9. Deposits to Funds and Accounts. The Trustee is hereby authorized and directed to apply the proceeds of the Series 2022 Bonds in the amounts and in the manner set forth in Section 402 of the Supplemental Indenture.

10. Undertaking of the Series 2022 Project; Execution and Delivery of Other Instruments. The Board hereby authorizes the undertaking of the Series 2022 Project and authorizes and directs the District staff and Consulting Engineer to proceed with due diligence to the completion thereof in accordance with the Indenture and as described in the Limited Offering Memorandum. The Board hereby authorizes the Chairman and the Secretary to execute and deliver, receive or enter into such agreements, contracts, documents, instruments, certificates and proceedings incident thereto or necessary in order to effect the undertaking of the Series 2022 Project and the issuance, sale and delivery of the Series 2022 Bonds, including but not limited to the execution and delivery of the DTC Letter of Representation.

11. Approval of Prior Actions. All actions taken to date by the members of the Board and the officers, agents and consultants of the District in furtherance of the issuance of the Series 2022 Bonds are hereby approved, confirmed and ratified.

12. Severability. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall continue in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted

despite the invalidity or ineffectiveness of such section, paragraph, clause or provision.

13. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED in Public Session of the Board of Supervisors of Highland Trails Community Development District, this 3rd day of May, 2022.

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

Attest:

Secretary/Assistant Secretary

Chairman/Vice Chairman,
Board of Supervisors

Exhibit A – Form of Purchase Contract

Exhibit B – Forms of Master Indenture and Supplemental Indenture

Exhibit C – Form of Preliminary Limited Offering Memorandum

Exhibit D – Form of Continuing Disclosure Agreement

**SCHEDULE I
PARAMETERS**

Maximum Principal Amount:	Not to Exceed \$10,000,000
Maximum Coupon Rate:	Maximum Statutory Rate
Underwriting Discount:	Maximum 2.0%
Maturity Date:	Maximum Allowed by Law
Redemption Provisions:	The Series 2022 Bonds shall be subject to redemption as set forth in the form of Series 2022 Bond attached to the form of Supplemental Indenture attached hereto.

**[/PAR]
HIGHLAND TRAILS
COMMUNITY
DEVELOPMENT DISTRICT
CAPITAL IMPROVEMENT
REVENUE BONDS, SERIES
2022
(ASSESSMENT AREA ONE)**

BOND PURCHASE CONTRACT

[BPA Date], 2022

Board of Supervisors
Highland Trails Community Development District
City of Dade City, Florida

Dear Ladies and Gentlemen:

FMSbonds, Inc. (the "Underwriter") offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the Highland Trails Community Development District (the "District"). The District is located entirely within Pasco County, Florida (the "County"). This offer of the Underwriter shall, unless accepted by the District, acting through its Board of Supervisors (the "Board"), expire at 10:00 P.M. prevailing time within the jurisdiction of the District on the date hereof, unless previously withdrawn or extended in writing by the Underwriter. This Purchase Contract shall be binding upon the District and the Underwriter upon execution and delivery. Any capitalized word not defined herein shall have the meaning ascribed thereto in the Preliminary Limited Offering Memorandum (hereinafter defined). In conformance with Section 218.385, Florida Statutes, as amended, the Underwriter hereby delivers to the District the Disclosure and Truth-In-Bonding Statement attached hereto as Exhibit A.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the District and the District hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of its [/PAR] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the "Bonds"). The Bonds shall be dated their date of delivery and shall mature on the dates, shall bear interest at the rates, and shall be subject to redemption prior to maturity, all as provided in the Limited Offering Memorandum (hereinafter defined) and in Exhibit B attached hereto. The purchase price for the Bonds shall be \$[] (representing the [/PAR].00 aggregate principal amount of the Bonds, less an underwriter's discount of \$[], plus original issue premium/minus original issue discount of \$[] (such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery being hereinafter referred to as the "Closing").

2. The Bonds. The Bonds are to be issued by the District, a local unit of special-purpose government of the State of Florida (the "State") created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, any successor statute thereto, the Florida Constitution, and other applicable provisions of law (the "Act"). The Bonds are being issued pursuant to the Act and secured pursuant to the provisions of a Master Trust Indenture, dated as of [] 2022 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of

[] 2022 (the “First Supplemental Indenture” and collectively with the Master Indenture, the “Indenture”) each by and between the District and U.S. Bank National Association, as trustee (the “Trustee”) and Resolution No. 2020-[] and Resolution No. 2022-[] adopted by the Board of Supervisors of the District (the “Board”) on [], 2020 and April 19, 2022, respectively (collectively, the “Bond Resolution”). The Series 2022 Assessments comprising the Series 2022 Pledged Revenues have been levied by the District on the lands within the District specially benefited by the Series 2022 Project pursuant to certain resolutions that have been previously adopted by the District (collectively, the “Assessment Resolutions”).

3. Limited Offering. It shall be a condition to the District's obligation to sell and to deliver the Bonds to the Underwriter, and to the Underwriter's obligation to purchase, accept delivery of and pay for the Bonds, that the entire principal amount of the Bonds be issued, sold and delivered by the District and purchased, accepted and paid for by the Underwriter at the Closing and that the District and the Underwriter receive the opinions, documents and certificates described in Section 8(c) hereof.

In addition, the Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, in the form reasonably satisfactory to Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

Except as otherwise set forth in Exhibit B, the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
- (3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits

interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. Use of Documents. Prior to the date hereof, the District has caused to be prepared and provided to the Underwriter the Preliminary Limited Offering Memorandum, dated [PLOM Date], 2022 (the “Preliminary Limited Offering Memorandum”) of the District, relating to the Bonds. The Underwriter has reviewed the Preliminary Limited Offering Memorandum prior to the execution of this Purchase Contract. The District hereby authorizes, ratifies and approves the use of the Preliminary Limited Offering Memorandum by the Underwriter. The District shall deliver, or cause to be delivered, at its expense, to the Underwriter within seven (7) business days after the date hereof but not later than the Closing Date (as defined below) and in sufficient time to accompany any confirmation that requests payment from any customer such number of copies of the final Limited Offering Memorandum (the “Limited Offering Memorandum” and, together with the Preliminary Limited Offering Memorandum, the “Limited Offering Memoranda”) as the Underwriter shall reasonably request to comply with the requirements of Rule 15c2-12 and all applicable rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Underwriter agrees to file the Limited Offering Memorandum with the MSRB not later than two (2) business days after the Closing Date. The Underwriter agrees that it will not confirm the sale of any Bonds unless a final written confirmation of sale is accompanied or preceded by the delivery of a copy of the Limited Offering Memorandum. The District authorizes the use by the Underwriter of the Limited Offering Memorandum with respect to the Bonds.

5. Definitions. For purposes hereof, (a) this Purchase Contract, the Bonds, the Indenture, the Continuing Disclosure Agreement to be dated as of [Closing Date], 2022, by and among the District, [Developer], a Delaware limited liability company (the “Developer”), and Lerner Reporting Services, Inc., as dissemination agent, in substantially the form attached to the Limited Offering Memorandum as Appendix E thereto (the “Disclosure Agreement”), and the DTC Blanket Issuer Letter of Representations entered into by the District, are referred to herein collectively as the “Financing Documents” and (b) the Funding and Completion Agreement between the District and the Developer dated as of [Closing Date], 2022, (the “Completion Agreement”), the Agreement to Convey or Dedicate between the District and the Developer dated as of [Closing Date], 2022, (the “Agreement to Convey”), the Collateral Assignment of Development Rights by and between the District and the Developer dated as of [Closing Date], 2022, (the “Collateral Assignment”), the Declaration of Consent to Jurisdiction executed by the Developer and dated as of [Closing Date], 2022, (the “Declaration”), the True Up Agreement by and between the District and the Developer dated as of [Closing Date], 2022, (the “True Up Agreement”), and the Development Acquisition Agreement between the District and the Developer (the “Acquisition Agreement”) are collectively referred to herein as the “Ancillary Agreements”.

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

(a) The Board is the governing body of the District and the District is and will be on the Closing Date duly organized and validly existing as a unit of special-purpose government created pursuant to the Constitution and laws of the State, including the Act;

(b) The District has full legal right, power and authority to: (i) adopt the Bond Resolution and the Assessment Resolutions; (ii) enter into the Financing Documents and Ancillary Agreements to which it is a party; (iii) sell, issue and deliver the Bonds to the Underwriter as provided herein; (iv) apply the proceeds of the sale of the Bonds for the purposes

described in the Limited Offering Memoranda; (v) acknowledge the use of the Limited Offering Memoranda and authorize the execution of the Limited Offering Memorandum; and (vi) carry out and consummate the transactions contemplated by the Bond Resolution, the Assessment Resolutions, the Financing Documents, the Ancillary Agreements, and the Limited Offering Memoranda, including but not limited to entering into a collection agreement to provide for the collection of the Series 2022 Assessments using the Uniform Method of collection in accordance with the Indenture. The District has complied, and on the Closing Date will be in compliance in all material respects, with the terms of the Act and with the obligations on its part contained in the Bond Resolution, the Assessment Resolutions, the Financing Documents and the Ancillary Agreements to which it is a party;

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

(d) Except as may be expressly disclosed in the Preliminary Limited Offering Memorandum, the District is not in material breach of or material default under any applicable provision of the Act or any applicable constitutional provision or statute or, to the best of its knowledge, administrative regulation of the State or the United States of America or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement, or other material instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and to the best of its knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or material event of default under any such instrument; and the execution and delivery of the Financing Documents, the Ancillary Agreements and the Limited Offering Memorandum and the adoption of the Bond Resolution and the Assessment Resolutions, and compliance with the provisions on the District's part contained therein, will not conflict with or constitute a material breach of or material default under any applicable constitutional provision, or law, or, to the best of its knowledge, any administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise

subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture. To the best of its knowledge, no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute an event of default (as therein defined) under the Financing Documents or the Ancillary Agreements;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization by, or which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations, to issue the Bonds, or under the Bond Resolution, the Assessment Resolutions, the Financing Documents or the Ancillary Agreements have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds;

(f) The descriptions of the Financing Documents, the Ancillary Agreements and the Series 2022 Project to the extent referred to in the Preliminary Limited Offering Memorandum, conform in all material respects to the Financing Documents, the Ancillary Agreements and the Series 2022 Project, respectively;

(g) The Bonds, when issued, executed and delivered in accordance with the Indenture and when sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the District, entitled to the benefits of the Indenture and upon such issuance, execution and delivery of the Bonds, the Indenture will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and first lien on the Series 2022 Trust Estate. On the Closing Date, all conditions precedent to the issuance of the Bonds set forth in the Indenture will have been complied with or fulfilled;

(h) As of the date hereof, there is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to its best knowledge, threatened against the District: (i) contesting the organization, existence or powers of the Board or the titles of the respective officers of the Board to their respective offices; (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the application of the proceeds of the sale thereof for the purposes described in the Limited Offering Memorandum or the collection of Series 2022 Assessments or the pledge of and lien on the Series 2022 Trust Estate, pursuant to the Indenture; (iii) contesting or affecting specifically as to the District the validity or enforceability of the Act or any action of the District in any respect relating to the authorization for the issuance of the Bonds, or the authorization of the Series 2022 Project, the Bond Resolution, the Assessment Resolutions, the Financing Documents and the Ancillary Agreements to which the District is a party, or the application of the proceeds of the Bonds for the purposes set forth in the Limited Offering Memoranda; (iv) contesting the federal tax status of the Bonds; or (v) contesting the completeness or accuracy of the Limited Offering Memoranda or any supplement or amendment thereto;

(i) To the extent applicable, the District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to: (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) determine the eligibility of the Bonds for investment

under the laws of such states and other jurisdictions, and the District will use its best efforts to continue such qualifications in effect so long as required for the initial limited offering and distribution of the Bonds; provided, however, that the District shall not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction or register as a broker/dealer;

(j) As of its date (unless an event occurs of the nature described in paragraph (1) of this Section 6) and at all times subsequent thereto, up to and including the Closing Date, the statements and information contained in the Preliminary Limited Offering Memorandum (other than "Permitted Omissions") and in the Limited Offering Memorandum are and will be accurate in all material respects for the purposes for which their use is authorized and do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is made concerning information contained in the Limited Offering Memoranda under the captions "DESCRIPTION OF THE SERIES 2022 BONDS – Book-Entry System," "THE DISTRICT – The District Manager and Other Consultants," "TAX MATTERS," "SUITABILITY FOR INVESTMENT," "LITIGATION – The Developer," and "UNDERWRITING";

(k) If the Limited Offering Memorandum is supplemented or amended pursuant to subsection (1) of this Section 6, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is made concerning information contained in the Limited Offering Memorandum under the captions "DESCRIPTION OF THE SERIES 2022 BONDS – Book-Entry System," "THE DISTRICT – The District Manager and Other Consultants," "TAX MATTERS," "SUITABILITY FOR INVESTMENT," "LITIGATION – The Developer" and "UNDERWRITING";

(l) If between the date of this Purchase Contract and the earlier of (i) ninety (90) days from the end of the "Underwriting Period" as defined in Rule 15c2-12, or (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB's Electronic Municipal Market Access system (but in no event less than twenty-five (25) days following the end of the Underwriting Period), any event shall occur, of which the District has actual knowledge, which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter thereof, and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the District will at its expense supplement or amend the Limited Offering Memorandum in a form and in a manner approved by the Underwriter. The end of the Underwriting Period shall be the next business day after the Closing Date;

(m) Since its inception, there has been no material adverse change in the properties, businesses, results of operations, prospects, management or financial or other condition of the District, except as disclosed in the Preliminary Limited Offering Memorandum, and the District has not incurred liabilities that would materially adversely affect its ability to discharge its obligations under the Bond Resolution, the Assessment Resolutions, the Financing Documents or

the Ancillary Agreements, direct or contingent, other than as set forth in or contemplated by the Preliminary Limited Offering Memorandum;

(n) Except as may be expressly disclosed in the Preliminary Limited Offering Memorandum, the District has not and is not now in default in the payment of the principal of or the interest on any governmental security issued or guaranteed by it after December 31, 1975 which would require the disclosure pursuant to Section 517.051, Florida Statutes or Rule 69W-400.003 of the Florida Department of Financial Services;

(o) Except as may be expressly disclosed in the Preliminary Limited Offering Memorandum, the District has never failed to comply with any continuing disclosure obligations undertaken by the District in accordance with the continuing disclosure requirements of Rule 15c2-12;

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

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

(r) From the date of this Purchase Contract through the Closing Date, the District will not issue any bonds, notes or other obligations payable from the Series 2022 Trust Estate.

7. **Closing.** At 10:00 a.m. prevailing time on [Closing Date], 2022, (the “Closing Date”) or at such later time as may be mutually agreed upon by the District and the Underwriter, the District will, subject to the terms and conditions hereof, deliver to the Underwriter, the Bonds in definitive book-entry-only form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof, in federal or other immediately available funds to the order of the District. Delivery of the Bonds as aforesaid shall be made pursuant to the FAST system of delivery of The Depository Trust Company, New York, New York, or at such other place as may be mutually agreed upon by the District and the Underwriter. The Bonds shall be typewritten, shall be prepared and delivered as fully registered bonds in book-entry-only form, with one bond for each maturity, registered in the name of Cede & Co. and shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection and packaging, unless otherwise agreed by the District and the Underwriter.

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

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

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

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

(1) The Limited Offering Memorandum and each supplement or amendment, if any, thereto, executed on behalf of the District by the Chairperson of the Board or such other authorized member of the Board;

(2) A copy of each of the Bond Resolution and the Assessment Resolutions certified by the Secretary or an Assistant Secretary of the Board under seal as having been duly adopted by the Board of the District and as being in full force and effect;

(3) Executed copies of each of the Financing Documents and Ancillary Agreements;

(4) The opinion, dated as of the Closing Date and addressed to the District, of Nabors, Giblin & Nickerson, P.A., Bond Counsel, in substantially the form attached to the Preliminary Limited Offering Memorandum as Appendix B, together with a letter of such counsel, dated as of the Closing Date and addressed to the Underwriter and the Trustee, to the effect that the foregoing opinion addressed to the District may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion were addressed to them;

(5) The supplemental opinion, dated as of the Closing Date and addressed to the District and the Underwriter, of Nabors, Giblin & Nickerson, P.A., Bond Counsel, in the form annexed as Exhibit C hereto;

(6) The opinion, dated as of the Closing Date and addressed to the District, the Trustee, Bond Counsel, the Underwriter, and Underwriter's counsel of Straley Robin Vericker, counsel to the District, substantially in the form annexed as Exhibit D hereto;

(7) An opinion, dated as of the Closing Date and addressed to the Underwriter, the District, the Trustee and Bond Counsel, of counsel to the Trustee, in form and substance acceptable to Bond Counsel, Underwriter, Underwriter's Counsel, and the District;

(8) A customary authorization and incumbency certificate, dated as of the Closing Date, signed by authorized officers of the Trustee;

(9) The opinion, dated as of the Closing Date and addressed to the District, the Trustee, and the Underwriter of Shutts & Bowen, LLP, counsel to the Developer, substantially in the form annexed as Exhibit E hereto;

(10) Certificate of the Developer dated as of the Closing Date, in substantially the form annexed as Exhibit F hereto;

(11) A copy of the Petition to establish the District approved by the Pasco County Board of County Commissioners and a copy of the Ordinance creating the District as amended;

(12) A certificate, dated as of the Closing Date, signed by the Chairperson or Vice-Chairperson and the Secretary or an Assistant Secretary of the Board, setting forth that: (i) each of the representations of the District contained herein was true and accurate in all material respects on the date when made, has been true and accurate in all material respects at all times since, and continues to be true and accurate in all material respects on the Closing Date as if made on such date; (ii) the District has performed all obligations to be performed hereunder as of the Closing Date; (iii) except as may be disclosed in the Limited Offering Memorandum, the District has never been in default as to principal or interest with respect to any obligation issued or guaranteed by the District; (iv) the District agrees to take all reasonable action necessary to use the Uniform Method or any other method as described in the Indenture as the means of collecting the Series 2022 Assessments; and (v) the Limited Offering Memoranda (other than the information under the captions “DESCRIPTION OF THE SERIES 2022 BONDS – Book-Entry System,” “THE DISTRICT – The District Manager and Other Consultants,” “TAX MATTERS,” “SUITABILITY FOR INVESTMENT,” “LITIGATION – The Developer” and “UNDERWRITING”, as to which no view need be expressed) as of their date, and as of the Closing Date, does not contain any untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Limited Offering Memoranda are to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

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

(14) Evidence of compliance by the District with the requirements of Section 189.051, Florida Statutes;

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

(16) Executed copy of Internal Revenue Service Form 8038-G relating to the Bonds;

(17) A certificate of the District's consulting engineer, dated as of the Closing Date, in substantially the form annexed as Exhibit G hereto;

(18) A certificate of the District manager and methodology consultant in substantially the form annexed as Exhibit H hereto;

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

(20) Evidence of compliance by the District with the requirements of Section 215.84, Florida Statutes;

(21) A certified copy of the Final Judgment of the Circuit Court in and for Pasco County, Florida issued on September 15, 2020, validating the Bonds and appropriate certificate of no-appeal;

(22) A copy of the Master Special Assessment Methodology Report, as amended and supplemented from time to time, relating to the Bonds;

(23) A copy of the Engineer's Report;

(24) A Declaration of Consent to Imposition of Special Assessments of the Developer with respect to all real property which is subject to the Series 2022 Assessments in form and substance acceptable to the Underwriter and Underwriter's Counsel;

(25) A mortgagee acknowledgment in form and substance that is satisfactory to the Underwriter from any mortgagees holding a mortgage on real property within the District subject to the Series 2022 Assessments; and

(26) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the District's representations and warranties contained herein and of the statements and information contained in the Limited Offering Memoranda and the due performance or satisfaction by the District and the Developer on or prior to the Closing of all the agreements then to be performed and conditions then to be satisfied by each.

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

9. Termination. The Underwriter shall have the right to terminate its obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the District of its election to do so if, after the execution hereof and prior to the Closing: (i) legislation shall have been introduced in or enacted by the Congress of the United States or enacted by the State, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairperson or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such committee, by any member thereof, or legislation shall have been favorably reported for passage to either House of Congress of the United States by a committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or the State, including the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been issued by the Treasury Department of the United States, or the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character

to be derived by the District or by any similar body, or upon interest on obligations of the general character of the Bonds, which may have the purpose or effect, directly or indirectly, of materially and adversely affecting the tax status of the District, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by the State or, which in the reasonable opinion of the Underwriter, affects materially and adversely the market for the Bonds, or the market price generally of obligations of the general character of the Bonds; (ii) the District or the Developer has, without the prior written consent of the Underwriter, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, or there has been an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District or the Developer, other than in the ordinary course of its business; (iii) any event shall have occurred or shall exist which, in the reasonable opinion of the Underwriter, would or might cause the information contained in the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (iv) the District fails to adopt the Assessment Resolutions or fails to perform any action to be performed by it in connection with the levy of the Series 2022 Assessments.

10. Expenses.

(a) The District agrees to pay, and the Underwriter shall not be obligated to pay, any expenses incident to the performance of the District's obligations hereunder, including, but not limited to: (i) the cost of the preparation and distribution of the Indenture; (ii) the cost of the preparation and printing of the Limited Offering Memoranda and any supplements thereto, together with a reasonable number of copies which the Underwriter may request; (iii) the cost of registering the Bonds in the name of Cede & Co., as nominee of DTC, which will act as securities depository for such Bonds; and (iv) the fees and disbursements of counsel to the District, the District Manager, Bond Counsel, Underwriter's Counsel, the District's methodology consultant, the Consulting Engineer, and any other experts or consultants retained by the District. The District's obligations under this Section 10(a) shall survive any termination of the Purchase Contract pursuant to either Section 8 or 9 hereof.

(b) The Underwriter agrees to pay all advertising expenses in connection with the Bonds, if any.

11. No Advisory or Fiduciary Role. The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection with such transaction and with the discussions, undertakings and procedures leading up to such transaction, the Underwriter is and has been acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor, as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act), agent or fiduciary of the District, (iii) the Underwriter has not assumed any advisory or fiduciary responsibility in favor of the District with respect to the placement contemplated hereby or the discussions, undertakings and procedures leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters) or any other obligation to the District except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriter has financial and other interests that differ from those of the District, (v) the District has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds, and (vi) the District has received the Underwriter's G-17 Disclosure Letter.

12. Notices. Any notice or other communication to be given to the District under this Purchase Contract may be given by delivering the same in writing to the District Manager at Artemis

Connected, LLC d/b/a Breeze, [], and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to FMSbonds, Inc., 20660 W. Dixie Highway, North Miami Beach, Florida 33180, Attention: Jon Kessler.

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

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

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

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

17. Governing Law. This Purchase Contract shall be governed and construed in accordance with the laws of the State.

18. Counterparts; Facsimile. This Purchase Contract may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were signatures upon the same instrument. Facsimile and pdf signatures shall be deemed originals.

19. Entire Agreement. This Purchase Contract when accepted by you in writing as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the District or the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

[Signature page follows.]

Very truly yours,

FMSBONDS, INC.

By: _____
Theodore A. Swinarski,
Senior Vice President – Municipal Trading

Accepted and agreed to this
[BPA Date], 2022.

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Michael Lawson
Chairman, Board of Supervisors

EXHIBIT A

DISCLOSURE AND TRUTH-IN-BONDING STATEMENT

[BPA Date], 2022

Highland Trails Community Development District
Pasco County, Florida

Re: \$[PAR] Highland Trails Community Development District Capital Improvement Revenue
Bonds, Series 2022 (Assessment Area One)

Dear Ladies and Gentlemen:

Pursuant to Chapter 218.385, Florida Statutes, and with respect to the issuance of the above-referenced bonds (the “Bonds”), FMSbonds, Inc. (the “Underwriter”), having purchased the Bonds pursuant to a Bond Purchase Contract dated [BPA Date], 2022 (the “Bond Purchase Contract”), between the Underwriter and Highland Trails Community Development District (the “District”), furnishes the following information in connection with the limited offering and sale of the Bonds:

1. The total underwriting discount paid to the Underwriter pursuant to the Bond Purchase Contract is approximately \$20.00 per \$1,000.00 or \$[] .
2. The names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, the Underwriter, bank, banker, or financial consultant or advisor and who enters into an understanding with either the District or the Underwriter, or both, for any paid or promised compensation or valuable consideration directly, expressly or impliedly, to act solely as an intermediary between the District and the Underwriter for the purposes of influencing any transaction in the purchase of the Bonds are: None.
3. The nature and estimated amounts of expenses to be incurred by the Underwriter in connection with the issuance of the Bonds are set forth in Schedule I attached hereto.
4. The management fee charged by the Underwriter is: \$0/\$1,000 or \$0.
5. Any other fee, bonus or other compensation estimated to be paid by the Underwriter in connection with the Bonds to any person not regularly employed or retained by the Underwriter in connection with the Bonds is as follows: None. Aponte & Associates Law Firm, P.L.L.C. has been retained as counsel to the Underwriter and will be compensated by the District.

Pursuant to the provisions of Sections 218.385(2) and (3), Florida Statutes, as amended, the following truth-in-bonding statements are made with respect to the Bonds:

The District is proposing to issue \$[PAR] aggregate principal amount of the Bonds for the purpose of providing moneys to: (i) finance the Costs of acquiring, constructing and equipping the Series 2022 Project, (ii) pay certain costs associated with the issuance of the Bonds, (iii) make a deposit into the Series 2022 Reserve Account for the benefit of the Bonds as provided for in the Indenture, and (iv) pay a portion of the interest to become due on the Bonds. This debt or obligation is expected to be repaid over a

period of approximately thirty (30) years. At a net interest cost of approximately []% for the Bonds, total interest paid over the life of the Bonds will be \$[].

The source of repayment for the Bonds is the Series 2022 Assessments imposed and collected by the District. Based solely upon the assumptions set forth in the paragraph above, the issuance of the Bonds will result in approximately \$[] (representing average annual debt service on the Bonds) of the District's special assessment revenues not being available to the District on an annual basis to finance other services of the District; provided however, that in the event that the Bonds were not issued, the District would not be entitled to impose and collect the Series 2022 Assessments in the amount of the principal of and interest to be paid on the Bonds.

The address of the Underwriter is:

FMSbonds, Inc.
20660 W. Dixie Highway
North Miami Beach, Florida 33180

Sincerely,

By: _____
Theodore A. Swinarski,
Senior Vice President – Municipal Trading

SCHEDULE I

<u>Expense</u>	<u>Amount</u>
DALCOMP	
Clearance	
CUSIP	
DTC	
FINRA/SIPC	
MSRB	
<u>Electronic Orders</u>	
TOTAL:	

EXHIBIT B

TERMS OF BONDS

1. **Purchase Price:** \$

2. **Principal Amounts, Maturities, Interest Rates, Yields and Prices:**

	Maturity Date	Amount	Rate	Yield	Price
Term 1:*					
Term 2:*					
Term 3:*					
Term 4:*					
		[PAR]			
*Met 10% test on the date hereof.					
^ Yield and price calculated to the first optional call date of May 1, [] at par.					

3. **Redemption Provisions:**

Optional Redemption

The Series 2022 Bonds are subject to redemption prior to maturity at the option of the District in whole or in part on any date, on or after May 1, [] at the Redemption Price of the principal amount of the Series 2022 Bonds or portions thereof to be redeemed together with accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Series 2022 Bonds maturing May 1, [] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>

* Final maturity

The Series 2022 Bonds maturing May 1, [], are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>

* Final maturity

The Series 2022 Bonds maturing May 1, 20[] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>

* Final maturity

The Series 2022 Bonds maturing May 1, 20[], are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>

* Final maturity

As more particularly set forth in the Indenture, any Series 2022 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 2022 Bonds. Amortization Installments are also subject to recalculation, as provided in the First Supplemental Indenture, as the result of the redemption of Series 2022 Bonds other than from scheduled Amortization Installments so as to reamortize the remaining Outstanding principal balance of the Series 2022 Bonds as set forth in the First Supplemental Indenture.

Extraordinary Mandatory Redemption

The Series 2022 Bonds are subject to extraordinary mandatory redemption prior to maturity in whole or in part on any Redemption Date, at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the Redemption Date, 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 Assessment Area One Project, by application of moneys transferred from the Series 2022 Acquisition and Construction Account to the Series 2022 Prepayment Subaccount as provided for in the Indenture; or

(b) from amounts, including Series 2022 Prepayments, required by the Indenture to be deposited into the Series 2022 Prepayment Subaccount; or

(c) from amounts transferred from the Series 2022 Reserve Account to the Series 2022 Prepayment Subaccount resulting from a reduction in the Series 2022 Reserve Account Requirement resulting from Prepayments of Series 2022 Assessments as provided for in the Indenture; or

(d) on the date on which the amount on deposit in the Series 2022 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2022 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2022 Bonds shall be called for redemption, the particular Series 2022 Bonds or portions of Series 2022 Bonds to be redeemed shall be selected by lot by the Bond Registrar as provided in the Indenture, or as provided or directed by DTC.

EXHIBIT C

BOND COUNSEL'S SUPPLEMENTAL OPINION

[Closing Date], 2022,

Highland Trails Community Development District
Pasco County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Re: \$[PAR] Highland Trails Community Development District Capital Improvement Revenue
Bonds, Series 2022 (Assessment Area One)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Highland Trails Community Development District (the “District”), a community development district established and existing pursuant to Chapter 190, Florida Statutes, as amended (the “Act”), in connection with the issuance by the District of its \$[PAR] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the “Bonds”). In such capacity, we have rendered our final approving opinion (the “Opinion”) of even date herewith relating to the Bonds. The Bonds are secured pursuant to that certain Master Trust Indenture, dated as of [] 2022, as supplemented by a First Supplemental Trust Indenture dated as of [] 2022 (together, the “Indenture”), each by and between the District and U.S. Bank National Association, as trustee.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the District in connection with the authorization, sale and issuance of the Bonds, were present at various meetings and participated in various discussions in connection therewith and have reviewed such other documents, records and other instruments as we deem necessary to deliver this opinion.

The District has entered into a Bond Purchase Contract dated [BPA Date], 2022 (the “Purchase Agreement”), for the purchase of the Bonds. Capitalized words used, but not defined, herein shall have the meanings ascribed thereto in the Purchase Agreement.

Based upon the forgoing, under existing law, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

2. We have reviewed the information contained in the Limited Offering Memorandum under the sections captioned “DESCRIPTION OF THE SERIES 2022 BONDS” (other than any information therein relating to DTC or the book-entry system, as to which no opinion is expressed) and “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS” (other than the

portion thereof captioned "Completion Agreement, True-Up Agreement, and Collateral Assignment" as to which no opinion is expressed), and insofar as such statements purport to be summaries of certain provisions of the Bonds or the Indenture, they constitute a fair summary of the information purported to be summarized therein, and the statements in the Limited Offering Memorandum on the cover relating to the Opinion and under the captions "TAX MATTERS", and "AGREEMENT BY THE STATE" are accurate statements or summaries of the matters therein set forth. It should be noted that such summaries do not purport to summarize all of the provisions of, and are qualified in their entirety by, the complete documents or provisions which are summarized.

We express no opinion as to the information contained in the Limited Offering Memorandum other than as provided in paragraph 2 above. The opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation or duty to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

This letter is furnished by us as Bond Counsel. No attorney-client relationship has existed or exists between our firm and yours in connection with the Bonds or by virtue of this letter. This letter is delivered to you solely for your benefit as underwriter of the Bonds and may not be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not be, relied upon by holders of the Bonds.

Very truly yours,

EXHIBIT D

ISSUER'S COUNSEL'S OPINION

Highland Trails Community Development District
Pasco County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

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

Aponte & Associates Law Firm, P.L.L.C.
Orlando, Florida

U.S. Bank National Association
Orlando, Florida

Re: \$[PAR] Highland Trails Community Development District Capital Improvement Revenue
Bonds, Series 2022 (Assessment Area One) (the "Bonds")

Ladies and Gentlemen:

[Customary introduction/qualifications]

1. The District has been established and validly exists as a community development district and independent local unit of special purpose government under applicable Florida law. The Bond Purchase Contract, the Indenture, the DTC Letter of Representations, and the Continuing Disclosure Agreement (collectively, the "Financing Documents"), and the Funding and Completion Agreement between the District and the Developer dated as of [Closing Date], 2022, (the "Completion Agreement"), the Agreement to Convey or Dedicate between the District and the Developer dated as of [Closing Date], 2022, (the "Agreement to Convey"), the Collateral Assignment of Development Rights Relating to the Series 2022 Project by and between the District and the Developer dated as of [Closing Date], 2022, (the "Collateral Assignment"), the Declaration of Consent to Jurisdiction executed by the Developer and dated as of [Closing Date], 2022, (the "Declaration"), and the True Up Agreement by and between the District and the Developer dated as of [Closing Date], 2022, (the "True Up Agreement" and together with the Completion Agreement, the Declaration, the Agreement to Convey, and the Collateral Assignment, the "Ancillary Agreements"), and the Bonds have been duly authorized, executed and delivered, and assuming due execution by the other party(ies) thereto, if applicable, the Financing Documents, the Ancillary Agreements, the Bonds, Resolution No. 2020-[] and Resolution No. 2022-[] adopted by the Board of Supervisors of the District (the "Board") on [], 2020 and [], 2022 respectively (collectively, the "Bond Resolution"), Resolution No. [] which was adopted by the Board on [] and Resolution No. [] which was adopted by the Board on [] (collectively, the "Assessment Resolutions"), constitute legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, except to the extent that the enforceability of the rights and remedies set forth therein may be limited by bankruptcy, insolvency, and similar laws affecting creditors' rights generally and general principles of equity.

2. There is no litigation or other proceeding now pending of which the District or its registered agent has received notice or service of process, or to our best knowledge, threatened against the

District: (a) contesting the existence or powers of the Board or the titles of the respective officers of the Board to their respective offices; (b) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the application of the proceeds of the sale thereof for the purposes described in the Limited Offering Memoranda (as defined herein) or the collection of Series 2022 Assessments or the pledge of and lien on the Series 2022 Trust Estate pursuant to the Indenture; (c) contesting or affecting specifically as to the District the validity or enforceability of the Act or any action of the District relating to authorization for the issuance of the Bonds or the authorization of the Capital Improvement Program or the Series 2022 Project, the Bond Resolution, the Assessment Resolutions, the Financing Documents, the Ancillary Agreements, or the application of the proceeds of the Bonds for the purposes set forth in the Limited Offering Memoranda; (d) specifically contesting the federal or state tax status of the Bonds; or (e) contesting the completeness or accuracy of the Limited Offering Memoranda or any supplement or amendment thereto.

3. The District has duly authorized and delivered the Preliminary Limited Offering Memorandum dated [PLOM Date], 2022 (the "Preliminary Limited Offering Memorandum") and duly authorized, executed, and delivered the Limited Offering Memorandum dated [BPA Date], 2022 (the "Limited Offering Memorandum" and, together with the Preliminary Limited Offering Memorandum, the "Limited Offering Memoranda").

4. Based upon our representation of the District as its Counsel and our limited participation in the preparation of the Limited Offering Memoranda, we have no reason to believe that the statements and information contained in the Limited Offering Memoranda under the captions (including all subcaptions thereunder unless hereinafter excluded) "INTRODUCTION," "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS," "ENFORCEMENT OF ASSESSMENT COLLECTIONS," "THE DISTRICT" (excluding the sub-caption "The District Manager and Other Consultants"), "AGREEMENT BY THE STATE," "LITIGATION – The District," "FINANCIAL INFORMATION," "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS," "VALIDATION," "CONTINUING DISCLOSURE," and "AUTHORIZATION AND APPROVAL" are not true and accurate and as of its date did not, and as of the date hereof do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. The District is not, in any manner material to the issuance of the Bonds, in breach of or default under any applicable provision of the Act or constitutional provision, statute, or administrative regulation of the State or the United States, or to the best of our knowledge, any applicable judgment or decree, any loan agreement, indenture, bond, note, resolution, agreement, or any other material instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and to the best of our knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the District under any such instrument; provided, however, that no opinion is expressed as to compliance with any state or federal tax laws or with any state "Blue Sky" or other securities laws, as may be applicable.

6. The execution and delivery of the Bonds, the Financing Documents, the Ancillary Agreements and the adoption of the Bond Resolution and the Assessment Resolutions and compliance with the provisions on the District's part contained therein will not conflict with or constitute a breach of or default under any applicable constitutional provision or law, or to the best of our knowledge, under any administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument,

except as expressly provided by the Bonds and the Indenture. To the best of our knowledge after due inquiry, the District has taken no action which, with the lapse of time or the giving of notice, or both would constitute a material default or event of default by the District under the Bonds, the Financing Documents or the Ancillary Agreements.

7. To the best of our knowledge after investigation, all consents, permits or licenses, and all notices to or filings with governmental authorities necessary for the consummation by the District of the transactions described in the Limited Offering Memoranda and contemplated by the Indenture required to be obtained or made, have been obtained or made or there is no reason to believe they will not be obtained or made when required, provided that no opinion is expressed as to the applicability of or compliance with tax laws, state “Blue Sky” laws or other securities laws.

8. The District has the right and authority under the Act and other state law to adopt the Bond Resolution and the Assessment Resolutions, to undertake the Capital Improvement Program and the Series 2022 Project, to issue the Bonds and to levy the Series 2022 Assessments that will secure the Bonds, and has duly adopted the Bond Resolution and the Assessment Resolutions.

9. All proceedings undertaken by the District with respect to the Series 2022 Assessments securing the Bonds, including adoption of the Assessment Resolutions, were undertaken in accordance with Florida law, and the District has taken all necessary action as of the date hereof to levy and impose the Series 2022 Assessments. The Series 2022 Assessments constitute legal, valid, binding and enforceable first liens upon the property against which such Series 2022 Assessments are assessed, co-equal with the lien of all state, county, district and municipal taxes and assessments, and superior in dignity to all other liens, titles and claims, until paid.

10. The Bonds have been validated by a final judgment of the Circuit Court in and for Pasco County, Florida, of which no timely appeal was filed.

11. The District has the full power and authority to own and operate the Capital Improvement Program and the Series 2022 Project.

12. All conditions prescribed in the Indenture and the Purchase Contract to be performed by the District as precedent to the issuance of the Bonds have been fulfilled.

Very truly yours,

EXHIBIT E

DEVELOPER'S COUNSEL OPINION

[Closing Date], 2022,

Highland Trails Community Development District
Pasco County, Florida

U.S. Bank National Association
Orlando, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Re: \$[PAR] Highland Trails Community Development District Capital Improvement Revenue
Bonds, Series 2022 (Assessment Area One) (the "Bonds")

Ladies and Gentlemen:

We are counsel to [Developer] (the "Developer"), which is the developer of certain land within the master planned community located in Pasco County and commonly referred to as "Angeline" (the "Development"), as described in the Limited Offering Memorandum (as hereinafter defined). This opinion is rendered at the request of the Developer in connection with the issuance by the Highland Trails Community Development District (the "District") of the Bonds (the "Transaction") as described in the District's Preliminary Limited Offering Memorandum dated [PLOM Date], 2022, including the appendices attached thereto (collectively, the "Preliminary Limited Offering Memorandum") and the Limited Offering Memorandum, dated [BPA Date], 2022, including the appendices attached thereto (collectively, the "Limited Offering Memorandum" and, together with the Preliminary Limited Offering Memorandum, the "Limited Offering Memoranda"). It is our understanding that the Bonds are being issued to provide funds to: (i) finance the Costs of acquiring, constructing and equipping the Series 2022 Project, (ii) pay certain costs associated with the issuance of the Bonds, (iv) make a deposit into the Series 2022 Reserve Account for the benefit of the Bonds as provided for in the Indenture, and (v) pay a portion of the interest to become due on the Bonds.

In our capacity as counsel to the Developer, we have examined originals or copies identified to our satisfaction as being true copies of the Limited Offering Memoranda, the Funding and Completion Agreement between the District and the Developer dated as of [Closing Date], 2022,, the Agreement to Convey or Dedicate between the District and the Developer dated as of [Closing Date], 2022,, the Collateral Assignment of Development Rights Relating to the Series 2022 Project by and between the District and the Developer dated as of [Closing Date], 2022,, the Declaration of Consent to Jurisdiction executed by the Developer and dated as of [Closing Date], 2022,, the True Up Agreement by and between the District and the Developer dated as of [Closing Date], 2022,, the Certificate of Developer dated as of [Closing Date], 2022,, the Development Acquisition Agreement between the District and the Developer dated as of [], and the Continuing Disclosure Agreement, dated as of [Closing Date], 2022, by and among the District, the Dissemination Agent named therein and the Developer (collectively, the "Transaction Documents"), and have made such examination of law as we have deemed necessary or appropriate in rendering this opinion. In connection with the forgoing, we have also reviewed and examined the Developer's Limited Liability Company Agreement dated _____, 201__, the Developer's Articles of Organization filed on _____, ____, with the Delaware/Florida Secretary of State, and a

certificate of good standing issued by the [] on [] (collectively, the “Developer’s Organizational Documents”).

Based upon and subject to the foregoing and to the assumptions, limitations and qualifications contained herein , we are of the opinion that:

1. The Developer is a limited liability company organized under the laws of the State of Delaware and is authorized to conduct business in the State of Florida and its status is active.

2. The Developer has the limited liability company power to conduct its business, to undertake the Development as described in the Limited Offering Memoranda and to enter into the Transaction Documents.

3. The Transaction Documents have been duly authorized, executed and delivered by the Developer and the Transaction Documents are valid and binding obligations of the Developer, enforceable against the Developer in accordance with their respective terms.

4. The execution, delivery and performance of the Developer Documents by the Developer do not

- a. violate the Developer's Organizational Documents;
- b. constitute a breach of or a default, or result in the creation of a security interest or a lien on the assets of the Developer under any material agreement to which the Developer is a party as identified to us in the Developer Certificate to Counsel (such agreements, the “Material Developer Agreements”)
- c. violate any judgment, decree or order of any court or administrative tribunal applicable to the Developer or its assets as identified to us in the Developer Certificate to Counsel; or
- d. violate any applicable laws.

5. The levy of the Series 2022 Assessments on the lands within the District will not conflict with or constitute a breach of or default under any Material Developer Agreements.

6. There is no litigation pending which would prevent or prohibit the development of the Development in accordance with the description thereof in the Limited Offering Memoranda and the Engineer's Report annexed thereto as Appendix C or which may result in any material adverse change in the respective business, properties, assets or financial condition of the Developer.

8. The Developer has not made an assignment for the benefit of creditors, filed a petition in bankruptcy, petitioned or applied to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction. To our knowledge, the Developer has not indicated its consent to, or approval of, or failed to object timely to, any petition in bankruptcy, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustee.

9. The Developer is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets is subject, which default would have a material adverse effect on the Bonds or the Development.

10. We can advise you that nothing has come to our attention that would lead us to believe the information contained in the Limited Offering Memoranda under the captions “THE DEVELOPMENT”, “THE DEVELOPER” and “LITIGATION – The Developer” does not accurately and fairly present the information purported to be shown or contains any untrue statement of a material fact nor omits to state any material fact necessary to make the statement made therein, in light of the circumstances under which they were made, not misleading as of the dates of the Limited Offering Memoranda or as of the date hereof.

The opinions regarding enforceability of the Transaction Documents that are contained in paragraph 3 above are limited by: (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and transfer, and similar law affecting the rights of creditors' generally (the “Bankruptcy Exception”); and (ii) general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

Sincerely,

EXHIBIT F

CERTIFICATE OF DEVELOPER

Highland Trails Community Development District
Pasco County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Aponte & Associates Law Firm, P.L.L.C.
Orlando, Florida

[Developer], a Delaware limited liability company (the “Developer”), DOES HEREBY CERTIFY, that:

1. This Certificate of the Developer is furnished pursuant to Section 8(c)(10) of the Bond Purchase Contract dated [BPA Date], 2022 (the “Purchase Contract”) between Highland Trails Community Development District (the “District”) and FMSbonds Inc. (the “Underwriter”) relating to the sale by the District of its \$[PAR] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the “Bonds”). Capitalized terms used, but not defined, herein shall have the meaning assigned thereto in the Purchase Contract.

2. The Developer is a limited liability company organized and existing under the laws of the State of Delaware and authorized to conduct business in the State of Florida.

3. Representatives of the Developer have provided information to the District and the Underwriter to be used in connection with the offering by the District of the Bonds, pursuant to a Preliminary Limited Offering Memorandum dated [PLOM Date], 2022 (the “Preliminary Limited Offering Memorandum”) and a Limited Offering Memorandum dated [BPA Date], 2022 (the “Limited Offering Memorandum”) and, together with the Preliminary Limited Offering Memorandum, the “Limited Offering Memoranda”).

4. The Declaration of Consent to Jurisdiction of Highland Trails Community Development District and to Imposition of Special Assessments dated [Closing Date], 2022, executed by the Developer and recorded in the public records of Pasco County, Florida (the “Declaration of Consent”), constitutes a valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms.

5. The Developer has reviewed and approved the information contained in the Limited Offering Memoranda under the captions “THE CAPITAL IMPROVEMENT PROGRAM AND THE ASSESSMENT AREA ONE PROJECT,” “ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER” “CONTINUING DISCLOSURE” and “LITIGATION – The Developer” and with respect to the Developer and the Development (as defined in the Limited Offering Memoranda) under the caption “BONDOWNERS' RISKS” and warrants and represents that such information did not as of its date, and does not as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In addition, the Developer is not aware of any other information in the Limited Offering

Memoranda that contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6. The Developer represents and warrants that it has complied with and will continue to comply with Chapter 190.048, Florida Statutes, as amended.

7. As of the date hereof, there has been no material adverse change in the business, properties, assets or financial condition of the Developer which has not been disclosed in the Limited Offering Memoranda and/or in all other information provided by the Developer to the Underwriter or the District.

8. The Developer hereby consents to the levy of the Series 2022 Assessments on the lands in the District owned by the Developer. The levy of the Series 2022 Assessments on the lands in the District will not conflict with or constitute a breach of or default under any agreement, mortgage, lien or other instrument to which the Developer is a party or to which its property or assets are subject. The Developer agrees and acknowledges that the Series 2022 Assessments are valid and binding first liens on the real property on which they have been levied which is owned by the Developer.

9. The Developer has not made an assignment for the benefit of creditors, filed a petition in bankruptcy, petitioned or applied to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction. The Developer has not indicated its consent to, or approval of, or failed to object timely to, any petition in bankruptcy, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustee.

10. The Developer acknowledges that the Bonds have the debt service requirements set forth in the Limited Offering Memorandum and that the Series 2022 Assessments will be levied by the District at times, and in amounts sufficient, to enable the District to pay debt service on the Bonds when due.

11. To the best of our knowledge, after due inquiry, the Developer is not in default under any other resolution, ordinance, agreement or indenture, mortgage, lease, deed of trust, note or other instrument to which the Developer is subject or by which the Developer or its properties are or may be bound, which would have a material adverse effect on the consummation of the transactions contemplated by the Financing Documents, the Ancillary Agreements or on the Development, and the Developer is current in the payment of all ad valorem, federal and state taxes associated with the Development, other than as described in the Limited Offering Memorandum.

12. Except as otherwise disclosed in the Limited Offering Memoranda, there is no action, suit or proceeding at law or in equity by or before any court or public board or body pending or, solely to the best of our knowledge, threatened against the Developer (or any basis therefor) (a) seeking to restrain or enjoin the execution or delivery of the Financing Documents, Declaration of Consent and/or Ancillary Agreements, (b) contesting or affecting the validity or enforceability of the Financing Documents, Declaration of Consent and/or Ancillary Agreements, or any and all such other agreements or documents as may be required to be executed, or the transactions contemplated thereunder, or (c) contesting or affecting the establishment or existence of the Developer, or of the Developer's business, assets, property or conditions, financial or otherwise, or contesting or affecting any of the powers of the Developer.

13. To the best of our knowledge, after due inquiry, the Developer is in compliance in all material respects with all provisions of applicable law in all material matters relating to the Development as described in the Limited Offering Memoranda, including applying for all necessary permits. Except as otherwise described in the Limited Offering Memoranda, (a) the Development is zoned and properly

designated for its intended use; (b) all government permits other than certain permits, which permits are expected to be received as needed, have been received; (c) the Developer is not aware of any default of any zoning condition, permit or development agreement which would adversely affect the Developer's ability to complete or cause the completion of development of the Development as described in the Limited Offering Memoranda and all appendices thereto; and (d) there is no reason to believe that any permits, consents and licenses required to complete the Development as described in the Limited Offering Memoranda will not be obtained as required. In addition all ad-valorem taxes with respect to lands in the Series 2022 Project Area that will be subject to the Series 2022 Assessments securing the Series 2022 Bonds have been paid.

14. The Developer acknowledges that it will have no rights under Chapter 170, Florida Statutes, as amended, to prepay, without interest, the Series 2022 Assessments imposed on lands in the District owned by the Developer within thirty (30) days following completion of the Series 2022 Project and acceptance thereof by the District.

15. The Developer has never failed to timely comply with disclosure obligations pursuant to SEC Rule 15c2-12, other than as noted in the Limited Offering Memorandum under the heading "CONTINUING DISCLOSURE" and the Developer is not insolvent.

Dated: [Closing Date], 2022,

[DEVELOPER], a Delaware limited liability company

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO CERTIFICATE OF DEVELOPER]

EXHIBIT G

CERTIFICATE OF DISTRICT ENGINEER

Highland Trails Community Development District
Pasco County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Aponte & Associates Law Firm, P.L.L.C.
Orlando, Florida

STANTEC CONSULTING SERVICES INC. (the “Engineers”), DOES HEREBY CERTIFY, that:

1. This certificate is furnished pursuant to Section 8(c)(17) of the Bond Purchase Contract dated [BPA Date], 2022 (the “Purchase Contract”), by and between Highland Trails Community Development District (the “District”) and FMSbonds, Inc. with respect to the [PAR] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the “Bonds”). Capitalized terms used, but not defined, herein shall have the meaning assigned thereto in the Purchase Contract or Preliminary Limited Offering Memorandum dated [PLOM Date], 2022 (the “Preliminary Limited Offering Memorandum”) and the Limited Offering Memorandum dated [BPA Date], 2022 (the “Limited Offering Memorandum”, and together with the Preliminary Limited Offering Memorandum, the “Limited Offering Memoranda”), as applicable.

2. The Engineers have been retained by the District as consulting engineers.

3. There are no known issues that would prevent the plans and specifications for the Series 2022 Project improvements (as described in the Limited Offering Memoranda) from being approved by all regulatory bodies required to approve them. All environmental and other regulatory permits or approvals required in connection with the construction of Series 2022 Project were obtained or will be obtained in the ordinary course.

4. The Engineers prepared the report entitled “Highland Trails Community Development District, Supplemental Report of the District Engineer, Series 2022 dated [], 2022 (the “Report”). The Report was prepared in accordance with generally accepted engineering principles. The Report is included as “APPENDIX C – ENGINEER'S REPORT” to the Limited Offering Memoranda and a description of the Report and certain other information relating to the Series 2022 Project are included in the Limited Offering Memoranda under the captions “THE CAPITAL IMPROVEMENT PROGRAM AND THE ASSESSMENT AREA ONE PROJECT” and “THE DEVELOPMENT.” The Report and said information are true and complete in all material respects, contain no untrue statement of a material fact, and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. The Engineers hereby consent to the inclusion of the Report as “APPENDIX C – ENGINEER'S REPORT” to the Limited Offering Memoranda and to the references to the Engineers in the Limited Offering Memoranda.

6. The Series 2022 Project improvements that are being acquired at closing of the Bonds, if any, are constructed in sound workmanlike manner and in accordance with industry standards.

7. The price being paid by the District to the Developer for acquisition of the improvements included within the Series 2022 Project at closing of the Bonds, if any, does not exceed the lesser of the cost of the Series 2022 Project or the fair market value of the assets acquired by the District.

8. To the best of our knowledge, after due inquiry, the Developer is in compliance in all material respects with all provisions of applicable law in all material matters relating to the Developer and the Development as described in the Limited Offering Memoranda. Except as otherwise described in the Limited Offering Memoranda, (a) all government permits required in connection with the construction of the Development as described in the Limited Offering Memoranda have been received; (b) we are not aware of any default of any zoning condition, land use permit or development agreement which would adversely affect the ability to complete development of the Development as described in the Limited Offering Memoranda and all appendices thereto; and (c) we have no actual knowledge and are not otherwise aware of any reason to believe that any permits, consents and licenses required to complete the Development as described in the Limited Offering Memoranda will not be obtained in due course as required by the Developer, or any other person or entity, necessary for the development of the Development as described in the Limited Offering Memoranda and all appendices thereto.

9. There is adequate water and sewer service capacity to serve the Development within the District.

Dated: [Closing Date], 2022,

STANTEC, INC.

By: _____
Print Name: _____
Title: _____

EXHIBIT H

CERTIFICATE OF DISTRICT MANAGER AND METHODOLOGY CONSULTANT

[Closing Date], 2022,

Highland Trails Community Development District
Pasco County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Aponte & Associates Law Firm, P.L.L.C.
Orlando, Florida

Re: \$[PAR] Highland Trails Community Development District Capital Improvement Revenue
Bonds, Series 2022 (Assessment Area One)

Ladies and Gentlemen:

The undersigned representative of Artemis Connected, LLC d/b/a Breeze (“BREEZE”), DOES
HEREBY CERTIFY:

1. This certificate is furnished pursuant to Section 8(c)(18) of the Bond Purchase Contract dated [BPA Date], 2022 (the “Purchase Contract”), by and between Highland Trails Community Development District (the “District”) and FMSbonds, Inc. with respect to the \$[PAR] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the “Bonds”). Capitalized terms used, but not defined, herein shall have the meaning assigned thereto in the Purchase Contract or the Limited Offering Memorandum (hereinafter defined), as applicable.

2. BREEZE has acted as district manager and methodology consultant to the District in connection with the sale and issuance by the District of the Bonds and have participated in the preparation of the Preliminary Limited Offering Memorandum dated [PLOM Date], 2022 (the “Preliminary Limited Offering Memorandum”) and the Limited Offering Memorandum dated [BPA Date], 2022 (the “Limited Offering Memorandum”), and together with the Preliminary Limited Offering Memorandum, the “Limited Offering Memoranda”).

3. In connection with the issuance of the Bonds, we have been retained by the District to prepare[review] the Master Special Assessment Methodology Report dated as of [] as subsequently amended by the final First Supplemental Special Assessment Methodology Report, dated as of [] including the special assessment tax roll included as part thereof (collectively, the “Assessment Report”), which Assessment Report has been included as an appendix to the Limited Offering Memoranda. We hereby consent to the use of such Assessment Report in the Limited Offering Memoranda and consent to the references to us therein.

4. As District Manager, nothing has come to our attention that would lead us to believe that the Limited Offering Memoranda, as they relate to the District, the Series 2022 Project, or any information provided by us, and the Assessment Report, as of their date and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to be

stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. The information set forth in the Limited Offering Memoranda under the captions “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS – Covenant to Levy the Series 2022 Assessments”, “THE DISTRICT – The District Manager and Other Consultants,” “ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS,” “LITIGATION – The District,” “DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS,” “CONTINUING DISCLOSURE,” and in “APPENDIX D - ASSESSMENT METHODOLOGY REPORT”, did not as of the dates of the Limited Offering Memoranda and does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. To the best of our knowledge, there has been no change which would materially adversely affect the assumptions made or the conclusions reached in the Assessment Report and the considerations and assumptions used in compiling the Assessment Report are reasonable. The Assessment Report and the assessment methodology set forth therein were prepared in accordance with all applicable provisions of Florida law.

7. As District Manager and Registered Agent for the District, we are not aware of any litigation pending or, to the best of our knowledge, threatened against the District restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the 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 Bonds, or the existence or powers of the District.

8. The Series 2022 Assessments, as initially levied, and as may be reallocated from time to time as permitted by resolutions adopted by the District with respect to the Series 2022 Assessments, are sufficient to enable the District to pay the debt service on the Bonds through the final maturity thereof.

Dated: [Closing Date], 2022,

**ARTEMIS CONNECTED, LLC D/B/A
BREEZE**, a Florida limited liability company

By: _____
Name: _____
Title: _____

MASTER TRUST INDENTURE

BETWEEN

HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT

AND

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

AS TRUSTEE

Dated as of May 1, 2022

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EXHIBIT A – FORM OF REQUISITION

MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE is dated as of May 1, 2022, by and between **HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government organized and existing under the laws of the State of Florida (the "District"), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, as trustee (the "Trustee"), a national banking association and having the authority to exercise corporate trust powers, with its designated corporate trust office located at 225 East Robinson Street, Suite 250, Orlando, Florida 32801, Attention: Corporate Trust Department.

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

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

WHEREAS, additionally, the District has the power and authority under the Act to levy and collect Benefit Special Assessments (hereinafter defined) and Operation and Maintenance Assessments (hereinafter defined); and

WHEREAS, the District has found and determined and does hereby find and determine, that acquisition and construction of the Series Projects (hereinafter defined) is and will be necessary and desirable in serving the District's goal of properly managing the acquisition, construction, installation and operation of portions of the infrastructure within and without the boundaries of the District; and

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

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the District, in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds by the Owners (hereinafter defined), and of the sum of ten dollars (\$10.00), lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of a Series (hereinafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee and its successors in trust, and assigns forever, for the securing of the performance of the obligations of the District herein set forth: (a) the Pledged Revenues (hereinafter defined) and Pledged Funds (hereinafter defined); and (b) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, granted or delivered to, or deposited with, the Trustee as security for any Series of Bonds issued pursuant to this Master Indenture by the District or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that except as otherwise provided herein or in a Supplemental Indenture, the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series and for no other Series;

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

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth (a) for the equal and proportionate benefit and security of all present and future Owners of the Bonds of a Series, without preference of any Bond of such Series over any other Bond of such Series, (b) for enforcement of the payment of the Bonds of a Series, in accordance with their terms and the terms of this Master Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds, and

all other sums payable hereunder, under the Supplemental Indenture authorizing such Series of Bonds or on the Bonds of such Series, and (c) for the enforcement of and compliance with the obligations, covenants and conditions of this Master Indenture except as otherwise expressly provided herein, as if all the Bonds at any time Outstanding (hereinafter defined) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Master Indenture, all as herein set forth.

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

ARTICLE I DEFINITIONS

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

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

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

"Accounts" shall mean all accounts created hereunder or pursuant to a Supplemental Indenture, except the Series Rebate Account within the Rebate Fund.

"Accreted Value" shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places)

equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Capital Appreciation 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 Capital Appreciation Bond as of such date shall be the amount determined by compounding the Accreted Value of such Capital Appreciation 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 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) 180. A table of Accreted Values for the Capital Appreciation Bonds shall be incorporated in a Supplemental Indenture executed by the District upon issuance of any Capital Appreciation Bonds.

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

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

"Additional Bonds" shall mean Bonds ranking on a parity with a Series of Bonds issued under a Supplemental Indenture, provided that such Supplemental Indenture allows for the issuance of parity Bonds.

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

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

"Assessments" shall mean all assessments levied and collected by or on behalf of the District pursuant to Section 190.022 of the Act, together with the

interest specified by resolution adopted by the Governing Body, the interest specified in Chapter 170, Florida Statutes, if any such interest is collected by or on behalf of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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

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

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

"Bond Anticipation Notes" shall mean bond anticipation notes issued pursuant to a Supplemental Indenture in anticipation of the sale of an authorized Series of Bonds and in a principal amount not exceeding the principal amount of such anticipated Series of Bonds.

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

"Bond Registrar" 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 registration books of the District reflecting the names, addresses, and other identifying information of the Owners of Bonds of such Series.

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

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

"Business Day" shall mean any day excluding Saturday, Sunday or any other day on which banks in the cities in which the designated corporate trust office of the Trustee or the Paying Agent are located are authorized or required by law or other governmental action to close and on which the Trustee or Paying Agent, or both, is closed.

"Capital Appreciation Bonds" shall mean Bonds issued under 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 District providing for the issuance thereof.

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

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

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

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

"Connection Fees" shall mean all fees and charges assessed by the District to users for the actual costs of connecting to a utility system of the District.

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

"Continuing Disclosure Agreement" shall mean a Continuing Disclosure Agreement, by and among the District, the dissemination agent named therein, and

any other "obligated person" under the Rule, in connection with the issuance of one or more Series of Bonds hereunder, pursuant to the requirements of the Rule.

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

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

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

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

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

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

"Delinquent Assessments" shall mean, collectively, any and all installments of any Assessments which are not paid when due, including any applicable grace period under State law or District proceedings.

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

"Direct Billed" shall mean Assessments, Benefit Special Assessments or Operation and Maintenance Assessments, as applicable within the context in which such reference is made, which are billed directly by the District rather than collected on the tax bill using the Uniform Method.

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

"DTC" shall mean The Depository Trust Company, and its successors and assigns.

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

"Event of Default" shall mean any of the events described in Section 902 hereof.

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

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

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

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

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

"Indenture" shall mean this Master Indenture, as amended and supplemented from time to time by a Supplemental Indenture or indentures and

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

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

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

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

(a) Government Obligations;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies or such other government-sponsored agencies which may presently exist or be hereafter created; provided that, such bonds, debentures, notes or other evidences of indebtedness are fully guaranteed as to both principal and interest by the Government National Mortgage Association (including participation certificates issued by such association); Fannie Mae (including participation certificates issued by such entity); Federal Home Loan Banks; Federal Farm Credit Banks; Tennessee Valley Authority; Federal Home Loan Mortgage Corporation and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P at the time of purchase;

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

(d) Money market deposit accounts, time deposits, and certificates of deposits issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated, at the time of purchase, in one of the two highest rating categories, without regard to gradation, by Moody's and S&P;

(e) Bank or broker repurchase agreements fully secured by securities specified in (a) or (b) above, which may include repurchase agreements with the commercial banking department of the Trustee, provided that such securities are

deposited with the Trustee, with a Federal Reserve Bank or with a bank or trust company (other than the seller of such securities) having a combined capital and surplus of not less than \$100,000,000;

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

(g) Any short-term government fund or any money market fund whose assets consist of (a), (b) and (c) above;

(h) Commercial paper (having maturities of not more than 270 days) rated, at the time of purchase, in one of the two highest rating categories, without regard to gradation, by Moody's and S&P;

(i) Certificates evidencing a direct ownership interest in non-callable Government Obligations or in future interest or principal payments thereon held in a custody account by a custodian satisfactory to the Trustee;

(j) Obligations of any state of the United States of America or any political subdivision, public instrumentality or public authority of any such state which are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and which are fully secured by and payable solely from non-callable Government Obligations held pursuant to an escrow agreement; and

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

Under all circumstances, the Trustee shall be entitled to rely on the direction of an Authorized Officer that any investment directed by the District is permitted under the Indenture and is a legal investment for funds of the District.

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

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

"Majority Owners" shall mean the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of the Bonds of a Series then Outstanding or all of the Bonds then Outstanding, as applicable in the context within 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, the amount of interest coming due in any Bond Year shall be reduced to the extent moneys derived from the proceeds of Bonds are used to pay interest in such Bond Year.

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

"Operation and Maintenance Assessments" shall mean assessments described in Section 190.021(3) of the Act, for the maintenance of District facilities or the operations of the District.

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

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

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

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

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

(d) Bonds paid or deemed to have been paid as provided in this Master Indenture or in a Supplemental Indenture with respect to Bonds of a Series, including Bonds with respect to which payment or provision for payment has been made in accordance with Article XII hereof.

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

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

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

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

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

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

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

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

"Rebate Analyst" shall mean the person or firm selected by the District to calculate the Rebate Amount, which person or firm shall have recognized expertise in the calculation of the Rebate Amount.

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

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

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

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

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

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

"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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a limited liability company organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, S&P will be deemed to refer to any other nationally recognized securities rating agency designated by the District by written notice to the Trustee.

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

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

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

Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the District upon original issuance.

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

"Series Capitalized Interest Account" shall mean the account within a Series Debt Service Account with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

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

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

"Series Interest Account" shall mean the account within a Series Debt Service Account with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

"Series Optional Redemption Subaccount" shall mean the subaccount within a Series Redemption Account with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

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

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

"Series Prepayment Subaccount" shall mean the subaccount within a Series Redemption Account with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

"Series Principal Account" shall mean the account within a Series Debt Service Account with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

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

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

"Series Redemption Account" shall mean the account within a Series Debt Service Account with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

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

"Series Reserve Account Requirement" shall mean the amount of money or other security which may be in the form of a reserve fund insurance policy or other security as may be required by the terms of a Supplemental Indenture to be deposited in or credited to a Series Reserve Account for a Series of Bonds; provided, however, that unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, as of any date of calculation for a particular Series Reserve Account, the "Series Reserve Account Requirement" shall be an amount equal to the lesser of (a) the Maximum Annual Debt Service Requirement for all Bonds of such Series then Outstanding, (b) 125% of the average annual debt service for all Bonds of such Series then Outstanding, or (c) the aggregate of ten percent (10%) of the proceeds of the Bonds of such Series calculated as of the date of original issuance thereof. In computing the Series Reserve Account Requirement in respect of any Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of (y) 110% of the daily average interest rate on such Variable Rate Bonds during the twelve (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 (z) the actual rate of interest borne by 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 lesser of the amounts specified in the immediately preceding sentence. In computing the Series Reserve Account Requirement in accordance with clause (c) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value. A Supplemental Indenture may provide that the Series Reserve Account Requirement for a Series is zero.

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

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

"Series Trust Estate" shall mean the Trust Estate for a Series of Bonds established by Supplemental Indenture for such Series of Bonds.

"State" shall mean the State of Florida.

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

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

"Tax Collector" shall mean the Tax Collector of Pasco County, Florida, or the person succeeding to such officer's principal functions.

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

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

"Tax Regulatory Covenants" shall mean the covenants of the District necessary for the preservation of the excludability of interest thereon from gross income for federal income tax purposes, as such covenants shall be amended from time to time upon written instructions from Bond Counsel.

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

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

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

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

"Trustee" shall mean U.S. Bank Trust Company, National Association with its designated office in Orlando, Florida and any successor trustee appointed or serving pursuant to Article VI hereof.

"Uniform Method" shall mean the uniform method for the levy, collection and enforcement of Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes.

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

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

ARTICLE II

FORM, EXECUTION, DELIVERY AND DESIGNATION OF BONDS

Section 201. Issuance of Bonds. For the purpose of providing funds for paying all or part of the Cost of a Series Project, Bonds of a Series, without limitation as to aggregate principal amount, may be issued under this Master Indenture subject to the conditions hereinafter provided in Section 207 hereof. Debt Service on each Series of Bonds shall be payable solely from the Pledged Revenues and Pledged Funds pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds and, as may be provided in such Supplemental Indenture, all of the provisions of this Master Indenture shall be for

the benefit and security of the present and future Owners of such Series of Bonds so issued, without preference, priority or distinction, as to lien or otherwise, of any one Bond of such Series over any other Bond of such Series. The District may also issue from time to time, Additional Bonds, Completion Bonds and Refunding Bonds of a Series under and pursuant to the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 202. Details of Bonds. Bonds of a Series shall be in such denominations, numbered consecutively, shall bear interest from their date until their payment at rates not exceeding the maximum rate 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 Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Option Bonds or any combination thereof and may be secured by a Credit Facility or Liquidity Facility, all as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series (or a part of a Series) may be in book-entry form at the option of the District as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Debt Service shall be payable in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Interest shall be paid to the registered Owner of Bonds at the close of business on the Record Date for such interest; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 hereof, the payment of interest and principal or Redemption Price or Amortization Installments pursuant hereto shall be made by the Paying Agent to such person who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of a Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent in Orlando, Florida; provided, however, that presentation shall not be required if the Bonds are in book-entry only form. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment by delivery of written notice to the Paying Agent prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000 in aggregate principal amount of the Bonds or, if less than such amount, all of the Bonds then Outstanding). Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

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

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

Section 205. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed the absolute Owner thereof for all purposes, and payment of Debt Service shall be made only to or upon the order of the registered Owner thereof or his attorney or legal representative as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Trustee, the District, the Bond Registrar and the Paying Agent may deem and treat the registered Owner of any Bond as the absolute Owner of such Bond, whether such Bond shall be overdue

or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Trustee, the District, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

Section 206. Special Obligations. Each Series of Bonds shall be a special and direct obligation of the District. Neither the Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the District within the meaning of the Constitution and laws of the State. The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely by, the Series Pledged Revenues and the Series Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

Section 207. Authorization of Bonds.

(a) There shall be issued from time to time in Series, under and secured by this Master Indenture, Bonds without limitation as to aggregate principal amount for the purposes of:

(i) paying all or part of the Cost of a Series Project or Series Projects or refunding a Series of Bonds or any portion thereof then Outstanding; and

(ii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds.

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

(i) an executed and attested original or certified copy of this Master Indenture;

(ii) an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things,

the dates on which, and the amounts in which, such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent and Bond Registrar, fixing the Amortization Installments, if any, for the Term Bonds of such Series, awarding the Series of Bonds, specifying the interest rates or the method for calculating such interest rates with respect to such Series of Bonds, specifying the redemption provisions and prices thereupon, specifying other details of such Series of Bonds, and directing the delivery of such Series of Bonds to or upon the order of the initial purchaser thereof upon payment of the purchase price therefor set forth in such Supplemental Indenture;

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

(iv) an opinion of Bond Counsel for the District substantially to the effect that the signer is of the opinion that the Bonds of such Series are valid, binding and enforceable obligations of the District and, if such Series of Bonds are Tax-Exempt 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 the initial purchasers.

Execution of a Series of Bonds by the District shall be conclusive evidence of satisfaction of the conditions precedent set forth in this Section 207(b) as to the District and payment to the Trustee of the initial purchase price for a Series of Bonds shall be conclusive evidence of satisfaction of the conditions precedent set forth in this Section 207(b) as to the underwriter of such Series of Bonds.

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

(c) To the extent not set forth in the Supplemental Indenture authorizing the issuance of a Series of Bonds, the proceeds (including accrued interest and any premium) of each Series of Bonds shall be applied as soon as practicable upon delivery thereof to the Trustee as follows:

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

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

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

Section 208. Mutilated, Destroyed or Lost Bonds. If any Bonds become mutilated, destroyed or lost, the District may cause to be executed and delivered a new Bond in substitution therefor upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, and upon payment by the Owner of the reasonable expenses and charges of the District and the Trustee in connection therewith and, in the case of a Bond destroyed or lost, upon the Owner filing with the Trustee evidence satisfactory to it that such Bond was destroyed or lost and of his or her ownership thereof, and upon furnishing the District and the Trustee with indemnity satisfactory to them.

Section 209. Parity Obligations Under Credit Agreements. As may be provided for or required in any Supplemental Indenture, the District may incur financial obligations under a Letter of Credit Agreement or a Liquidity Agreement payable on parity with respect to the lien on the Trust Estate pledged to a Series of Bonds issued under this Master Indenture and a Supplemental Indenture, without meeting any financial test or requirement set forth in this Master Indenture or the corresponding Supplemental Indenture, but only if the Letter of Credit Agreement or Liquidity Agreement supports a related Series of Bonds then being issued which does meet such tests or requirements.

Section 210. Bond Anticipation Notes. Whenever the District shall authorize the issuance of a Series of Bonds, the District may by resolution authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series of Bonds. 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 Series Projects 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 District authorizing such Bond Anticipation Notes. The principal of and interest on such Bond Anticipation Notes and renewals thereof shall be payable from any moneys of the District available therefor or from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued. The proceeds of sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Indenture for such purposes; provided, however, that the resolution or resolutions authorizing such Bond Anticipation Notes may provide for the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes and for the deposit in the related Series Capitalized Interest Account. In the event that the District adopts a resolution authorizing the issuance of Bond Anticipation Notes, the District will promptly furnish to the Trustee a copy of such resolution, certified by an Authorized Officer, together with such information with respect to such Bond Anticipation Notes as the Trustee may reasonably request, including, without limitation, information as to the paying agent or agents for such Bond Anticipation Notes. The Trustee shall have no duties or obligations to the holders of such Bond Anticipation Notes unless specifically so authorized by the resolution of the District authorizing the issuance of such Bond Anticipation Notes and unless the Trustee accepts in writing such duties and obligations.

Section 211. Tax Status of Bonds. Any Series of Bonds issued under this Master Indenture may be issued either as Tax-Exempt Bonds or Taxable Bonds. The intended tax status of any Series of Bonds to be issued may be referenced in any Supplemental Indenture authorizing the issuance of such Series of Bonds.

ARTICLE III REDEMPTION OF BONDS

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

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

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

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

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

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

Any required notice or redemption shall also be sent by registered mail, overnight delivery service, telecopy or other secure means, postage prepaid, to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds to be redeemed, to certain municipal registered securities depositories in accordance with the then-current guidelines of the Securities and Exchange Commission, which are known to the Bond Registrar to be holding Bonds thirty-two (32) days prior to the redemption date and to at least two of the national information services that disseminate securities redemption notices in accordance with the then-current guidelines of the Securities and Exchange Commission, when possible, at least thirty (30) days prior to the redemption date; provided that neither failure to send or receive any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

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

Section 303. Effect of Calling for Redemption. On the date designated for redemption of any Bonds, notice having been filed and mailed in the manner provided above, the Bonds called for redemption shall be due and payable at the

Redemption Price provided for the redemption of such Bonds on such date and, moneys for payment of the Redemption Price being held in a separate account by the Paying Agent in trust for the Owners of the Bonds to be redeemed, interest on the Bonds called for redemption shall cease to be entitled to any benefit under this Master Indenture, and the Owners of such Bonds shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof, and interest, if any, accrued thereon to the redemption date, and such Bonds shall no longer be deemed to be Outstanding.

Section 304. Cancellation. Bonds called for redemption shall be canceled upon the surrender thereof pursuant to the provisions of Section 511 hereof.

ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

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

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

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

(a) ***Expenses of Bond Issuance.*** All expenses and fees relating to the issuance of the Bonds, including, but not limited to, initial Credit Facility or Liquidity Facility fees and costs, attorneys' fees, underwriting fees and discounts, the Trustee's acceptance fees and costs, Trustee's counsel fees and costs, rating agency fees, fees of financial advisors, engineer's fees and costs, administrative expenses of the District, the costs of preparing audits and engineering reports, the

costs of preparing reports, surveys, and studies, and the costs of printing the Bonds and preliminary and final disclosure documents.

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

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

(d) ***Construction Expense.*** All costs incurred, including interest charges, for labor and materials, including equipment, machinery and fixtures, by contractors, builders, and materialmen in connection with the acquisition, installation and construction of a Series Project, and including without limitation costs incident to the award of contracts.

(e) ***Other Professional Fees and Miscellaneous Expenses.***

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

(ii) Expenses of determining the feasibility or practicality of acquisition, construction, installation, or reconstruction of a Series Project.

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

(iv) Costs of improvements.

(v) Financing charges.

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

(vii) Working capital.

(viii) Amounts to repay Bond Anticipation Notes or loans made to finance any costs permitted under the Act.

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

(x) 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.

(xi) Expenses of management and supervision of a Series Project.

(xii) Costs of effecting compliance with any and all governmental permits relating to a Series Project.

(xiii) Payments, contributions, dedications, fair share or concurrency obligations and any other exactions as a condition to receive any government approval or permit necessary to accomplish any District purpose (including but not limited to impact fees, utility connection fees, school concurrency fees, etc.).

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

(f) **Refinancing Costs.** All costs described in (a) through (e) above or otherwise permitted by the Act associated with refinancing or repaying any loan or other debt obligation of the District.

Section 404. Disposition of Balances in Acquisition and Construction Fund. On the Date of Completion of a Series Project, the balance in the related Series Acquisition and Construction Account not reserved for the payment of any remaining part of the Cost of the Series Project shall be transferred by the Trustee to the credit of the Series Prepayment Subaccount in the Series

Redemption Account, or as otherwise provided in the Supplemental Indenture, and used for the purposes set forth for such Subaccount in the Supplemental Indenture relating to such Series of Bonds.

ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

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

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

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

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

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

(i) a Series Debt Service Account, and therein a Series Interest Account, a Series Principal Account, a Series Sinking Fund Account and a Series Capitalized Interest Account, and

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

for each such Series of Bonds issued hereunder;

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

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

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

Section 503. Acquisition and Construction Fund.

(a) **Deposits.** The District shall pay to the Trustee, for deposit into the related Series Acquisition and Construction Account in the Acquisition and Construction 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) subject to Section 806 hereof, payments made to the District from the sale, lease or other disposition of the Series Project or any portion thereof;

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

(iv) amounts received from a governmental entity pursuant to an interlocal agreement or other similar agreement between the District and such governmental entity providing for the payment by such governmental entity of a portion of the Costs of a Series Project;

(v) amounts received from impact fee credits and/or utility connection fee credits; and

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

Amounts in such Series Acquisition and Construction Account shall be applied to the Cost of the Series Project.

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

Upon receipt of each such requisition and accompanying certificate, the Trustee shall promptly withdraw from the Series Acquisition and Construction Account and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. The Trustee shall have no duty to investigate either the accuracy or validity of the items delivered pursuant to this Section 503(b) or whether such amount is properly payable hereunder or under the Supplemental Indenture for such Series of Bonds.

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

(d) **Completion of Series Project.** On the Date of Completion of a Series Project, the balance in the related Series Acquisition and Construction Account not reserved by the District for the payment of any remaining part of the Cost of acquiring or constructing the Series Project shall be applied in accordance with the provisions of Section 404 hereof. The Trustee shall have no duty to determine whether the Date of Completion has occurred and the Trustee shall not be deemed to have knowledge that the Date of Completion has occurred until the Trustee has received the certificate of the Consulting Engineer establishing such Date of Completion as specified in the definition of Date of Completion in Section 101 hereof.

Section 504. Revenue Fund. The District hereby covenants and agrees that it will assess, impose, establish and collect the Pledged Revenues with respect to each Series of Bonds in amounts and at times sufficient to pay, when due, the principal of, premium, if any, and interest on such Series of Bonds. The District hereby covenants and agrees to immediately deposit upon receipt all such Pledged

Revenues with the Trustee (including Prepayments, which shall be identified as such by the District at the time of deposit with the Trustee), and the Trustee shall immediately deposit all such Pledged Revenues, when received, into the related Series Revenue Account and immediately deposit all Prepayments, when received, into the related Series Prepayment Subaccount in the Series Redemption Account, unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds.

Section 505. Debt Service Fund.

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

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

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

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

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

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

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

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

(b) ***Disposition of Remaining Amounts on Deposit in Series Revenue Account.*** The District shall authorize the withdrawal, from time to time, from the Series Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent, when due. Subject to the provisions of Section 604 hereof, if (i) the amount on deposit in the Series Interest Account, Series Principal Account, Series Sinking Fund Account and Series Redemption Account in each Bond Year equals the interest payable on the Bonds of such Series in such Bond Year, the principal amount of all Serial Bonds payable in such Bond Year, the Maturity Amount of all Capital Appreciation Bonds due in such Bond Year and the Amortization Installments required to be paid in such Bond Year, and (ii) any amounts remain in the Series Revenue Account on November 2 of such Bond Year, then such amounts shall, at the written direction of the District, be applied to pay the commissions, fees, costs and any other charges of the Tax Collector and the Property Appraiser or, if such commissions, fees, costs, or other charges have been paid by the District, then to reimburse the District for such payment upon written request of an Authorized Officer. If, after such amounts have been withdrawn, paid and provided for as provided above, any amounts remain in the Series Revenue Account, such amounts shall be disbursed to the District on written request of an Authorized Officer and applied to pay the operating and administrative costs and expenses of the District. After making the payments provided for in this subsection (b), the balance, if any, remaining in the Series Revenue Account shall be retained therein or, at the written direction of an Authorized Officer to the Trustee, transferred into the Series Prepayment Subaccount of the Series Redemption Account. Upon the occurrence and continuance of an Event of Default hereunder, the foregoing transfer to the Series Prepayment Subaccount shall not be made.

(c) ***Series Reserve Account.*** Except as otherwise provided for herein or in a Supplemental Indenture, moneys held for the credit of a Series Reserve Account shall be used for the purpose of paying interest or principal or Amortization Installment or Maturity Amount on the Bonds of the related Series whenever amounts on deposit in the Series Debt Service Account shall be insufficient for such purpose.

(d) ***Series Debt Service Account.*** Moneys held for the credit of a Series Interest Account, Series Principal Account and Series Sinking Fund Account in a Series Debt Service Account shall be withdrawn therefrom by the Trustee and

transferred by the Trustee to the Paying Agent in amounts and at times sufficient to pay, when due, the interest on the Bonds of such Series, the principal of Serial Bonds of such Series, the Maturity Amount of Capital Appreciation Bonds of such Series and the Amortization Installments of Term Bonds of such Series, as the case may be.

(e) ***Series Redemption Account.*** Moneys representing Prepayments on deposit in a Series Prepayment Subaccount 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 hereof (including extraordinary mandatory redemption) and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article III hereof. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption. Moneys other than from Prepayments shall be held and applied in a Series Redemption Account as provided in Section 506(a) hereof.

(f) ***Payment to the District.*** When no Bonds of a Series remain Outstanding, and after all expenses and charges herein and in the related Supplemental Indenture required to be paid have been paid as certified to the Trustee in writing by an Authorized Officer, and after all amounts due and owing to the Trustee have been paid in full, the Trustee shall pay any balance in the Accounts for such Series of Bonds to the District upon the written direction of an Authorized Officer, free and clear of any lien and pledge created by this Master Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount of, or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series of Bonds to the aggregate principal amount of all Series of Bonds then 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 506. Optional Redemption.

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

hereof. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption.

(b) ***Purchase of Bonds of a Series.*** The District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller, and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds from the related Series Principal Account, but no such purchase shall be made after the Record Date in any Bond Year in which Bonds have been called for redemption. To the extent that insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds or in a related Series Principal Account to pay the principal amount of the purchase price of any Serial Bond, the Trustee shall transfer into such Accounts from the related Series Revenue Account sufficient moneys to pay such respective amounts. In the event that there are insufficient moneys on deposit in the related Series Sinking Fund Account with which to pay the principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction of the District, transfer moneys into such related Series Sinking Fund Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year. The Trustee may pay the principal portion of the purchase price of Bonds from the related Series Redemption Account, but only upon delivery of written instructions from an Authorized Officer of the District to the Trustee accompanied by a certificate of an Authorized Officer: (A) stating that sufficient moneys are on deposit in the Series Redemption Account to pay the purchase price of such Bonds; (B) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (C) containing cash flows which demonstrate that, after giving effect to the purchase of Bonds in the amounts and maturities set forth in clause (B) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase

price of any Term Bonds from the related Series Sinking Fund Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the preceding sentence from amounts on deposit in the related Series Sinking Fund Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Sinking Fund Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (X) stating that sufficient moneys are on deposit in the Series Sinking Fund 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; (Y) 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 (Z) containing cash flows 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 (Y) above and any transfers from the related Series Revenue Account, the Pledged Revenues to be received by the District in the current and in each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. If any Bonds are purchased pursuant to this subsection (b), the principal amount of the Bonds so purchased shall be credited as follows:

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

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

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

Section 507. Rebate Fund.

(a) **Creation.** There is created and established by Section 502 hereof a Rebate Fund, and within the Rebate Fund a Series Rebate Account for each Series of Tax-Exempt Bonds. Moneys deposited and held in the Rebate Fund shall not be subject to the pledge of this Master Indenture.

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

(c) **Deficiencies.** If the Trustee does not have on deposit in the Series Rebate Account sufficient amounts to make the payments required by this Section 507, the District shall pay, from any legally available source, the amount of any such deficiency to the United States as provided in paragraph (b) above. The Trustee shall have no duty to pay such deficiency from its own funds.

(d) **Survival.** The covenants and agreements of the District in this Section 507 and Section 809, and any additional covenants related to compliance with provisions necessary in order to preserve the exclusion of interest on the Tax-Exempt Bonds of a Series from gross income for federal income tax purposes shall survive the defeasance of the Bonds of such Series in accordance with Article XII hereof.

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

(a) **Series Acquisition and Construction Account, Series Revenue Account and Series Debt Service Account.** Moneys held for the credit of a Series Acquisition and Construction Account, a Series Revenue Account, and a Series Debt Service Account shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in Investment Obligations as directed in

writing by an Authorized Officer, which Investment Obligations shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates, as estimated by an Authorized Officer, when moneys held for the credit of each such Account will be required for the purposes intended.

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

(c) ***Investment Obligations as a Part of Funds and Accounts.*** Investment Obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and profit realized from such investment shall be credited as provided in Section 510 hereof. Any loss resulting from such investment shall be charged to such Fund or Account. The foregoing notwithstanding, for purposes of investment and to the extent permitted by law, amounts on deposit in any Fund or Account may be commingled for purposes of investment, provided adequate care is taken to account for such amounts in accordance with the prior sentence. The Trustee may, upon the written direction of an Authorized Officer, transfer investments within such Funds or Accounts without being required to sell such investments. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund or Account. The Trustee shall not be liable or responsible for any loss resulting from any such investment or for failure to make an investment (except failure to make an investment in accordance with the written direction of an Authorized Officer) or for failure to achieve the maximum possible earnings on investments. The Trustee shall have no obligation to invest funds without written direction from an Authorized Officer.

(d) ***Valuation.*** In computing the value of the assets of any Fund or Account, investments and earnings thereon shall be deemed a part thereof. The Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the District a report of the status of each Fund and Account as of the valuation date. The Trustee may elect to satisfy such provision by summarizing such information on a monthly basis. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder, with the exception of a Series Reserve Account, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the Redemption Price thereof, to the extent that any such obligation is then redeemable at the option of the holder. For the purpose of determining the amount on deposit to the credit of a Series

Reserve Account, obligations in which money in such Account shall have been invested shall be valued at par, if purchased at par, or at amortized cost, if purchased at other than par, plus, in each case, accrued interest. Amortized cost, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price.

Section 509. Deficiencies and Surpluses in Funds and Accounts.

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

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

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

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

in a Supplemental Indenture, earnings on investments in the Funds and Accounts other than a Series Reserve Account and other than as set forth above shall be deposited, as realized, to the credit of such Series Revenue Account and used for the purpose of such Account.

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

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

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

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

ARTICLE VI CONCERNING THE TRUSTEE

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

Section 602. No Responsibility for Recitals. The recitals, statements and representations in this Master Indenture, in any Supplemental Indenture or in the Bonds, save only the Trustee's authentication certificate, if any, upon the

Bonds, have been made by the District and not by the Trustee, and the Trustee shall be under no responsibility for the correctness thereof.

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

Section 604. Compensation and Indemnity. The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, and to the extent permitted under State law shall indemnify the Trustee and hold the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder except with respect to its own negligence or misconduct. The Trustee shall have no duty in connection with its responsibilities hereunder to advance its own funds nor shall the Trustee have any duty to take any action hereunder without first having received indemnification satisfactory to it. If the District defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys received or held by the Trustee under this Master Indenture or any Supplemental Indenture other than moneys from a Credit Facility or Liquidity Facility. This Section 604 shall survive termination of this Master Indenture and any Supplemental Indenture, and as to any Trustee, its resignation or removal thereof. As security for the foregoing, the District hereby grants to the Trustee a security interest in and to the amounts on deposit in all Series Funds and Accounts (other than the Rebate Fund) thereby, in effect, granting the Trustee a first charge against these moneys following an Event of Default for its fees and expenses (including legal counsel and default administration costs and expenses), subordinate and inferior to the security interest granted to the Owners of the Bonds from time to time secured thereby, but nevertheless payable in the order of priority as set forth in Section 905(a) upon the occurrence of an Event of Default.

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

Section 606. Notice of Default; Right to Investigate. The Trustee shall give written notice, as soon as practicable, by first-class mail to registered Owners of Bonds of all defaults of which the Trustee has actual knowledge, unless such defaults have been remedied (the term "defaults" for purposes of this Section 606 and Section 607 being defined to include the events specified as "Events of Default" in Section 902 hereof, but not including any notice or periods of grace provided for therein) or if the Trustee, based upon the advice of counsel upon which the Trustee is entitled to rely, determines that the giving of such notice is not in the best interests of the Owners of the Bonds. The Trustee will be deemed to have actual knowledge of any payment default under this Master Indenture or under any Supplemental Indenture and after receipt of written notice thereof by a Credit Facility issuer or Liquidity Facility issuer of a default under its respective reimbursement agreement, but shall not be deemed to have actual knowledge of any other default unless notified in writing of such default by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and affected by such default. The Trustee may, however, at any time require of the District full information as to the performance of any covenant hereunder; and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the District, an investigation into the affairs of the District.

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

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

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

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

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

Section 612. Removal of Trustee. Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, upon application of the District; provided, however, that if an Event of Default has occurred hereunder and is continuing with respect to a Series of Bonds, then the Trustee hereunder may be removed only by an instrument appointing a successor to the Trustee so removed executed by the Majority Owners of the Series of Bonds as to which such Event of Default exists and filed with the Trustee and the District.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Master Indenture or any Supplemental Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the District; provided that no Event of Default has occurred hereunder and is continuing, or upon the application of the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding.

Section 613. Appointment of Successor Trustee. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the District shall

appoint a successor and shall mail notice of such appointment, 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, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer; provided, however, that the District shall not appoint a successor Trustee if an Event of Default has occurred and is continuing, unless the District shall have received the prior written consent, which consent shall not be unreasonably withheld, of any Credit Facility issuer and any Liquidity Facility issuer, to the appointment of such successor Trustee. 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 Registrar, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

Section 614. 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 615. Instruments of Succession. Except as provided in Section 616 hereof, any successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein, except for the predecessor's rights under Section 604 hereof. After withholding from the funds on hand any amounts owed to itself hereunder, the Trustee ceasing to act hereunder shall pay over to the successor Trustee all moneys held by it hereunder; and the Trustee ceasing to act and the District shall execute and deliver an instrument or instruments transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act except for the rights granted under Section 604 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 Registrar, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

Section 616. Merger of Trustee. Any corporation, entity or purchaser 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 or entity resulting from any merger, sale or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Master Indenture, without the execution or filing of any paper or any further act on the part of the parties thereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation or entity continuing to act as Trustee hereunder shall meet the requirements of Section 614 hereof, and if such corporation, entity or purchaser does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article VI.

Section 617. Resignation of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may resign and be discharged of the duties created by this Master Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the District and the Trustee not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation mailed not less than sixty (60) days prior to such resignation date to each Owner as its name and address appear on the registration books of the District maintained by the Bond Registrar. Such resignation shall take effect on the date specified in such notice, unless a successor Paying Agent or Bond Registrar is previously appointed in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Bond Registrar. If a successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the giving of notice, then the Trustee may appoint a successor Paying Agent or Bond Registrar as provided in Section 619 hereof.

Section 618. Removal of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may be removed at any time prior to any Event of Default by the District by filing with the Paying Agent or Bond Registrar to be removed and the Trustee, an instrument or instruments in writing executed by an Authorized Officer appointing a successor. Such removal shall be effective thirty (30) days after delivery of the instrument (or such longer period as may be set forth in such instrument); provided, however, that no such removal shall be effective until the successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder.

Section 619. Appointment of Successor Paying Agent or Bond Registrar. In case at any time the Paying Agent or Bond Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Bond Registrar, as the case may be, and a

successor shall be appointed by the District; and in case at any time the Paying Agent or Bond Registrar shall resign, then a successor shall be appointed by the District. Upon any such appointment, the District shall give written notice of such appointment to the predecessor Paying Agent or Bond Registrar, the successor Paying Agent or Bond Registrar, the Trustee and all Owners. Any new Paying Agent or Bond Registrar so appointed shall immediately and without further act supersede the predecessor Paying Agent or Bond Registrar.

Section 620. Qualifications of Successor Paying Agent or Bond Registrar. Every successor Paying Agent or Bond Registrar shall (a) be a commercial bank or trust company duly organized under the laws of the United States or any state or territory thereof, authorized by law to perform all the duties imposed upon it by this Master Indenture, and capable of meeting its obligations hereunder, and (b) have a combined net capital and surplus of at least \$50,000,000.

Section 621. Acceptance of Duties by Successor Paying Agent or Bond Registrar. Except as provided in Section 622 hereof, any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Bond Registrar herein. Upon request of such Paying Agent or Bond Registrar, such predecessor Paying Agent or Bond Registrar and the District shall execute and deliver an instrument transferring to such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or Bond Registrar shall pay over and deliver to the successor Paying Agent or Bond Registrar all moneys and other assets at the time held by it hereunder.

Section 622. Successor by Merger or Consolidation. Any corporation, entity or purchaser into which any Paying Agent or Bond Registrar hereunder may be merged, converted or sold or with which it may be consolidated or into which substantially all of its corporate trust assets shall be sold or otherwise conveyed, or any corporation or entity resulting from any merger, sale or consolidation to which any Paying Agent or Bond Registrar hereunder shall be a party, shall be the successor Paying Agent or Bond Registrar under this Master Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Master Indenture to the contrary notwithstanding.

Section 623. Brokerage Statements. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive individual confirmations of security transactions at no additional cost, as they occur, the District specifically

waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

Section 624. Patriot Act Requirements of the Trustee. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

ARTICLE VII FUNDS CONSTITUTE TRUST FUNDS

Section 701. Trust Funds. Subject to the provisions of Section 604 and Section 905(a) hereof, all amounts on deposit in Funds or 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 Account in the Rebate Fund;

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

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

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

ARTICLE VIII COVENANTS AND AGREEMENTS OF THE DISTRICT

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

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

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

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

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

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

Notwithstanding the foregoing, the District may: (a) dispose of all or any part of a Series Project, other than a Series Project the revenues to be derived from the operation of which are pledged to a Series of Bonds, by gift or dedication thereof to any unit of local government, or to the State or any agency or instrumentality of either of the foregoing or the United States Government; and/or (b) impose, declare or grant title to or interests in the Series Project or a portion or portions thereof in order to create ingress and egress rights and public and private utility easements as the District may deem necessary or desirable for the development, use and occupancy of the property within the District; and/or (c) impose or declare covenants, conditions and restrictions pertaining to the use, occupancy and operation of the Series Projects.

Section 807. Completion and Maintenance of Series Projects. The District shall complete the acquisition and construction of a Series Project with all

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

Section 808. Accounts and Reports.

(a) ***Annual Report.*** The District shall, within thirty (30) days of receipt and approval by the District, so long as any Bonds are Outstanding, deliver to each Requesting Owner (hereinafter defined), and otherwise as provided by law, a copy of its annual audit for such year, accompanied by an Accountant's Certificate, including (i) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, and (ii) statements of all receipts and disbursements of the Pledged Revenues of each Series of Bonds (unless the Pledged Revenues of such Series are remitted directly to the Trustee). The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the District a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis. For purposes of the foregoing, the term "Requesting Owner" shall mean the Owner (or Beneficial Owner in the case of Bonds held in book-entry form) of more than \$1,000,000 aggregate principal amount of any Series of Bonds who requests such information in writing to the District.

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

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

(d) ***Reports Pursuant to Uniform Special District Accountability Act of 1989.*** The District covenants and agrees that it will comply with the provisions of Chapter 189.01 et seq., Florida Statutes, the Uniform Special District Accountability Act of 1989, to the extent applicable to the District, including any reporting requirements contained therein which are applicable to the District. The

District may contract with a service provider selected by the District to ensure such compliance.

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

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

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

Section 812. Delinquent Assessments. If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment or Benefit Special Assessment, pledged to a Series of Bonds, then such Assessment or Benefit Special Assessment shall be enforced in accordance with the provisions of Chapters 170 and/or 197, Florida Statutes, including but not limited to the sale of tax certificates and tax deeds as regards such Delinquent Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable or unavailable, then upon the delinquency of any Assessment or Benefit Special Assessment, the District either on its own behalf, or through the actions of the Trustee may, and shall, if so directed in writing by the Majority Owners of the Bonds of such Series then Outstanding, declare the entire unpaid balance of such Assessment or Benefit Special Assessment, to be in default and, at its own expense, cause such delinquent property to be foreclosed in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapters 170 and 173, and Section 190.026, Florida Statutes, or otherwise as

provided by law. The District further covenants to furnish, at its expense, to any Owner of Bonds of the related Series so requesting, sixty (60) days after the due date of each annual installment, a list of all Delinquent Assessments together with a copy of the District's annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments.

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

Section 814. Sale of Tax Deed or Foreclosure of Assessment or Benefit Special Assessment Lien. If any property shall be offered for sale for the nonpayment of any Assessment or Benefit Special Assessment, which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount less than or equal to the full amount due on the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special purpose entity title to the property for the benefit of the Owners of the Series of Bonds to which such Assessments or Benefit Special Assessments were pledged; provided that the Trustee shall have the right, acting at the direction of the Majority Owners of the applicable Series of Bonds secured by such Assessments or Benefit Special Assessments, but shall not be obligated, to direct the District with respect to any action taken pursuant to this paragraph. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power 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 as herein provided, the District shall cause written notice thereof to be mailed to any designated agents of the Owners of the related Series of Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to such representatives. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for the listing for sale of property acquired by it as trustee for the benefit of the Owners of the related Series of Bonds within sixty (60) days after the receipt of the request therefor

signed by the Trustee or the Majority Owners of the Bonds of such Series then Outstanding.

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

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

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

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

The District shall not enter into any contract or take any action by which the rights of the Trustee or the Owners 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 and any Supplemental Indenture. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Act, the District shall maintain its corporate

existence as a local unit of special purpose government under the Act and shall provide for or otherwise require all Series Projects, and all parts thereof owned by the District 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 818. Continuing Disclosure. The District covenants and agrees that it will comply with and carry out all of the provisions of any Continuing Disclosure Agreement. Notwithstanding any other provision of this Master Indenture or any Supplemental Indenture, failure of the District or any other obligated person to comply with any Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee may (and, at the request of any participating underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Bonds of a Series then Outstanding and receipt of indemnity to its satisfaction, shall) or any Owner or Beneficial Owner of the Bonds of a Series then Outstanding may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under this Section 818. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

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

Section 902. Events of Default. Each of the following events is hereby declared an Event of Default with respect to a Series of Bonds, but no other Series of Bonds unless otherwise provided in the Supplemental Indenture relating to such Series:

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

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

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

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

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

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

(g) Any portion of the Assessments or Benefit Special Assessments pledged to a Series of Bonds shall have become Delinquent Assessments and, as the result thereof, the Indenture provides for the Trustee to withdraw funds in an amount greater than twenty-five percent (25%) of the amount on deposit in a Series Reserve Account to pay Debt Service on the corresponding Series of Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series Reserve Account to pay Debt Service on the corresponding Series of Bonds);

(h) The District shall default in the due and punctual performance of any of the material covenants, conditions, agreements and provisions contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds on the part of the District to be performed (other than a default in the payment of Debt Service on the related Series of Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than

ten percent (10%) in aggregate principal amount of the Bonds of such Series then Outstanding and affected by such default; and

(i) More than twenty percent (20%) of the Operation and Maintenance Assessments levied by the District on tax parcels subject to Assessments or Benefit Special Assessments pledged to a Series of Bonds are not paid by the date such are due and payable.

Section 903. Acceleration of Maturities of Bonds of a Series Under Certain Circumstances. Upon the happening and continuance of any Event of Default specified in clauses (a) through (i) of Section 902 above with respect to a Series of Bonds, the Trustee shall, upon written direction of the Majority Owners of the Bonds of such Series then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of all of the Bonds of such Series then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture authorizing such Series of Bonds to the contrary notwithstanding; provided, however, that no such declaration of acceleration shall occur in the case of Bonds of a Series secured by Assessments, except to the extent that the Assessments have been accelerated and are currently due and payable in accordance with applicable law; and provided further, however, that if at any time after the aggregate principal amount of the Bonds of any Series then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Indenture or the related Supplemental Indenture, moneys shall have accumulated in the related Series Revenue Account sufficient to pay the principal of all matured Bonds of such Series and all arrears of interest, if any, upon all Bonds of such Series then Outstanding (except the aggregate principal amount of any Bonds of such Series then Outstanding that is only due because of a declaration under this Section 903, and except for the interest accrued on the Bonds of such Series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of the aggregate principal amount of the Bonds of such Series then Outstanding that is due only because of a declaration under this Section 903) shall have been remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Majority Owners of such Series of Bonds then Outstanding not then due except by virtue of a declaration under this Section 903, may, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 904. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee may protect and enforce the rights of the Owners of the Bonds of such Series under State law, and under this Master Indenture, the related Supplemental Indenture and the Bonds of such Series, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein or in the related Supplemental Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights.

The Majority Owners of the Bonds of such Series then Outstanding shall, subject to the requirements of Section 607, 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 hereunder, provided that such directions shall not be in conflict with any rule of law or this Master 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. The Trustee may take any other action which is not inconsistent with any direction under this second paragraph of this Section 904.

No Owner of such Series of Bonds shall have any right to pursue any other remedy under this Master Indenture or such Series of Bonds unless: (a) an Event of Default shall have occurred and is continuing; (b) the Majority Owners of the Bonds of such Series then Outstanding have requested the Trustee, in writing, to exercise the powers granted in the first paragraph of this Section 904 or to pursue such remedy in its or their name or names; (c) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (d) the Trustee has declined to comply with such request, or has failed to do so, 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 the Bonds of such Series then Outstanding. The provisions of the immediately preceding sentence of this Section 904 are conditions precedent to the exercise by any Owner of such Series of Bonds of any remedy hereunder. The exercise of such rights is further subject to the provisions of Sections 907, 909, 910, 912 and the second paragraph of this Section 904. No Owner or Owners of such Series of Bonds shall have any right in any manner whatsoever to enforce any right under this Master Indenture, except in the manner herein provided.

The District covenants and agrees that upon the occurrence and continuance of an Event of Default, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments, including delinquent Direct Billed Operation and Maintenance Assessments, the provisions for the foreclosure of liens of Delinquent Assessments, including delinquent Direct Billed Operation and Maintenance Assessments, and will take such other appropriate remedial actions as shall be directed by the Trustee acting at the direction of, and on behalf of, the Majority Owners, from time to time, of the Bonds of a Series. Notwithstanding anything to the contrary herein, and unless otherwise directed by the Majority Owners of the Bonds of a Series and allowed pursuant to federal or State law, the District acknowledges and agrees that (y) upon failure of any property owner to pay an installment of Assessments collected directly by the District when due, that the entire Assessment on the tax parcel as to which such Delinquent Assessment appertains, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and the District shall promptly, but in any event within 120 days, cause to be brought the necessary legal proceedings for the foreclosure of liens of Delinquent Assessments, including interest and penalties with respect to such tax parcel and (z) 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 905. Pro Rata Application of Funds Among Owners of a Series of Bonds. Anything in this Master Indenture to the contrary notwithstanding, if at any time the moneys in the Series Funds and Accounts shall not be sufficient to pay Debt Service on the related Series of Bonds when due, such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article IX or otherwise, shall be applied as follows:

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

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

SECOND: to payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds of such Series, in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the rates of interest specified in the Bonds of such Series; and

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

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

(c) If the principal of all the Bonds of a Series shall have been declared due and payable pursuant to the provisions of Section 903 hereof, and if such declaration shall thereafter have been rescinded and annulled pursuant to the provisions of Section 903 hereof, then, if the aggregate principal amount of all of the Bonds of such Series shall later become due or be declared due and payable pursuant to the provisions of Section 903 hereof, the moneys remaining in and thereafter accruing to the related Series Revenue Fund shall be applied in accordance with subsection (b) above.

The provisions of this Section 905 are in all respects subject to the provisions of Section 901 hereof.

Whenever moneys are to be applied pursuant to this Section 905, such moneys shall be applied by the Trustee at such times as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application. The deposit of such moneys with the Paying Agent shall

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

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

Section 907. Restriction on Individual Owner Actions. Except as provided in Section 910 below, no Owner of any Bonds of a Series shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Master Indenture or any Supplemental Indenture, or to enforce any right hereunder or thereunder except in the manner herein or therein provided, and all proceedings at law or in equity shall be instituted and maintained for the benefit of all Owners of the Bonds of such Series.

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

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

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

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

Section 912. Indemnification. Other than to make proper draws under a Credit Facility, the Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Master Indenture or any Supplemental Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to advance its own money, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. Notwithstanding the foregoing, the indemnification provided by this Section 912 shall not be applicable in cases of the Trustee's gross negligence or willful misconduct.

Section 913. Provisions Relating to Bankruptcy or Insolvency of Landowner.

(a) The provisions of this Section 913 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, or tax parcels which are in the aggregate, subject to at least five percent (5%) of the Assessments pledged to the Bonds of a Series then 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 District acknowledges and agrees that, although the Bonds of a Series were issued by the District, the Owners of the Bonds of a Series 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 District hereby agrees that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority Owners of the Bonds of a Series then 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 Assessments relating to the Bonds of a Series then Outstanding, the Bonds of such Series then Outstanding or any rights of the Trustee under the Indenture (provided, however, the Trustee shall be deemed to have

consented, on behalf of the Majority Owners of the Bonds of such Series then Outstanding, to the proposed action if the District does not receive a written response from the Trustee within sixty (60) days following request for consent);

(ii) the District 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 Assessments relating to the Bonds of a Series then Outstanding, the Bonds of such Series then 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 District hereby agrees that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding (provided, however, the Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Bonds of such Series then Outstanding, to the proposed action if the District does not receive a written response from the Trustee within sixty (60) days following 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 District, as claimant with respect to the Assessments relating to the Bonds of a Series then Outstanding, would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise any and all rights and taking any and all actions available to the District 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 Assessments relating to the Bonds of a Series then 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 District shall not challenge the validity or amount of any claim submitted in good faith by the Trustee in such Proceeding 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 the Trustee's enforcement of the District's

claim and rights with respect to the Assessments relating to the Bonds of a Series then Outstanding or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees that the Trustee shall have the right to (A) file a proof of claim with respect to the Assessments pledged to the Bonds of a Series then Outstanding, (B) deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (C) defend any objection filed to said proof of claim.

The District acknowledges and agrees that it shall not be a defense to a breach of the foregoing covenants that it has acted on advice of counsel in not complying with the foregoing covenants.

(c) Notwithstanding the provisions of the immediately preceding paragraphs, nothing in this Section 913 shall preclude the District from becoming a party to a Proceeding in order to enforce a claim for Operation and Maintenance Assessments, and the District 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 District in pursuance of its claim for Operation and Maintenance Assessments in any Proceeding shall not be considered an action adverse or inconsistent with the Trustee's rights or consents with respect to the Assessments relating to the Bonds of a Series then Outstanding whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (b)(iv) above.

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

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

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

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

ARTICLE XI SUPPLEMENTAL INDENTURES

Section 1101. Supplemental Indentures Without Owner Consent. The Governing Body from time to time may authorize such indentures supplemental hereto or amendatory hereof as shall not be inconsistent with the terms and provisions hereof (which Supplemental Indenture shall thereafter form a part hereof), without the consent of the Owners, for the following purposes:

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

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

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

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

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

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

adverse effect, that they nevertheless are required to be made as a result of such amendments; or

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

Section 1102. Supplemental Indentures With Owner Consent.

(a) Subject to the provisions contained in this Section 1102, and not otherwise, the Majority Owners of Bonds then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds then Outstanding and affected by such supplement or amendment,

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

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

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

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

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

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

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

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

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

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

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

Section 1103. Opinion of Bond Counsel With Respect to Supplemental Indenture. In addition to the other requirements herein set forth with respect to Supplemental Indentures or indentures supplemental to a Supplemental Indenture, no such indenture shall be effective unless and until there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that such indenture is permitted pursuant to this Master Indenture and that such indenture is the valid and binding obligation of the District enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or general equitable principles, upon which opinion the Trustee may conclusively rely. In addition, if such indenture relates to a Series of

Tax-Exempt Bonds, such opinion shall also state that such indenture will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

Section 1104. Supplemental Indenture Part of Indenture. Any Supplemental Indenture executed in accordance with this Article XI and approved as to legality by counsel to the District shall thereafter, except as otherwise provided therein, form a part of this Master Indenture. Except as applicable only to Bonds of a Series, all of the terms and conditions contained in any such Supplemental Indenture amendatory of this Master Indenture shall be part of the terms and conditions hereof. The Trustee is not obligated to execute any amendment that is adverse to the interests of the Trustee.

Section 1105. Insurer or Issuer of a Credit Facility or Liquidity Facility as Owner of Bonds.

(a) As long as a Credit Facility or Liquidity Facility securing all or a portion of the Bonds of a Series then Outstanding is in effect and the issuer thereof is not in default of any of its obligations under such Credit Facility or Liquidity Facility, as the case may be, the issuer of the Credit Facility or Liquidity Facility or the Insurer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit Facility or Liquidity Facility:

(i) at all times for the purpose of the execution and delivery of a Supplemental Indenture or of any amendment, change or modification of the Master Indenture or the applicable Supplemental Indenture or the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the Majority Owners of the Bonds of such Series then 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.

(b) Notwithstanding the foregoing, neither an Insurer nor the issuer of a Credit Facility or Liquidity Facility with respect to a Series of Bonds will 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 then 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.

ARTICLE XII DEFEASANCE

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

(a) If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds, the principal or Redemption Price, if applicable, and interest due or to become due thereon and the obligations under any Letter of Credit Agreement and any Liquidity Agreement, at the times and in the manner stipulated therein and in this Master Indenture and pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture (including, without limitation the fees and expenses of the Trustee, including reasonable counsel fees and expenses), then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the request of the District shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the District, all moneys or securities held by them pursuant to this Master Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Letter of Credit Agreement and any Liquidity Agreement. If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds then Outstanding 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 District to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Anything to the contrary in this Section 1201 notwithstanding, this Master Indenture shall not be discharged nor shall any Bonds with respect to which moneys or Federal Securities have been deposited in

accordance with the provisions of this Section 1201 cease to be entitled to the lien, benefit or security under this Master Indenture, except to the extent that the lien, benefit and security of this Master Indenture and the obligations of the District hereunder shall be limited solely to and such Bonds shall be secured solely by and be payable solely from the moneys or Federal Securities so deposited.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section 1201. All Bonds of any particular maturity or Series then Outstanding shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 1201 if:

(i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III hereof notice of redemption of such Bonds on such date;

(ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due shall, as demonstrated in an Accountant's Certificate, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be;

(iii) the District shall have given the Trustee or the Bond Registrar in form satisfactory to it irrevocable instructions to mail, postage prepaid, to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registration books of the District, a notice to the registered Owners of such Bonds and to the Bond 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 1201 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 and that, in the case of Tax-

Exempt Bonds, such defeasance will not adversely affect the tax-exempt status of such Series of Bonds.

(c) Neither Federal Securities nor moneys deposited with the Trustee pursuant to this Section 1201 nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee:

(i) to the extent such cash shall not be required at any time for such purpose as evidenced by an Accountant's Certificate, and to the extent all obligations under any Letter of Credit Agreement and any Liquidity Agreement are satisfied, as determined by an Insurer or an issuer of any Credit Facility or Liquidity Facility securing the Bonds with respect to which such Federal Securities have been so deposited, shall be paid over upon the direction of the District as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and

(ii) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds, or obligations under any Letter of Credit Agreement and any Liquidity Agreement, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the District, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture.

For the purposes of this provision, Federal Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(d) 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 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

Letter of Credit Agreement and any Liquidity Agreement pursuant to the provisions of this Section 1201, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Master Indenture, any Letter of Credit Agreement or any Liquidity Agreement.

(e) 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, the Series Sinking Fund Account and the Series Redemption Account, or in such other accounts which are irrevocably pledged to the payment of the Option Bonds, as the District may create and establish by Supplemental Indenture, moneys which together with other moneys lawfully available therefor shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of and Redemption Price, if any, and interest on such Option Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided however, that if at the time a deposit is made pursuant to this subsection (e) 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 (e). If any portion of the moneys deposited for the payment of the principal of and Redemption Price, if any, and interest on Option Bonds is not required for such purpose and is not needed to reimburse an Insurer or an issuer of any Credit Facility or Liquidity Facility, for obligations under any Letter of Credit Agreement and any Liquidity Agreement, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Option Bonds or otherwise existing under this Master Indenture, any Letter of Credit Agreement or any Liquidity Agreement.

(f) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registration books of

the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

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

(h) Anything in this Master Indenture to the contrary notwithstanding, the provisions of the foregoing subsections (b) through (g) 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 then Outstanding" were a reference to the "Bonds of such Series then Outstanding."

Section 1202. Moneys Held in Trust. All moneys and obligations held by an escrow or paying agent or trustee pursuant to this Section 1202 shall be held in trust and the principal and interest of said obligations when received, and said moneys, shall be applied to the payment, when due, of the principal, interest and premium, if any, of the Bonds to be paid or to be called for redemption.

ARTICLE XIII MISCELLANEOUS PROVISIONS

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

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

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

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

To the District, addressed to:

Highland Trails Community Development District
c/o Artemis Connected, LLC d/b/a Breeze
1540 International Parkway
Suite 2000
Lake Mary, Florida 32746

To the Trustee, addressed to:

U.S. Bank Trust Company, National Association
225 East Robinson Street
Suite 250
Orlando, Florida 32801
Attention: Corporate Trust Department

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

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

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

Section 1304. Successorship of District Officers. If the offices of Chairman or Secretary shall be abolished or any two or more of such offices shall be

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

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

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

This Master Indenture and any Supplemental Indenture may be executed in duplicate counterparts each of which shall constitute one and the same agreement.

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

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

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

[Remainder of Page Intentionally Left Blank]

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

(SEAL)

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Chairman/Vice Chairman

ATTEST:

By: _____
Secretary/Assistant Secretary

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

By: _____
Vice President

EXHIBIT A

FORM OF REQUISITION

The undersigned, an Authorized Officer of Highland Trails Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture between the District and U.S. Bank Trust Company, National Association, Orlando, Florida, as trustee (the "Trustee"), dated as of May 1, 2022, as amended and supplemented by the [_____] Supplemental Trust Indenture between the District and the Trustee, dated as of [_____] (collectively, the "Indenture"). All capitalized terms used herein shall have the meaning ascribed to such term in the Indenture.

(A) Requisition Number:

(B) Name of Payee:

(C) Amount Payable:

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

(E) Fund, Account or subaccount from which disbursement is to be made:

The undersigned hereby certifies that:

obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the [_____] Acquisition and Construction Account and the subaccount, if any, referenced above, that each disbursement set forth above was incurred in connection with the acquisition and/or construction of the [_____] Project and each represents a Cost of the [_____] Project, and has not previously been paid out of such Account or subaccount;

OR

this requisition is for Costs of Issuance payable from the [_____] Costs of Issuance Account that has not previously been paid out of such Account.

The undersigned hereby further certifies that there has not been filed with or served upon the District notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the District is at the date of such certificate entitled to retain.

Originals or copies of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested are on file with the District.

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Authorized Officer

**CONSULTING ENGINEER'S APPROVAL FOR
NON-COST OF ISSUANCE REQUESTS ONLY**

If this requisition is for a disbursement from other than the [_____] Costs of Issuance Account, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the [_____] Project and is consistent with (i) the applicable acquisition or construction contract, (ii) the plans and specifications for the portion of the [_____] Project with respect to which such disbursement is being made, and (iii) the report of the Consulting Engineer attached as an Exhibit to the [_____] Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

Consulting Engineer

FIRST SUPPLEMENTAL TRUST INDENTURE

BETWEEN

HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT

AND

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of May 1, 2022

**[\$Bond Amount] Capital Improvement Revenue Bonds, Series 2022
(Assessment Area One)**

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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.

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FIRST SUPPLEMENTAL TRUST INDENTURE

THIS FIRST SUPPLEMENTAL TRUST INDENTURE (this "First Supplemental Indenture") is dated as of May 1, 2022, between **HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT** (the "District") and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, as trustee (the "Trustee"), a national banking association, authorized to accept and execute trusts of the character herein set forth, with its designated corporate trust office located at 225 East Robinson Street, Suite 250, Orlando, Florida 32801, Attention: Corporate Trust Department.

WHEREAS, the District entered into a Master Trust Indenture, dated as of May 1, 2022 (the "Master Indenture" and together with this First Supplemental Indenture, the "Indenture") with the Trustee to secure the issuance of its Highland Trails Community Development District Capital Improvement Revenue Bonds (the "Bonds"), issuable in one or more Series from time to time; and

WHEREAS, pursuant to Resolution No. 2020-24, adopted by the Governing Body of the District on August 24, 2020, the District has authorized the issuance, sale and delivery of not to exceed \$56,220,000 of Bonds, to be issued in one or more Series of Bonds as authorized under the Master Indenture, which Bonds were validated by final judgment of the Sixth Judicial Circuit of Florida, in and for Pasco County on October 28, 2020, the appeal period for which expired with no appeal having been taken; and

WHEREAS, the Governing Body of the District duly adopted Resolution No. 2020-26, on August 24, 2020, providing for the acquisition, construction and installation of assessable capital improvements (the "Capital Improvement Program"), providing estimated Costs of the Capital Improvement Program, defining assessable property to be benefited by the Capital Improvement Program, defining the portion of the Costs of the Capital Improvement Program with respect to which Assessments will be imposed and the manner in which such Assessments shall be levied against such benefited property within the District, directing the preparation of an assessment roll, and stating the intent of the District to issue Bonds of the District secured by such Assessments to finance the Costs of the acquisition, construction and installation of the Capital Improvement Program and the Governing Body of the District duly adopted Resolution No. 2021-03 on October 23, 2020, following a public hearing conducted in accordance with the Act, to fix and establish the Assessments and the benefited property; and

WHEREAS, pursuant to Resolution No. 2022-06, adopted by the Governing Body of the District on April 28, 2022, the District has authorized the issuance, sale and delivery of, among other things, its \$[Bond Amount] Highland Trails Community Development District Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the "Series 2022 Bonds"), which are issued hereunder

as an issue of Bonds under the Master Indenture, and has authorized the execution and delivery of the Master Indenture and this First Supplemental Indenture to secure the issuance of the Series 2022 Bonds and to set forth the terms of the Series 2022 Bonds; and

WHEREAS, the District will apply the proceeds of the Series 2022 Bonds to (a) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements comprising the Series 2022 Project (as defined herein), (b) pay certain costs associated with the issuance of the Series 2022 Bonds, (c) make a deposit into the Series 2022 Reserve Account to be held for the benefit of all of the Series 2022 Bonds, and (d) pay a portion of the interest to become due on the Series 2022 Bonds; and

WHEREAS, the Series 2022 Bonds will be payable from and secured in part by revenues derived from Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2022 Project (the "Series 2022 Assessments"); and

WHEREAS, the execution and delivery of the Series 2022 Bonds and of this First Supplemental Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the Series 2022 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District 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 Series 2022 Trust Estate (hereinafter defined) have been done;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

That the District, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein contained, the purchase and acceptance of the Series 2022 Bonds by the purchaser or purchasers thereof, and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to further secure the payment of the principal and Redemption Price of, and interest on, all Series 2022 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 District of all the covenants, expressed or implied in the Master Indenture, in this First Supplemental Indenture and in the Series 2022 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 established under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the District, in, to and under, subject to the terms and conditions of the Master Indenture and the

provisions of the Master Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture, the revenues derived by the District from the Series 2022 Assessments (the "Series 2022 Pledged Revenues") and the Funds and Accounts (except for the Series 2022 Rebate Account) established hereby (the "Series 2022 Pledged Funds") which shall constitute the Trust Estate securing the Series 2022 Bonds (the "Series 2022 Trust Estate");

TO HAVE AND TO HOLD all the same by the Master Indenture granted, bargained, sold, conveyed, transferred, assigned and pledged, or agreed or intended so to be, to the Trustee and its successors in said trust and to it and its assigns forever;

IN TRUST NEVERTHELESS, except as in each such case may otherwise be provided in the Master Indenture, upon the terms and trusts in the Indenture set forth for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the Series 2022 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 Series 2022 Bond over any other Series 2022 Bond by reason of priority in their issue, sale or execution;

PROVIDED HOWEVER, that if the District, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the Series 2022 Bonds or any Series 2022 Bond 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 Series 2022 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 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 Series 2022 Bonds or any Series 2022 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 Series 2022 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 expressed in the Master Indenture (except as amended directly or by implication by this First Supplemental Indenture) and this First Supplemental Indenture, and the District has agreed and

covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Series 2022 Bonds, as follows:

ARTICLE I DEFINITIONS

Section 101. Definitions. All terms used herein that are defined in the recitals hereto are used with the same meaning herein unless the context clearly requires otherwise. All terms used herein that are defined in the Master Indenture are used with the same meaning herein (including the use of such terms in the recitals hereto and the granting clauses hereof) unless (a) expressly given a different meaning herein or (b) the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used herein shall have the following meanings:

"Arbitrage Certificate" shall mean the Certificate as to Arbitrage and Certain Other Tax Matters of the District dated as of [Closing Date].

"Assessment Area One" shall mean the 79.91 gross acres within the District, consisting of Phase 1A and anticipated to include 273 residential units, as more fully described in the Engineer's Report and the Assessment Methodology.

"Assessment Methodology" shall mean the Master Special Assessment Methodology Report, dated August 24, 2020, prepared by DPF Management & Consulting, LLC, as supplemented by the First Supplemental Special Assessment Methodology Report, dated [_____], 2022, prepared by the Methodology Consultant.

"Beneficial Owners" shall have the meaning given such term by DTC so long as it is the registered Owner through its Nominee, Cede & Co., of the Series 2022 Bonds as to which such reference is made to enable such Series 2022 Bonds to be held in book-entry only form, and shall otherwise mean the registered Owner on the registration books of the District maintained by the Bond Registrar.

"Bond Depository" shall mean the securities depository from time to time under Section 201 hereof, which may be the District.

"Bond Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Bond Depository holds Series 2022 Bonds as securities depository.

"Collateral Assignment" shall mean the [Collateral Assignment] between the District and the Developer, dated as of [Closing Date].

"Completion Agreement" shall mean the [Completion Agreement] between the District and the Developer, dated as of [Closing Date].

"Conditions for Reduction of Reserve Account Requirement" shall mean, collectively, that (i) all lots subject to Series 2022 Assessments have been developed and platted, (ii) all lots subject to Series 2022 Assessments have been sold and closed by the Developer to home builders, and (iii) there are no Events of Default occurring or continuing under the Indenture with respect to the Series 2022 Bonds. The Consulting Engineer shall provide a written certification to the District and the Trustee certifying that the event in clause (i) has occurred and the District Manager shall provide a written certification to the District and the Trustee certifying that the event in clause (ii) has occurred and affirming clause (iii), on which certifications the Trustee may conclusively rely.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement, by and among the District, the Developer and Lerner Reporting Services, Inc., as dissemination agent, dated as of [Closing Date].

"Delinquent Assessment Interest" shall mean Series 2022 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Series 2022 Assessment Interest has, or would have, become delinquent under State law or the Series 2022 Assessment Proceedings applicable thereto.

"Delinquent Assessment Principal" shall mean Series 2022 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such Series 2022 Assessment Principal has, or would have, become delinquent under State law or the Series 2022 Assessment Proceedings applicable thereto.

"Delinquent Assessments" shall mean, collectively, Delinquent Assessment Principal and Delinquent Assessment Interest.

"Developer" shall mean Hawk Highland Trails, LLC, a Delaware limited liability company.

"District Manager" shall mean Artemis Connected, LLC d/b/a Breeze, a Delaware limited liability company, its successors and assigns.

"DTC" shall mean The Depository Trust Company, and its successors and assigns.

"Engineer's Report" shall mean the Report of the District Engineer, dated August 24, 2020, as supplemented by the Capital Improvement Revenue Bonds, Series 2022, Report of the District Engineer, dated April 7, 2022, each prepared by Stantec Consulting Services Inc., copies of which are attached hereto as Exhibit A.

"Independent Third-Party Management Company" shall mean a management company in which neither the Developer nor any affiliate of the Developer has any ownership interest.

"Interest Payment Date" shall mean each May 1 and November 1, commencing November 1, 2022.

"Majority Owners" shall mean the Beneficial Owners of more than fifty percent (50%) in principal amount of the Outstanding Series 2022 Bonds.

"Methodology Consultant" shall mean Artemis Connected, LLC d/b/a Breeze.

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

"Quarterly Redemption Date" shall mean each February 1, May 1, August 1 and November 1.

"Redemption Date" shall mean a Quarterly Redemption Date in the case of a partial redemption of Outstanding Series 2022 Bonds, or any date in the case of the redemption of all of the Outstanding Series 2022 Bonds.

"Series 2022 Assessment Interest" shall mean the interest on the Series 2022 Assessments which is pledged to the Series 2022 Bonds.

"Series 2022 Assessment Principal" shall mean the principal amount of Series 2022 Assessments received by the District which represents a proportionate amount of the principal of and Amortization Installments of the Series 2022 Bonds, other than applicable Delinquent Assessment Principal and Series 2022 Prepayments.

"Series 2022 Assessment Proceedings" shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2022 Assessments which include Resolution Nos. 2020-26, 2020-27 and 2021-03, adopted by the Governing Body of the District, and any supplemental proceedings undertaken by the District with respect to the Series 2022 Assessments and the Assessment Methodology as approved thereby.

"Series 2022 Assessment Revenues" shall mean all revenues derived by the District from the Series 2022 Assessments, including Delinquent Assessments, proceeds from any foreclosure of the lien of Delinquent Assessments and any statutory interest on the Delinquent Assessments collected by the District in excess of the rate of interest on the Series 2022 Bonds.

"Series 2022 Assessments" shall mean the non-ad valorem special assessments imposed, levied and collected by the District in accordance with the Series 2022 Assessment Proceedings.

"Series 2022 Investment Obligations" shall mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District:

(a) Government Obligations;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies or such other government – sponsored agencies which may presently exist or be hereafter created; provided that, such bonds, debentures, notes or other evidences of indebtedness are fully guaranteed as to both principal and interest by the Government National Mortgage Association (including participation certificates issued by such association); Fannie Mae (including participation certificates issued by such entity); Federal Home Loan Banks; Federal Farm Credit Banks; Tennessee Valley Authority; Federal Home Loan Mortgage Corporation and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P at the time of purchase;

(c) Both (i) 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 Moody's and S&P, and (ii) shares of money market mutual funds that invest only in the obligations described in (a) and (b) above;

(d) Money market deposit accounts, time deposits, and certificates of deposits issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated, at the time of purchase, in one of the two highest rating categories, without regard to gradation, by Moody's and S&P; and

(e) Commercial paper (having maturities of not more than 270 days) rated, at the time of purchase, in one of the two highest rating categories, without regard to gradation, by Moody's and S&P.

Under all circumstances, the Trustee shall be entitled to conclusively rely that any investment directed in writing by an Authorized Officer of the District is permitted under the Indenture and is a legal investment for funds of the District.

"Series 2022 Prepayment Interest" shall mean the interest on the Series 2022 Prepayments received by the District.

"Series 2022 Prepayments" shall mean the excess amount of Series 2022 Assessment Principal received by the District over the Series 2022 Assessment Principal included within a Series 2022 Assessment appearing on any outstanding and unpaid tax bill or direct collect invoice, whether or not mandated to be prepaid in accordance with the Series 2022 Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term Series 2022 Prepayments shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

"Series 2022 Project" shall mean that portion of the Capital Improvement Program being developed on and benefitting Assessment Area One to be financed in part with the proceeds of the Series 2022 Bonds on deposit in the Series 2022 Acquisition and Construction Account, as more particularly described in the Engineer's Report.

"Series 2022 Reserve Account Requirement" shall mean an amount equal to the Maximum Annual Debt Service Requirement for all Outstanding Series 2022 Bonds, as of the time of any such calculation, until such time as the Conditions for Reduction of Reserve Account Requirement are met, at which time and thereafter the Series 2022 Reserve Account Requirement shall be an amount equal to fifty percent (50%) of the Maximum Annual Debt Service Requirement for all Outstanding Series 2022 Bonds, as of the time of any such calculation. On the date of initial issuance of the Series 2022 Bonds, the Series 2022 Reserve Account Requirement shall be \$[RAR].

"Substantially Absorbed" shall mean the date on which the principal amount of the Series 2022 Assessments equaling ninety percent (90%) of the then Outstanding principal amount of the Series 2022 Bonds is levied on tax parcels within Assessment Area One with respect to which a certificate of occupancy has been issued for a structure thereon and are owned by end users, as certified by an Authorized Officer and upon which the Trustee may conclusively rely.

"True-Up Agreement" shall mean the [True-Up Agreement] between the District and the Developer, dated as of [Closing Date].

ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF SERIES 2022 BONDS

Section 201. Authorization of Series 2022 Bonds; Book-Entry Only Form. The Series 2022 Bonds are hereby authorized to be issued in one Series in the aggregate principal amount of \$[Bond Amount] for the purposes enumerated in the recitals hereto to be designated "Highland Trails Community Development District Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One)." The Series 2022 Bonds shall be substantially in the form attached hereto as Exhibit

B. Each Series 2022 Bond shall bear the designation "2022R" and shall be numbered consecutively from 1 upwards.

The Series 2022 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2022 Bond for each maturity thereof. Upon initial issuance, the ownership of each such Series 2022 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding Series 2022 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC.

With respect to Series 2022 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any indirect Bond Participant. Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Bond Participant with respect to any ownership interest in the Series 2022 Bonds, (ii) the delivery to any Bond Participant or any other person other than an Owner, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the Series 2022 Bonds, including any notice of redemption, or (iii) the payment to any Bond Participant or any other person, other than an Owner, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the Series 2022 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent shall treat and consider the person in whose name each Series 2022 Bond is registered in the registration books kept by the Bond Registrar as the absolute Owner of such Series 2022 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2022 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2022 Bond, for the purpose of registering transfers with respect to such Series 2022 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2022 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2022 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Bond Registrar, shall receive a certificated Series 2022 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co.,

and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in this First Supplemental Indenture shall refer to such new Nominee of DTC, and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee, the Bond Registrar and the Paying Agent.

Upon receipt by the Trustee or the District of written notice from DTC (i) confirming that DTC has received written notice from the District to the effect that a continuation of the requirement that all of the Outstanding Series 2022 Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, is not in the best interest of the Beneficial Owners of the Series 2022 Bonds, or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute Bond Depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, the Series 2022 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging the Series 2022 Bonds shall designate, in accordance with the provisions hereof.

Section 202. Terms. The Series 2022 Bonds shall be issued as [] ([]) Term Bonds, shall be dated as of the date of their issuance and delivery to the initial purchasers thereof, shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

<u>Number</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
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Section 203. Dating; Interest Accrual. Each Series 2022 Bond shall be dated [Closing Date]. Each Series 2022 Bond shall also bear its date of authentication. Each Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication (i) is an Interest Payment Date to which interest on such Series 2022 Bond has been paid, in which event such Series 2022 Bond shall bear interest from its date of authentication, or (ii) is prior to the first Interest Payment Date for the Series 2022 Bonds, in which event such Series 2022 Bond shall bear interest from its date. Interest on the Series 2022 Bonds shall be due and payable on each May 1 and November 1, commencing November 1, 2022, and shall be computed on the basis of a 360-day year comprised of twelve (12) thirty (30) day months.

Section 204. Denominations. The Series 2022 Bonds shall be issued in Authorized Denominations; provided, however, that the Series 2022 Bonds shall be

delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000.

Section 205. Paying Agent. The District appoints the Trustee as Paying Agent for the Series 2022 Bonds.

Section 206. Bond Registrar. The District appoints the Trustee as Bond Registrar for the Series 2022 Bonds.

Section 207. Conditions Precedent to Issuance of Series 2022 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2022 Bonds, all the Series 2022 Bonds shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of:

- (a) certified copies of the Series 2022 Assessment Proceedings;
- (b) executed copies of the Master Indenture and this First Supplemental Indenture;
- (c) a customary Bond Counsel opinion;
- (d) the District Counsel opinion required by the Master Indenture;
- (e) a certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2022 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this First Supplemental Indenture;
- (f) an Engineer's Certificate and a copy of the Engineer's Report, which sets forth the estimated Costs of the Series 2022 Project;
- (g) a certificate of the Methodology Consultant addressing the validity of the Series 2022 Assessments;
- (h) a certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal; and
- (i) an executed Collateral Assignment, Completion Agreement and True-Up Agreement.

Payment to the Trustee of the net proceeds of the Series 2022 Bonds in the amount of \$[NP] shall conclusively evidence that the foregoing conditions precedent have been met to the satisfaction of the District and the underwriter.

**ARTICLE III
REDEMPTION OF SERIES 2022 BONDS**

Section 301. Bonds Subject to Redemption. The Series 2022 Bonds are subject to redemption prior to maturity as provided in the form thereof attached hereto as Exhibit B. Interest on Series 2022 Bonds which are called for redemption shall be paid on the date of redemption from the Series 2022 Interest Account or from the Series 2022 Revenue Account to the extent moneys in the Series 2022 Interest Account are insufficient for such purpose. Moneys in the Series 2022 Optional Redemption Subaccount shall be applied in accordance with Section 506 of the Master Indenture to the optional redemption of Series 2022 Bonds.

**ARTICLE IV
DEPOSIT OF SERIES 2022 BOND PROCEEDS AND APPLICATION
THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION
THEREOF**

Section 401. Establishment of Accounts. There are hereby established, as needed, the following Accounts:

(a) within the Acquisition and Construction Fund held by the Trustee: (i) a Series 2022 Acquisition and Construction Account; and (ii) a Series 2022 Costs of Issuance Account;

(b) within the Debt Service Fund held by the Trustee: (i) a Series 2022 Debt Service Account and therein a Series 2022 Sinking Fund Account, a Series 2022 Interest Account and a Series 2022 Capitalized Interest Account; and (ii) a Series 2022 Redemption Account and therein a Series 2022 Prepayment Subaccount and a Series 2022 Optional Redemption Subaccount;

(c) within the Reserve Fund held by the Trustee a Series 2022 Reserve Account, which shall be held for the benefit of all of the Series 2022 Bonds, without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another;

(d) within the Revenue Fund held by the Trustee a Series 2022 Revenue Account; and

(e) within the Rebate Fund held by the Trustee a Series 2022 Rebate Account.

Section 402. Use of Series 2022 Bond Proceeds. The net proceeds of sale of the Series 2022 Bonds in the amount of \$[NP] (consisting of \$[Bond Amount].00 principal amount of Series 2022 Bonds [less/plus] [net] original issue

[discount/premium] in the amount of \$[OID/OIP] and less underwriter's discount in the amount of \$[UD]), shall as soon as practicable upon the delivery thereof to the Trustee by the District pursuant to Section 207 of the Master Indenture, be applied as follows:

(a) \$[RAR], representing the Series 2022 Reserve Account Requirement at the time of issuance of the Series 2022 Bonds, shall be deposited to the credit of the Series 2022 Reserve Account;

(b) \$[COI], representing the costs of issuance relating to the Series 2022 Bonds, shall be deposited to the credit of the Series 2022 Costs of Issuance Account;

(c) \$[CAPI], representing Capitalized Interest on the Series 2022 Bonds through and including [November 1, 2022], shall be deposited to the credit of the Series 2022 Capitalized Interest Account; and

(d) \$[CD] shall be deposited to the credit of the Series 2022 Acquisition and Construction Account.

Section 403. Series 2022 Acquisition and Construction Account; Series 2022 Costs of Issuance Account.

(a) Amounts on deposit in the Series 2022 Acquisition and Construction Account shall be applied to pay Costs of the Series 2022 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and on the form attached hereto as Exhibit C. The Trustee shall have no duty to verify that any requested disbursement from the Series 2022 Acquisition and Construction Account is for a Cost of the Series 2022 Project. The Consulting Engineer shall establish a Date of Completion for the Series 2022 Project, and any balance remaining in the Series 2022 Acquisition and Construction Account after such Date of Completion (taking into account the moneys then on deposit therein to pay any accrued but unpaid Costs of the Series 2022 Project which are required to be reserved in the Series 2022 Acquisition and Construction Account in accordance with the certificate of the Consulting Engineer delivered to the District and the Trustee establishing such Date of Completion), shall be transferred to the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds in accordance with Section 301 hereof and in the manner prescribed in the form of Series 2022 Bond attached hereto as Exhibit B, whereupon the Series 2022 Acquisition and Construction Account shall be closed.

(b) The amount deposited in the Series 2022 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the Series 2022 Bonds. On the earlier to occur of (x) the written direction of an Authorized Officer or (y) six (6) months from the date of issuance of the Series 2022 Bonds, any amounts deposited in the Series 2022 Costs of Issuance Account for which the Trustee has not received a requisition to pay such

costs shall be transferred over and deposited into the Series 2022 Acquisition and Construction Account and used for the purposes permitted therefor. Any deficiency in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds shall be paid from excess moneys on deposit in the Series 2022 Revenue Account pursuant to Section 408(d) hereof. When such deficiency has been satisfied and no moneys remain therein, the Series 2022 Costs of Issuance Account shall be closed.

Section 404. Series 2022 Capitalized Interest Account. Amounts on deposit in the Series 2022 Capitalized Interest Account shall, until and including [November 1, 2022], be transferred into the Series 2022 Interest Account and applied to the payment of interest first coming due on the Series 2022 Bonds in accordance with Section 408(d) hereof, and thereafter transferred into the Series 2022 Acquisition and Construction Account, whereupon the Series 2022 Capitalized Interest Account shall be closed.

Section 405. Series 2022 Reserve Account. The Series 2022 Reserve Account shall be funded and maintained at all times in an amount equal to the Series 2022 Reserve Account Requirement. Except as otherwise provided herein or in the Master Indenture, amounts on deposit in the Series 2022 Reserve Account shall be used only for the purpose of making payments into the Series 2022 Interest Account and the Series 2022 Sinking Fund Account to pay Debt Service on the Series 2022 Bonds, when due, without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another, to the extent the moneys on deposit in such Accounts available therefor are insufficient and for no other purpose. The Series 2022 Reserve Account shall consist only of cash and Series 2022 Investment Obligations.

Anything herein or in the Master Indenture to the contrary notwithstanding, on the forty-fifth (45th) day preceding each Quarterly Redemption Date (or, if such forty-fifth (45th) day is not a Business Day, on the first Business Day preceding such forty-fifth (45th) day), the Trustee is hereby authorized and directed to recalculate the Series 2022 Reserve Account Requirement and to transfer any excess on deposit in the Series 2022 Reserve Account (i) resulting from Prepayments of Series 2022 Assessments into the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds, (ii) resulting from a reduction of the Series 2022 Reserve Account Requirement as the result of the Conditions for Reduction of Reserve Account Requirement being met (A) prior to the Date of Completion of the Series 2022 Project into the Series 2022 Acquisition and Construction Account and used for the purposes of such Account or (B) after such Date of Completion into the Series 2022 Revenue Account and used for the purposes of such Account or (iii) resulting from investment earnings as provided in Section 408(f) herein.

On the earliest date on which there is on deposit in the Series 2022 Reserve Account sufficient moneys, after taking into account other moneys available therefor, to pay and redeem all of the Outstanding Series 2022 Bonds, together with accrued interest and redemption premium, if any, on such Series 2022 Bonds to the earliest Redemption Date permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2022 Reserve Account into the Series 2022 Prepayment Subaccount to pay and redeem all of the Outstanding Series 2022 Bonds on the earliest Redemption Date permitted for redemption therein and herein.

Anything herein or in the Master Indenture to the contrary notwithstanding, amounts on deposit in the Series 2022 Reserve Account shall, upon the occurrence and continuance of an Event of Default, be subject to a first charge by the Trustee for its fees and expenses, including fees and expenses of collection of Delinquent Assessments.

Section 406. Amortization Installments; Selection of Bonds for Redemption. (a) The Amortization Installments established for the Series 2022 Bonds shall be as set forth in the form of Series 2022 Bonds attached hereto.

(b) Upon any redemption of Series 2022 Bonds (other than Series 2022 Bonds redeemed in accordance with scheduled Amortization Installments and other than Series 2022 Bonds redeemed at the direction of the District accompanied by a cash flow certificate as required by Section 506(b) of the Master Indenture), the Trustee shall cause Series 2022 Bonds to be redeemed in such amounts and having such maturities so as to result in Amortization Installments recalculated, which recalculation shall be performed by the District, in such manner as shall amortize all the Outstanding Series 2022 Bonds of all of the terms in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining terms of all of the Series 2022 Bonds.

Section 407. Tax Covenants. The District shall comply with the Arbitrage Certificate, including but not limited to the Tax Regulatory Covenants set forth as an exhibit to the Arbitrage Certificate, as amended and supplemented from time to time in accordance with their terms.

Section 408. Series 2022 Revenue Account; Application of Revenues and Investment Earnings. (a) The Trustee is hereby authorized and directed to deposit any and all amounts required to be deposited in the Series 2022 Revenue Account by this Section 408 or by any other provision of the Master Indenture or this First Supplemental Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2022 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 Trustee shall deposit into the Series 2022 Revenue Account (i) Series 2022 Assessment Revenues other than Series 2022 Prepayments (which Series 2022 Prepayments shall be identified by the District to the Trustee as such in writing upon deposit, upon which certification the Trustee may conclusively rely, and which shall be deposited into the Series 2022 Prepayment Subaccount), (ii) Series 2022 Prepayment Interest, and (iii) any other revenues required by other provisions of the Indenture to be deposited into the Series 2022 Revenue Account.

(c) On the forty-fifth (45th) day preceding each Quarterly Redemption Date (or if such forty-fifth (45th) day is not a Business Day, on the Business Day preceding such forty-fifth (45th) day), the Trustee shall determine the amount on deposit in the Series 2022 Prepayment Subaccount and, if the balance therein is greater than zero, shall, upon written direction from the District, transfer from the Series 2022 Revenue Account for deposit into the Series 2022 Prepayment Subaccount an amount sufficient to increase the amount on deposit therein to the nearest integral multiple of \$5,000 (provided that there are sufficient funds remaining in the Series 2022 Revenue Account to pay Debt Service coming due on the Series 2022 Bonds on the next succeeding Interest Payment Date), and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2022 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2022 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2022 Bonds set forth in the form of Series 2022 Bonds attached hereto, Section 301 hereof, and Article III of the Master Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2022 Capitalized Interest Account to the Series 2022 Interest Account the lesser of (x) the amount of interest coming due on the Series 2022 Bonds on such May 1 or November 1, less the amount already on deposit in the Series 2022 Interest Account, or (y) the amount remaining in the Series 2022 Capitalized Interest Account. Following the foregoing transfer, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the Series 2022 Revenue Account to the Accounts designated below in the following amounts and in the following order of priority:

FIRST, to the Series 2022 Interest Account, the amount, if any, equal to the difference between the amount of interest payable on all Series 2022 Bonds then Outstanding on such May 1 or November 1, and (i) the amount transferred from the Series 2022 Capitalized Interest Account in accordance with this Section 408(d) and

(ii) the amount already on deposit in the Series 2022 Interest Account not previously credited;

SECOND, on May 1, 20[___] and on each May 1 thereafter, to the Series 2022 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2022 Bonds subject to mandatory sinking fund redemption on such May 1 and the amount already on deposit in the Series 2022 Sinking Fund Account not previously credited;

THIRD, to the Series 2022 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2022 Reserve Account Requirement with respect to the Series 2022 Bonds; and

FOURTH, the balance shall first be deposited into the Series 2022 Costs of Issuance Account to fund any deficiencies in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds, and then the balance shall be retained in the Series 2022 Revenue Account.

(e) On any date required by the Arbitrage Certificate, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2022 Revenue Account to the Series 2022 Rebate Account the amount due and owing to the United States, which amount shall be paid to the United States when due in accordance with such Arbitrage Certificate.

(f) Anything herein or in the Master Indenture to the contrary notwithstanding, moneys on deposit in all of the Funds and Accounts held as security for the Series 2022 Bonds shall be invested only in Series 2022 Investment Obligations. Earnings on investments in the Series 2022 Acquisition and Construction Account, the Series 2022 Interest Account and the Series 2022 Capitalized Interest Account shall be retained, as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the Funds and Accounts other than the Series 2022 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2022 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2022 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2022 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through [November 1, 2022], and thereafter shall

be deposited into the Series 2022 Revenue Account and used for the purpose of such Account; or

(ii) if there was a deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, or if after such date withdrawals have been made from the Series 2022 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be retained in the Series 2022 Reserve Account until the amount on deposit therein is equal to the Series 2022 Reserve Account Requirement, and then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through [November 1, 2022], and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account.

The foregoing determination and disbursement shall be made prior to any recalculation and transfer of excess amounts on deposit in the Series 2022 Reserve Account made pursuant to Section 405 hereof.

ARTICLE V CONCERNING THE TRUSTEE

Section 501. 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 herein and in the Master Indenture.

Section 502. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this First Supplemental Indenture by the District or for the recitals contained herein, all of which are made solely by the District.

Section 503. Trustee's Duties. Nothing contained herein shall limit the rights, benefits, privileges, protection and entitlements inuring to the Trustee under the Master Indenture, including, particularly, Article VI thereof.

ARTICLE VI ADDITIONAL BONDS

Section 601. No Parity Bonds; Limitation on Parity Assessments. The District covenants and agrees that so long as there are any Series 2022 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim

against the Series 2022 Trust Estate. The District further covenants and agrees that so long as the Series 2022 Assessments have not been Substantially Absorbed, it shall not issue any additional Bonds secured by Assessments for capital projects on lands subject to the Series 2022 Assessments; provided, however, that the foregoing shall not preclude the imposition of capital Assessments on property subject to the Series 2022 Assessments which are necessary for health, safety or welfare reasons or to remediate a natural disaster, or to effect repairs to or replacement of property, facilities or equipment of the District. Notwithstanding the foregoing, the District covenants and agrees that it shall not issue any Bonds secured by Assessments for capital projects if there shall have occurred and be continuing any Event of Default with respect to any Series of Bonds issued under the Master Indenture.

ARTICLE VII MISCELLANEOUS

Section 701. 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 herein, shall apply and remain in full force and effect with respect to this First Supplemental Indenture and to the Series 2022 Bonds issued hereunder.

Section 702. Continuing Disclosure Agreement. Contemporaneously with the execution and delivery hereof, the District has executed and delivered the Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The District covenants and agrees to comply with the provisions of the 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 as provided in the Continuing Disclosure Agreement.

Section 703. Additional Covenant Regarding Assessments. In addition to, and not in limitation of, the covenants contained elsewhere in this First Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the Series 2022 Assessment Proceedings heretofore adopted with respect to the Series 2022 Assessments, including the Assessment Methodology, and to levy the Series 2022 Assessments and any required true-up payments set forth in the Assessment Methodology in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2022 Bonds, when

due. The Assessment Methodology shall not be materially amended without written consent of the Majority Owners.

Section 704. Collection of Assessments. (a) Anything herein or in the Master Indenture to the contrary notwithstanding, when permitted by law, Series 2022 Assessments levied on platted lots no longer owned by the Developer and pledged hereunder to secure the Series 2022 Bonds shall be collected pursuant to the Uniform Method, and Series 2022 Assessments levied on unplatted lands and platted lots owned by the Developer and pledged hereunder to secure the Series 2022 Bonds shall be 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 otherwise directed by the Trustee acting at the direction of the Majority Owners upon the occurrence and continuance of an Event of Default.

(b) All Series 2022 Assessments that are collected directly by the District and not via the Uniform Method shall be due and payable by the applicable landowner no later than thirty (30) days prior to each Interest Payment Date.

Section 705. Foreclosure of Assessment Lien. Notwithstanding Section 814 of the Master Indenture or any other provision of the Indenture to the contrary, the following provisions shall apply with respect to the Series 2022 Assessments and Series 2022 Bonds.

If any property shall be offered for sale for the nonpayment of any Series 2022 Assessments and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2022 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Series 2022 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 Series 2022 Bonds; provided that the Trustee shall have the right acting at the direction of the Majority Owners, but shall not be obligated, to direct the District with respect to any action taken pursuant to this Section 705. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the Series 2022 Revenue Account. The District, either through its own actions or actions caused to be taken 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 sale of property acquired by it as trustee for the benefit of the Owners of the Series 2022 Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Majority Owners. The Trustee may, upon direction from the Majority Owners, pay costs

associated with any actions taken by the District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture.

Section 706. Owner Direction and Consent with Respect to Series 2022 Acquisition and Construction Account Upon Occurrence of Event of Default. In accordance with the provisions of the Indenture, the Series 2022 Bonds are payable solely from the Series 2022 Pledged Revenues and the Series 2022 Pledged Funds held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding, the District hereby acknowledges that (i) the Series 2022 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2022 Acquisition and Construction Account then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may not be used by the District (whether to pay Costs of the Series 2022 Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the occurrence of the Event of Default the District had incurred a binding obligation with third parties for work on the Series 2022 Project and payment is for such work, and (iii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay the reasonable costs and expenses incurred in connection with the pursuit of remedies under the Indenture. The District shall not enter into any binding agreement with respect to the Series 2022 Project that will cause the expenditure of additional funds from the Series 2022 Trust Estate after the occurrence and during the continuance of an Event of Default unless authorized in writing by the Majority Owners.

Section 707. Assignment of District's Rights Under Collateral Assignment. Subject to the terms of the Collateral Assignment, the District hereby assigns its rights under the Collateral Assignment to the Trustee for the benefit of the Owners, from time to time, of the Series 2022 Bonds. The Trustee shall not be deemed to have accepted any obligation under the Collateral Assignment by virtue of such assignment.

Section 708. Enforcement of True-Up Agreement and Completion Agreement. The District, either through its own actions or actions caused to be taken through the Trustee, covenants that it shall strictly enforce all of the provisions of the True-Up Agreement and the Completion Agreement and, upon the occurrence and continuance of a default under either or both of such Agreements, the District covenants and agrees that the Trustee, at the direction of the Majority Owners, shall act on behalf of and in the District's stead to enforce the provisions of such Agreements and to pursue all available remedies under applicable law or in equity. Anything herein or in the Master Indenture to the contrary notwithstanding, failure of the District to enforce, or permit the Trustee to enforce in its stead, all of the provisions of the True-Up Agreement and the Completion Agreement upon demand of the Majority Owners, or the Trustee at the direction of

the Majority Owners, shall constitute an Event of Default under the Indenture, provided, however, that the District shall have a reasonable opportunity to cure.

Section 709. Payment of Rebate Amount. Anything herein or in the Master Indenture to the contrary notwithstanding, the District shall cause a Rebate Analyst to determine the Rebate Amount, if any, at the times and in the manner provided in the Tax Regulatory Covenants attached as an exhibit to the Arbitrage Certificate. If a Rebate Amount shall be due, the District shall deliver to the Trustee the written direction of an Authorized Officer to pay from the Series 2022 Rebate Account, or from any other available funds as shall be provided in such written direction, the Rebate Amount to the District for remittance to the Internal Revenue Service. The Trustee may conclusively rely on such written direction and shall have no responsibility for the calculation or payment of the Rebate Amount, if any. The District shall not be required to provide the report of the Rebate Analyst to the Trustee.

Section 710. Additional Covenant Regarding Termination of District Manager Upon Event of Default. The District hereby covenants that, within thirty (30) days following the receipt of written notice from the Trustee (which written notice shall be provided in the manner set forth in Section 1302 of the Master Indenture) of the occurrence of an Event of Default under the Master Indenture with respect to any Series of Bonds issued thereunder, so long as such Series of Bonds is secured by Assessments levied on lands owned entirely or in part by the Developer or any affiliate of the Developer, the District shall terminate the District Manager and shall immediately appoint an Independent Third-Party Management Company to provide district management services, which appointment shall be evidenced by a certificate signed by an Authorized Officer and provided to the Trustee, upon which certificate the Trustee may conclusively rely. Failure to appoint an Independent Third-Party Management Company within the time period set forth above shall be an Event of Default under the Indenture without benefit for any period for cure. The Trustee shall not incur any liability for the District's termination of the District Manager pursuant to this Section 710. For purposes of this Section 710 only, "District Manager" shall mean Artemis Connected, LLC d/b/a Breeze, a Delaware limited liability company, or any successor entity acting in the capacity of District Manager in which the Developer or any affiliate of the Developer has an ownership interest.

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IN WITNESS WHEREOF, Highland Trails Community Development District has caused this First Supplemental Indenture to be signed in its name and on its behalf by its Chairman, and its official seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused this First Supplemental Indenture to be signed in its name and on its behalf by its duly authorized Vice President.

(SEAL)

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

Attest:

Secretary

By: _____
Chairman, Board of Supervisors

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

By: _____
Vice President

EXHIBIT A

DESCRIPTION OF SERIES 2022 PROJECT

[See Report of Consulting Engineer Attached Hereto]

EXHIBIT B

FORM OF SERIES 2022 BONDS

No. 2022R-

\$()

**UNITED STATES OF AMERICA
STATE OF FLORIDA
HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT
CAPITAL IMPROVEMENT REVENUE BOND, SERIES 2022
(ASSESSMENT AREA ONE)**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
%	May 1, 20[]	[Closing Date]	

Registered Owner: CEDE & CO.

Principal Amount:

HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT, a community development district duly established and existing pursuant to Chapter 190, Florida Statutes (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture hereinafter mentioned) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for or, if no interest has been paid, from the Dated Date shown above on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on November 1, 2022, 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 (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 preceding such Interest Payment Date or, if such day is not a Business Day, on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or

Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of this Bond. Any payment of principal, Amortization Installment or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of U.S. Bank Trust Company, National Association, located in Orlando, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"), unless the Bonds are held in the book-entry system in which case presentation shall not be required. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner set forth above if such Owner requests such method of payment in writing on or prior to the regular Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner set forth above owns not less than \$1,000,000 in aggregate principal amount of the Series 2022 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year comprised of twelve (12) thirty (30) day months. During any period that this Bond is registered in the name of Cede & Co., as Nominee of DTC, the provisions of the First Supplemental Indenture (hereinafter defined) relating to the book-entry only system shall apply, including the payment provisions thereof. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the hereinafter defined Indenture.

This Bond is one of a duly authorized issue of Bonds of the District designated "Highland Trails Community Development District Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One)" in the aggregate principal amount of \$[Bond Amount] (the "Series 2022 Bonds") issued under a Master Trust Indenture, dated as of May 1, 2022 (the "Master Indenture"), between the District and U.S. Bank Trust Company, National Association, Orlando, Florida, as trustee (the "Trustee"), as supplemented by a First Supplemental Trust Indenture, dated as of May 1, 2022 (the "First Supplemental Indenture" and together with the Master Indenture, the "Indenture"), between the District and the Trustee (the Series 2022 Bonds together with any other Bonds issued under and governed by the terms of the Master Indenture are hereinafter collectively referred to as the "Bonds"). The District will apply the proceeds of the Series 2022 Bonds to (i) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements comprising the Series 2022 Project, (ii) pay certain costs associated with the issuance of the Series 2022 Bonds, (iii) make a deposit into the Series 2022 Reserve Account to be held for the benefit of all of the Series 2022 Bonds, and (iv) pay a portion of the interest to become due on the Series 2022 Bonds.

NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS BOND AND THE

SERIES OF WHICH IT IS A PART AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE TERMS HEREOF. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE TERMS HEREOF SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2022 PLEDGED REVENUES AND THE SERIES 2022 PLEDGED FUNDS PLEDGED TO THE SERIES 2022 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Series 2022 Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Amortization Installments and Redemption Price of, and the interest on, the Series 2022 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Series 2022 Assessments, the terms and conditions under which the Series 2022 Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Owners of the Series 2022 Bonds and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The Series 2022 Bonds are equally and ratably secured by the Series 2022 Trust Estate, without preference or priority of one Series 2022 Bond over another. The First Supplemental Indenture does not authorize the issuance of any additional Bonds ranking on parity with the Series 2022 Bonds as to the lien and pledge of the Series 2022 Trust Estate.

The Series 2022 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 Series 2022 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 Orlando, Florida, as Bond Registrar (the "Bond Registrar"), upon surrender of this

Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Orlando, Florida, in the manner and subject to the limitations and conditions provided in the Master Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Series 2022 Bonds are subject to redemption prior to maturity at the option of the District in whole or in part on any date, on or after May 1, 20[] at the Redemption Price of the principal amount of the Series 2022 Bonds or portions thereof to be redeemed together with accrued interest to the date of redemption.

The Series 2022 Bonds maturing May 1, 20[], are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

May 1 of the Year	Amortization Installment	May 1 of the Year	Amortization Installment
------------------------------	-------------------------------------	------------------------------	-------------------------------------

* Final maturity

The Series 2022 Bonds maturing May 1, 20[], are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

[Remainder of Page Intentionally Left Blank]

**May 1
of the Year**

**Amortization
Installment**

**May 1
of the Year**

**Amortization
Installment**

* Final maturity

The Series 2022 Bonds maturing May 1, 20[___], are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

**May 1
of the Year**

**Amortization
Installment**

**May 1
of the Year**

**Amortization
Installment**

* Final maturity

The Series 2022 Bonds maturing May 1, 20[___], are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

**May 1
of the Year**

**Amortization
Installment**

**May 1
of the Year**

**Amortization
Installment**

* Final maturity

As more particularly set forth in the Indenture, any Series 2022 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 2022 Bonds. Amortization Installments are also subject to recalculation, as provided in the First

Supplemental Indenture, as the result of the redemption of Series 2022 Bonds other than from scheduled Amortization Installments so as to reamortize the remaining Outstanding principal balance of the Series 2022 Bonds as set forth in the First Supplemental Indenture.

The Series 2022 Bonds are subject to extraordinary mandatory redemption prior to maturity in whole or in part on any Redemption Date at the Redemption Price of one hundred percent (100%) of the principal amount thereof, without premium, together with accrued interest to the Redemption Date, 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 Series 2022 Project, by application of moneys transferred from the Series 2022 Acquisition and Construction Account to the Series 2022 Prepayment Subaccount as provided for in the Indenture; or

(b) from amounts, including Series 2022 Prepayments, required by the Indenture to be deposited into the Series 2022 Prepayment Subaccount; or

(c) from amounts transferred from the Series 2022 Reserve Account to the Series 2022 Prepayment Subaccount resulting from a reduction in the Series 2022 Reserve Account Requirement resulting from Prepayments of Series 2022 Assessments as provided for in the Indenture; or

(d) on the date on which the amount on deposit in the Series 2022 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2022 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2022 Bonds shall be called for redemption, the particular Series 2022 Bonds or portions of Series 2022 Bonds to be redeemed shall be selected by lot by the Bond Registrar as provided in the Indenture, or as provided or directed by DTC.

Notice of each redemption of Series 2022 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the date of redemption to each registered Owner of Series 2022 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Series 2022 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2022 Bonds or such portions thereof on such date, interest on such Series 2022 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2022 Bonds or such portions thereof so called for

redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2022 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

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

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2022 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Master Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Master Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Bond which remain unclaimed for two (2) years after the date when such Bond has become due and payable, either at its stated maturity date or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee cash or Federal Securities sufficient to pay the principal or Redemption Price of any Series 2022 Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of

the Series 2022 Bonds as to the Series 2022 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 resolutions of the District to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Highland Trails Community Development District has caused this Bond to bear the signature of the Chairman of its Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

Attest:

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

Secretary

By: _____
Chairman, Board of Supervisors

(SEAL)

CERTIFICATE OF AUTHENTICATION

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

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

Date of Authentication:

By: _____
Vice President

[Closing Date] _____

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which were validated by judgment of the Sixth Judicial Circuit of Florida, in and for Pasco County rendered on October 28, 2020.

Chairman, Board of Supervisors,
Highland Trails
Community Development District

[FORM OF ABBREVIATIONS]

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

TEN COM as tenants in common

TEN ENT as tenants by the entireties

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

UNIFORM TRANSFER MIN ACT - _____ Custodian _____ under
Uniform Transfer to Minors Act _____ (Cust.) _____ (Minor)
(State)

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

[FORM OF ASSIGNMENT]

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the books of the District, with full power of substitution in the premises.

Dated:

Social Security Number or Employer:

Identification Number of Transferee:

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatsoever.

EXHIBIT C

FORM OF REQUISITION FOR SERIES 2022 PROJECT

The undersigned, an Authorized Officer of Highland Trails Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture between the District and U.S. Bank Trust Company, National Association, Orlando, Florida, as trustee (the "Trustee"), dated as of May 1, 2022 (the "Master Indenture"), as supplemented by the First Supplemental Trust Indenture between the District and the Trustee, dated as of May 1, 2022 (the "First Supplemental Indenture" and together with the Master Indenture, the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

(A) Requisition Number:

(B) Name of Payee:

(C) Amount Payable:

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

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

The undersigned hereby certifies that:

obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the Series 2022 Acquisition and Construction Account referenced above, that each disbursement set forth above was incurred in connection with the acquisition and/or construction of the Series 2022 Project and each represents a Cost of the Series 2022 Project, and has not previously been paid out of such Account;

OR

this requisition is for costs of issuance payable from the Series 2022 Costs of Issuance Account that has not previously been paid out of such Account.

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

Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the District is at the date of such certificate entitled to retain.

Originals or copies of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested are on file with the District.

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Authorized Officer

**CONSULTING ENGINEER'S APPROVAL FOR
NON-COST OF ISSUANCE REQUESTS ONLY**

If this requisition is for a disbursement from other than the Series 2022 Costs of Issuance Account, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the Series 2022 Project and is consistent with (i) the applicable acquisition or construction contract, (ii) the plans and specifications for the portion of the Series 2022 Project with respect to which such disbursement is being made, and (iii) the report of the Consulting Engineer attached as an exhibit to the First Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

Consulting Engineer

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2022 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The District has deemed this Preliminary Limited Offering Memorandum “final,” except for permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED [], 2022

NEW ISSUE - BOOK-ENTRY ONLY
LIMITED OFFERING

NOT RATED

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under “TAX MATTERS,” interest on the Series 2022 Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes, except as otherwise described herein under the caption “TAX MATTERS” and (b) not an item of tax preference for purposes of the federal alternative minimum tax. Such interest also may be subject to other federal income tax consequences referred to herein under “TAX MATTERS.” See “TAX MATTERS” herein for a general discussion of Bond Counsel’s opinion and other tax considerations.

§[PAR]*
**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT CAPITAL
IMPROVEMENT REVENUE BONDS,
SERIES 2022 (ASSESSMENT AREA ONE)**

Dated: Date of Original Issuance

Due: May 1, as shown below

Highland Trails Community Development District (the “District” or “Issuer”) is issuing its Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the “Series 2022 Bonds”). The Series 2022 Bonds are being issued only in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof; provided, however that the Series 2022 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of \$5,000 in excess thereof.

The Series 2022 Bonds will bear interest at the fixed rates set forth below, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable semi-annually on each May 1 and November 1, commencing November 1, 2022. The Series 2022 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”) of New York, New York. Purchases of beneficial interests in the Series 2022 Bonds will be made only in book-entry form. Accordingly, principal of and interest on Series 2022 Bonds will be paid from sources provided below by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) directly to DTC as the registered owner thereof. Disbursements of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and the Indirect Participants (as hereinafter defined), as more fully described herein. Any purchaser of a beneficial interest in a Series 2022 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2022 Bond. See “DESCRIPTION OF THE SERIES 2022 BONDS - Book-Entry System” herein.

The District is a local unit of special purpose government of the State of Florida, created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the “Act”) and Ordinance No. 2020-20 adopted by the City Commission of the City of Dade City, Florida (the “City”) on August 11, 2020. The City is located entirely within an incorporated area of Pasco County, Florida (the “County”). The Series 2022 Bonds are being issued by the District pursuant to the Act,

* Preliminary, subject to change.

Resolution No. 2020-[] and Resolution No. 2022-[] adopted by the Board of Supervisors of the District (the “Board”) on [], 2020 and May 3, 2022, respectively (collectively, the “Resolution”), and a Master Trust Indenture, dated as of [], 2022 (the “Master Indenture”), as supplemented by a First Supplemental Trust Indenture dated as of [], 2022 (the “First Supplement” and collectively with the Master Indenture, the “Indenture”), each by and between the District and the Trustee. Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Series 2022 Bonds will be applied to (i) finance a portion of the Costs of acquiring, constructing and equipping certain public, assessable improvements (the “Assessment Area One Project”), (ii) pay certain costs associated with the issuance of the Series 2022 Bonds, (iii) make a deposit into the Series 2022 Reserve Account for the benefit of all of the Series 2022 Bonds, and (iv) pay a portion of the interest to become due on the Series 2022 Bonds.

The Series 2022 Bonds will be equally and ratably secured under the First Supplement by a lien upon and a pledge of the Series 2022 Pledged Revenues (the “Series 2022 Pledged Revenues”) which include non-ad valorem special assessments which will be levied on “Phase 1A” of the Development (as defined herein) (approximately 79.91 acres referred to herein as “Assessment Area One”), which is planned to include approximately 273 single family residential units which benefit from the Assessment Area One Project (the “Series 2022 Assessments”), and all moneys on deposit in the respective Funds and Accounts and subaccounts created under the First Supplement for the benefit of the Series 2022 Bonds (the “Series 2022 Pledged Funds”), other than moneys transferred to the Series 2022 Rebate Account and interest earnings thereon. The Series 2022 Pledged Revenues and Series 2022 Pledged Funds collectively constitute the “Series 2022 Trust Estate.”

The Series 2022 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption at the times, in the amounts, and at the redemption prices as more fully described herein. See “DESCRIPTION OF THE SERIES 2022 BONDS - Redemption Provisions” herein.

NEITHER THE SERIES 2022 BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE SERIES 2022 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2022 PLEDGED REVENUES AND THE SERIES 2022 PLEDGED FUNDS PLEDGED TO THE SERIES 2022 BONDS, ALL AS PROVIDED IN THE INDENTURE.

The Series 2022 Bonds involve a degree of risk (see “BONDOWNERS’ RISKS” herein) and are not suitable for all investors (see “SUITABILITY FOR INVESTMENT” herein). The Underwriter is limiting this offering to “Accredited Investors” within the meaning of Chapter 517, Florida Statutes, and the rules of the Florida Department of Financial Services promulgated thereunder. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfers in any secondary market for the Series 2022 Bonds. The Series 2022 Bonds are not credit enhanced or rated and no application has been made for credit enhancement or a rating with respect to the Series 2022 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2022 Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

\$ _____* – ___% Series 2022 Term Bond due _____, Yield ___%,
Price ___ CUSIP # ___[⊥]

\$ _____* – ___% Series 2022 Term Bond due _____, Yield ___%,
Price ___ CUSIP # ___[⊥]

\$ _____* – ___% Series 2022 Term Bond due _____, Yield ___%,
Price ___ CUSIP # ___[⊥]

\$ _____* – ___% Series 2022 Term Bond due _____, Yield ___%,
Price ___ CUSIP # ___[⊥]

The sale of the Series 2022 Bonds to the initial purchasers is subject to certain conditions precedent, including, without limitation, receipt of the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, as to the validity of the Series 2022 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Straley Robin Vericker, Tampa, Florida. Aponte & Associates Law Firm, P.L.L.C. is serving as Underwriter's Counsel. Certain legal matters will be passed upon for the Developer by its counsel, Shutts & Bowen LLP, Tampa, Florida and for the Trustee by its counsel, Holland & Knight LLP, Miami, Florida. It is expected that the Series 2022 Bonds will be delivered in book-entry form through the facilities of DTC on or about _____, 2022.

FMSbonds, Inc.

Dated: _____, 2022

* Preliminary, subject to change.

[⊥] The District is not responsible for the CUSIP numbers, nor is any representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Limited Offering Memorandum.

HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS¹

Michael Lawson,* Chairperson
Doug Draper*, Vice-Chairperson
Lori Price,* Assistant Secretary
Christie Ray,* Assistant Secretary

* Affiliated with the Developer or one of its affiliates.

DISTRICT MANAGER/METHODOLOGY CONSULTANT

Artemis Connected, LLC d/b/a Breeze
Tampa, Florida

DISTRICT COUNSEL

Straley Robin Vericker
Tampa, Florida

BOND COUNSEL

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

DISTRICT ENGINEER

Stantec Consulting Services, Inc.
Tampa, Florida

¹ There is one vacancy on the District Board of Supervisors.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 2022 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE SERIES 2022 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS LIMITED OFFERING MEMORANDUM. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE UNITED STATES FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE DISTRICT AND OBTAINED FROM PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES, INCLUDING THE DEVELOPER, WHICH ARE BELIEVED BY THE DISTRICT AND THE UNDERWRITER TO BE RELIABLE. THE UNDERWRITER DOES NOT, HOWEVER, GUARANTY THE ACCURACY OR COMPLETENESS OF THIS INFORMATION AND SUCH INFORMATION IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER. 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, THE DEVELOPMENT OR THE DEVELOPER SINCE THE DATE HEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2022 BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THEY MAY BE REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF SUCH JURISDICTIONS, OR ANY OF THEIR AGENCIES, WILL HAVE PASSED UPON THE MERITS OF THE SERIES 2022 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. SUCH STATEMENTS ARE GENERALLY

IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “INTENDS,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE DEVELOPER NOR THE DISTRICT PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS LIMITED OFFERING MEMORANDUM ARE FOR CONVENIENCE OR REFERENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OR ANY PROVISIONS OR SECTIONS IN THIS LIMITED OFFERING MEMORANDUM.

THIS LIMITED OFFERING MEMORANDUM IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM. THIS LIMITED OFFERING MEMORANDUM MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

THIS PRELIMINARY LIMITED OFFERING MEMORANDUM IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF RULE 15C2-12 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15C2-12(B)(1).

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LIMITED OFFERING MEMORANDUM

[PAR]*
HIGHLAND TRAILS
COMMUNITY
DEVELOPMENT DISTRICT
CAPITAL IMPROVEMENT
REVENUE BONDS,
SERIES 2022
(ASSESSMENT AREA ONE)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices attached hereto, is to set forth certain information in connection with the offering for sale by the Highland Trails Community Development District (the “District”) of its \$[PAR]* Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the “Series 2022 Bonds”).

THE SERIES 2022 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. PURSUANT TO APPLICABLE STATE LAW, THE UNDERWRITER IS LIMITING THIS INITIAL OFFERING OF THE SERIES 2022 BONDS TO ONLY ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. THE LIMITATION OF THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFERS IN ANY SECONDARY MARKET FOR THE SERIES 2022 BONDS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2022 BONDS. SEE “BONDOWNERS’ RISKS” AND “SUITABILITY FOR INVESTMENT” HEREIN. OTHER THAN AS REFERENCED IN THE SECTION CAPTIONED “SUITABILITY FOR INVESTMENT” HEREIN, NO PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the “Act”) and Ordinance No. 2020-20 adopted by the City Commission of the City of Dade City, Florida (the “City”) on August 11, 2020. The District was created for the purpose of, among other things, financing and managing the acquisition, construction, installation, maintenance, and operation of the major infrastructure within and without the boundaries of the District.

The boundaries of the District include approximately [CDD ACRES] acres of land (the “District Lands”) located within an area of incorporated area of Pasco County, Florida (the “County”). Dune FL Land I Sub, LLC, a Delaware limited liability company (the “Developer”), owns all of the District Lands which it intends to develop in multiple phases into approximately [] single family residential units. The District Lands are being developed generally under the name Highland Trails (the “Development”). See “THE DEVELOPMENT” herein for more information and a summary of the current development status of the Development.

* Preliminary, subject to change.

Only certain lands within the District Lands, comprising Phase 1A of the Development (collectively, “Assessment Area One”), which are planned for 273 single family lots, will be subject to the Series 2022 Assessments securing the Series 2022 Bonds. See “THE DEVELOPMENT” hereinbelow for more information about the current development status of the Development.

The Series 2022 Bonds are being issued by the District pursuant to the Act, Resolution No. 2020-[] and Resolution No. 2022-[] adopted by the Board of Supervisors of the District (the “Board”) on [], 2020 and May 3, 2022, respectively (collectively, the “Resolution”), and a Master Trust Indenture, dated as of [], 2022 (the “Master Indenture”), as supplemented by a First Supplemental Trust Indenture dated as of [], 2022 (the “First Supplement” and collectively with the Master Indenture, the “Indenture”), each by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). All capitalized terms used in this Limited Offering Memorandum that are defined in the Indenture and not defined herein shall have the respective meanings set forth in the Indenture. See “APPENDIX A: FORMS OF MASTER INDENTURE AND FIRST SUPPLEMENT” attached hereto.

Proceeds of the Series 2022 Bonds will be applied to (i) finance a portion of the Costs of acquiring, constructing and equipping certain assessable improvements (the “Assessment Area One Project”), (ii) pay certain costs associated with the issuance of the Series 2022 Bonds, (iii) make a deposit into the Series 2022 Reserve Account for the benefit of all of the Series 2022 Bonds, and (iv) pay a portion of the interest to become due on the Series 2022 Bonds.

The Series 2022 Bonds will be equally and ratably secured under the First Supplement by a lien upon and a pledge of the Series 2022 Pledged Revenues (the “Series 2022 Pledged Revenues”) which include non-ad valorem special assessments which will be levied on Assessment Area One, which is planned to include approximately 273 single family residential units which benefit from the Assessment Area One Project (the “Series 2022 Assessments”), and all moneys on deposit in the respective Funds and Accounts and subaccounts created under the First Supplement for the benefit of the Series 2022 Bonds (the “Series 2022 Pledged Funds”), other than moneys transferred to the Series 2022 Rebate Account and interest earnings thereon. The Series 2022 Pledged Revenues and Series 2022 Pledged Funds collectively constitute the “Series 2022 Trust Estate.”

The District has covenanted in the Indenture to comply with the continuing disclosure requirements contained in Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”). The Developer has covenanted on behalf of itself and its respective successors and assigns to provide certain information regarding the Development to the District each calendar quarter so long as the Developer or its successors or assigns are an Obligated Person (as defined in the Continuing Disclosure Agreement). See “CONTINUING DISCLOSURE” herein and “APPENDIX E: FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto.

There follows in this Limited Offering Memorandum a brief description of the District, the Developer, the Development, the Assessment Area One Project, and summaries of the terms of the Series 2022 Bonds, the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and statute, and all references to the Series 2022 Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture. Forms of the Master Indenture and the First Supplement appear in APPENDIX A attached hereto.

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

DESCRIPTION OF THE SERIES 2022 BONDS

General Description

The Series 2022 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 Series 2022 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 thereof. The Series 2022 Bonds will mature, subject to the redemption provisions set forth below, on the dates and in the amounts set forth on the cover page hereof. The Series 2022 Bonds will be dated the date of their original issuance, and will bear interest at the fixed rates per annum set forth on the cover page hereof from the Interest Payment Date to which interest has been paid next preceding the date of authentication, unless the date of authentication: (i) is an Interest Payment Date to which interest on such Series 2022 Bond has been paid, in which event such Series 2022 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2022 Bonds, in which event, such Series 2022 Bond shall bear interest from its date. Interest on the Series 2022 Bonds shall be due and payable on each May 1 and November 1, commencing November 1, 2022, and shall be computed on the basis of a 360-day year of twelve 30-day months.

Upon initial issuance, the ownership of the Series 2022 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Series 2022 Bonds will be made in book-entry only form. The Underwriter is limiting this offering to “Accredited Investors” within the meaning of Chapter 517, Florida Statutes, and the rules of the Florida Department of Financial Services promulgated thereunder. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfers in any secondary market for the Series 2022 Bonds. See “DESCRIPTION OF THE SERIES 2022 BONDS - Book-Entry System” and “SUITABILITY FOR INVESTMENT” below.

U.S. Bank Trust Company, National Association is initially serving as the Trustee, Registrar and Paying Agent for the Series 2022 Bonds.

Redemption Provisions

Optional Redemption

The Series 2022 Bonds are subject to redemption prior to maturity at the option of the District in whole or in part on any date, on or after May 1, 20__ at the Redemption Price of the principal amount of the Series 2022 Bonds or portions thereof to be redeemed together with accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Series 2022 Bonds maturing May 1, 20__, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplement in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

**May 1
of the Year**

**Amortization
Installment**

**May 1
of the Year**

**Amortization
Installment**

* Final maturity

The Series 2022 Bonds maturing May 1, 20__, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplement in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>
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* Final maturity

The Series 2022 Bonds maturing May 1, 20__, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplement in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

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

* Final maturity

The Series 2022 Bonds maturing May 1, 20__, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the First Supplement in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

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

* Final maturity

As more particularly set forth in the Indenture, any Series 2022 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount

so purchased will be applied as a credit against the applicable Amortization Installment of Series 2022 Bonds. Amortization Installments are also subject to recalculation, as provided in the First Supplement, as the result of the redemption of Series 2022 Bonds other than from scheduled Amortization Installments so as to reamortize the remaining Outstanding principal balance of the Series 2022 Bonds as set forth in the First Supplement.

Extraordinary Mandatory Redemption

The Series 2022 Bonds are subject to extraordinary mandatory redemption prior to maturity in whole or in part on any Redemption Date at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the Redemption Date, 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 Assessment Area One Project, by application of moneys transferred from the Series 2022 Acquisition and Construction Account to the Series 2022 Prepayment Subaccount as provided for in the Indenture; or

(b) from amounts, including Series 2022 Prepayments, required by the Indenture to be deposited into the Series 2022 Prepayment Subaccount; or

(c) from amounts transferred from the Series 2022 Reserve Account to the Series 2022 Prepayment Subaccount resulting from a reduction in the Series 2022 Reserve Account Requirement resulting from Prepayments of Series 2022 Assessments as provided for in the Indenture; or

(d) on the date on which the amount on deposit in the Series 2022 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2022 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2022 Bonds shall be called for redemption, the particular Series 2022 Bonds or portions of Series 2022 Bonds to be redeemed shall be selected by lot by the Bond Registrar as provided in the Indenture, or as provided or directed by DTC.

Notice of Redemption

Notice of each redemption of Series 2022 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each registered Owner of Series 2022 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Series 2022 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2022 Bonds or such portions thereof on such date, interest on such Series 2022 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2022 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2022 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Pursuant to the Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events or

upon the later deposit of moneys therefor as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

Book-Entry System

The information in this section concerning The Depository Trust Company, New York, New York, (“DTC”) and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2022 Bond certificate will be issued for each maturity of the Series 2022 Bonds as set forth in the inside cover of this Limited Offering Memorandum, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 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 Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 Series 2022 Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022 Bond documents. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 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 Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2022 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 Trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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, premium, if any, and interest on the Series 2022 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 Trustee, 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 securities depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2022 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In such event, Series 2022 Bonds will be printed and delivered to DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2022 BONDS, AS NOMINEE OF DTC, REFERENCE HEREIN TO THE HOLDER OF THE SERIES 2022 BONDS OR REGISTERED OWNERS OF THE SERIES 2022 BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2022 BONDS.

SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS

General

NEITHER THE SERIES 2022 BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE SERIES 2022 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2022 PLEDGED REVENUES AND THE SERIES 2022 PLEDGED FUNDS PLEDGED TO THE SERIES 2022 BONDS, ALL AS PROVIDED IN THE INDENTURE.

The Series 2022 Bonds will be equally and ratably secured under the First Supplement by a lien upon and a pledge of the Series 2022 Pledged Revenues (the “Series 2022 Pledged Revenues”) which include non-ad valorem special assessments which will be levied on Phase 1A of the Development (as defined herein) (approximately 79.91 acres referred to herein as “Assessment Area One”), which is planned to include approximately 273 single family residential units which benefit from the Assessment Area One Project (the “Series 2022 Assessments”), and all moneys on deposit in the respective Funds and Accounts and subaccounts created under the First Supplement for the benefit of the Series 2022 Bonds (the “Series 2022 Pledged Funds”), other than moneys transferred to the Series 2022 Rebate Account and interest earnings thereon. The Series 2022 Pledged Revenues and Series 2022 Pledged Funds collectively constitute the “Series 2022 Trust Estate.”

The Series 2022 Assessments consist of the non-ad valorem special assessments imposed and levied by the District against the land within the District specially benefited by the Assessment Area One Project, pursuant to Section 190.022 of the Act, resolutions of the District adopted prior to delivery of the Series 2022 Bonds, as amended and supplemented from time to time (collectively, the “Assessment Resolutions”) and assessment proceedings conducted by the District (together with the Assessment Resolutions, the “Assessment Proceedings”). Non-ad valorem assessments are not based on millage and are not taxes, but can become a lien against the homestead as permitted in Section 4, Article X of the Florida State Constitution. The Series 2022 Assessments will constitute a lien against the land as to which the Series 2022 Assessments are imposed. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein.

The Series 2022 Assessments are levied, in an amount corresponding to the Debt Service on the Series 2022 Bonds, on the basis of benefit received by certain lands within the District from the Assessment Area One Project. The Assessment Methodology Report (as hereinafter defined), which describes the methodology for allocating the Series 2022 Assessments to the lands within the District, is included as

APPENDIX D attached hereto. To ensure that there will always be sufficient development potential remaining in the unsubdivided and undeveloped land to ensure payment of Debt Service after a plat, the Assessment Methodology Report sets forth a “true-up mechanism” which provides that the debt per acre remaining on the unsubdivided and undeveloped land is never allowed to increase above its maximum debt per acre level. If the debt per acre remaining on the unsubdivided and undeveloped land increases above the maximum debt per acre level, a debt reduction payment (the “True-Up Payments”) would be made by the Developer so that the maximum debt per acre level is not breached. Further, the Developer will be entering into a “True-Up Agreement” at closing which obligates the Developer to make True-Up Payments as necessary, subject to the terms of such agreement. See “APPENDIX D: ASSESSMENT METHODOLOGY REPORT” attached hereto for additional information regarding the “true-up mechanism”.

Other public entities may issue additional bonds and impose taxes or other special assessments on the same properties encumbered by the Series 2022 Assessments. In addition, the District may issue additional bonds and impose taxes or other special assessments on the same properties encumbered by the Series 2022 Assessments, subject to the conditions outlined in the Indenture. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS - Additional Obligations” herein. Additionally, the District expects to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Series 2022 Assessments, on the same lands upon which the Series 2022 Assessments are imposed, to fund the maintenance and operation of the District. See “BONDOWNERS’ RISKS” herein.

The land within the District has been and is expected to be subject to taxes and assessments imposed by taxing authorities other than the District, in addition to District operations and maintenance assessments and certain association assessments. See “THE DEVELOPMENT – Taxes, Fees and Assessments” for more information. The total millage rate in the incorporated area of the County was approximately [] mills for taxes levied during calendar year 2020. These taxes would be payable in addition to the assessments levied by the District. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District Pasco County, Florida may each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in 2021.

Additional Obligations

Under the First Supplement, the District covenants and agrees that so long as there are any Series 2022 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2022 Trust Estate. The District further covenants and agrees that, so long as the Series 2022 Assessments have not been Substantially Absorbed, it shall not issue any additional Bonds secured by Assessments for capital projects on lands subject to the Series 2022 Assessments without the written consent of the Majority Owners; provided, however, that the foregoing shall not preclude the imposition of capital Assessments on property subject to the Series 2022 Assessments which are necessary for health, safety or welfare reasons or to remediate a natural disaster, or to effect repairs to or replacement of property, facilities or equipment of the District. Notwithstanding the foregoing, the District covenants and agrees that it shall not issue any Bonds secured by Assessments for capital projects if there shall have occurred and be continuing any Event of Default with respect to any Series of Bonds issued under the Master Indenture.

“Substantially Absorbed” is defined in the First Supplement as the date on which the principal amount of the Series 2022 Assessments equaling ninety percent (90%) of the then-Outstanding principal amount of the Series 2022 Bonds is levied on tax parcels within Assessment Area One with respect to which

a certificate of occupancy has been issued for a structure thereon and are owned by end users, as certified by an Authorized Officer and upon which the Trustee may conclusively rely.

Notably, the District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Series 2022 Assessments without the consent of the Owners of the Series 2022 Bonds. Additionally, the District expects to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Series 2022 Assessments, on the same lands upon which the Series 2022 Assessments are imposed, to fund the maintenance and operation of the District. See “BONDOWNERS’ RISKS” herein.

Covenant Against Sale or Encumbrance

In the Indenture, the District covenants that, until such time as there are no Series 2022 Bonds Outstanding, it will not sell, lease or otherwise dispose of or encumber the Assessment Area One Project or any part thereof other than as provided in the Indenture. Pursuant to the Indenture, the District may (i) dispose of all or any part of the Assessment Area One Project by gift or dedication thereof to the County or to the State or any agency or instrumentality of either of the foregoing or the United States Government; and/or (ii) impose, declare or grant title to or interests in the Assessment Area One Project or a portion thereof in order to create ingress and egress rights and public and private utility easements as the District may deem necessary or desirable for the development, use and occupancy of the property within the District; and/or (iii) impose or declare covenants, conditions and restrictions pertaining to the use, occupancy and operation of the Assessment Area One Project. See “APPENDIX A – FORMS OF MASTER INDENTURE AND FIRST SUPPLEMENT” attached hereto.

Reserve Fund

The Master Indenture establishes a Reserve Fund, and within such Fund there is established by the First Supplement authorizing the Series 2022 Bonds, the Series 2022 Reserve Account for the Series 2022 Bonds.

Series 2022 Reserve Account

The Series 2022 Reserve Account will, at the time of delivery of the Series 2022 Bonds, be funded from a portion of the proceeds of the Series 2022 Bonds in the amount of the Series 2022 Reserve Account Requirement. The Series 2022 Reserve Account Requirement is defined in the First Supplement as an amount equal to the Maximum Annual Debt Service Requirement for all Outstanding Series 2022 Bonds, as of the time of any such calculation, until such time as the Conditions for Reduction of Reserve Account Requirement are met, at which time and thereafter the Series 2022 Reserve Account Requirement shall be an amount equal to 50% of the Maximum Annual Debt Service Requirement for all Outstanding Series 2022 Bonds, as of the time of any such calculation. On the date of initial issuance of the Series 2022 Bonds, the Series 2022 Reserve Account Requirement shall be \$_____.

The First Supplement further defines “Conditions for Reduction of Reserve Account Requirement” as, collectively, that (i) all lots subject to Series 2022 Assessments have been platted, (ii) all lots subject to Series 2022 Assessments have been sold and closed to homebuilders and (iii) there are no Events of Default occurring or continuing under the Indenture with respect to the Series 2022 Bonds. The District Engineer shall provide a written certification to the District and the Trustee certifying that the event in clause (i) has occurred and the District Manager shall provide a written certification to the District and the Trustee certifying that the event in clause (ii) has occurred and affirming clause (iii), on which certifications the Trustee may conclusively rely.

The Series 2022 Reserve Account shall be funded and maintained at all times in an amount equal to the Series 2022 Reserve Account Requirement. Except as otherwise provided in the Indenture, amounts on deposit in the Series 2022 Reserve Account shall be used only for the purpose of making payments into the Series 2022 Interest Account and the Series 2022 Sinking Fund Account to pay Debt Service on the Series 2022 Bonds, when due, without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another, to the extent the moneys on deposit in such Accounts available therefor are insufficient and for no other purpose. The Series 2022 Reserve Account shall consist only of cash and Series 2022 Investment Obligations.

Anything in the Indenture to the contrary notwithstanding, on the forty-fifth (45th) day preceding each Quarterly Redemption Date (or, if such forty-fifth (45th) day is not a Business Day, on the first Business Day preceding such forty-fifth (45th) day), the Trustee is authorized and directed to recalculate the Series 2022 Reserve Account Requirement and to transfer any excess on deposit in the Series 2022 Reserve Account (i) resulting from Prepayments of Series 2022 Assessments into the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds, (ii) resulting from a reduction of the Series 2022 Reserve Account Requirement as the result of the Conditions for Reduction of Reserve Account Requirement being met (A) prior to the Date of Completion of the Assessment Area One Project into the Series 2022 Acquisition and Construction Account and used for the purposes of such Account, or (B) after such Date of Completion into the Series 2022 Revenue Account and used for the purposes of such Account or (iii) resulting from investment earnings as provided in Section 408(f) of the First Supplement.

On the earliest date on which there is on deposit in the Series 2022 Reserve Account sufficient moneys, after taking into account other moneys available therefor, to pay and redeem all of the Outstanding Series 2022 Bonds, together with accrued interest and redemption premium, if any, on such Series 2022 Bonds to the earliest Redemption Date permitted therein and in the Indenture, then the Trustee shall transfer the amount on deposit in the Series 2022 Reserve Account into the Series 2022 Prepayment Subaccount to pay and redeem all of the Outstanding Series 2022 Bonds on the earliest Redemption Date permitted for redemption therein and under the First Supplement.

Anything in the Indenture to the contrary notwithstanding, amounts on deposit in the Series 2022 Reserve Account shall, upon the occurrence and continuance of an Event of Default, be subject to a first charge by the Trustee for its fees and expenses, including fees and expenses of collection of Delinquent Assessments.

Series 2022 Revenue Account; Deposit and Application of Revenues and Investment Earnings

(a) The Trustee is authorized and directed under the Indenture to deposit any and all amounts required to be deposited in the Series 2022 Revenue Account by Section 408 of the First Supplement or by any other provision of the Master Indenture or the First Supplement, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2022 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 Trustee shall deposit into the Series 2022 Revenue Account (i) Series 2022 Assessment Revenues other than Series 2022 Prepayments (which Series 2022 Prepayments shall be identified by the District to the Trustee as such in writing upon deposit, upon which certification the Trustee may conclusively rely, and which shall be deposited into the Series 2022 Prepayment Subaccount), (ii) Series 2022 Prepayment Interest, and (iii) any other revenues required by other provisions of the Indenture to be deposited into the Series 2022 Revenue Account.

(c) On the 45th day preceding each Quarterly Redemption Date (or if such 45th day is not a Business Day, on the Business Day preceding such 45th day), the Trustee shall determine the amount on deposit in the Series 2022 Prepayment Subaccount and, if the balance therein is greater than zero, shall, upon written direction from the District, transfer from the Series 2022 Revenue Account for deposit into the Series 2022 Prepayment Subaccount an amount sufficient to increase the amount on deposit therein to the nearest integral multiple of \$5,000 (provided that there are sufficient funds remaining in the Series 2022 Revenue Account to pay Debt Service coming due on the Series 2022 Bonds on the next succeeding Interest Payment Date), and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2022 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2022 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2022 Bonds set forth in the form of Series 2022 Bonds attached to the First Supplement, Section 301 of the First Supplement, and Article III of the Master Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2022 Capitalized Interest Account to the Series 2022 Interest Account the lesser of (x) the amount of interest coming due on the Series 2022 Bonds on such May 1 or November 1, less the amount already on deposit in the Series 2022 Interest Account, or (y) the amount remaining in the Series 2022 Capitalized Interest Account. Following the foregoing transfer, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the Series 2022 Revenue Account to the Accounts designated below in the following amounts and in the following order of priority:

FIRST, to the Series 2022 Interest Account, the amount, if any, equal to the difference between the amount of interest payable on all Series 2022 Bonds then Outstanding on such May 1 or November 1, and (i) the amount transferred from the Series 2022 Capitalized Interest Account in accordance with Section 408(d) of the First Supplement and (ii) the amount already on deposit in the Series 2022 Interest Account not previously credited;

SECOND, on May 1, 20__ and on each May 1 thereafter, to the Series 2022 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2022 Bonds subject to mandatory sinking fund redemption on such May 1 and the amount already on deposit in the Series 2022 Sinking Fund Account not previously credited;

THIRD, to the Series 2022 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2022 Reserve Account Requirement with respect to the Series 2022 Bonds; and

FOURTH, the balance shall first be deposited into the Series 2022 Costs of Issuance Account to fund any deficiencies in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds, and then the balance shall be retained in the Series 2022 Revenue Account.

(e) On any date required by the Arbitrage Certificate, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2022 Revenue Account to the Series 2022 Rebate Account the amount due and owing to the United States, which amount shall be paid to the United States when due in accordance with such Arbitrage Certificate.

(f) Anything in the Indenture to the contrary notwithstanding, moneys on deposit in all of the Funds and Accounts held as security for the Series 2022 Bonds shall be invested only in Series 2022 Investment Obligations. Earnings on investments in the Series 2022 Acquisition and Construction Account, the Series 2022 Interest Account and the Series 2022 Capitalized Interest Account shall be retained, as

realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the Funds and Accounts other than the Series 2022 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2022 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2022 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2022 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through _____, and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account; or

(ii) if there was a deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, or if after such date withdrawals have been made from the Series 2022 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be retained in the Series 2022 Reserve Account until the amount on deposit therein is equal to the Series 2022 Reserve Account Requirement, and then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through _____, and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account.

The foregoing determination and disbursement shall be made prior to any recalculation and transfer of excess amounts on deposit in the Series 2022 Reserve Account made pursuant to Section 405 of the First Supplement.

Acquisition and Construction Account and Subaccounts; Costs of Issuance Account

Series 2022 Acquisition and Construction Account

The Series 2022 Acquisition and Construction Account is established with the Trustee and is to be held, pending application to pay Costs of the Assessment Area One Project in accordance with the provisions of the First Supplement, under and pursuant to the provisions of the Master Indenture for the benefit of all of the Series 2022 Bonds without privilege or priority of one Series 2022 Bond over another.

Amounts on deposit in the Series 2022 Acquisition and Construction Account shall be applied to pay Costs of the Assessment Area One Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and on the form attached as Exhibit C to the First Supplement. The Trustee shall have no duty to verify that any requested disbursement from the Series 2022 Acquisition and Construction Account is for a Cost of the Assessment Area One Project. The District Engineer shall establish a Date of Completion for the Assessment Area One Project, and any balance remaining in the Series 2022 Acquisition and Construction Account after such Date of Completion (taking into account the moneys then on deposit therein to pay any accrued but unpaid Costs of the Assessment Area One Project which are required to be reserved in the Series 2022 Acquisition and Construction Account in accordance with the certificate of the District Engineer delivered to the District and the Trustee establishing such Date of Completion), shall be transferred to the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds in accordance with Section 301 of the First Supplement and in the manner prescribed in the form of Series 2022 Bond attached as Exhibit B to the First Supplement, whereupon the Series 2022 Acquisition and Construction Account shall be closed.

In accordance with the provisions of the Indenture, the Series 2022 Bonds are payable solely from the Series 2022 Pledged Revenues and the Series 2022 Pledged Funds held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding, the District acknowledges in the First Supplement that (i) the Series 2022 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2022 Acquisition and Construction Account then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may not be used by the District (whether to pay Costs of the Assessment Area One Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the occurrence of the Event of Default the District had incurred a binding obligation with third parties for work on the Assessment Area One Project and payment is for such work, and (iii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay the reasonable costs and expenses incurred in connection with the pursuit of remedies under the Indenture. The District shall not enter into any binding agreement with respect to the Assessment Area One Project that will cause the expenditure of additional funds from the Series 2022 Trust Estate after the occurrence and during the continuance of an Event of Default unless authorized in writing by the Majority Owners.

Series 2022 Costs of Issuance Account

The amount deposited in the Series 2022 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the Series 2022 Bonds. On the earlier to occur of (x) the written direction of an Authorized Officer or (y) six months from the date of issuance of the Series 2022 Bonds, any amounts deposited in the Series 2022 Costs of Issuance Account for which the Trustee has not received a requisition to pay such costs shall be transferred over and deposited into the Series 2022 Acquisition and Construction Account and used for the purposes permitted therefor. Any deficiency in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds shall be paid from excess moneys on deposit in the Series 2022 Revenue Account pursuant to Section 408(d) of the First Supplement. When such deficiency has been satisfied and no moneys remain therein, the Series 2022 Costs of Issuance Account shall be closed.

Investments

Moneys held for the credit of the Funds and Accounts established by the Indenture and held as security for the Series 2022 Bonds must, as nearly as practicable, be continuously invested and reinvested in Series 2022 Investment Obligations, (as such term is defined in the First Supplement) by the Trustee as directed by an Authorized Officer of the District. The Series 2022 Investment Obligations in which such moneys are invested must mature, or be subject to redemption by the Trustee at the option of the Trustee, not later than the dates on which such moneys will be needed. See APPENDIX A: FORMS OF MASTER INDENTURE AND FIRST SUPPLEMENT” attached hereto.

Covenant to Levy the Series 2022 Assessments

The District has covenanted to levy Series 2022 Assessments on the lands within the District to the extent and in an amount sufficient to pay the principal and interest on all Outstanding Series 2022 Bonds when due. If any Series 2022 Assessment 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 Series 2022 Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such Series 2022 Assessment when it might have done so, the District has additionally covenanted to either (i) take all necessary steps to cause a new Series 2022 Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement, or (ii) in its sole discretion, make up the amount of such Series 2022 Assessment from legally available moneys, which moneys shall be deposited into the Series 2022 Revenue Account. In case any such subsequent Series 2022

Assessment shall be annulled, the District shall obtain and make other Series 2022 Assessments until a valid Series 2022 Assessment shall be made.

Prepayment of Series 2022 Assessments

Pursuant to the Assessment Proceedings, an owner of property subject to the Series 2022 Assessments may pay all or a portion of the principal balance of such Series 2022 Assessments remaining due at any time if there is also paid an amount equal to the interest that would otherwise be due on such balance on the next succeeding Interest Payment Date for the Series 2022 Bonds, or, if prepaid during the forty-five (45) day period preceding such Interest Payment Date, on the second succeeding Interest Payment Date.

Pursuant to the Act, an owner of property subject to the levy of Series 2022 Assessments may pay the entire balance of the Series 2022 Assessments remaining due, without interest, within thirty (30) days after the Assessment Area One Project has been completed or acquired by the District, and the Board has adopted a resolution accepting the Assessment Area One Project pursuant to Chapter 170.09, Florida Statutes. The Developer, as the current owner of the property within the District subject to all Series 2022 Assessments, will covenant to waive this right in connection with the issuance of the Series 2022 Bonds pursuant to a “Declaration of Consent to Jurisdiction of Highland Trails Community Development District and to Imposition of Special Assessments.” Such declaration will be recorded in the public records of the County, and the covenants contained therein will be binding on future landowners of the District.

The Series 2022 Bonds are subject to extraordinary mandatory redemption as indicated under “DESCRIPTION OF THE SERIES 2022 BONDS - Redemption Provisions - *Extraordinary Mandatory Redemption*” from optional prepayments of Series 2022 Assessments by property owners. See “APPENDIX D: ASSESSMENT METHODOLOGY REPORT” attached hereto.

Completion Agreement, True-Up Agreement, and Collateral Assignment

In connection with the issuance of the Series 2022 Bonds, among other matters, the District and the Developer will enter into a Completion Agreement with respect to any unfinished portions of the Assessment Area One Project not funded with the proceeds of the Series 2022 Bonds. In addition, the Developer will also execute and deliver to the District a Collateral Assignment and Assumption of Development Rights, pursuant to which the Developer will collaterally assign to the District, to the extent assignable and to the extent that they are solely owned or controlled by the Developer, certain development rights relating to the Assessment Area One Project and lands subject to the Series 2022 Assessments as security for the Developer’s payment and performance and discharge of its obligation to pay the Series 2022 Assessments if and when such assessments become due and payable. In addition, the Developer will enter into a True-Up Agreement with the District regarding the Series 2022 Assessments which provides a mechanism so that the debt per acre remaining on the un-subdivided and undeveloped land, to the extent certain lands subject to the Series 2022 Assessments are platted and assigned debt before the Series 2022 Bonds are redeemed in accordance with the Assessment Methodology Report, is never allowed to increase above its maximum debt per acre level.

Notwithstanding the above provisions to the contrary, in the event the District forecloses on the lands subject to the Series 2022 Assessments as a result of the Developer’s or subsequent landowner’s failure to pay such assessments, there is a risk that the District or the Trustee, as the case may be, will not have all permits and entitlements necessary to complete the Assessment Area One Project and/or the lots subject to the Series 2022 Assessments. Further the Developer’s obligations under such agreements is unsecured. See “BONDOWNERS’ RISKS” herein.

Indenture Provisions Relating to Bankruptcy or Insolvency of Developer

The Master Indenture contains the following provisions which, pursuant to the Indenture, 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 parcels subject to at least five percent (5%) of the Assessments pledged to the Bonds of a Series then 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”). The District acknowledges and agrees in the Master Indenture that, although the Series 2022 Bonds were issued by the District, the Owners of the Series 2022 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 any Insolvent Taxpayer: (a) the District agrees that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2022 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 Series 2022 Assessments relating to the Series 2022 Bonds Outstanding, the Outstanding Series 2022 Bonds or any rights of the Trustee under the Indenture (provided, however, the Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2022 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within sixty (60) days following request for consent); (b) the District 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 Series 2022 Assessments relating to the Series 2022 Bonds Outstanding, the Series 2022 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; (c) the District agrees that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding (provided, however, the Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2022 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within sixty (60) days following request for consent); (d) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Series 2022 Assessments relating to the Series 2022 Bonds Outstanding would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise any and all rights and taking any and all actions available to the District 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 Series 2022 Assessments relating to the Series 2022 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 (e) the District shall not challenge the validity or amount of any claim submitted in such Proceeding by the Trustee in good faith 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 the Trustee’s enforcement of the District’s claim and rights with respect to the Series 2022 Assessments relating to the Series 2022 Bonds Outstanding or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees that the Trustee shall have the right to (i) file a proof of claim with respect to the Series 2022 Assessments pledged to the Series 2022 Bonds Outstanding, (ii) deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) defend any objection filed to said proof of claim. The District acknowledges and agrees in the Master Indenture that it

shall not be a defense to a breach of the foregoing covenants that it has acted on advice of counsel in not complying with the foregoing covenants.

Notwithstanding the provisions of the immediately preceding paragraphs, nothing in this section shall preclude the District from becoming a party to a Proceeding in order to enforce a claim for Operation and Maintenance Assessments, and the District 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 District in pursuance of its claim for Operation and Maintenance Assessments in any Proceeding shall not be considered an action adverse or inconsistent with the Trustee's rights or consents with respect to the Series 2022 Assessments relating to the Series 2022 Bonds Outstanding whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (d) above. See "BONDOWNERS' RISKS – No. 10" herein.

Events of Default and Remedies

The Indenture provides that each of the following shall be an "Event of Default" by the District under the Indenture, with respect to the Series 2022 Bonds, but no other Series of Bonds unless otherwise provided in the Supplemental Indenture relating to such Series:

- (a) Any payment of Debt Service on the Series 2022 Bonds is not made when due;
- (b) The District shall for any reason be rendered incapable of fulfilling its obligations under the Indenture relating to the Series 2022 Bonds;
- (c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of the Assessment Area One Project;
- (d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by a court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of delivery thereof;
- (e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;
- (f) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control;
- (g) Any portion of the Series 2022 Assessments shall have become Delinquent Assessments, and, as a result thereof, the Indenture provides for the Trustee to withdraw funds in an amount greater than twenty-five percent (25%) of the amount on deposit in the Series 2022 Reserve Account to pay Debt Service on the Series 2022 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series 2022 Reserve Account to pay Debt Service on the Series 2022 Bonds);

(h) The District shall default in the due and punctual performance of any of the material covenants, conditions, agreements and provisions contained in the Series 2022 Bonds or in the Indenture on the part of the District to be performed (other than a default in the payment of Debt Service on the Series 2022 Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than ten percent (10%) in aggregate principal amount of the Series 2022 Bonds Outstanding and affected by such default; and

(i) More than twenty percent (20%) of the Operation and Maintenance Assessments levied by the District on tax parcels subject to the Series 2022 Assessments are not paid by the date such are due and payable.

Upon the happening and continuance of any Event of Default set forth in (a) through (i) above, the Trustee shall, upon written direction of the Majority Owners of the Series 2022 Bonds then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of all of the Series 2022 Bonds then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Series 2022 Bonds or the Indenture to the contrary notwithstanding; provided, however, that no such declaration of acceleration shall occur in the case of the Series 2022 Bonds secured by the Series 2022 Assessments, except to the extent that the Series 2022 Assessments have been accelerated and are currently due and payable in accordance with applicable law; and provided further, however, that if at any time after the aggregate principal amount of the Series 2022 Bonds then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, moneys shall have accumulated in the Series 2022 Revenue Account sufficient to pay the principal of all matured Series 2022 Bonds and all arrears of interest, if any, upon all Series 2022 Bonds then Outstanding (except the aggregate principal amount of any Series 2022 Bonds then Outstanding that is only due because of a declaration under the Indenture, and except for the interest accrued on the Series 2022 Bonds since the last Interest Payment Date), and all amounts then payable by the District under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of the aggregate principal amount of the Series 2022 Bonds then Outstanding that is due only because of a declaration under the Indenture) shall have been remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Majority Owners of the Series 2022 Bonds Outstanding not then due except by virtue of a declaration under the Indenture, may, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the happening and continuance of any Event of Default, the Trustee may protect and enforce the rights of the Owners of the Series 2022 Bonds under Florida law, and the Indenture and the Series 2022 Bonds, by such proceedings in equity or at law against the District, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power in the Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. See APPENDIX A: FORMS OF MASTER INDENTURE AND FIRST SUPPLEMENT” attached hereto for more information regarding remedies upon an Event of Default.

Additional Event of Default Regarding Termination of District Manager Upon Event of Default

The District covenants in the First Supplemental Indenture that, within thirty (30) days following the receipt of written notice from the Trustee (which written notice shall be provided in the manner set forth

in Section 1302 of the Master Indenture) of the occurrence of an Event of Default under the Master Indenture with respect to any Series of Bonds issued thereunder, so long as such Series of Bonds is secured by Assessments levied on lands owned entirely or in part by the Developer or any affiliate of the Developer, the District shall terminate the District Manager and shall immediately appoint an Independent Third-Party Management Company to provide district management services, which appointment shall be evidenced by a certificate signed by an Authorized Officer and provided to the Trustee, upon which certificate the Trustee may conclusively rely. Failure to appoint an Independent Third-Party Management Company within the time period set forth above shall be an Event of Default under the Indenture without benefit for any period for cure. For purposes of this section only, "District Manager" shall mean Artemis Connected, LLC d/b/a Breeze, a Delaware limited liability company, or any successor entity acting in the capacity of District Manager in which the Developer or any affiliate of the Developer has an ownership interest. "Independent Third-Party Management Company" is defined in the First Supplemental Indenture to mean a management company in which neither the Developer nor any affiliate of the Developer has any ownership interest.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The primary source of payment for the Series 2022 Bonds is the Series 2022 Assessments imposed on certain lands in the District specially benefited by the Assessment Area One Project pursuant to the Assessment Proceedings. See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" herein and "APPENDIX D: ASSESSMENT METHODOLOGY REPORT" attached hereto.

The determination, order, levy, and collection of Series 2022 Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District, the Pasco County Tax Collector (the "Tax Collector") or the Pasco County Property Appraiser (the "Property Appraiser") to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2022 Assessments during any year. Such delays in the collection of Series 2022 Assessments, or complete inability to collect the Series 2022 Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of the Debt Service requirements on the Series 2022 Bonds. See "BONDOWNERS' RISKS." To the extent that landowners fail to pay the Series 2022 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 Series 2022 Bonds. The Act provides for various methods of collection of delinquent Series 2022 Assessments by reference to other provisions of the Florida Statutes. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes but is qualified in its entirety by reference to such statutes.

Alternative Uniform Tax Collection Procedure for Series 2022 Assessments

Anything in the Indenture to the contrary notwithstanding, when permitted by law, any Series 2022 Assessments levied on platted lots no longer owned by the Developer and pledged under the First Supplement to secure the Series 2022 Bonds shall be collected pursuant to the Uniform Method (hereinafter defined) and Series 2022 Assessments levied on platted lots owned by the Developer and unplatted land and pledged under the First Supplement to secure the Series 2022 Bonds shall be 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 otherwise directed by the Trustee acting at the direction of the Majority Owners upon the occurrence and continuance of an Event of Default under the Indenture. Further, all Series 2022 Assessments that are 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.

The Florida Statutes provide that, subject to certain conditions, non-ad valorem special assessments may be collected by using the uniform method (the “Uniform Method”) of collection. The Uniform Method of collection is available only in the event the District complies with statutory and regulatory requirements and enters into agreements with the Tax Collector and Property Appraiser providing for the Series 2022 Assessments to be levied and then collected in this manner. The District’s election to use a certain collection method with respect to the Series 2022 Assessments does not preclude it from electing to use another collection method in the future. See “Foreclosure” below with respect to collection of delinquent assessments not collected pursuant to the Uniform Method.

If the Uniform Method of collection is utilized, the Series 2022 Assessments will be collected together with County, special district, and other ad valorem taxes and non ad valorem assessments, all of which will appear on the tax bill (also referred to as a “tax notice”) issued to each landowner in the District. The statutes relating to enforcement of ad valorem taxes and non ad valorem assessments provide that such taxes and assessments 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 and assessments (including the Series 2022 Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District, subject to next succeeding sentence, are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2022 Assessments. If a landowner should initiate legal proceedings contesting the levy or the amount of a particular ad valorem tax or non-ad valorem assessment, under certain circumstances, such landowner may be permitted to pay in good faith the amount of ad valorem taxes and possibly non-ad valorem assessments that are not in dispute. However, if the landowner is disputing ad valorem taxes, the landowner must pay non ad-valorem assessments due. As described below, if a landowner should commence legal proceedings regarding any Series 2022 Assessments being collected using the Uniform Method, this could result in the delay of certain remedial actions made available pursuant to the Uniform Method. If a significant number of landowners should contest the levy or amount of Series 2022 Assessments, it is likely the District would not have sufficient Series 2022 Pledged Revenues to timely pay Debt Service on the Series 2022 Bonds. Upon any receipt of moneys by the Tax Collector from any Series 2022 Assessments being collected using the Uniform Method, such moneys will be delivered to the District, which will remit such Series 2022 Assessments to the Trustee for deposit to the Series 2022 Revenue Account within the Revenue Fund, except that any Prepayments of Series 2022 Assessments shall be deposited to the Series 2022 Prepayment Subaccount within the Series 2022 Redemption Account of the Debt Service Fund created under the First Supplement and applied in accordance therewith.

All County, school and special district, including the District, ad valorem taxes, non-ad valorem special assessments, including any Series 2022 Assessments that are being collected using the Uniform Method, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, 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. Such partial payment is not to be accepted and any partial payment is to be returned to the taxpayer, except that if a taxpayer has commenced legal proceedings contesting the levy or amount of an ad valorem assessment, a tax collector may accept a partial payment of the amount that is not in dispute. Therefore, in the event the Series 2022 Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item, except as relates to a challenge in connection with ad valorem taxes or non-ad valorem assessments, whether it be the Series 2022 Assessments or not, would cause the Series 2022 Assessments to not be collected to that extent, which could have a significant adverse effect on the ability of the District to make full or punctual payment of the Debt Service requirements on the Series 2022 Bonds.

Under the Uniform Method, if the Series 2022 Assessments are paid during November when due or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. All unpaid taxes and assessments

become delinquent on April 1 of the year following assessment. The Tax Collector is required to collect the ad valorem taxes and non-ad valorem special assessments on the tax bill prior to April 1 and, after that date, to institute statutory procedures upon delinquency to collect such taxes and assessments through the sale of "tax certificates," as discussed below. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Collection of delinquent Series 2022 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 Series 2022 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 the total amount of delinquent ad valorem taxes and non-ad valorem assessments plus the cost of advertising and the applicable interest charge on the amount of such delinquent taxes and assessments. 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, penalties 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%). During the pendency of any litigation arising from a protest of a landowner's ad valorem tax or non-ad valorem assessment, it is likely the tax collector will not sell tax certificates with respect to such property. Tax certificates are sold by public bid. If there are no bidders, the tax certificate is issued to the County. 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 "struck off" (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 Series 2022 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 within the District may affect the demand for certificates and the successful collection of the Series 2022 Assessments, which are the primary source of payment of the Series 2022 Bonds. Legal proceedings under Federal bankruptcy law brought by or against a landowner who has not yet paid his or her property taxes or assessments would likely result in a delay in the sale of tax certificates.

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 delinquency 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 of the certificate. 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 conducted by the Clerk of the Circuit Court, 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, including costs incurred for the service of notice required by statute, 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 lienholders and any other person to whom the land was last assessed on the tax roll for the year in which the land was assessed, all as their 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. Ad valorem taxes and non-ad valorem assessments 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 delinquency, 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 governing board of such County.

Foreclosure

The following discussion regarding foreclosure is not applicable if the Series 2022 Assessments are being collected pursuant to the Uniform Method. In the event that the District, itself, directly levies and enforces, pursuant to Chapters 170 and 190, Florida Statutes, the collection of the Series 2022 Assessments levied on the land within the District, 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, including a Series 2022 Assessment, or the interest thereon, when due, the governing body of the entity levying the assessment 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 Series 2022 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, including a Series 2022 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 not against the owner. It is not likely that the District would

proceed under Chapter 173, Florida Statutes because of the required one year waiting period before proceeding to foreclose under Chapter 173.

Enforcement of the obligation to pay any Series 2022 Assessments that are being collected off the roll and therefore subject to foreclosure, and the ability to foreclose the lien of such Series 2022 Assessments upon the failure to pay such Series 2022 Assessments 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.

BONDOWNERS' RISKS

There are certain risks inherent in an investment in bonds secured by special assessments levied by a public authority or governmental body in the State. Certain of these risks are described in other sections of this Limited Offering Memorandum. Certain additional risks are associated with the Series 2022 Bonds offered hereby. Investment in the Series 2022 Bonds poses certain economic risks. Prospective investors in the Series 2022 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 Series 2022 Bonds and have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2022 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 Series 2022 Bonds.

1. Payment of the Debt Service on the Series 2022 Bonds is primarily dependent upon timely payment by the Developer and subsequent landowners in the District of the Series 2022 Assessments. See "THE DEVELOPER" herein. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other owner of benefited property, delays could occur in the payment of Debt Service on the Series 2022 Bonds as such bankruptcy could negatively impact the ability of: (i) the Developer and any other landowner being able to pay the Series 2022 Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2022 Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2022 Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the Series 2022 Bonds under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, State and local law and in the Indenture and the Series 2022 Bonds, including, without limitation, enforcement of the obligation to pay Series 2022 Assessments and the ability of the District to foreclose the lien of the Series 2022 Assessments if not being collected pursuant to the Uniform Method, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 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 with respect to the Series 2022 Bonds could have a material adverse impact on the interest of the Owners thereof.

2. The principal security for the payment of the principal and interest on the Series 2022 Bonds is the timely collection of the Series 2022 Assessments. The Series 2022 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the owners will be able to pay the Series 2022 Assessments or that they will pay such Series 2022 Assessments even though financially able to do so. Beyond legal delays that could result from bankruptcy or other legal proceedings contesting an ad valorem tax or non-ad valorem assessment, the ability of the Tax Collector to sell tax certificates in regard to delinquent Series 2022 Assessments collected pursuant to the Uniform Method will be dependent upon various factors, including

the interest rate which can be earned by ownership of such certificates and the value of the land which is the subject of such certificates and which may be subject to sale at the demand of the certificate holder after two years. The assessment of the benefits to be received by the benefited land within the District as a result of implementation and development of the Assessment Area One Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. To the extent that the realizable or market value of the land benefited by the Assessment Area One Project is lower than the assessment of benefits, the ability of the Tax Collector to sell tax certificates relating to such land or the ability of the District to realize sufficient value from a foreclosure action to pay Debt Service on the Series 2022 Bonds may be adversely affected. Such adverse effect could render the District unable to collect delinquent Series 2022 Assessments, if any, and provided such delinquencies are significant, could negatively impact the ability of the District to make the full or punctual payment of Debt Service on the Series 2022 Bonds. Several mortgage lenders have in the past, raised legal challenges to the primacy of liens similar to those of the Series 2022 Assessments in relation to the liens of mortgages burdening the same real property. There can be no assurance that mortgage lenders will not challenge the priority of the lien status of the Series 2022 Assessments in the event that actions are taken to foreclose on any property subject to such Series 2022 Assessments. There are no existing, conventional mortgages on the property subject to the Series 2022 Assessments (Assessment Area One). However, there is a consensual lien that has been previously recorded in connection with a deposit tendered by Lennar Homes, LLC that has been previously released to the Developer as part of the underlying land purchase for the Development, and such consensual lien burdens the lands comprising Assessment Area One and other lands within the Development. See “THE DEVELOPMENT – Land Acquisition and Finance Plan” and “THE DEVELOPMENT - Builder Contract and Participating Builder” herein.

3. The development of the District 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 planned improvements, both public and private, and construction of the infrastructure in accordance with applicable zoning, land use and environmental regulations. Although all such approvals required to date have been received and any further approvals are anticipated to be received as needed, failure to obtain any such approvals in a timely manner could delay or adversely affect the completion of the Development. Moreover, the Developer has the right to modify or change its plan for development of the Development, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed, and may seek in the future, in accordance with, and subject to the provisions of the Act, to contract or expand the boundaries of the District.

4. Neither the Developer nor any other landowner has any obligation to pay the Series 2022 Assessments. As described herein, the Series 2022 Assessments are an imposition against the land only. Neither the Developer nor any other landowner is a guarantor of payment of any Series 2022 Assessment and the recourse for the failure of the Developer or any other landowner to pay the Series 2022 Assessments is limited to the collection proceedings against the land as described herein.

5. The willingness and/or ability of an owner of benefited land to pay the Series 2022 Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the District, the City, the County or any other local special purpose or general-purpose governmental entity. 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 Series 2022 Assessments, collected pursuant to the Uniform Method are payable at one time. Public entities whose boundaries overlap those of the District could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District. The District anticipates imposing maintenance assessments encumbering the same property encumbered by the Series 2022 Assessments.

6. The Series 2022 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2022 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2022 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2022 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2022 Bonds, depending on the progress of development of the Development, existing market conditions and other factors.

7. In addition to legal delays that could result from bankruptcy or legal proceedings contesting an ad valorem tax or non-ad valorem assessment, the ability of the District to enforce collection of delinquent Series 2022 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Series 2022 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS” herein. If the District has difficulty in collecting the Series 2022 Assessments, the Series 2022 Reserve Account could be rapidly depleted and the ability of the District to pay Debt Service could be materially adversely affected. In addition, during an Event of Default under the Indenture, the Trustee may withdraw moneys from the Series 2022 Reserve Account and such other Funds, Accounts and subaccounts created under the Indenture to pay its extraordinary fees and expenses incurred in connection with such Event of Default.

8. [The value of the land within the District, the success of the development of the Development and the likelihood of timely payment of principal and interest on the Series 2022 Bonds could be affected by environmental factors with respect to the land in the District. Should the land be contaminated by hazardous materials, this could materially and adversely affect the value of the land in the District, which could materially and adversely affect the success of the development of the Development and the likelihood of the timely payment of the Series 2022 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. At the time of the delivery of the Series 2022 Bonds, the Developer will represent to the District that it is unaware of any condition which currently requires, or is reasonably expected to require in the foreseeable future, investigation or remediation under any applicable federal, State or local governmental laws or regulations relating to the environment, other than as generally described herein under “THE DEVELOPMENT – Environmental”. Nevertheless, it is possible that hazardous environmental conditions could exist within the District/Development and that such conditions could have a material and adverse impact upon the value of the benefited lands within the District. Consequently, no assurance can be given that unknown hazardous materials, protected animals, etc., do not currently exist or may not develop in the future whether originating within the District/Development or from surrounding property, and what effect such may have on the completion of the residential Development or the ability of the Developer to enter into contracts for the sale of lots within the Development to residential builders. See also “THE DEVELOPMENT - Builder Contract and Participating Builder” hereinbelow.]

9. If the District should commence a foreclosure action against a landowner for nonpayment of Series 2022 Assessments which are being collected off the roll and that are delinquent, such landowners may raise affirmative defenses to such foreclosure action which could result in delays in completing the foreclosure action. In addition, the District is required under the Indenture to fund the costs of such foreclosure. It is possible that the District will not have sufficient funds and will be compelled to request the Series 2022 Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. Under the Code (hereinafter defined), there are limitations on the amount of Series 2022 Bond proceeds that can be used for such purpose.

10. A past bankruptcy court decision in Florida held that only the governing body of such district could vote to approve a reorganization plan submitted by the developer/debtor in the case and thus, the bondholders of such district were not able to vote for or against the plan. The governing body of that

district was affiliated with the debtor. As a result of the reorganization plan that was approved, the bondholders were denied payment of their bonds for over two (2) years. Pursuant to the Indenture, the District acknowledges and agrees that, although the Series 2022 Bonds were issued by the District, the Owners of the Series 2022 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 any Insolvent Taxpayer, the District 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 Series 2022 Assessments, the Series 2022 Bonds or any rights of the Trustee under the Indenture that is inconsistent with any written consent received (or deemed received) from the Trustee. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS - Indenture Provisions Relating to Bankruptcy or Insolvency of Developer” herein. The latter notwithstanding, there is no guarantee as to what a future court may do under similar circumstances if there were to be a contested bankruptcy proceeding affecting the Series 2022 Assessments and the Series 2022 Bonds.

11. The Internal Revenue Service (the “IRS”) routinely examines bonds issued by state and local governments, including bonds issued by community development districts. In 2016, the IRS concluded its lengthy examination of certain issues of bonds (for purposes of this subsection, the “Audited Bonds”) issued by Village Center Community Development District (the “Village Center CDD”). During the course of the audit of the Audited Bonds, Village Center CDD received a ruling dated May 30, 2013, in the form of a non-precedential technical advice memorandum (“TAM”) concluding that Village Center CDD is not a political subdivision for purposes of Section 103(a) of the Code because Village Center CDD was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion could lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes. Village Center CDD received a second TAM dated June 17, 2015, which granted relief to Village Center CDD from retroactive application of the IRS’s conclusion regarding its failure to qualify as a political subdivision. Prior to the conclusion of the audits, the Audited Bonds were all refunded with taxable bonds. The audit of the Audited Bonds that were issued for utility improvements were closed without change to the tax exempt status of those Audited Bonds on April 25, 2016, and the audit of the remainder of the Audited Bonds (which funded recreational amenity acquisitions from entities related to the principal landowner in the Village Center CDD) was closed on July 14, 2016, without the IRS making a final determination that the interest on the Audited Bonds in question was required to be included in gross income. However, the IRS letter to the Village Center CDD with respect to this second set of Audited Bonds noted that the IRS found that the Village Center CDD was not a “proper issuer of tax-exempt bonds” and that those Audited Bonds were private-activity bonds that did not fall in any of the categories that qualify for tax-exemption. Although the TAMs and the letters to the Village Center CDD from the IRS referred to above are addressed to, and binding only on, the IRS and Village Center CDD in connection with the Audited Bonds, they reflect the audit position of the IRS, and there can be no assurance that the IRS would not commence additional audits of bonds issued by other community development districts raising issues similar to the issues raised in the case of the Audited Bonds based on the analysis set forth in the first TAM or on the related concerns addressed in the July 14, 2016 letter to the Village Center CDD.

On February 23, 2016, the IRS published proposed regulations designed to provide prospective guidance with respect to potential private business control of issuers by providing a new definition of political subdivision for purposes of determining whether an entity is an appropriate issuer of bonds the interest on which is excluded from gross income for federal tax purposes. However, on October 4, 2017, the Treasury Department (“Treasury”) announced that it would withdraw the proposed regulations, stating that, “while Treasury and the IRS continue to study the legal issues relating to political subdivisions, Treasury and the IRS currently believe that these proposed regulations should be withdrawn in their entirety, and plan to publish a withdrawal of the proposed regulations shortly in the Federal Register.

Treasury and the IRS may propose more targeted guidance in the future after further study of the relevant legal issues.” On October 20, 2017, the IRS published an official notice withdrawing the proposed regulations and the IRS has not provided any further guidance.

It has been reported that the IRS has closed audits of other community development districts in Florida with no change to such districts’ bonds’ tax-exempt status, but has advised such districts that such districts must have public electors within five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years or when there are 250 qualified electors in the district. The District, unlike Village Center CDD, was formed with the intent that it will contain a sufficient number of residents to allow for a transition to control by a general electorate. Currently, all members of the Board of the District were elected or appointed by the Developer. The Developer will certify as to its expectations as to the timing of the remaining transition of control of the Board of the District to qualified electors pursuant to the Act, and its expectations as to compliance with the Act by any members of the Board that they elect. Such certification by the Developer does not ensure that such certification shall be determinative of, or may influence the outcome of any audit by the IRS, or any appeal from such audit, that may result in an adverse ruling that the District is not a political subdivision for purposes of Section 103(a) of the Code. Further, there can be no assurance that an audit by the IRS of the Series 2022 Bonds will not be commenced. The District has no reason to believe that any such audit will be commenced, or that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable State or federal law.

Owners of the Series 2022 Bonds are advised that, if the IRS does audit the Series 2022 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the Owners of the Series 2022 Bonds may have limited rights to participate in those proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the Series 2022 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2022 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. Further, an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2022 Bonds would adversely affect the availability of any secondary market for the Series 2022 Bonds. Should interest on the Series 2022 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2022 Bonds be required to pay income taxes on the interest received on such Series 2022 Bonds and related penalties, but because the interest rate on such Series 2022 Bonds will not be adequate to compensate Owners of the Series 2022 Bonds for the income taxes due on such interest, the value of the Series 2022 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE SERIES 2022 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2022 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2022 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE SERIES 2022 BONDS IN THE EVENT THAT THE INTEREST ON THE SERIES 2022 BONDS BECOMES TAXABLE AND/OR THE DISTRICT IS EVER DETERMINED TO NOT BE A POLITICAL SUBDIVISION FOR PURPOSES OF THE CODE AND/OR SECURITIES ACT (AS HEREINAFTER DEFINED).

12. In addition to a possible determination by the IRS that the District is not a political subdivision for purposes of the Code, and regardless of the IRS determination, it is possible that federal or state regulatory authorities could also determine that the District is not a political subdivision for purposes of the federal and state securities laws. Accordingly, the District and purchasers of Series 2022 Bonds may not be able to rely on the exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”), relating to securities issued by political subdivisions. In that event, the Owners of the

Series 2022 Bonds would need to ensure that subsequent transfers of the Series 2022 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

13. There is no assurance that a liquid secondary market will exist for the Series 2022 Bonds in the event a Beneficial Owner thereof determines to solicit purchasers for the Series 2022 Bonds it owns. Because the Series 2022 Bonds are being sold pursuant to exemptions from registration under applicable securities laws, no secondary market may develop and a Beneficial Owner may not be able to resell the Series 2022 Bonds. Even if a liquid secondary market develops and/or exists, as with any marketable securities, there can be no assurance as to the price for which the Series 2022 Bonds may be sold. Such price may be lower than that paid by the current Beneficial Owner of the Series 2022 Bonds, depending on the progress of the Development, existing real estate and financial market conditions and other factors.

14. 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 Series 2022 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 Series 2022 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 Series 2022 Bonds. See also "TAX MATTERS."

15. It is impossible to predict what new proposals may be presented regarding ad valorem tax reform and/or community development districts during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. On October 31, 2014, the Auditor General of the State released a 31-page report which requests legislative action to establish parameters on the amount of bonds a community development district may issue and provide additional oversight for community development district bonds. This report renews requests made by the Auditor General in 2011 that led to the Governor of the State issuing an Executive Order on January 11, 2012 (the "Executive Order") directing the office of Policy and Budget in the Executive Office of the Governor ("OPB") to examine the role of special districts in the State. As of the date hereof, the OPB has not made any recommendations pursuant to the Executive Order nor has the Florida legislature passed any related legislation. It is impossible to predict with certainty the impact that any existing or future legislation will or may have on the security for the Series 2022 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."

16. [The successful sale of lots to homebuilders and the successful sale of residential units, in turn, by homebuilders to end users once homes are built within the District, may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions, which if not complied with, may lead to termination of such contracts, causing the Developer to possibly need to execute a different strategy for the development and sale of finished lots. See "THE DEVELOPMENT - Builder Contract and Participating Builder" herein.]

17. In the event a bank forecloses on property because of a default on a mortgage or the property and then the bank itself fails, the Federal Deposit Insurance Corporation (the "FDIC"), as receiver

will then become the fee owner of such property. In such event, the FDIC will not, pursuant to its own rules and regulations, likely be liable to pay the Series 2022 Assessments. In addition, the District would require the consent of the FDIC prior to commencing a foreclosure action.

18. There can be no assurance, in the event the District does not have sufficient moneys on hand to complete the Assessment Area One Project, that the District will be able to raise through the issuance of bonds, or otherwise, the moneys necessary to complete the Assessment Area One Project. Further, pursuant to the First Supplement, the District will covenant that so long as there are any Series 2022 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2022 Trust Estate. Further, the District will covenant and agree that so long as the Series 2022 Assessments have not been “Substantially Absorbed”, it shall not issue Bonds secured by Assessments for capital projects on lands in the District subject to the Series 2022 Assessments without the written consent of the Majority Owners. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS – Additional Obligations” for more information. The Developer will enter into a completion agreement with the District with respect to any unfinished portions of the Assessment Area One Project not funded with the proceeds of the Series 2022 Bonds. However, such obligation of the Developer is an unsecured obligation. In addition, the Developer will also execute and deliver to the District a Collateral Assignment and Assumption of Development Rights, pursuant to which the Developer will collaterally assign to the District, to the extent assignable and to the extent that they are solely owned or controlled by the Developer, certain of its development rights relating to the Assessment Area One Project and the lands subject to the Series 2022 Assessments as security for Developer’s payment and performance and discharge of its obligation to pay the Series 2022 Assessments. See “THE CAPITAL IMPROVEMENT PROGRAM AND THE ASSESSMENT AREA ONE PROJECT” and “THE DEVELOPMENT” herein for more information. Further, as noted herein under “THE DEVELOPMENT - Builder Contract and Participating Builder” there are anticipated to be other liens in the future recorded or there are already certain recorded liens in favor of builders (collectively, the “Builder Liens”) who have contracts with the Developer for the acquisition of finished lots within Assessment Area One. None of these builders will be providing a written subordination of their Builder Liens to the Collateral Assignment. Accordingly, with respect to intangible personal property rights associated with the Development and covered under the documents governing such lien (the “Intangible Rights”), such builders may have rights to such Intangible Rights which are superior to the District’s rights to such Intangible Rights under the Collateral Assignment.

19. While the District has represented to the Underwriter that it has selected its manager, assessment consultant, counsel, engineer, corporate trustee and other professionals with the appropriate due diligence and care, and while the foregoing professionals have each represented in their respective areas as having the requisite expertise to accurately and timely perform the duties assigned to them in such roles, the Underwriter does not guaranty any portion of the performance of these professionals. Failure on the part of any one of these professionals to perform their obligations could result in a delay in payment on the Series 2022 Bonds, and in the worst possible situation, the non-payment of the Series 2022 Bonds. In addition, prospective Bondholders should note that Artemis Connected, LLC d/b/a Breeze, serves as both District Manager and Assessment Consultant, responsible for the administrative operations of the District and preparation of the Assessment Report. As noted herein under “THE DISTRICT – District Manager and Other Consultants” Metro Development Group, L.L.C., an affiliate of the Developer, holds a controlling interest in Breeze. Pursuant to Section 190.007, Florida Statutes, it is not a conflict of interest under Chapter 112, Florida Statutes, for the district manager to be a stockholder, officer, or employee of a landowner or of an entity affiliated with a landowner. Notwithstanding the language in Chapter 112, actual conflicts of interest may nonetheless arise, particularly during an Event of Default and the commencement of remedial proceedings, which may have the effect of delaying and or otherwise preventing the exercise of remedies as envisioned under the Indenture. See also “SECURITY AND SOURCE OF PAYMENT OF SERIES 2022 BONDS – Additional Covenant Regarding Termination of District Manager Upon Event of Default”.

20. No application for credit enhancement or a rating on the Series 2022 Bonds has been made.

21. Although the District Engineer will certify at closing that all permits necessary to complete the Assessment Area One Project have either been obtained or, in its opinion, will be obtained and that there is no reason to believe that the necessary permits cannot be obtained for the Assessment Area One Project, in the event that those permits or approvals are not forthcoming or are significantly delayed, the ability of the Developer to market and sell lots within the Development could be significantly impaired or frustrated. In addition there could be items that are outside the scope of the Assessment Area One Project which may require additional permitting and/or actions by the Developer, but which may be needed nonetheless to complete lots within Assessment Area One, and in the event that those permits or approvals are not forthcoming or are significantly delayed, the ability of the Developer to market and sell lots within the Development could be significantly impaired or frustrated.

22. In addition to the general economic conditions discussed above, the timely and successful completion of the Development and the construction and sale of homes therein by builders to end users may be adversely impacted by the continued spread of the novel strain of coronavirus called COVID-19 or by other highly contagious or epidemic or pandemic diseases. The United States, the State and the County have all previously imposed certain health and public safety restrictions in response to COVID-19 in the past. The District cannot predict whether new actions may be taken by government authorities in the future to contain or otherwise address the impact of the COVID-19 or similar outbreak.

To date, the outbreak has resulted in severe impacts on global financial markets, unemployment levels and commerce generally. The Developer may experience delays in obtaining certain development approvals as a result of the implementation of certain government actions and/or restrictions. The District and the Developer cannot predict the duration of the current COVID-19 outbreak, and the ultimate impact the COVID-19 outbreak may have on the Development is unknown. It is possible that delays in lot purchases by the Builders, construction delays, delays in the receipt of permits or other government approvals, supply chain delays, increased costs, delays in sales to end users or other delays could occur, or continue to occur, as applicable, as a result of the COVID-19 outbreak or other highly contagious or epidemic or pandemic diseases that adversely impact the Development.

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ESTIMATED SOURCES AND USES OF FUNDS

<u>Source of Funds</u>	<u>Series 2022 Bonds</u>
Par Amount of Series 2022 Bonds	
Plus/Less Original Issue Premium/Discount	
Total Sources	
<u>Uses of Funds</u>	
Deposit to the Series 2022 Acquisition and Construction Account	
Deposit to Series 2022 Reserve Account	
Deposit to Series 2022 Capitalized Interest Account ⁽¹⁾	
Deposit to Series 2022 Costs of Issuance Account ⁽²⁾	
Underwriter's Discount	
Total Uses	

⁽¹⁾ Interest capitalized through _____.

⁽²⁾ Costs of issuance includes, without limitation, legal fees, and other costs associated with the issuance of the Series 2022 Bonds.

DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2022 Bonds:

Series 2022 Bonds

<u>Year Ended November 1</u>	<u>Principal</u>	<u>Interest</u>
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		
2046		
2047		
2048		
2049		
2050		
2051		
2052		
	<hr/>	<hr/>
Total	<hr/> <hr/>	<hr/> <hr/>

THE DISTRICT

General Information

The District is a local unit of special purpose government of the State of Florida, created pursuant to the Act and Ordinance No. 2020-20 enacted by the City Commission of the City of Dade City on August 11, 2020. The boundaries of the District include approximately [CDD ACRES] acres of land (the “District Lands”) located within an area of incorporated Pasco County (the “County”). See “THE DEVELOPMENT” herein.

Legal Powers and Authority

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. The Act provides legal authority for community development districts (such as the District) to finance the acquisition, construction, operation and maintenance of the major infrastructure for community development pursuant to its general law charter (Sections 190.006 through 190.041, Florida Statutes).

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

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of lands of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with its bonds, including the Series 2022 Bonds.

Board of Supervisors

The governing body of the District is its Board of Supervisors (the “Board”), which is composed of five Supervisors (the “Supervisors”). The Act provides that, at the initial meeting of the landowners, Supervisors must be elected by the landowners with the two Supervisors receiving the highest number of votes to serve for four years and the remaining Supervisors to serve for a two-year term. Three of the five Supervisors are elected to the Board every two years in November. At such election the two Supervisors receiving the highest number of votes are elected to four-year terms and the remaining Supervisor is elected to a two-year term. Until the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, or such earlier time as the Board may decide

to exercise its ad valorem taxing power, the Supervisors are elected by vote of the landowners of the District. Ownership of the land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number and, for purposes of determining voting interests, platted lots shall be counted individually and rounded up to the nearest whole acre and shall not be aggregated for determining the number of voting units held). Upon the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, the Supervisors whose terms are expiring will be elected (as their terms expire) by qualified electors of the District, except as described below. 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, both to four-year terms. The other Supervisor will be elected by landowners for a four-year term. Thereafter, as terms expire, all Supervisors must be qualified electors and are elected to serve staggered terms. If there is a vacancy on the Board, whether as a result of the resignation or removal of a Supervisor or because no elector qualifies for a seat to be filled in an election, the remaining Board members are to fill such vacancy for the unexpired term.

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 qualified electors and 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. At the time of the sale of the Series 2022 Bonds, the Developer will own all of the land in the District benefitted by the Assessment Area One Project.

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 or of any entity affiliated with a landowner.

The current members of the Board and the expiration of the term of each member are set forth below:

Name	Title	Term Expires
Michael S. Lawson*	Chairperson	November 2024
Doug Draper	Vice-Chairperson	November 2024
Lori Price*	Assistant Secretary	November 2022
Christie Ray*	Assistant Secretary	November 2022

* Employee of an affiliate of the Developer. There is one vacancy on the District Board of Supervisors.

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

The District Manager and Other Consultants

The chief administrative official of the District is the District Manager (as hereinafter defined). The Act provides that a district manager has charge and supervision of the works of the District and is responsible for preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of the Act, for maintaining and operating the equipment owned by the District, and for performing such other duties as may be prescribed by the Board.

Artemis Connected, LLC d/b/a Breeze ("Breeze"), has been retained as the firm to provide district management services for the District (in such capacity, the "District Manager"). The District Manager's office is located at 1540 International Parkway, Suite 2000, Lake Mary, Florida 32746 and their phone number is (813) 564-7847.

It should be noted that Metro Development Group, L.L.C., an affiliate of the Developer, holds a controlling interest in Breeze. See "THE DEVELOPER" herein. Pursuant to Section 190.007, Florida Statutes, it is not a conflict of interest under Chapter 112, Florida Statutes, for the district manager to be a stockholder, officer, or employee of a landowner or of an entity affiliated with a landowner.

The District Manager's typical responsibilities can briefly be summarized as directly overseeing and coordinating the District's planning, financing, purchasing, staffing, and reporting and acting as governmental liaison for the District. The District Manager's responsibilities also include requisitioning moneys to pay construction contracts and the related accounting and reporting that is required by the Indenture.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, as Bond Counsel; Stantec Consulting Services, Inc., Tampa, Florida, as District Engineer (the "District Engineer"); and Straley Robin Vericker, Tampa, Florida, as District Counsel. The Board has also retained Artemis Connected, LLC d/b/a Breeze, Tampa, Florida, to serve as Methodology Consultant and to prepare the Assessment Methodology Report.

THE CAPITAL IMPROVEMENT PROGRAM AND THE ASSESSMENT AREA ONE PROJECT

General

The Master Report of the District Engineer dated August 24, 2020 (the "Master Engineer's Report"), as supplemented by the Highland Trails Community Development District Report of the District Engineer dated April 19, 2022 (the "Supplemental Engineer's Report", and collectively, the "Engineer's Report"), prepared by Stantec Consulting Services, Inc. (the "District Engineer"), sets forth certain public infrastructure improvements necessary for the development of the [684/718] units planned within the boundary of the District (collectively, the "Capital Improvement Plan" or "CIP"). The District Engineer estimates the total cost of the Capital Improvement Plan for the District Lands to be approximately \$40,124,379.

The District Lands are being developed in phases. Phase 1 consists of 79.91 acres of land which are planned to contain 273 single-family homes at buildout ("Assessment Area One"). Phase 2 consists of approximately [163.09] acres of land which are planned to contain [411/445] units ("Assessment Area Two").

The Series 2022 Bonds are being issued in order to finance a portion of the Capital Improvement Plan associated with the development of Assessment Area One (the "Series 2022 Project"). The District Engineer in the Engineer's Report estimates the cost of the Series 2022 Project to be approximately \$12,239,000, as more particularly described below:

DESCRIPTION	Master	Subdivision	Total
-------------	--------	-------------	-------

District Roads		\$967,500	\$967,500
Offsite Roads	\$1,000,000		\$1,000,000
Water Management and Control		\$5,994,500	\$5,994,500
Sanitary Sewer & Wastewater Management	\$350,000	\$2,128,500	\$2,478,500
Potable Water Supply		\$709,500	\$709,500
Undergrounding of Electrical Supply		\$218,400	\$218,400
Landscaping/Irrigation/Hardscaping	\$270,000		\$270,000
Profession Services/Fees/Perf. Bonds		\$600,600	\$600,600
Total	\$1,620,000	\$10,619,000	\$12,239,000

The Series 2022 Bonds will be secured by the Series 2022 Special Assessments which will initially be levied on the 79.91 acres of land which comprise Assessment Area One. As lots are platted, the Series 2022 Bonds will be assigned to the 273 single-family lots planned for Assessment Area One on a first platted, first assigned basis as set forth in the Assessment Methodology attached hereto.

The net proceeds of the Series 2022 Bonds in the approximate amount \$6.1 million² will be used to finance a portion of the Series 2022 Project. The Developer will enter into a completion agreement at closing on the Series 2022 Bonds to complete the Series 2022 Project. See “BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Series 2022 Project or the Construction of Homes within Assessment Area One.”

Land development associated with Assessment Area One is expected to commence in May 2022 and is expected to be completed by May 2023. As of the date hereof, the Developer has spent approximately \$600,000 toward costs associated with the Development of the Series 2022 Project. See “THE DEVELOPMENT – Development Plan and Status” herein for more information.

The District anticipates issuing additional bonds in the future in order to finance a portion of the public infrastructure improvements associated with Assessment Area Two. Such bonds will be secured by lands which are separate and distinct from the lands securing the Series 2022 Bonds. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS – Additional Obligations” herein for more information.

The District Engineer has indicated that all engineering permits necessary to construct the Series 2022 Project that are set forth in the Engineer's Report have been obtained or are expected to be obtained in the ordinary course of business. In addition to the Engineer's Report, please refer to “THE DEVELOPMENT – Development Approvals” for a more detailed description of the entitlement and permitting status of the Development. See “APPENDIX A: ENGINEER'S REPORT” for more information regarding the above improvements.

² Preliminary, subject to change.

ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS

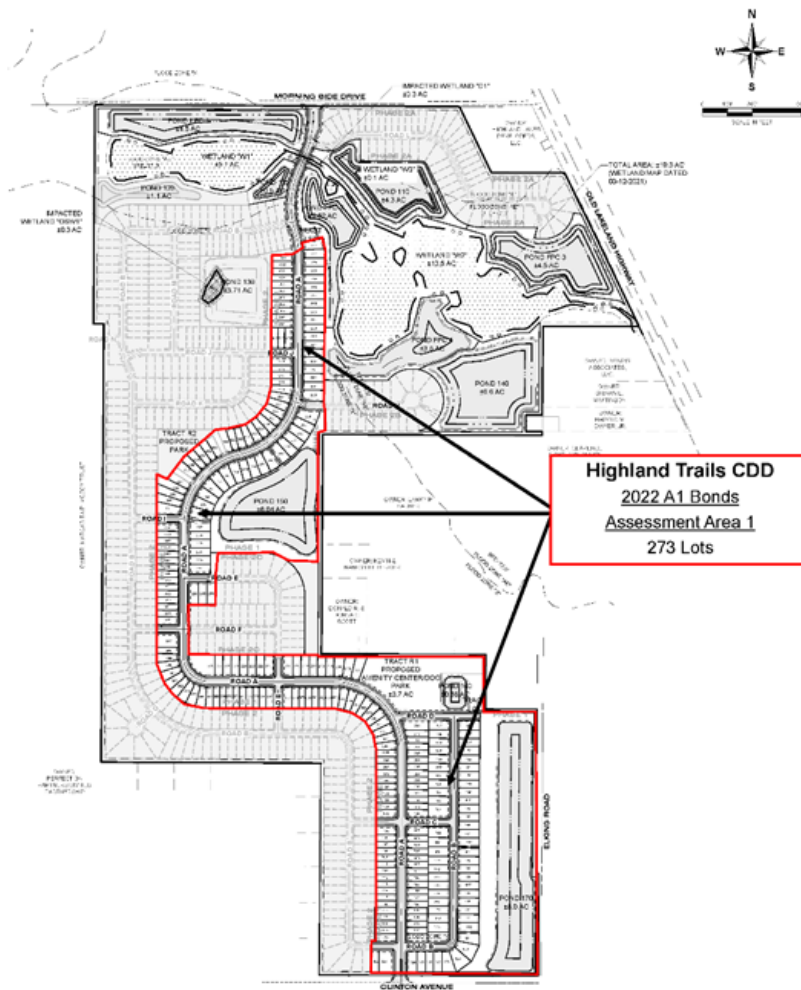
General

Artemis Connected, LLC d/b/a Breeze, Tampa, Florida (the “Methodology Consultant”), has prepared the First Supplemental Special Assessment Methodology Report (the “Assessment Methodology Report”) dated as of [] attached hereto as APPENDIX D. Once the final terms of the Series 2022 Bonds are determined, the Assessment Methodology Report will be revised to reflect such final terms. The Assessment Methodology Report sets forth an overall method for allocating the Series 2022 Assessments to be levied against the lands within Assessment Area One benefited by the Assessment Area One Project, and collected by the District as a result thereof. Once levied and imposed, the Series 2022 Assessments are a first lien on the land against which assessed until paid or barred by operation of law, co-equal with other taxes and assessments levied by the District and other units of government. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein.

Assessment Area One

The Series 2022 Bonds are payable from and secured solely by the Series 2022 Trust Estate which consists primarily of the Series 2022 Assessments. The Series 2022 Assessments will be initially levied on an equal assessment per acre basis over approximately 79.91 gross acres that comprise Assessment Area One. As properties are developed and platted, Series 2022 Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology Report. It is anticipated that the Series 2022 Assessments will be assigned to the 273 single family residential units planned for Assessment Area One of the Development. A portion of the Series 2022 Assessments are expected to be paid down upon the Developer’s closing of lots with homebuilders. See also “APPENDIX D: ASSESSMENT METHODOLOGY REPORT” attached hereto.

The Series 2022 Assessments will be levied on the 273 lots planned for Assessment Area One. Set forth below is a map showing the proposed development plan for the District Lands, including the location of Assessment Area One, which corresponds to Phase 1.



Projected Level of Assessments

Upon development and platting of the planned 273 units within Assessment Area One, the proposed annual Series 2022 Assessments to be levied and allocated to developed and platted units to pay Debt Service on the Series 2022 Bonds, the projected annual operations and maintenance assessments, and the total Series 2022 Bonds par per unit are as follows, per product type.

Product Type	Units	Initial 2022 Annual Assessments ¹	Estimated O&M Assessments	Total O&M & Initial 2022 Annual Assessment per Unit ¹	Initial 2022 Par Per Unit ¹
50'	151	\$1,448		\$	\$24,003
60'	122	\$1,810		\$	\$30,004

- (1) Preliminary, subject to change. Series 2022 Assessment amounts do not include allowance for collection costs and discount for early payment. These represent initial Series 2022 Assessment amounts which are expected to be reduced or “bought down” by the Developer at lot closings. Specifically, at the time of closing of lots in Assessment Area One, 50’ lots and 60’ lots are anticipated to carry an annual Series 2022 assessment of \$1,000, and \$1,250 respectively, which would equate to an outstanding principal par assessment per unit of approximately \$16,580, and \$20.725, respectively (collectively, the “Paydowns”). Assuming all proposed Paydowns are made in the amount of approximately \$[2,255,000], approximately \$[] of Series 2022 Bond principal would remain outstanding. See “APPENDIX D: ASSESSMENT METHODOLOGY REPORT”.

The land within the District has been and is expected to continue to be subject to taxes and assessments imposed by taxing authorities other than the District. These taxes would be payable in addition to the Series 2022 Assessments and any other assessments levied by the District. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District of Pasco County, Florida may each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year. See “THE DEVELOPMENT – Taxes, Fees and Assessments” for more information.

The information appearing below under the captions “THE DEVELOPMENT” and “THE DEVELOPER” has been furnished by the Developer for inclusion in this Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by Bond Counsel, the District or its counsel, or the Underwriter or its counsel, and no persons other than the Developer makes any representation or warranty as to the accuracy or completeness of such information supplied by them. The following information is provided by the Developer as a means for the prospective bondholders to understand the anticipated development plan and risks associated with the Development. The Developer is not guaranteeing payment of the Series 2022 Bonds or the Series 2022 Assessments.

THE DEVELOPMENT

General Overview

The District consists of approximately 243 acres located in Dade City, Florida (the “City”) within Pasco County, Florida (the “County”) and is being developed as a residential community under the name “Highland Trails” (the “Development”). At buildout, the Development is planned to contain approximately [684/718] single-family homes. The Development is located on the north side of Clinton Avenue, south of Morning Side Drive and 1-mile east of US Hwy 98/301 which flows directly to employment and shopping areas within the City and the neighboring city of Zephyrhills Hills. US Hwy 301 is a main transportation

artery which runs along the Florida Gulf Coast, providing direct access to Downtown Tampa approximately 35 miles to the south.

Land development associated with the Development will occur in phases. Phase 1 consists of 79.91 acres of land which are planned to contain 273 single-family homes at buildout (“Assessment Area One”). Phase 2 consists of approximately [163.09] acres of land which are planned to contain [411/445] units (“Assessment Area Two”).

The Series 2022 Bonds are being issued in order to finance a portion of the master and parcel infrastructure improvements associated with the development of Assessment Area One (the “Series 2022 Project”). The Series 2022 Bonds will be secured by the Series 2022 Special Assessments which will initially be levied on the 79.91 acres of land which comprise Assessment Area One. As lots are platted, the Series 2022 Bonds will be assigned to the 273 single-family lots planned for Assessment Area One on a first platted, first assigned basis as set forth in the Assessment Methodology attached hereto.

The District anticipates issuing additional bonds in the future in order to finance a portion of the public infrastructure improvements associated with Assessment Area Two. Such bonds will be secured by lands which are separate and distinct from the lands securing the Series 2022 Bonds. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS – Additional Obligations” herein for more information.

Hawk Highland Trails, LLC, a Delaware limited liability company (the “Developer”) is the landowner and developer for the Development. The Developer has entered into a contract with Lennar Homes, LLC (“Lennar”) for the purchase of ___ lots planned for the Development (the “Lennar Contract”). Pursuant to the Lennar Contract, the Developer and/or the District will install public infrastructure for the Development and will deliver ___ developed, finished lots in a series of takedowns. The Developer has entered into a contract with D.R. Horton, Inc. (“Horton”) and collectively with Lennar, the “Builders”) for the purchase of ___ lots planned for the Development (the “Horton Contract” and, collectively with the Lennar Contract, the “Builder Contracts”). Pursuant to the Horton Contract, the Developer and/or the District will install public infrastructure for the Development and will deliver ___ developed, finished lots in a series of takedowns. See “THE DEVELOPMENT—Builder Contract and Participating Builder” below for more information.

The Development is expected to attract entry level homebuyers. Home prices are expected to start around \$340,000 See “–Residential Product Offerings” herein.

Land Acquisition and Finance Plan

The Developer acquired the land comprising the Development (the “District Lands” as previously defined) on or about [March 30], 2022 for an aggregate purchase price of approximately \$7.3 million. The Developer acquired the District Lands from an affiliated entity which was owned and controlled by a group of different principals/investors. There is currently a mortgage and security agreement (the “Fidelity Land Mortgage”) that encumbers the District Lands (which includes Assessment Area One, and which secures a loan (the “Highland Loan”) currently outstanding in the amount of [\$7,800,000] (the “Fidelity Land Mortgage”) in favor Fidelity Land, LLC (“Fidelity”), which is a wholly owned subsidiary of Lennar Corporation (“Lennar”). The Developer has applied approximately \$7,220,000 of the net proceeds of the Highland Loan towards the purchase price/acquisition costs related to the District Lands and will apply the remaining amount that has been drawn \$580,000 towards development costs incurred.

The Highland Loan is governed by an Amended and Restated Credit Agreement dated as of [February 22], 2022 (the “Credit Agreement”) between Hawk Land Investors New, LLC (“Hawk FL” as defined hereinbelow under “THE DEVELOPER”) and Fidelity Land. The Credit Agreement provides for

subsidiaries of Hawk FL (such as the Developer) to request and receive loans such as the Highland Loan from Fidelity with respect to different projects and properties owned by various subsidiaries from time to time, subject to the terms of the Credit Agreement (the Highland Loan collectively with any other Loans given under the Credit Agreement referred to herein as the “Credit Agreement Loans”). The Highland Loan bears interest at a fixed rate of [12%] and is payable quarterly with interest only, and all principal under the Highland Loan matures and is due on February 26, 2026. Under the Fidelity Land Mortgage and the Credit Agreement, additional requests for draws (“Additional Advances”) can be made for the Highland Loan, subject to a maximum expected cap of \$7,800,000 that can be outstanding at any time. The Developer anticipates requesting any Additional Advances in the future, as necessary, in order to cover costs related to ongoing development. The Highland Loan is also pre-payable by the Developer with at least two days of notice.

Under the terms of the Highland Loan, the Developer has assigned all of its interests in the Lennar Contract (as hereinafter defined) to Fidelity, and, further, with Fidelity’s consent, the Builder Deposit (as hereinafter defined) under the Lennar Contract and the Horton Contract can be released to the Developer in order to fund development costs. In connection with the release of the Builder Deposit under the Lennar Contract, a consensual lien has been recorded in favor of Lennar, which also burdens the underlying lands that are subject to sale as finished lots under the Lennar Contract (the “Builder Lien”), including the lands associated with Assessment Area One and Assessment Area Two. Such Builder Lien has been approved by Fidelity. See also “THE DEVELOPMENT – Builder Contracts and the Builders” herein below and “BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Series 2022 Project or the Construction of Homes within Assessment Area One” hereinabove.

Further, in accordance with the Credit Agreement and the Highland Loan, one hundred percent of the net cash sale proceeds from the sale of each lot under the Lennar Contract need to be applied first to the payment of the Highland Loan before any portion of such net sale proceeds can be distributed to the Developer. In accordance with the Credit Agreement, the Fidelity Land Mortgage and the Highland Loan are cross collateralized with any other Credit Agreement Loans made by Fidelity under the Credit Agreement with respect to the Development or any other projects unrelated to the Development, and such Credit Agreement Loans, including the Highland Loan, are subject to cross default as a result of delinquencies and events of default as specified in the Credit Agreement which may or may not be related to Development. The Highland Loan is currently the only loan outstanding under the Credit Agreement.

The total cost associated with land development for Assessment Area One is approximately \$12,239,000. As of the date hereof, the Developer has spent approximately \$600,000 toward developing the Series 2022 Project. The net proceeds of the Series 2022 Bonds in the approximate amount \$6.1 million³ will be used to finance a portion of the Series 2022 Project. The Developer will enter into Completion Agreements at closing on the Series 2022 Bonds whereby it will covenant to complete any portions of the Series 2022 Project not funded with Series 2022 Bond proceeds. The Developer anticipates funding any portion of the Series 2022 Project not funded with net proceeds of the Series 2022 Bonds with the Builder Deposit, net land sale proceeds that are otherwise not distributable to Fidelity under the Highland Loan and the Credit Agreement, additional advances made available by Fidelity under the Highland Loan and/or Developer equity. See “BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Series 2022 Project or the Construction of Homes within Assessment Area One” herein.

³ Preliminary, subject to change.

Development Plan and Status

Assessment Area One is planned for 273 single-family residential homes consisting of (i) 151 single-family homes on forty foot (40') wide lots and (ii) 122 single-family homes on fifty foot (50') wide lots. Master and parcel infrastructure installation associated with Assessment Area One is expected to commence in May 2022 and is expected to be completed by May 2023, at which point lots will be delivered to the Builders in accordance with the Builder Contracts and marketing and construction of residential units will commence. A plat for Assessment Area One is expected to be recorded by December 2022. Closings with homebuyers are expected to commence by [November 2023].

The Developer expects the Builder to deliver 120 homes per annum within the Development until buildout, which is expected by December 2026. These anticipated absorption rates are based upon estimates and assumptions made by the Developer that are inherently uncertain, though considered reasonable by the Developer based on currently estimated market conditions, and are 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. As a result, there can be no assurance such absorption rates will occur or be realized in the time frames anticipated.

Builder Contract and Participating Builder

The Developer has entered into separate contracts with (i) Lennar Homes, LLC, a Florida limited liability company ("Lennar") to purchase [342] developed, finished lots planned for the Development in a series of takedowns (the "Lennar Contract"), of which ___ lots are planned within Assessment Area One and (ii) with D.R. Horton, Inc., ("Horton", and collectively with Lennar, the "Builders") to purchase [342] developed, finished lots planned for the Development in a series of takedowns (the "Horton Contract", and collectively with the Lennar Contract, the "Builder Contracts"). The aggregate base purchase price under the Builder Contracts for all [684] lots planned for the Development is approximately \$37.165 million, of which \$___ is associated with the lots planned within Assessment Area One. Set forth below is a chart which summarizes the terms of the Builder Contract. [the ER says 718 units planned]

Builder	Product	# of Units (Development)	# of Units (Area One)	Lot Price	Total Consideration (Development)	Total Consideration (Area One)
Lennar	40'	129	___	\$48,000	\$6,192,000	\$_____
Lennar	50'	213	___	\$60,000	<u>\$12,780,000</u>	\$_____
Total Lennar		342	___		\$18,972,000	\$_____
Horton	40'	128	___	\$46,000	\$5,888,000	\$_____
Horton	50'	214	___	\$57,500	<u>\$12,305,000</u>	\$_____
Total Horton		342	___		\$18,193,000	\$_____
Total Builders		684	273		\$37,165,000	\$_____

The Lennar Contract

Pursuant to the Lennar Contract, the inspection period has expired and the Builder has delivered a notice to proceed (“NTP”) to the Developer to proceed with acquisition of the Lots.

The Builder is required under the Lennar Contract to deliver a total deposit in the amount of \$1,664,400 which has been previously delivered in escrow (the “Builder Deposit”). The Builder Deposit is expected to be released to the Developer within the next 30 days. A consensual lien which secures the Developer's obligations under the Lennar Contract will be recorded against the lands comprising the Development within Assessment Area One. See “BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Series 2022 Project or the Construction of Homes within Assessment Area One” herein.

Ultimately, the Builder Deposit is generally non-refundable unless the Developer does not perform as required under the Lennar Contract or unless the Developer fails to deliver its first take down of completed Lots to the Builder by at least June 2023.

The Developer expects to deliver one-hundred (100) completed Lots to the Builder by June 2023 [we say May in the development plan and status section] (the “Initial Closing”). After the Initial Closing, the Lennar Contract provides for the Builder taking one-hundred (100) Lots 365 days after the Initial Closing, and one-hundred (142) Lots 365 days after the Second Closing [684 or 718 planned?]. The 40' Lots are initially priced at \$48,000 per lot and the 50' Lots are initially priced at \$60,000 per lot for the Initial Closing. From and after the date of the Initial Closing until the last closing, Lots subject to takedowns are subject to a price escalator at the rate of six percent (6%) simple interest per year. At closing of the Lots, the Developer anticipates making a partial prepayment of the Series 2022 Area One Assessments on such lots in order to bring the annual Series 2022 Special Assessments to approximately \$1,000 per 40' Lot and \$1,250 per 50' Lot which are the maximum assessment levels per applicable lot under the Lennar Contract.

[Additionally, pursuant to the Lennar Contract, the Builder has engaged its own consultant for purposes of monitoring the Remedial Work (hereinafter defined) and takedown of lots under the Lennar Contract is further subject to the Builder receiving an acceptable certification from its consultant that the Remedial Work has been successfully completed. See “THE DEVELOPMENT – Environmental” hereinbelow for more information regarding environmental conditions within the Development and the proposed Remedial Work.] [this was from last deal, not sure if applicable]

Lennar Homes, LLC: Lennar Homes, LLC is a wholly owned subsidiary of Lennar Corporation, which was founded in 1954, has homebuilding operations in fifteen states and is one of the nation's leading builders of quality homes for all generations, building affordable, first-time, move-up and retirement homes. 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 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 100 F Street, N.E., Washington D.C. 20549 and at the SEC's internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by Lennar Corporation pursuant to the requirements of the Exchange Act after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

The Horton Contract

D.R. Horton, Inc. (“Horton”) is currently under contract with the Developer (the “Horton Contract”) to purchase [324] developed lots within the Development, ____ of which lots are subject to the Series 2022 Special Assessments.

The inspection period under the Horton Contract has expired and Horton delivered a “notice of suitability” to proceed with the acquisition of lots (“NOS”). D.R. Horton has also previously delivered an aggregate deposit in the amount of \$1,827,891, (the “Horton Deposit”) which will be released to the Developer upon the receipt of the development permits and commencement of construction. Release of the Horton Deposit is also subject to, among other items, a recorded mortgage which secures the Developer’s obligations under the Horton Contract (the “Horton Mortgage”) and which burdens the lots.

Ultimately, the Horton is generally non-refundable, once it has been fully released, unless the Developer does not perform as required under the Horton Contract and unless the Developer fails to deliver its first take down of completed Lots to Horton by at least April of 2023. [we say May delivery planned in Development and status section]

The Developer expects to deliver 100 completed lots in to Horton by April of 2023 [we say May in Development Plan and Status section, the way this reads only 200 of the 273 lots planned in AA1 are getting delivered at the end of development completion and the remaining 73 lots are not being delivered for another year thereafter...] in order to comply with terms of the Horton Contract (the “Initial Closing”). After the Initial Closing, the Horton Contract provides for Horton taking one-hundred (100) lots 365 days after the Initial Closing (Second Closing) and a final closing for One-hundred forty-two (142) Lots 365 days after the Second Closing. The 40’ lots and 50’ lots under the Horton Contract are initially priced at \$46,000 and \$57,500, respectively, per lot for the Initial Closing. From and after the date of the Initial Closing until the last closing, lots subject to takedowns are subject to a price escalator at the rate of 6% simple interest per year (the “Price Escalator”). In addition, the sale of Lots are subject to a 21% true-up/marketing fee (the “Marketing Fee”) based the amount by which Horton is ultimately able to sell improved Lots to end users. Such Marketing Fee is expected to be approximately \$ ____ per lot.

D.R. Horton: D.R. Horton is a Delaware corporation whose stock trades on the New York Stock Exchange under the symbol DHI. D.R. Horton is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements, and other information with the SEC. The SEC file number for D.R. Horton is No-1-14122. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC’s internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by D.R. Horton pursuant to the requirements of the Exchange Act after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

THE BUILDERS ARE NOT GUARANTEEING ANY OF THE DEVELOPER'S OBLIGATIONS WITH RESPECT TO THE SERIES 2022 PROJECT OR ITS COMPLETION OR ANY OF THE DEVELOPER'S OTHER OBLIGATIONS INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2022 BONDS OR PAYMENT OF THE SERIES 2022 SPECIAL ASSESSMENTS.

Development Approvals

The Development was approved by the City as a Planned Unit Development (“PD-H1”) in January 2006 and further modified in April 2007. The PD-H1 allows for the development of 1,143 single-family detached units within the Development. The PD-H1 generally governs the conditions under which the Development may be developed, and any changes to the conditions identified in the PD-H1 would require

a modification to the PD-H1, which would need to be approved by the City. Among other items, the PD-H1 approval establishes certain conditions pertaining to transportation, roadways, sidewalks, drainage, traffic concurrency, environmental, trails and parks, lighting, landscaping, tree protection and irrigation, and impact fees. As part of the subdivision approval process, and prior to platting of any phase of the Development, the City reviewing agencies will determine compliance with all conditions delineated in the PD-H1. The PD-H1 approvals for the lands comprising the Development are consistent with the current land use and development plan for those portions of the Development that will be subject to the Series 2022 Special Assessments, and all conditions of the PD-H1 are currently being complied with.

The Development will not require any permits from the Army Corps of Engineers. However, the Development does include some wetlands under the jurisdiction of the Southwest Florida Water Management District (“SWFWMD”), and the Developer expects to receive an environmental resource individual construction permit from SWFWMD by May 31, 2022, which covers the final construction of the storm-water management system for Assessment Area One and the overall Development. In addition, the City is expected to issue its permit approvals by May 31, 2022 for the Series 2022 Project associated with Phase 1 of the Development

The initial construction will include certain water management control, sewer, and potable water facilities, roads, and associated earthwork and paving, as identified in the Engineer's Report attached hereto as composite APPENDIX A.

The District Engineer will certify at the closing of the Series 2022 Bonds that there are no known issues which would prevent permits necessary for the installation of the infrastructure for the Series 2022 Project from being obtained.

The Development, including the Series 2022 Project, also has full transportation concurrency based on a traffic study submitted to the City by the Developer, and other than access improvements, no additional, off-site transportation improvements or improvements needed to satisfy school concurrency requirements are expected to be required in order to obtain further construction permits from the City and other agencies, as required by the PD-H1.

Environmental

Phase 1 environmental site assessments were conducted with respect to the District Lands in November 7, 2003 for the Morningside parcel [this has not been defined] and in September 4, 2020 for the Sterling parcel [this has not been defined] for the benefit of an entity affiliated with the Developer of the District Lands, which both concluded for their respective parcels that there was no evidence of recognized environmental conditions. See “BONDOWNERS' RISKS – Regulatory and Environmental Risks” hereinabove.

Only the Developer and certain other parties are entitled to rely on the ESA, and the information included herein as represented on the ESA is being provided for informational purposes only. See “BONDOWNERS' RISKS” herein for more information regarding potential environmental risks.

Residential Product Offerings

The target market for the Development is entry level home buyers. The following table reflects the Developer's current expectations of the mix of unit types to be constructed within Assessment Area One their respective approximate base prices and square footages, all of which are subject to change.

Product Type	Lot Size	Approximate Square Footage	Average Home/Lot Package Base Price
Single-family detached	40' x 110'	1,800	\$340,000
Single-family detached	50' x 110'	2,300	\$380,000
Total			

Educational Facilities

Children residing in the Development are expected to attend Pasco Elementary School, Pasco Middle School and Pasco High School, all of which are within three (3) miles of the Development. In addition, there are numerous undergraduate school programs located within a 30-minute driving distance from the Development ranging from the Pasco-Hernando State College to the University of South Florida.

Utilities

The Development is located within the franchise/service areas of the City, which will provide water and wastewater/sewer services to the Development. Duke Energy will provide electrical power to the Development and Spectrum will provide cable, data, and telephone services. See “APPENDIX A: ENGINEER'S REPORT” attached hereto for more information regarding the ownership and maintenance of utilities within the Development.

Taxes, Fees and Assessments

The Series 2022 Bonds are payable from and secured by a pledge of the Series 2022 Pledged Revenues, which consist primarily of the revenues received by the District from the Series 2022 Special Assessments levied on the assessable lands within Assessment Area One. The District will initially impose the Series 2022 Special Assessments on an equal per acreage basis across all of the assessable lands Assessment Area One, which contains approximately 79.91 acres planned for 273 single-family homes.

As the unplatted lands within Assessment Area One are platted, the debt will be transferred from gross acres to platted lots in accordance with the Assessment Methodology. See “ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS” herein and “APPENDIX E: ASSESSMENT METHODOLOGY” attached hereto for more information.

Upon platting of Assessment Area One, the estimated Series 2022 Special Assessments levied and allocated to platted units to pay Debt Service on the Series 2022 Bonds and the Series 2022 Bonds estimated par per unit are expected to be as follows:

Product Type	Number of Planned Units	Net Annual Series 2022 Special Assessment*	Series 2022 Bonds Par Per Unit*
40'	151	\$1,606	\$24,003
50'	122	\$2,008	\$30,004
Total	273		

* Preliminary, subject to change. Annual assessments collected via the Uniform Method will be subject to a 6% gross up to account for County collection costs/payment discounts, which may fluctuate. It is anticipated that the Developer will partially pay down a portion of the debt associated with each lot at time of closing with the Builder in order to achieve targeted assessment levels of \$1,000, and \$1,250 per annum for the 40' and 50' lots, respectively. The total aggregate anticipated paydown in association with such targeted assessment levels is approximately \$2,750,000.

Residents of the Development will be subject to a mandatory HOA fee of \$1,200.00 (\$900 annual HOA and \$300 start-up fee) per residential unit, which is subject to change. In addition to the Series 2022 Special Assessments, the District levies operational and maintenance assessments (“O&M Assessments”), which are derived from the District's annual budget and are subject to change each year. The current Fiscal Year 2022 O&M Assessments are \$696[†] per unit for single-family detached 40' units and \$869[†] per unit for single-family detached 50' units. Residents of the Development will also be subject to annual ad valorem property taxes. The current, aggregate millage rate for the area of the County and the City where the District is located is approximately 23.0790 mills. These taxes will be payable in addition to the HOA fees, the Series 2022 Special Assessments, the O&M Assessments and any other assessments levied by the District. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the City, the County and the School Board of Polk County each levy ad valorem taxes upon the lands in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities on the District Lands. It is possible that in future years taxes levied by these other entities could be substantially higher than in 2021.

Amenities

Various amenities planned within the Development will provide families the opportunity to create their own lifestyle and include, pedestrian trails, a playground, a tot-lot area, passive parks, benches, pool/cabana, and landscaping/hardscaping/lighting and irrigation within all of these areas. Under the Horton Contract, the Developer is obligated to construct a pool and cabana amenity at a cost up to \$500,000. Any other amenity improvements are expected to be funded directly by the Developer.

Competition

The information appearing below is a brief description of the active communities within a 5-mile radius that the Developer believes pose primary competition to the Development.

Such list of competitive communities is not exhaustive and does not purport to describe all active or planned amenitized master planned communities in the area of the Development which may draw from the same target market as the Development.

Heritage Hills: Heritage Hills is located approximately 3 miles west of the Development and is being constructed with lot sizes ranging from 40' to 50' wide single-family lots with home prices ranging from the \$300,000's to \$400,000's.

Hilltop Point: is located approximately 1 mile west of the Development and is nearly built out, with lot sizes averaging 50' wide and home prices ranging from the mid \$300,000's to \$400,000's.

Developer Agreements

The Developer will enter into a completion agreement that will obligate the Developer to complete any portions of the District's Capital Improvement Plan related to Assessment Area One not funded with proceeds of the Series 2022 Bonds.

In addition, the Developer will execute and deliver to the District a Collateral Assignment and Assumption of Development Rights (the “Collateral Assignment”), pursuant to which the Developer and the Development Manager will collaterally assign to the District, to the extent assignable and to the extent that they are solely owned or controlled by the Developer, certain development rights relating to Assessment Area One. Notwithstanding such Collateral Assignment, in the event the District forecloses on

[†] Includes 6% for discounts and collections allowed by Florida law.

the lands subject to the Series 2022 Assessments within Assessment Area One as a result of the Developer's or subsequent developers' failure to pay such Series 2022 assessments, there is a risk that the District will not have all permits and entitlements necessary to complete the Assessment Area One Project or the development of any other portions of the Development..

Finally, the Developer will initially enter into a True-Up Agreement in connection with its obligations to pay true-up payments in the event that debt levels remaining on unplatted lands increase above the maximum debt levels set forth in the Assessment Methodology Report. The Assessment Methodology Report also provides a mechanism for calculation of any true-up payments that might otherwise be due in connection with the bulk sale of phases by the Developer to builders. See “APPENDIX D: ASSESSMENT METHODOLOGY REPORT” attached hereto for additional information regarding the “true-up mechanism.”

Such obligations of the Developer or any future builders, as applicable, are unsecured obligations. The Developer is a special-purpose entity whose assets consist primarily only of its interests in the Development. See “BONDOWNERS' RISKS” herein and “THE DEVELOPER” herein for more information regarding the Developer.

THE DEVELOPER

Hawk Highland, LLC, a Delaware limited liability company (the “Developer”), acquired the lands comprising the Development in March of 2022. The Developer is wholly owned and controlled by its sole member, Hawk Land Investors New, LLC, a Delaware limited liability company (“Hawk FL”). The membership interests in Hawk FL are owned by Len-Land, LLC, a Delaware limited liability company (40%) and Hawk Holdings One, LLC, a Delaware limited liability company (60%) (“Hawk Holdings”). Len-Land, LLC is ultimately owned and controlled by an entity that is wholly owned by Lennar Corporation. Hawk Holdings is ultimately owned and controlled by entities that are wholly owned by Mr. John M. Ryan. Under the Operating Agreement governing the Developer (the “Operating Agreement”), the Developer is manager-managed by Mr. John M. Ryan, and subject to the terms of the Operating Agreement, Mr. Ryan as manager is responsible for managing the operations of Hawk FL on a day-to-day basis. See “THE DEVELOPMENT – Builder Contract and Participating Builder” hereinabove for more information regarding Lennar Corporation.

The Development Manager

Under the terms of a Development Agreement (the “Development Agreement”), the Developer has engaged [Substantia II, LLC], a Delaware limited liability company (the “Development Manager”) for the purpose of overseeing the day-to-day activities of, among other things, the Development, including planning, entitlement, lot development, sales activities, and to act as the contracting party for third party vendors necessary for the Development, all subject to the terms of the Development Agreement.

The Development Manager utilizes a team of experienced real estate professionals located in Tampa, Florida that has significant hands-on experience developing large master planned residential communities. Those individuals include John M. Ryan, Robert Ahrens and Michael Lawson. This team has led the development of over 36,000 single family lots and has been selected to manage multiple projects in the current market. The Development Manager is controlled by Mr. John M. Ryan, and the Development Manager is ultimately owned, through other, affiliated entities (the “Development Manager Affiliates”), by Mr. Ryan’s family. Such Development Manager Affiliates are also managed by Mr. Ryan, either through Metro Development Group LLC, a Delaware limited liability company, the Ryan Group, LLC, a Delaware limited liability company, or other affiliated entities.

The following are biographies of the management team and key personnel utilized by the Development Manager that will oversee development of the Development.

John M. Ryan: John Ryan is the sole manager of the Development Manager. Prior to the Development Manager, Mr. Ryan had a successful career in Canadian real estate development in Toronto and real estate development in Florida. Mr. Ryan's rare combination of big picture vision and attention to detail, along with his extensive experience in residential and commercial development and hands-on approach to every project the company undertakes, have helped Development Manager and its affiliates become a premier land developer. Mr. Ryan has successfully and simultaneously managed development companies in Canada and the United States. Mr. Ryan holds a degree in Civil Engineering from Queens University, Kingston, Ontario.

Robert Ahrens: Mr. Ahrens was previously a Senior Vice President at KB Home in charge of acquisition and development. As a Division President for Lennar Homes, Mr. Ahrens managed assets in excess of \$200 million, and as a Vice President at Arvida, Mr. Ahrens directed a 10,000-acre development, the single largest asset in the company's history. Mr. Ahrens responsibilities for the Development Manager include identifying and negotiating new opportunities.

Michael Lawson: Mr. Lawson serves as the Managing Director of Land Development for the Development Manager and oversees all aspects of land development and entitlement for the Development Manager. Mr. Lawson was a pioneer in the formation and financing of Community Development Districts, and has three decades of experience rising through the ranks of two of the nation's preeminent homebuilders, U.S. Home and Lennar Homes, ultimately having become a Division President. Mr. Lawson holds an accounting degree from Florida Southern.

Below are residential projects associated with the Development Manager's management team:

Project Name	County	Total Lots	Status	Completed/Expected Completion Date	Project Type*
Ashburn Square	Hillsborough	298	Completed	9/30/2007	TH
Boyette Creek	Hillsborough	556	Completed	6/30/2005	SFD
Cypress Creek	Hillsborough	1,197	Completed	12/31/2020	SFD/TH
Sereno	Hillsborough	650	Active	12/31/2021	SFD
Hidden River	Hillsborough	1,700	Active	12/31/2021	SFD/TH
Interbay	Hillsborough	297	Completed	6/30/2007	SFD
Palm River	Hillsborough	300	Completed	12/31/2007	TH
Park Creek	Hillsborough	326	Active	12/31/2018	SFD
South Fork East	Hillsborough	757	Completed	12/31/2008	SFD
South Fork West	Hillsborough	939	Completed	3/1/2007	SFD
Southbay	Hillsborough	274	Completed	9/30/2006	SFD
Spencer II	Hillsborough	139	Completed	6/30/2006	SFD
Tuscany Bay	Hillsborough	150	Completed	12/31/2020	SFD
Vogel	Hillsborough	372	Completed	6/30/2006	SFD
Westlake Village	Hillsborough	940	Active	12/31/2021	SFD/TH
South Oak	Manatee	45	Completed	12/31/2014	SFD
Emmer	Manatee	128	Permitting	12/31/2022	TH
Mixon	Manatee	1,356	Active	12/31/2021	SFD
Angeline	Pasco	7,500	Active	12/31/2032	SFD/TH
Chapel Pines	Pasco	614	Completed	5/31/2006	SFD
Epperson	Pasco	1,999	Active	12/31/2022	SFD/TH
Epperson North	Pasco	1,856	Active	12/31/2023	SFD/TH
Hidden River	Pasco	325	Completed	12/31/2020	SFD
Meadow Ridge	Pasco	658	Active	12/31/2023	TH
Mirada	Pasco	5,150	Active	12/31/2025	SFD/TH
Serengeti	Pasco	164	Active	12/31/2025	SFD
Silverado Ranch	Pasco	502	Active	12/31/2019	SFD
Sterling Glen/Morningside	Pasco	1,136	Permitting	12/31/2025	SFD
Summer Chase	Pasco	117	Completed	12/31/2014	SFD
Union Park	Pasco	1,800	Active	12/31/2023	SFD/TH
Woody Woods	Pasco	90	Completed	4/30/2005	TH
Zephyr Lakes	Pasco	525	Permitting	12/31/2021	SFD/TH
Fox Branch Ranch	Polk	1,817	Permitting	12/31/2022	SFD/TH
Hampton Hills South	Polk	911	Active	12/31/2019	SFD/TH
Oak Landing	Polk	96	Completed	6/30/2006	SFD
Squire Groves	Polk	357	Completed	12/31/2020	SFD
Total		36,041			

* SFD = Single-Family Development; TH = Townhome

Neither the Developer, the Development Manager, nor any of the individuals or entities listed above is guaranteeing payment of the Series 2022 Bonds or payment of the Series 2022 Assessments.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as Appendix B hereto, the interest on the Series 2022 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under existing statutes, regulations, rulings and court decisions. Failure by the District to comply subsequently to the issuance of the Series 2022 Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), including but not limited to requirements regarding the use, expenditure and investment of Series 2022 Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2022 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The District has covenanted to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2022 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2022 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2022 Bonds and the payment of certain arbitrage earnings in excess of the “yield” on the Series 2022 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2022 Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2022 Bonds. Prospective purchasers of the Series 2022 Bonds should be aware that the ownership of the Series 2022 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2022 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2022 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2022 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2022 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2022 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 SERIES 2022 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Florida Taxes

In the opinion of Bond Counsel, the Series 2022 Bonds and interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

Other Tax Matters

Interest on the Series 2022 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2022 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2022 Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2022 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2022 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2022 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2022 Bonds.

On February 23, 2016, the Internal Revenue Service issued a notice of proposed rulemaking (the “Proposed Regulations”) and notice of public hearing containing proposed regulations that provided guidance regarding the definition of political subdivision for purposes of the rules for tax-exempt bonds, including determinations of entities that are valid issuers of tax-exempt bonds. On October 4, 2017, the Treasury Department (“Treasury”) announced that it would withdraw the proposed regulations, stating that, “while Treasury and the IRS continue to study the legal issues relating to political subdivisions, Treasury and the IRS currently believe that these proposed regulations should be withdrawn in their entirety, and plan to publish a withdrawal of the proposed regulations shortly in the Federal Register. Treasury and the IRS may propose more targeted guidance in the future after further study of the relevant legal issues.” The Proposed Regulations were officially withdrawn on October 20, 2017. See also “BONDOWNERS’ RISKS – No. 11”.

Original Issue Discount

Certain of the Series 2022 Bonds (the “Discount Bonds”) may be offered and sold to the public at an original issue discount, which is the excess of the principal amount of the Discount Bonds over the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity was sold. Original issue discount represents interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2022 Bonds. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded semi-annually. A purchaser who acquires a Discount Bond at the initial offering price thereof to the public 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 prepayment, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners 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, prepayment or other disposition of such Discount Bonds and with respect to the state and local tax consequences of owning and disposing of such Discount Bonds.

Bond Premium

Certain of the Series 2022 Bonds (the “Premium Bonds”) may be offered and sold to the public at a price in excess of the principal amount of such Premium Bond, which excess constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Bonds which term ends on the earlier of the maturity or call date for each Premium Bond which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

AGREEMENT BY THE STATE

Under the Act, the State pledges to the holders of any bonds issued thereunder, including the Series 2022 Bonds, that it will not limit or alter the rights of the District 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 the Series 2022 Bonds are legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency, instrumentality, county, municipality or other political subdivision of the State, and constitute securities which may be deposited by banks or trust companies as security for deposits of state, county, municipal or other public funds, or by insurance companies as required or voluntary statutory deposits.

SUITABILITY FOR INVESTMENT

In accordance with applicable provisions of Florida law, the Series 2022 Bonds may initially be sold by the District only to “Accredited Investors” within the meaning of Chapter 517, Florida Statutes and the rules promulgated thereunder. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfers in any secondary market for the Series 2022 Bonds. Investment in the Series 2022 Bonds poses certain economic risks. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum. Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Series 2022 Bonds. Prospective investors are encouraged to

request such additional information, visit the District and ask such questions. Such requests should be directed to the Underwriter at: FMSbonds, Inc., 20660 W. Dixie Highway, North Miami Beach, Florida 33180.

ENFORCEABILITY OF REMEDIES

The remedies available to the Owners of the Series 2022 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 Series 2022 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 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 enacted before or after such delivery.

LITIGATION

The District

There is no litigation pending or, to the knowledge of the District, threatened, against the District of any nature whatsoever which in any way questions or affects the validity of the Series 2022 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the execution of the Indenture. Neither the creation, organization or existence of the District, nor the title of the present members of the Board or the District Manager is being contested.

The Developer

The Developer has represented that there is no litigation of any nature now pending or, to the knowledge of the Developer, threatened, which could reasonably be expected to have a material and adverse effect upon the ability of the Developer to complete the Development as described herein, materially and adversely affect the ability of the Developer to pay the Series 2022 Assessments imposed against the land within the District owned by the Developer or materially and adversely affect the ability of the Developer to perform its various obligations described in this Limited Offering Memorandum.

CONTINGENT FEES

The District has retained Bond Counsel, District Counsel, the Methodology Consultant, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Series 2022 Bonds. Except for the payment of fees to District Counsel and the Methodology Consultant, the payment of fees of the other professionals is each contingent upon the issuance of the Series 2022 Bonds. The Methodology Consultant has an agreement with the District whereby as part of the scope of services offered by the Methodology Consultant, the Methodology Consultant may pay certain fees to entities affiliated with the Development Manager for support and/or consulting services offered by such entities in connection with the delivery of services by the Methodology Consultant.

NO RATING

No application for a rating for the Series 2022 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2022 Bonds would have been obtained if application had been made

EXPERTS

The Engineer's Report attached hereto as APPENDIX C to this Limited Offering Memorandum has been prepared by the District Engineer. APPENDIX C should be read in its entirety for complete information with respect to the subjects discussed therein. The Methodology Consultant has prepared the Assessment Methodology Report attached hereto as APPENDIX D. APPENDIX D should be read in its entirety for complete information with respect to the subjects discussed therein.

FINANCIAL INFORMATION

The District has covenanted in the form of Continuing Disclosure Agreement set forth in APPENDIX E attached hereto to provide its annual audited financial statements to certain information repositories as described in Appendix E, commencing with the audit for the District fiscal year ended September 30, 2022. [The District was established in 2020 and since that time, it has not met the requirements necessary under Florida law to prepare audited financial statements.] The Series 2022 Bonds are not general obligation bonds of the District and are payable solely from the Series 2022 Trust Estate as described in the Indenture.

Beginning October 1, 2015, each community development district in Florida must have a separate website with certain information as set forth in Section 189.069, Florida Statutes. Under such statute, each district must post its proposed budget and final budget and a link to the auditor general's website (and the district's audit) on a district website or the website of the municipal or county government. The District currently has a website in place and is presently in compliance with the statutory guidelines which became effective on October 1, 2015.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder 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 only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private business).

The District is not and has not ever been in default as to principal and interest on its bonds or other debt obligations. The issuance of the Series 2022 Bonds will be the first bond issuance of the District.

CONTINUING DISCLOSURE

To assist the Underwriter in complying with Rule 15c2-12 (the "Rule"), simultaneously with the issuance of the Series 2022 Bonds, the District and the Developer will enter into the Continuing Disclosure Agreement substantially in the form attached hereto as APPENDIX E. The District and the Developer, each as an "obligated person" under the Rule, have covenanted in the Continuing Disclosure Agreement to

provide certain financial information and operating data relating to the Series 2022 Bonds (the “Report”), and to provide notices of the occurrence of certain enumerated events. The Report and notices of certain enumerated events, when and if they occur, shall be timely filed by the District and the Developer, in conjunction with the Dissemination Agent under the Continuing Disclosure Agreement with the Electronic Municipal Market Access system (“EMMA”). The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the District’s and the Developer’s respective undertakings are more fully described in “APPENDIX E: FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto. Under certain circumstances, the failure of the District or the Developer to comply with their respective obligations under the Continuing Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an Event of Default under the Indenture, but such event of default under the Continuing Disclosure Agreement would allow the Series 2022 Bondholders (including owners of beneficial interests in such Series 2022 Bonds), as applicable, to bring an action to compel performance.

With respect to the Series 2022 Bonds, no parties other than the District and the Developer are obligated to provide, nor are expected to provide, any continuing disclosure information. [The District nor the Developer have previously entered to any continuing disclosure undertakings.]

With respect to the Continuing Disclosure Agreement related to the Series 2022 Bonds, the District has selected Lerner Reporting Services, Inc. to act as Dissemination Agent thereunder.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”), has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Series 2022 Bonds from the District at a purchase price of \$ _____ (par amount of the Series 2022 Bonds, plus/minus original issue premium/discount of \$ _____ and less an Underwriter’s discount of \$ _____). The Underwriter’s obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the Series 2022 Bonds if they are purchased.

The Underwriter intends to offer the Series 2022 Bonds to Accredited Investors at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Series 2022 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

VALIDATION

The Series 2022 Bonds were validated by a Final Judgment of the Sixth Judicial Circuit Court in and for Pasco County, Florida issued on []. The period for appeal of the judgment of validation of such Series 2022 Bonds has expired with no appeals being taken.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the Series 2022 Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel Straley Robin Vericker, Tampa, Florida, for the Developer by its counsel, Shutts & Bowen, LLP, Florida, for the Underwriter by its counsel, Aponte &

Associates Law Firm, P.L.L.C., Orlando, Florida, and for the Trustee by its counsel, Holland & Knight LLP, Miami, Florida.

The opinions to be delivered at closing of the Series 2022 Bonds, including the opinions of Bond Counsel, counsel to the Trustee, counsel to the Underwriter, and counsel to the District, are all based on existing law, which is subject to change. Such opinions are further based on factual representations made to such counsels as of the date of issuance of the Series 2022 Bonds. No such counsel that will be delivering an opinion at closing of the Series 2022 Bonds, will have assumed a duty to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to such counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, the opinions that will be delivered are not a guarantee of a particular result, and are not binding on the IRS, the courts, or any other third party. Rather, such opinions represent each independent 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 opinion.

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 Series 2022 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 is submitted in connection with the sale of the Series 2022 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 Beneficial Owners of any of the Series 2022 Bonds.

AUTHORIZATION AND APPROVAL

The execution and delivery of this Limited Offering Memorandum has been duly authorized by the Board of Supervisors of the District.

HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT

By: _____
Michael Lawson
Chairperson, Board of Supervisors

APPENDIX A

FORMS OF MASTER INDENTURE AND FIRST SUPPLEMENT

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

APPENDIX C
ENGINEER'S REPORT

APPENDIX D

ASSESSMENT METHODOLOGY REPORT

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX F

MAP OF THE DEVELOPMENT AND AERIAL OF THE DEVELOPMENT

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (the “Disclosure Agreement”) dated as of [] is executed and delivered by **HIGHLAND TRAILS COMMUNITY DEVELOPMENT DISTRICT** (the “District” or the “Issuer”), and **[DEVELOPER]**, a Florida limited liability company (the “Developer”), and **LERNER REPORTING SERVICES, INC.**, a Florida corporation (the “Dissemination Agent”) in connection with the issuance of \$[] Highland Trails Community Development District Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One) (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Indenture dated as of [], 2022 (the “Master Indenture”), as supplemented by a First Supplemental Trust Indenture dated as of [], 2022 (the “First Supplemental Indenture” and collectively with the Master Indenture, the “Indenture”) each between the District and U.S. Bank National Association, as trustee (the “Trustee”). The District, the Developer and the Dissemination Agent covenant and agree as follows:

1. **Purpose of this Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer, the Developer and the Dissemination Agent for the benefit of the Beneficial Owners (as defined herein) of the Bonds and to assist the Participating Underwriter (as defined herein) of the Bonds in complying with the Rule (as defined herein). The Issuer has no reason to believe that this Disclosure Agreement does not satisfy the requirements of the Rule and the execution and delivery of this Disclosure Agreement is intended to comply with the Rule. To the extent it is later determined by a court of competent jurisdiction, a governmental regulatory agency, or an attorney specializing in federal securities law, that the Rule requires the Issuer or other Obligated Person to provide additional information, the Issuer and each Obligated Person 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 Issuer, 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 Issuer, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. **Definitions.** Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indenture. The following capitalized terms as used in this Disclosure Agreement shall have the following meanings:

“Annual Filing Date” means the date set forth in Section 3(a) hereof by which the Annual Report is to be filed with each Repository.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i)(A) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessment Area One” shall mean that portion of the District lands subject to the Assessments.

“Assessments” shall mean the Series 2022 Assessments pledged to the payment of the Bonds pursuant to the First Supplemental 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.

“Audited Financial Statements Filing Date” means the date set forth in Section 3(a) hereof by which the Audited Financial Statements are to be filed with each Repository if the same are not included as part of the Annual Report.

“Beneficial Owner” shall mean any person which, (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” means any day other than (a) a Saturday, Sunday or a day on which banks located in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close for business, and (b) a day on which the New York Stock Exchange is closed.

“Disclosure Representative” shall mean (i) as to the Issuer, the District Manager or its designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing information to the Dissemination Agent; and (ii) as to each entity comprising an Obligated Person (other than the Issuer), the individuals executing this Disclosure Agreement on behalf of such entity or such person(s) as such entity 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 the Issuer or an entity appointed by the Issuer to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer pursuant to Section 8 hereof. Lerner Reporting Services, Inc., has been designated as the initial Dissemination Agent hereunder.

“District Manager” shall mean Artemis Connected, LLC d/b/a Breeze, and its successors and assigns.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures located at <http://emma.msrb.org/>.

“EMMA Compliant Format” shall mean a format for any document provided to the MSRB which is in an electronic format and is accompanied by identifying information, all as prescribed by the MSRB.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with 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 that Limited Offering Memorandum dated [], 2022 prepared in connection with the issuance of the Bonds.

“Listed Events” shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person(s)” shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the Issuer, and for the purposes of this Disclosure Agreement, the Developer, and its affiliates for so long as the Developer or its affiliates are the owner of District lands responsible for payment of at least 20% of the Assessments.

“Participating Underwriter” shall mean FMSbonds, Inc.

“Quarterly Filing Date” shall mean for the quarter ending: (i) March 31, each May 1; (ii) June 30, each August 1; (iii) September 30, each November 1; and (iv) December 31, each February 1 of the following year. The first Quarterly Filing Date shall be [], 2022.

“Quarterly Report” shall mean any Quarterly Report provided by any Obligated Person (other than the Issuer) pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Repository” shall mean each entity authorized and approved by the SEC (as hereinafter defined) from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal. As used herein, “Repository” shall include the State Repository, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same has and may be amended from time to time.

“SEC” means the Securities and Exchange Commission.

“State” shall mean the State of Florida.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for purposes of the Rule.

3. **Provision of Annual Reports.**

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent no later than one hundred eighty (180) days after the close of the Issuer's Fiscal Year (the “Annual Filing Date”), commencing with the Annual Report for the Fiscal Year ended [September 30, 2022]. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided that* the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report, and may be submitted in accordance with State law, which currently requires such Audited Financial Statements to be provided up to, but no later than, nine (9) months after the close of the Issuer's Fiscal Year (the “Audited Financial Statements Filing Date”). The Issuer shall, or shall cause the Dissemination Agent to, provide to the Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty (30) days after the same becomes available, but in no event later than the Annual Filing Date or Audited Financial Statements Filing Date, as applicable. If the Issuer's Fiscal Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 6.

(b) If on the fifteenth (15th) day prior to each Annual Filing Date or Audited Financial Statements Filing Date, as applicable, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be via email) to remind the Issuer of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report or the Audited Financial Statements, as applicable, in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report or Audited Financial Statements, as applicable, within the times required under this Disclosure Agreement, state the date by which the Annual Report or the Audited Financial Statements for such year, as applicable, will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 6(a)(xv) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) If the Dissemination Agent has not received an Annual Report by 12:00 noon on the first (1st) Business Day following the Annual Filing Date for the Annual Report or the Audited Financial Statements by 12:00 noon on the first (1st) Business Day following the Audited Financial Statements Filing Date for the Audited Financial Statements, then a Listed Event as described in Section 6(a)(xv) shall have occurred and the Dissemination Agent shall immediately send a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the Annual Filing Date the name, address and filing requirements of the Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Issuer stating that the Annual Report or Audited Financial Statements has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing all Repositories with which it was filed.

(e) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an EMMA Compliant Format.

4. **Content of Annual Reports.**

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the following:

(i) The amount of Assessments levied in Assessment Area One for the most recent prior Fiscal Year.

(ii) The amount of Assessments collected in Assessment Area One from the property owners during the most recent prior Fiscal Year.

(iii) If available, the amount of delinquencies in Assessment Area One greater than one hundred fifty (150) days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of the Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold for lands within Assessment Area One, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) All fund balances in all Funds and Accounts for the Bonds.

(vi) The total amount of Bonds Outstanding.

(vii) The amount of principal and interest to be paid on the Bonds in the current Fiscal Year.

(viii) The most recent Audited Financial Statements of the Issuer.

(ix) Any amendment or waiver of provisions hereof as described in Section 9 hereof.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the Audited Financial Statements referred to in subsection (viii) above, they do not have to be separately set forth (unless Audited Financial Statements are being delivered more than 180 days after the close of the Issuer's Fiscal Year pursuant to Section 3(a) hereof). Any or all of the items listed above may be incorporated by reference from other documents, including limited offering memorandums and official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final

limited offering memorandum or official statement, it must be available from the MSRB. The Issuer 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.

5. **Quarterly Reports.**

(a) Each Obligated Person (other than the Issuer) shall provide an electronic copy of the Quarterly Report to the Dissemination Agent no later than fifteen (15) days prior to the Quarterly Filing Date. Promptly upon receipt of an electronic copy of the Quarterly Report, but in any event within ten (10) days after receipt thereof, the Dissemination Agent shall provide a Quarterly Report to the Repository.

(b) Each Quarterly Report shall contain an update of the following information to the extent available for Assessment Area One and the Bonds:

(i) The number of lots in Assessment Area One subject to the Assessments.

(ii) The number of lots owned in Assessment Area One by the Obligated Person.

(iii) The number of lots platted in Assessment Area One.

(iv) The number of lots in Assessment Area One owned by the Obligated Person under contract with a home builder and the name of such builder.

(v) The number of lots in Assessment Area One owned by the Obligated Person closed with a home builder and the name of such builder.

(vi) The number of homes constructed in Assessment Area One by any builder.

(vii) The number of homes under contract with homebuyers by builders in Assessment Area One, and the name of such builder.

(viii) The number of homes closed with homebuyers (delivered to end users) in Assessment Area One or, if applicable and available, the number of homes that have been rented to end users within any tract in Assessment Area One that is actively being rented to end users.

(ix) Any change to the number of lots planned to be developed in Assessment Area One by the Obligated Person.

(x) Construction status of any amenity improvements within the Development.

(xi) Materially adverse changes or determinations to permits/approvals for the development of Assessment Area One which necessitate changes to the land use plans of any Obligated Person.

(xii) The occurrence of any new or modified mortgage debt on the land owned by the Obligated Person in Assessment Area One, including the amount, interest rate and terms of repayment.

(c) If an Obligated Person sells, assigns or otherwise transfers ownership of real property in Assessment Area One (a “Transferor Obligated Person”) to a third party, which will in turn be an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a “Transfer”), the Transferor Obligated Person hereby agrees to use its best efforts to contractually obligate such third party to agree to comply with the disclosure obligations of an Obligated Person 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 Transferor Obligated Person shall notify the District and the Dissemination Agent in writing of any Transfer within five (5) Business Days of the occurrence thereof. In the event that the Transferor Obligated Person remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Transferor Obligated Person from its obligations hereunder.

(d) If the Dissemination Agent has not received a Quarterly Report from each Obligated Person that contains, at a minimum, the information in Section 5(b) of this Disclosure Agreement by 12:00 noon on the first (1st) Business Day following each Quarterly Filing Date, a Listed Event described in Section 6(a)(xv) shall have occurred and the District and each Obligated Person hereby direct the Dissemination Agent to send a notice to the Repository in substantially the form attached as Exhibit A, with a copy to the District. The Dissemination Agent shall file such notice no later than thirty (30) days following the applicable Quarterly Filing Date.

6. **Reporting of Significant Events.**

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following Listed Events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on the Series 2022 Reserve Account reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;*
- (v) Substitution of credit or liquidity providers, or their failure to perform;*

* Not applicable to the Bonds at their date of issuance.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of Bond holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material (including property leased, mortgaged or pledged as such security). The sale of any real property owned by an Obligated Person within the District in the ordinary course of the Obligated Person's respective business shall not be a Listed Event for purposes of the foregoing;

(xi) Rating changes;*

(xii) Bankruptcy, insolvency, receivership or similar event of the Issuer 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 Issuer 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 Issuer or any Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or any Obligated Person);

(xiii) Consummation of a merger, consolidation, or acquisition involving the Issuer or any Obligated Person or the sale of all or substantially all of the assets of the Issuer 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;

(xiv) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material;

(xv) Failure to provide (A) any Annual Report or Audited Financial Statements as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 4(a) of this Disclosure Agreement, or (B) any Quarterly Report that contains, in all material respects, the information required to be included therein under Section 5(b) of this Disclosure Agreement, which failure shall, in all cases, be deemed material under federal securities laws;

(xvi) Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other

similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material; and

(xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the above subsection (a) Listed Events 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 its occurrence, with the exception of the Listed Event described in Section 6(a)(xv), which notice will be given in a timely manner. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below. Such notice shall identify the Listed Event that has occurred, include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) Business Day after the occurrence of the Listed Event or such earlier time period as required under this Disclosure Agreement).

(c) Each Obligated Person (other than the Issuer) shall notify the Issuer of the occurrence of a Listed Event described in subsections (a)(x), (xii), (xiii), (xv), (xvi), and (xvii) above as to such Obligated Person within five (5) Business Days after the occurrence of the Listed Event so as to enable the Issuer to comply with its obligations under this Section 6.

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with each Repository.

(e) The Developer and District hereby represent and warrant that, except as may be set forth in the Limited Offering Memorandum, it has not previously failed to comply in any material respect with its disclosure obligations under any continuing disclosure agreement entered into by the Developer or the District, as applicable, in connection with a prior offering of securities in order to enable the Underwriter of said securities to comply with the provisions of the Rule.

7. **Termination of Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

8. **Dissemination Agent.** Upon termination of the Dissemination Agent's services as Dissemination Agent, whether by notice of the Issuer or the Dissemination Agent, the Issuer agrees to appoint a successor Dissemination Agent or, alternatively, agrees to assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. If at any time there is not any other designated Dissemination Agent, the District shall be deemed to be the Dissemination Agent. Notwithstanding any replacement or appointment of a

successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent hereunder. The initial Dissemination Agent shall be Lerner Reporting Services, Inc. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of Lerner Reporting Services, Inc. Lerner Reporting Services, Inc., may terminate its role as Dissemination Agent at any time upon delivery of thirty (30) days prior written notice to the District and each Obligated Person.

9. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment and/or waiver in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(b); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding the above provisions of this Section 9, no amendment to the provisions of Section 5(b) hereof may be made without the consent of each Obligated Person, if any.

10. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

11. **Default.** In the event of a failure of the Issuer, the Disclosure Representative, any Obligated Person or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Beneficial Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Disclosure Representative, any Obligated

Person, or a Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by any Obligated Person shall not be deemed a default by the Issuer hereunder and no default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Disclosure Representative, any Obligated Person, or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

12. **Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement between the District, the Developer and such Dissemination Agent. The Dissemination Agent shall have no obligation to notify any other party hereto of an event that may constitute a Listed Event. The District, each Obligated Person and the Disclosure Representative covenant 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, the Developer and the Disclosure Representative acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, Obligated Person(s), the Disclosure Representative 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, any Obligated Person or the Disclosure Representative as thereafter disseminated by the Dissemination Agent. Any filings under this Disclosure Agreement made to the MSRB through EMMA shall be in an EMMA Compliant Format.

13. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Developer, the Dissemination Agent, the Trustee, the Participating Underwriter and the Beneficial Owners of the Bonds (the Dissemination Agent, Participating Underwriter and Beneficial Owners of the Bonds being hereby deemed express third party beneficiaries of this Disclosure Agreement), and shall create no rights in any other person or entity.

14. **Tax Roll and Budget.** Upon the request of the Dissemination Agent, the Trustee or any Bondholder, the Issuer, through its District Manager, if applicable, agrees to provide such party with a certified copy of its most recent tax roll provided to the Pasco County Tax Collector and the Issuer's most recent adopted budget.

15. **Governing Law.** The laws of the State of Florida and Federal law shall govern this Disclosure Agreement and venue shall be any state or federal court having jurisdiction in Pasco County, Florida.

16. **Counterparts.** This Disclosure Agreement may be executed in several counterparts and by PDF signature and all of which shall constitute but one and the same instrument.

17. **Trustee Cooperation.** The Issuer represents that the Dissemination Agent is a bona fide agent of the Issuer and the Issuer instructs the Trustee to deliver to the Dissemination Agent at the expense of the Issuer, any information or reports, which are readily available to and in the possession of the Trustee, and which the Dissemination Agent requests in writing.

18. **Binding Effect.** This Disclosure Agreement shall be binding upon each party to this Disclosure Agreement and upon each successor and assignee of each party to this Disclosure Agreement and shall inure to the benefit of, and be enforceable by, each party to this Disclosure Agreement and each successor and assignee of each party to this Disclosure Agreement. Notwithstanding the foregoing, as to the Developer or any assignee or successor thereto that becomes an Obligated Person pursuant to the terms of this Disclosure Agreement, only successor or assignees to such parties who are, by definition, Obligated Persons, shall be bound or benefited by this Disclosure Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

**HIGHLAND TRAILS COMMUNITY
DEVELOPMENT DISTRICT, AS ISSUER**

[SEAL]

By: _____
Chairperson, Board of Supervisors

ATTEST:

By: _____
Assistant Secretary

[DEVELOPER], AS DEVELOPER

By: _____
Name: _____
Title: _____

**LERNER REPORTING SERVICES, INC., AS
DISSEMINATION AGENT**

By: _____
Name: _____
Title: _____

CONSENTED TO AND AGREED TO BY:

DISTRICT MANAGER

**ARTEMIS CONNECTED, LLC D/B/A
BREEZE, AS DISTRICT MANAGER**

By: _____
Name: _____
Title: _____

Acknowledged and agreed to for purposes of
Sections 11, 13 and 17 only:

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

By: _____

Name: _____

Title: _____

EXHIBIT A

**FORM OF NOTICE TO REPOSITORIES OF FAILURE
TO FILE [ANNUAL REPORT]
[AUDITED FINANCIAL STATEMENTS][QUARTERLY REPORT]**

Name of Issuer: Highland Trails Community Development District

Name of Bond Issue: Highland Trails Community Development District \$[] Capital Improvement Revenue Bonds, Series 2022 (Assessment Area One)

Obligated Person(s): Highland Trails Community Development District; [Developer]

Original Date of Issuance: [], 2022

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the [Issuer][Obligated Person] has not provided an [Annual Report] [Audited Financial Statements] [Quarterly Report] with respect to the above-named Bonds as required by [Section 3] [Section 5] of the Continuing Disclosure Agreement dated [] by and between the Issuer, the Developer and the Dissemination Agent named therein. The [Issuer][Obligated Person] has advised the undersigned that it anticipates that the [Annual Report] [Audited Financial Statements] [Quarterly Report] will be filed by _____, 20____.

Dated: _____

_____, as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT 2

**INTERLOCAL AGREEMENT BETWEEN HIGHLAND TRAILS CDD
AND THE PASCO COUNTY PROPERTY APPRAISER
REGARDING NON-AD VALOREM AND/OR SPECIAL ASSESSMENTS**

THIS INTERLOCAL AGREEMENT made and entered into in duplicate this May 3, 2022 by and through its Board of Directors, hereinafter referred to as "District", and Mike Wells in his official capacity as Property Appraiser of Pasco County, Florida, hereinafter referred to as the "Property Appraiser". For the purposes of this agreement non-ad valorem assessments and special assessments are hereinafter referred to as "non-ad valorem assessments".

WITNESSETH

WHEREAS, the District is authorized to impose non-ad valorem assessments and by resolution has expressed its' intent to use the uniform method of notice, levy, collection, and enforcement of such assessments, as authorized pursuant to chapter 197, Florida Statutes; and,

WHEREAS, chapter 197, Florida Statutes, requires that the District enter into a written agreement with the Property Appraiser for reimbursement of necessary administrative costs incurred implementing the uniform method; and,

WHEREAS, chapter 197, Florida Statutes, provides that the District shall compensate the Property Appraiser for necessary administrative costs, and,

WHEREAS, the District and the Property Appraiser agreed to include the non-ad valorem assessments on the Notice of Proposed Property Taxes (also known as the Truth-in-Millage notice or TRIM) and,

WHEREAS, a separate agreement between the District and the Pasco County Tax Collector must be entered into that expresses the responsibility of the Pasco County Tax Collector and the District regarding the uniform method of notice, levy, collection, and enforcement of such assessments, as authorized pursuant to chapter 197, Florida Statutes before this agreement becomes serviceable.

NOW, THEREFORE, in consideration of the mutual covenants and convictions herein set forth, the parties hereby agree as follows:

1. The District will impose non-ad valorem assessments using the uniform method of levy, collection, and enforcement under the provisions of chapter 197, Florida Statutes.

2. The District agrees to reimburse the Property Appraiser for necessary administrative costs pursuant to section 197.3632 (2), Florida Statutes, including, but not limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, programming, and postage. For the 2022 budget year, the parties hereto agree that the District will fund the Property Appraiser's general budget in the amount of Seven Hundred Fifty Dollars (\$750.00), for administrative costs associated with the establishment of the non-ad valorem assessment district and for amending non-ad valorem district boundaries. Thereafter there will be an annual fee of One Hundred Fifty Dollars (\$150.00) for the annual inclusion on the Notice of Proposed Property taxes as defined in this agreement. Such administrative costs include but are not limited to, costs incurred for providing information to the District for the development of the non-ad valorem assessment roll pursuant to chapter 197, Florida statutes; for including information regarding the non-ad valorem assessment on the Notice of Proposed Property taxes; for providing the District with a copy of the non-ad valorem assessment roll upon request by the District so that it may be certified to the Property Appraiser in accordance with the time frame pursuant to the Florida Statutes or schedules as promulgated by the Property Appraiser. The District will be responsible for providing a copy of the non-ad valorem assessment roll to the Property Appraiser on compatible electronic medium.

3. Either party may terminate this agreement without cause upon giving the non-terminating party 30 days written notice prior to the effective date of determination. In the event that the District does not reimburse the Property Appraiser for the cost incurred as provided herein, the Property Appraiser may terminate this agreement upon (10) days written notice of his election to terminate pursuant to this section.

- a. In the event that either party terminates this agreement, the Property Appraiser shall be reimbursed a pro rata amount to adequately compensate his office for that portion of work or services performed prior to termination date.
- b. In the event funds to reimburse to the Property Appraiser for cost incurred for completion of the above reference services become unavailable, the District may terminate this agreement upon no less than 24 hours' notice, written and delivered to the Property Appraiser.
- c. The District shall be the final authority as to the availability of funds. Notice of termination shall be sent by certified mail, return receipt requested, or shall be delivered in person with a sign proof of delivery.

Notice to the District shall be sent to: Breeze
1540 International Parkway
Suite 2000
Lake Mary, FL 32746

Notice to the Property Appraiser shall be sent to: Mike Wells
Pasco County Property Appraiser
PO Box 401
Dade City, FL 33525-0401

A copy of any notice sent hereunder shall be sent to: Mike Fasano, Pasco County Tax Collector
PO Box 276
Dade City, FL 33526-0276

4. Waiver of breach of any provision of this agreement shall not be deemed a waiver of any other breach, and shall not be construed to be a modification of the terms of this agreement.

5. Fees for the establishment of a non-ad valorem assessment district shall be delivered, with the signed agreement on or before *January 1, 2022. Subsequent annual fees will be due on or before June 1st of each year. All sums due from the District to the Property Appraiser will bear interest at the rate of 12 per cent (12%) per annum, if delinquent, in accordance with section 218.74, Florida Statutes.

6. The term of this agreement shall commence on *January 1, 2022, and shall automatically renew thereafter for subsequent periods not to exceed one (1) year each so long as the District is current on the payments required pursuant to Paragraph 5 of this agreement, unless terminated pursuant to Paragraph 3 of this agreement.

7. The parties shall abide by all Statutes, rules and regulation pertaining to the levy and collections of non-ad valorem assessments, and any ordinances promulgated by the District not inconstitence with, or contrary to, the provision of chapter 197, Florida Statutes, or applicable statutes and any subsequent amendments to said Statutes.

8. The District shall be responsible for imposing non-ad valorem assessment pursuant to general and special law and all other applicable requirements relating to the establishment of non-ad valorem assessments, which are collected in the same manner as ad valorem taxes are collected.

9. The District further agrees that it will strictly follow and be responsible for complying with the following procedures and conditions:

a. Using electronic data supplied by the Property Appraiser the District shall determine and identify the names and addresses of the property owners, the descriptions, parcel number and the of the assessment of the parcels subject to the non-ad valorem assessments under this agreement.

b. It will be solely at that District's expense and pursuing to the District's responsibility to develop and provide to the Property Appraiser, on electronic medium, a list of the parcels to be assessed.

c. The Property Appraiser on the Property Appraiser's database shall maintain the District's non-ad valorem assessment information.

d. The District shall meet the Property Appraiser's imposed deadline and timetables as administered and determined by the Property Appraiser.

10. The Property Appraiser shall merge the non-ad valorem assessment information with the ad valorem information in such a way that property owners will receive a notice of non-ad valorem assessments on the notice of propose property taxes in manner that will comply with section 197.3632, Florida Statutes.

11. In the event the Property Appraiser is named as a party or otherwise joined in litigation challenging non-ad valorem assessment(s) subject to this agreement, the Property Appraiser shall provide for his own legal representation, and shall be entitled to reimbursement from the District for reasonable attorney fees and costs associated with such representation. Furthermore, the District shall indemnify the Property Appraiser against any claim, cause of action or suit arising out of, or in connection with any claim negligence action or inaction on the part of the District.

12. This agreement may not be assigned by either party without prior written consent from the non-assigning party.

IN WITNESS WHEREOF, the parties have caused this Interlocal Agreement to be executed for the uses and purposes therein expressed on the day and year first above written.

Highland Trails CDD

BY:  Chairman

Attest: 

PASCO COUNTY PROPERTY APPRAISER

By: 

*Notwithstanding the date in Paragraph 5 and Paragraph 6, this Agreement shall be effective upon execution by both parties and payment of administrative fees as stated in Paragraph 2.

EXHIBIT 3

SERVICE AGREEMENT

ASO

PARTIES

This Agreement is entered into this 24 day of February, 2021 by and between Innovative Employer Solutions, Inc., a Florida corporation (hereafter referred to as "Innovative"), and **Highland Trails CDD** (hereafter referred to as "Client"), whose respective addresses are set forth on the signature page of this Agreement.

I. TERM OF AGREEMENT

The initial term of this Agreement shall be twelve (12) months (the "Initial Term"). The Initial Term shall commence on the first day of the initial pay period, the 1st day of February, 2021. Following the completion of the Initial Term, this Agreement shall automatically renew and remain in full force and effect for additional terms of twelve (12) months, and shall remain in effect until either party gives written notice to the other party by delivering written notice of termination, at least THIRTY (30) days prior to the expiration of the Initial Term or any extension of the Initial Term. Termination or expiration of this Agreement shall not affect the continuation of any outstanding obligation or liability incurred by either party during the term of this Agreement.

II. EMPLOYEES

- A. Client expressly agrees and understands that no employee shall become employed by Innovative or covered by Innovative's workers' compensation.

III. INNOVATIVE'S RESPONSIBILITIES

- A. Based on information supplied by client, Innovative shall prepare and distribute payroll checks to client's employees, make the appropriate payroll deductions and collection of taxes, file the appropriate reports and make payment to proper governmental authorities for federal, state, and local income taxes, Social Security tax, federal and state unemployment insurance taxes and any other federal or state tax. Innovative shall maintain necessary records and comply with reporting procedures and Innovative assumes full responsibility for the timely payment of payroll taxes and collection of taxes from payroll of client's employees. Innovative will report and file such taxes utilizing client's tax identification numbers.

IV. CLIENT RESPONSIBILITIES

- A. Client assumes full responsibility for workers' compensation claims, benefit claims (including but not limited to health insurance claims and pension claims), employment discrimination claims, general liability claims, third-party claims, and any and all other obligations or claims pertaining to employment.
- B. Client assumes full responsibility for administration of client's retirement plan as Client recognizes that Innovative is neither a plan administrator nor trustee of Client's retirement plan. Innovative's involvement in client's retirement plan is limited to withholding employee deferrals and remitting same with any associated employer contributions to the retirement plan's fund fiduciary as designated by the client.

V. SERVICE FEES

- A. For services to be rendered under this Agreement, Innovative shall be entitled to service fees and other fees as specified on Exhibit A hereto titled "Fee Schedule." All funds due Innovative are payable prior to Innovative's issuance of payroll checks each pay period and shall be paid to Innovative following the end of each pay period, no later than TWO (2) business days prior to the date paychecks are to be distributed to assigned employees. A late payment charge of one and one-half percent (1-½%) will be added to all accounts not paid when due. Checks returned unpaid from Client's bank will be subject to the late payment charge plus any additional costs incurred by Innovative. An unpaid balance will also be subject to periodic charge of one and one-half percent (1-½%) per calendar month (or such maximum lesser interest amount if set by applicable law at a lower amount) until paid in full.
- B. Should Client require additional services not included in this Agreement, the fee for any such additional services shall be negotiated and paid separately. The fees set forth on Exhibit A may be adjusted by Innovative due to economic conditions. Upon written notification to Client from Innovative of a fee adjustment, Client shall have the right to terminate this Agreement by giving notice of termination to Innovative within FOURTEEN (14) days after receipt from Innovative of a notice of a fee adjustment, and after payment of all funds owed to Innovative by Client.

VI. INDEMNIFICATIONS

- A. Client hereby unconditionally indemnifies, holds harmless, protects and defends Innovative, and all subsidiary, affiliate, related, and parent companies, their current and former respective shareholders, employees, attorneys, officers, directors, agents and representatives (all indemnified parties referred to as "Innovative Indemnified Parties") from and against any and all claims, demands, damages (including liquidated, punitive and compensatory), injuries, deaths, actions and causes of actions, costs and expenses (including attorney's fees and expenses at all lev-

els of proceedings), losses and liabilities of whatever nature (including liability to third parties), and all other consequences of any sort that are not due to the negligence of Innovative.

- B. Innovative hereby unconditionally indemnifies, holds harmless, protects and defends Client, and all subsidiary, affiliate and parent companies, their shareholders, employees, attorneys, officers, directors, agents and representatives from and against any and all claims, demands, damages, injuries, deaths, actions, costs and expenses (including attorney's fees and expenses at all levels of proceedings), losses and liabilities of whatever nature (including liability to third parties), and other consequences of any sort, arising out of the negligent or willful failure of any employee employed by Innovative.
- C. All indemnifications are and shall be deemed to be contractual in nature and shall survive the termination or expiration of this Agreement.

VII. EFFECT OF TERMINATION

- A. If for any reason payment is not made when due, Client agrees that Innovative will have the right to immediately terminate its performance hereunder, withhold services, and/or bring suit seeking damages. If for any reason (whether or not required by applicable law) Innovative makes any payment to any of the employees after this Agreement has been terminated, Innovative shall be entitled to full reimbursement for such expenses associated with such payment.
- B. Innovative may also terminate this Agreement if, at any time, Innovative in its sole discretion determines that a material adverse change has occurred in the financial condition of Client, or that Client is unable to pay its debts as they become due in the ordinary course of business. Such termination or expiration shall not relieve Client of any obligation set forth herein, including but not limited to its payment obligations to Innovative. In addition, Innovative may at any time immediately terminate this Agreement or withhold its services in the event of a material breach by Client of any of the terms of this Agreement.

VIII. GENERAL PROVISIONS

- A. This Agreement is assignable by Innovative at its sole discretion.
- B. This Agreement constitutes the entire agreement between the parties with regard to this subject matter and no other agreement, statement, promise or practice between the parties relating to the subject matter shall be binding on the parties. This Agreement may be changed only by a written amendment signed by both parties.
- C. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and venue shall be in the applicable court in Pinellas County, Florida.

- D. In the event of any lawsuit or other proceeding to enforce the provisions of this Agreement, any party who shall substantially prevail in such litigation shall be entitled to an award of its costs and reasonable attorney's fees incurred at all levels of proceedings.
- E. In the event that any provision contained in this Agreement is held to be unenforceable by a court of competent jurisdiction, the validity, legality, or enforceability of the remainder of this Agreement shall in no way be affected or impaired thereby.
- F. Client may not assign this Agreement nor its rights and duties hereunder, nor any interest herein, without the prior written consent of Innovative. Client will provide at least FOURTEEN (14) days' prior written notice to Innovative of any sale of Client. Where Innovative agrees in writing to a successor becoming obligated to comply with this Agreement, this Agreement may be terminated by Innovative at any time, in Innovative's sole discretion, during the first SIXTY (60) days following successor's assumption of this Agreement. Thereafter, this Agreement may only be terminated by Innovative in conformity with the terms of this Agreement.

AGREED TO:

INNOVATIVE EMPLOYER SOLUTIONS, INC

DocuSigned by:
By: Rick Kiracofe 2/23/2021
2C8FEE5893E74AF... (Date)

635 93rd Ave N
St Petersburg, FL 33712

Under penalties of perjury, I declare that I have read the foregoing document and that the facts stated therein are true. In addition, the foregoing Agreement is agreed to.

CLIENT

DocuSigned by:
By: Patricia Comings -Thibault 24/02/2021
3A2A180BFF29425... (Date)

250 International Parkway, Suite 280
Lake Mary, FL 32746

Exhibit A
ASO Fees

\$49.00 per invoice processed

The New Account Set Up Fee is **waived**.

The New Employee Setup Fee is **waived**.

Client requested Stop payments are \$35.

NSF Client Checks or ACHs are \$35.

Minimum payroll processing fee is \$49.

The Payroll Delivery/Handling is \$12.95

W-2 Processing is \$7.00 per check

EXHIBIT 4



U.S. Bank, N.A.
Global Corporate Trust
225 E. Robinson Street, Suite 250
Orlando, FL 32801

James Audette
Vice President
Email: james.audette@usbank.com
Phone: 407-835-3820 Fax: 407-835-3814

Amortization Recalculation Agreement

April 22, 2022

Highland Trails Community Development District
c/o District Manager
1540 International Parkway, Suite 2000
Lake Mary, FL 32746

Re: Highland Trails Community Development District Master Trust Indenture and as supplemented

Dear Sir/Madam:

U.S. Bank Trust Company, National Association (“U.S. Bank” or the “Recalculation Agent”) hereby agrees with The Highland Trails Community Development District (the “District”) to act as the District’s Amortization Recalculation Agent. The duties of U.S. Bank are set forth in this Amortization Recalculation Agreement (the “Agreement”). The purpose of this Agreement is to provide calculations to the District to facilitate the District’s compliance with the provisions of the Indenture concerning the calculation of bond debt payments. U.S. Bank is acting as an independent contractor for this purpose and is not an agent of the District.

1. **Duties:** U.S. Bank shall have only such duties as are specifically set forth herein. U.S. Bank shall provide to the District up to two (2) re-amortization schedules per calendar year per bond issue as requested by the District. Recalculations will take into account bond redemptions as specified by the District with the goal of creating a schedule of substantially level annual debt service for the remaining bond term. The District shall be solely responsible for determining whether any such recalculated amortization schedule meets the requirements of the applicable trust indenture.
2. **Fees:** The fee for U.S. Bank’s services under this Agreement will be \$250 per schedule to be paid in arrears with annual administration fees for the applicable bond issue.
3. **Termination:** Both the District and U.S. Bank will have the right to terminate this Agreement upon 30 days prior written notice.
4. **Representation of the District:** The District represents and warrants that it will provide in a timely manner all information necessary for U.S. Bank to carry out its duties under this Agreement and as otherwise requested by U.S. Bank.
5. **Reliance on Documents, etc.**



U.S. Bank may conclusively rely on the truth and accuracy of all information furnished to U.S. Bank by the District.

U.S. Bank shall not be liable for any error of judgment made in good faith. U.S. Bank shall not be liable except to the extent that a court of competent jurisdiction determines that U.S. Bank’s gross negligence or willful misconduct hereunder was the sole cause of the District’s loss and in no event shall U.S. Bank’s liability exceed an amount equal to the fees paid by the District to U.S. Bank. Notwithstanding the preceding, in no event shall U.S. Bank be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to lost profits), even if the U.S. Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

- 6. Indemnification: To the extent allowed by law, the District shall indemnify and hold U.S. Bank harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Bank’s acceptance or administration of the Bank’s duties hereunder (except any loss, liability or expense as may be determined by a court of competent jurisdiction to have been caused solely by the Bank’s gross negligence or willful misconduct). Such indemnification and hold harmless provision shall survive the termination of this Agreement or the Indenture or discharge of the Bonds.
- 7. Waiver of Jury Trial: EACH OF THE DISTRICT AND U.S. BANK KNOWINGLY WAIVES ANY RIGHT TO TRIAL BY JURY.
- 8. Agreement Governed by Florida Law: The terms and conditions of this Agreement shall be governed by the laws of the State of Florida without application of its conflicts of laws principles.
- 9. Amendments: This Agreement may be amended only by a written instrument executed by both parties.
- 10. Entire Agreement: This Agreement constitutes the entire agreement between the parties concerning the recalculation of amortization schedules.

This Agreement shall be effective upon the District’s acceptance hereof as indicated below.

Sincerely,
U.S. Bank Trust Company, National Association

Approved and Accepted:
Highland Trails Community Development District

By: James Audette
Its: Vice President

By: _____
Its: _____
Date: _____

EXHIBIT 5



Brian E. Corley
Supervisor of Elections

PO Box 300
Dade City FL 33526-0300

1-800-851-8754
www.pascovotes.com

April 19, 2022

Patricia Thibault, District Manager
Breeze
1540 International Pkwy Suite 2000
Lake Mary FL 32746

Dear Patricia Thibault:

Pursuant to your request, the following voter registration statistics are provided for their respective community development districts as of April 15, 2022.

• Ballantrae Community Development District	1,777
• Epperson North Community Development District	440
• Epperson Ranch II Community Development District	382
• Highland Trails Community Development District	0
• LakeShore Ranch Community Development District	1,386
• Mirada Community Development District	849
• Mirada II Community Development District	0
• North AR-1 Community Development District	0
• Union Park East Community Development District	1,077
• Zephyr Lakes Community Development District	243

As always, please call me if you have any questions or need additional information.

Sincerely,

Tiffannie A. Alligood
Chief Administrative Officer

East Pasco - Dade City (352) 521-4302
Central Pasco - Land O' Lakes (813) 929-2788
West Pasco - New Port Richey (727) 847-8162