

***ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT***

Advanced Meeting Package

***Board of Supervisors
Regular Meeting***

***Wednesday
September 19, 2018***

9:00 a.m.

***Business Office
16540 Pointe Village Dr.
Suite 201
Lutz, Florida***

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.

ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT AGENDA

Residence Inn
2101 Northpoint Parkway.
Lutz, Florida

District Board of Supervisors	Mike Lawson	Chairman
	Doug Draper	Vice Chairman
	Lori Price	Assistant Secretary
	Ted Sanders	Assistant Secretary
District Manager	Paul Cusmano	DPFG
District Attorney	Vivek Babbar	Straley, Robin & Vericker
District Engineer	Tonja Stewart	Stantec Consulting Services, Inc.

All cellular phones and pagers must be turned off during the meeting.

The District Agenda is comprised of seven different sections:

The meeting will begin promptly with the first section which is called **Audience Questions and Comments on Agenda Items**. The Audience Comment portion of the agenda is where individuals may comment on matters that concern the District. Each individual is limited to three (3) minutes for such comment. The Board of Supervisors or Staff is not obligated to provide a response until sufficient time for research or action is warranted. IF THE COMMENT CONCERNS A MAINTENANCE RELATED ITEM, THE ITEM WILL NEED TO BE ADDRESSED BY THE DISTRICT MANAGER OUTSIDE THE CONTEXT OF THIS MEETING. The second section is called **District Counsel and District Engineer Reports**. This section allows the District Engineer, and Attorney to update the Board of Supervisors on any pending issues that are being researched for Board action. The third section is the **Landscaping and Ponds** section and contains items that often require District Engineer, Operations Manager, and Landscape Contractor to discuss and update the Board. The fourth section is the **Business Administration** section and contains items that require the review and approval of the District Board of Supervisors as a normal course of business. The fifth section is called **Business Items**. The business items section contains items for approval by the District Board of Supervisors that may require discussion, motion and votes on an item-by-item basis. Occasionally, certain items for decision within this section are required by Florida Statute to be held as a Public Hearing. During the Public Hearing portion of the agenda item, each member of the public will be permitted to provide one comment on the issue, prior to the Board of Supervisors' discussion, motion and vote. Agendas can be reviewed by contacting the Manager's office at (813) 374-9105 at least seven days in advance of the scheduled meeting. Requests to place items on the agenda must be submitted in writing with an explanation to the District Manager at least fourteen (14) days prior to the date of the meeting. The sixth section is called **Staff Reports**. This section allows the District Manager and Maintenance Supervisor to update the Board of Supervisors on any pending issues that are being researched for Board action. The seventh section which is called **Audience Comments on Other Items** provides members of the Audience the opportunity to comment on matters of concern to them that were not addressed during the meeting. The same guidelines used during the first audience comment section will apply here as well. The final section is called **Supervisor Requests**. This is the section in which the Supervisors may request Staff to prepare certain items in an effort to meet residential needs.

Public workshops sessions may be advertised and held in an effort to provide informational services. These sessions allow staff or consultants to discuss a policy or business matter in a more informal manner and allow for lengthy presentations prior to scheduling the item for approval. Typically no motions or votes are made during these sessions.

Pursuant to provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting is asked to advise the District Office at (813) 374-9105, at least 48 hours before the meeting. If you are hearing or speech impaired, please contact the Florida Relay Service at 1 (800) 955-8770, who can aid you in contacting the District Office.

Any person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that this same person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which the appeal is to be based.

ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT

Date of Meeting: Wednesday, September 19, 2018
Time: 9:00 a.m.
Location: Business Office
16540 Pointe Village Dr. Suite 201
Lutz, Florida

Conference Call No.: (563) 999-2090
Code: 686859#

AGENDA

- I. Roll Call**
- II. Audience Comments**
- III. Consent Agenda**
- IV. Business Matters**
- V. Special Assessment Public Hearing**
 - A. Open Public Hearing**
 - B. Discussion Regarding Imposition of Special Assessments**
 - C. Public Comment and Testimony**
 - D. Close Public Hearing**
 - E. Consideration and Approval of Resolution 2018-11 Imposing and Levying Special Assessments** **Exhibit 1**
 - F. Consideration and Approval of Supplemental Methodology Report** **Exhibit 2**
 - G. Consideration and Approval of Engineer Report Dated September 17, 2018** **Exhibit 3**
 - H. Consideration and Approval of Resolution 2018-12 Delegation Award for 2018 Bonds** **Exhibit 4**
 - 1. Form of Bond Purchase Contract**
 - 2. Form of Master and First Supplemental Trust Indentures**
 - 3. Form of Preliminary Offering Memorandum**
 - 4. Form of Continuing Disclosure Agreement**
 - I. Consideration and Adoption of Resolution 2018-13 Proposed Budget Amendment** **Exhibit 5**
- VI. Staff Reports**
 - 1. District Manager**

- 2. District Counsel**
- 3. District Engineer**

VII. Supervisors Requests

VIII. Audience Questions and Comments on Other Items

IX. Adjournment

Exhibit 1

RESOLUTION 2018 - 11

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN MASTER AND SUBDIVISION IMPROVEMENTS; EQUALIZING, APPROVING, CONFIRMING, AND LEVYING SPECIAL ASSESSMENTS ON THE PROPERTY SPECIALLY BENEFITED BY SUCH IMPROVEMENTS TO PAY THE COST THEREOF; PROVIDING A METHOD FOR ALLOCATING THE TOTAL ASSESSMENTS AMONG THE BENEFITED PARCELS WITHIN THE DISTRICT; CONFIRMING THE DISTRICT'S INTENTION TO ISSUE ITS CAPITAL IMPROVEMENT REVENUE BONDS; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT (the “**BOARD**”) AS FOLLOWS:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Chapters 170 and 190 Florida Statutes, including specifically, Section 170.08, Florida Statutes.

SECTION 2. FINDINGS. The Board hereby finds and determines as follows:

(a) The Zephyr Lakes Community Development District (the “**District**”) is a local unit of special purpose government organized and existing under and pursuant to Chapter 190, Florida Statutes, as amended.

(b) The District is authorized under Chapter 190, Florida Statutes, to construct certain master and subdivision improvements as described in the Report of the District Engineer dated August 7, 2018 (the “**Project**”).

(c) The District is authorized by Chapters 170 and 190, Florida Statutes, to levy special assessments to pay all or any part of the cost of community development improvements such as the Project and to issue revenue bonds payable from special assessments as provided in Chapters 170 and 190, Florida Statutes.

(d) It is desirable for the public safety and welfare that the District construct and/or acquire the Project on certain lands within the District, the nature and location of which are described in Resolution 2018-05 and more specifically described in the plans and specifications on file at the registered office of the District; that the cost of such Project be assessed against the lands specially benefited thereby, and that the District issue its capital improvement revenue bonds, in one or more series (herein, the “**Bonds**”), to provide funds for such purpose pending the receipt of such special assessments.

(e) The implementation of the Project, the levying of such special assessments and the sale and issuance of the Bonds serves a proper, essential, and valid public purpose.

(f) In order to provide funds with which to pay the cost of constructing a portion of the Project which are to be assessed against the benefited properties pending the collection of such special assessments, it is necessary for the District to issue and sell the Bonds.

(g) By Resolution 2018-05, the Board determined to implement the Project and to defray the cost thereof by levying special assessments on benefited property and expressed an intention to issue the Bonds to provide the funds needed therefor prior to the collection of such special assessments. Resolution 2018-05 was adopted in compliance with the requirements of Section 190.016, Florida Statutes and with the requirements of Section 170.03, Florida Statutes, and prior to the time the same was adopted, the requirements of Section 170.04, Florida Statutes had been complied with.

(h) Resolution 2018-05, was published as required by Section 170.05, Florida Statutes, and a copy of the publisher's affidavit of publication is on file with the Chair of the Board of Supervisors of the District.

(i) A preliminary assessment roll has been prepared and filed with the Board as required by Section 170.06, Florida Statutes.

(j) As required by Section 170.07, Florida Statutes, upon completion of the preliminary assessment roll, the Board adopted Resolution 2018-06 fixing the time and place of a public hearing at which owners of the property to be assessed and other persons interested therein may appear before the Board and be heard as to (i) the propriety and advisability of implementing the Project, (ii) the cost thereof, (iii) the manner of payment therefor, and (iv) the amount thereof to be assessed against each specially benefited property.

(k) At the time and place specified in the resolution and notice referred to in paragraph (j) above, the Board met as an equalization board, conducted such public hearing and heard and considered all comments and complaints as to the matters described in paragraph (j) above, and based thereon, has made such modifications in the preliminary assessment roll as it deemed desirable in the making of the final assessment roll.

(l) Having considered revised estimates of the construction costs of the Project, revised estimates of financing costs, and all complaints and evidence presented at such public hearing, the Board finds and determines:

(i) that the estimated costs of the Project is as specified in the Report (as defined below) and as attached as **Exhibit "A"** and the amount of such costs is reasonable and proper;

(ii) it is reasonable, proper, just and right to assess the cost of such Project against the properties specially benefited thereby using the methods determined by the Board, which results in the special assessments set forth on the final assessment roll which is part of the Master Special Assessment Methodology Report dated August 7, 2018, prepared by

DPFG Management & Consulting, LLC (the "**Report**"), a copy which is attached as **Exhibit "A"** to this Resolution;

(iii) it is hereby declared that the Project will constitute a special benefit to all parcels of real property listed on the final assessment roll set forth in the Report and that the benefit, in the case of each such parcel, will be equal to or in excess of the special assessments thereon; and

(iv) it is desirable that the Assessments be paid and collected as herein provided.

SECTION 3. DEFINITIONS. Capitalized words and phrases used herein but not defined herein shall have the meaning given to them in the Report. In addition, the following words and phrases shall have the following meanings:

"Assessable Unit" means a building lot in the product type or lot size as set forth in the Report.

"Assessment" or **"Assessments"** means the special assessments imposed to repay the Bonds which are being issued to finance the construction of the Project as described in the Report.

"Developer" means **Dune FL Land I Sub LLC**, a Delaware limited liability company, and its successors and assigns.

SECTION 4. AUTHORIZATION OF THE PROJECT. The Project described in Resolution 2018-05, as more specifically described by the plans and specifications therefor on file in the registered office of the District, is hereby authorized and approved and the proper officers, employees and agents of the District are hereby authorized and directed to take such further action as may be necessary or desirable to cause the same to be constructed following the issuance of Bonds referred to herein.

SECTION 5. ESTIMATED COST OF PROJECT. The total estimated costs of the Project, and the costs to be paid by the Assessments on all specially benefited property is set forth in the Report.

SECTION 6. EQUALIZATION, APPROVAL, CONFIRMATION AND LEVY OF ASSESSMENTS. The Assessments on the benefited parcels, all as specified in the final assessment roll contained within the Report, are hereby equalized, approved, confirmed and levied. Promptly following the adoption of this Resolution, those Assessments shall be recorded by the Secretary of the Board of the District in a special book, to be known as the **"Improvement Lien Book."** The Assessment or Assessments against the benefited parcels shown on such final assessment roll and interest and penalties thereon, as hereafter provided, shall be and shall remain a legal, valid and binding first lien on such benefited parcels until paid; such lien shall be coequal with the lien of all state, county, district and municipal taxes and special assessments, and superior in dignity to all other liens, titles, and claims.

SECTION 7. FINALIZATION OF ASSESSMENTS. When the Project has been constructed to the satisfaction of the Board, the Board shall adopt a resolution accepting the same and determining the actual costs to the District thereof, as required by Sections 170.08 and 170.09, Florida Statutes. In the event that the actual costs to the District for the Project is less than the amount assessed therefor, the District shall credit to each Assessment for the Project the proportionate difference between the Assessment as hereby made, approved and confirmed and the actual costs of the Project, as finally determined upon completion thereof. In no event, however, shall the final amount of any such Assessment exceed the amount originally assessed hereunder. In making such credits, no discount shall be granted or credit given for any part of the payee's proportionate share of any actual bond financing costs, such as capitalized interest, funded reserves or bond discount included in the estimated cost of the Project. Such credits shall be entered in the Improvement Lien Book. Once the final amount of the Assessments for all of the Project has been determined, the term "**Assessment**" shall mean the sum of the actual costs of the Project benefiting the benefited parcels plus financing costs.

SECTION 8. ALLOCATION OF ASSESSMENTS WITHIN THE BENEFITED PARCELS. Because it is contemplated that the land will be subdivided into lots to be used for the construction of residential units, and that such individual lots will be sold to numerous purchasers, the Board deems it desirable to establish a method for allocating the total Assessment among the various lots that will exist so that the amount so allocated to each lot will constitute an assessment against, and a lien upon, each such lot without further action by the Board.

The Board has been informed by the Developer that each lot of a particular product type as identified in the Report will be of approximately the same size as each other lot of the same product type. While it would be possible to allocate the Assessments among each lot of a particular product type on the basis of the square footage of each such lot, the Board does not believe that the special benefits afforded by the Project to each lot vary to any material degree due to comparatively minor variations in the square footage of each lot. Instead, the Board believes, and hereby finds, that based upon the Developer's present development plans, each lot of the same product type will be benefited equally by the Project, regardless of minor variations in the square footage of the lots.

If the Developer's plans change and the size of the Assessable Units vary to a degree such that it would be inequitable to levy Assessments in equal amounts against each Assessable Unit of the same product type, then the Board may, by a supplemental resolution, reallocate the Assessments against the Assessable Units on a more equitable basis and in doing so the Board may ignore minor variations among lots of substantially equal square footage; provided, however, that before adoption of any resolution the Board shall have obtained and filed with the trustee for the Bonds (the "**Trustee**"): (i) an opinion of counsel acceptable to the District to the effect that the Assessments as reallocated were duly levied in accordance with applicable law, that the Assessments as reallocated, together with the interest and penalties, if any, thereon, will constitute a legal, valid and binding first lien on the Assessable Units as to which such Assessments were reallocated until paid in full, and that such lien is coequal with the lien of all state, county, district and municipal taxes and special assessments, and superior in dignity to all other liens, titles, and claims, whether then existing or thereafter created; and (ii) a certificate from the District's Methodology Consultant together with supporting schedule confirming that

the aggregate cash flow from the reallocated Assessments is not less than the aggregate cash flow from the original Assessments.

If the Board reallocates Assessments as provided in the preceding paragraph, a certified copy of the supplemental resolution approving such reallocation shall be filed with the Trustee within 30 days after its adoption and a revised assessment roll shall be prepared and shall be recorded in the Improvement Lien Book created pursuant hereto.

SECTION 9. PAYMENT OF ASSESSMENTS. At the end of the capitalized interest period referenced in the Report (if any), the Assessments for the Bonds shall be payable in substantially equal annual installments of principal and interest over a period of 30 years, in the principal amounts set forth in the Report, together with interest at the applicable coupon rate of the Bonds, such interest to be calculated on the basis of a 360 day year consisting of 12 months of thirty days each, plus the District's costs of collection and assumed discounts for Assessments paid in November; provided, however, that any owner of land (unless waived in writing) against which an Assessment has been levied may pay the entire principal balance of such Assessment without interest at any time within thirty days after the Project have been completed and the Board has adopted a resolution accepting the Project as provided by section 170.09, Florida Statutes. Further, after the completion and acceptance of the Project, any owner of land against which an Assessment has been levied may pay the principal balance of such Assessment, in whole at any time or in part at any time, if there is also paid an amount equal to the interest that would otherwise be due on such balance to the earlier of the next succeeding November 1 or May 1, which is at least 45 days after the date of payment.

SECTION 10. PAYMENT OF BONDS; REFUNDS FOR OVERPAYMENT. Upon payment of all of the principal and interest on the Bonds secured by the Assessments, the Assessments theretofore securing the Bonds shall no longer be levied by the District. If, for any reason, Assessments are overpaid or excess Assessments are collected, or if, after repayment of the Bonds the Trustee makes payment to the District of excess amounts held by it for payment of the Bonds, such overpayment or excess amount or amounts shall be refunded to the person or entity who paid the Assessment.

SECTION 11. PENALTIES, CHARGES, DISCOUNTS, AND COLLECTION PROCEDURES. The Assessments shall be subject to a penalty at a rate of one percent (1%) per month if not paid when due under the provisions of Florida Statutes, Chapter 170 or the corresponding provisions of subsequent law. However, the District anticipates using the "uniform method for the levy, collection and enforcement of non-ad valorem assessment" as provided by Florida Statutes, Chapter 197 for the collection of the Assessments for the Bonds. Accordingly, the Assessments for the Bonds, shall be subject to all collection provisions to which non-ad valorem assessments must be subject in order to qualify for collection pursuant to Florida Statutes, Chapter 197, as such provisions now exist and as they may exist from time to time hereafter in Chapter 197 or in the corresponding provision of subsequent laws. Without limiting the foregoing, at the present time such collection provisions include provisions relating to discount for early payment, prepayment by installment method, deferred payment, penalty for delinquent payment, and issuance and sale of tax certificates and tax deeds for non-payment. With respect to the Assessments levied against any parcels owned by the Developer, the District may invoice and collect such Assessments directly from the Developer and not pursuant to

Chapter 197. Any Assessments that are directly collected by the District shall be due and payable to the District on April 1 and October 1 of each year.

SECTION 12. CONFIRMATION OF INTENTION TO ISSUE BONDS. The Board hereby confirms its intention to issue the Bonds, to provide funds, pending receipt of the Assessments, to pay all or a portion of the cost of the Project assessed against the specially benefited property.

SECTION 13. SEVERABILITY. If any Section or part of a Section of this resolution be declared invalid or unconstitutional, the validity, force and effect of any other Section or part of a Section of this resolution shall not thereby be affected or impaired unless it clearly appears that such other Section or part of a Section of this resolution is wholly or necessarily dependent upon the Section or part of a Section so held to be invalid or unconstitutional.

SECTION 14. CONFLICTS. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

SECTION 15. EFFECTIVE DATE. This resolution shall become effective upon its adoption.

PASSED AND ADOPTED ON THIS 18TH DAY OF SEPTEMBER, 2018.

Attest:

**Zephyr Lakes Community
Development District**

By: _____
Name: _____
Assistant Secretary

By: _____
Chair/Vice Chair, Board of Supervisors

Exhibit A: Master Special Assessment Methodology Report dated August 7, 2018

Exhibit 2

**ZEPHYR LAKES
COMMUNITY DEVELOPMENT DISTRICT
FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY
REPORT
FOR THE ISSUANCE OF
\$6,460,000 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2018**

September 4, 2018

Prepared by

DPFG Management & Consulting LLC
250 International Parkway, Suite 280
Lake Mary, FL

**FIRST SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT
CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2018**

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A. OVERVIEW

The Zephyr Lakes Community Development District (the “**CDD**” or “**District**”) is a local unit of special-purpose government established pursuant to, and existing in accordance with, Chapter 190, Florida Statutes (the “**Act**”). The District was created for the purpose of delivering certain community development services and facilities within its jurisdiction, including the design, acquisition and/or construction of certain public infrastructure improvements consisting of, but not limited to, roadways, storm water management, water supply, sewer and wastewater management, landscape/hardscape, community amenities, undergrounding of electrical power and professional services and permitting fees pursuant to the Act. To advance the development of the properties within the District, certain capital improvements have been planned, as described in the Zephyr Lakes CDD Report of the District Engineer, dated July 10, 2018 (the “**CIP**”). To finance the construction of the CIP, the District plans to issue bonds in multiple series and levy Special Assessments to repay the bonds, including interest.

B. MASTER ASSESSMENT ALLOCATION

The District determined to implement a portion of the CIP and to defray the cost thereof by levying special assessments on benefitted property and expressed an interest to issue bonds to provide the funds needed therefor prior to the collection of special assessments. The costs of the CIP are assessed against the benefitted property using the method described in the Master Assessment Methodology Report, dated August 7, 2018 (the “**Master AMR**”). This methodology results in special assessments set forth in the assessment roll, which is part of the Master AMR and included in the Appendix herein. The Special Assessments are initially levied over all Undeveloped Property within the District on an equal acreage basis anticipated for the development of all lots within the District. Subsequently, the Special Assessments attached to Developed Property on a “first platted, first assessed basis”.

C. PURPOSE OF THIS REPORT

This First Supplemental Special Assessment Methodology Report relates to the issuance of the District’s Capital Improvement Revenue Bonds, Series 2018 (the “**2018 Bonds**”), which are being issued to fund portions of the CIP, as described in the Report of the District Engineer dated ___, 2018, necessary to service production lot phases (the “**2018 Project**”). This report provides an assessment methodology for analyzing the benefits derived from the 2018 Project and determining a fair and equitable allocation of such benefits through the levy of the Special Assessments associated with the 2018 Bonds (the “**Series 2018 Assessments**”).

As described above, the District levied Special Assessments in the amount of not to exceed \$26.795 million pursuant to the Master AMR¹, which report is supplemented by this report. Any capitalized

¹ Based on bond principal amount sized for funding of all the CIP costs and adjusted for allowable bond financing costs including capitalized interest, reserves and cost of issuance.

terms not otherwise defined herein will have the meaning ascribed to such term in the Master AMR. Consistent with the Master AMR, this report utilizes Equivalent Residential Units (“**ERU**”) as a proxy value for benefit and allocating the special assessments. Each constructed unit on a fifty-foot-wide lot will be assigned an equal 1.0 ERU value and ranking. This ranking is the basis upon which the benefits to other lot sizes are measured.

While there is Undeveloped Property (defined below), the Series 2018 Assessments will remain levied against all 2018 Assessable Property (defined below) on an equal acreage basis.² As the 2018 Assessable Property becomes Developed Property (defined below), the Series 2018 Assessments will be re-allocated to those Lots constituting Developed Property based on its lot width category and assigned ERU.

D. PROJECT BOND FINANCING PROGRAM

As noted above, the District will construct a portion of the 2018 Project with proceeds from the 2018 Bonds. The 2018 Bond principal amount has been determined based on an amount sufficient to fund portions of the cost of the 2018 Project, which is estimated to total \$__ million. The following table summarizes the total debt and maximum annual debt service (MADS) for the 2018 Bonds.

Table 1 - Total District Debt

Bond Series	Total Debt	MADS ³
2018	\$6,460,000	\$432,272

The 2018 Bond principal plus interest is expected to be repaid by the Series 2018 Assessments levied on the 2018 Assessable Property as follows.

Table 2 – 2018 Assessable Property Overview

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured by
2018	__ Acres	300 Lots	Series 2018 Assessments

² Refer to the Appendix for a Preliminary Assessment Roll for details and legal description and sketch of the areas.

³ Amount excludes county collection charges and early payment discount.

The table below sets forth the Series 2018 Assessable Property by lot width and phase.

Table 3 – Series 2018 Assessable Property by Phase

Phase	40' Lot Count	50' Lot Count	Total Lots
1A	0	34	34
1B	0	53	53
1C	0	41	41
2A	0	24	24
2B	0	14	14
2C	0	32	32
4A	22	23	45
4B	12	12	24
4D	16	17	33
Total	50	250	300

Series 2018 Assessment Allocation

Prior to the 2018 Assessable Property becoming Developed Property, the Series 2018 Assessments will be allocated to the 2018 Assessable Property on an equal acreage basis. Upon recordation of a plat map and completion of Lot development, the Series 2018 Assessments will be allocated to each Lot based on its assigned ERU.

Each fiscal year, the District will certify for collection the Series 2018 Assessments on all 2018 Assessable Property, apportioned proportionately to the various land uses identified in Appendix 1, until the aggregate amount of the Series 2018 Assessments equals the Special Assessment Requirement (defined below) for the 2018 Bonds.

Assessment Reallocation and True-Up

In connection with the 2018 Project, as of this date, the Developer (defined below) has informed the District that it plans to construct a total of 300 lots, which represents a total of 290.0 ERUs. As development occurs, it is possible that the number of lots and lot mix may change. In order to ensure that the Series 2018 Assessment allocation is maintained in accordance with the methodology specified by this report, a true-up analysis may be necessary (“**True-Up Analysis**”).

This True-Up Analysis is utilized to ensure that the principal amount of the Series 2018 Assessments on a per lot and per acre basis never exceeds the initially allocated amount as contemplated in the assessment methodology described herein. In accordance with the True-Up Agreement to be entered into by the Developer and the District at the issuance of the 2018 Bonds, prior to the time a parcel within the CDD is platted and developed, or ownership is transferred by the Developer to any other entity or person with a specific number of assessable units allocated thereto, the True-Up Analysis will be conducted in accordance with the assessment methodology set forth herein and in the True-Up Agreement. As the lands within the District are developed, the allocation of the amounts assessed

to and constituting a lien upon the 2018 Assessable Property will be calculated based upon certain density assumptions, which assumptions were provided by the Developer.

At such time as acreage is contained within a proposed plat, or a deed or assignment agreement between the Developer and a transferee that specifies the residential Lots or entitlements thereto being transferred to such transferee (“**Entitlement Transfer Document**”), the Developer agrees that such proposed plat or Entitlement Transfer Document shall be presented to the District in accordance with the terms of the True-Up Agreement. The District will allocate the Series 2018 Assessments to the 2018 Assessable Property reflected in such plat or Entitlement Transfer Document in accordance with the applicable land use classifications, and the remaining 2018 Assessable Property within the District, and such reallocation will be recorded in the District’s lien book. This True-Up Analysis will ensure that 2018 Bond debt does not accumulate disproportionately on Undeveloped Property within the District. In the event that the density assumptions upon which this report is based change over time as determined by any True-Up Analysis such that fewer ERUs are being developed within the District than are contemplated by this report, the True-Up Analysis will determine the amount required to be paid by the Developer to the District in order to satisfy, in whole or in part, the Series 2018 Assessments and ensure that the Series 2018 Assessments continue to be allocated ratably against the actual density within the District in accordance with the methodology set forth in this report (the “**True-Up Obligation**”). The True-Up Agreement shall further set forth the terms associated with the Developer’s satisfaction of the True-Up Obligation.

E. ALLOCATION OF BENEFITS OF ASSESSMENTS

Assessment Standard

Under Florida law, a valid special assessment that is made pursuant to District legislative authority requires that the property assessed must (1) derive a direct and special benefit from the improvement or service provided and (2) that the assessment must be fairly and reasonably apportioned among properties that receive the special benefits.

Section 170.02, Florida Statutes, states “Special assessments against property deemed to be benefited by local improvements, as provided for in sec. 170.01, shall be assessed upon the property specially benefited by the improvement in proportion to the benefits to be derived therefrom, said special benefits to be determined and prorated according to the foot frontage of the respective properties specially benefited by said improvement, or by such other method as the governing body of the municipality may prescribe.”

The ERU allocation approach is a generally recognized and commonly approved method of proportionally spreading assessments over benefited properties for special assessments levied by community development districts. Although the general public outside the District will benefit from the CIP, such benefits are incidental. The facilities in the CIP meet the needs of the developed property within the District, as well as provide benefit to all residential property within the District. The

property owners within the District are therefore receiving special benefits not received by those outside the boundaries, and direct and cumulative benefits accrue mainly to residents.

Assessment Methodology

This benefit and allocation approach is based on the principle that dwelling units on a similar size lot will receive a relatively equal and direct benefit from the District-wide CIP. The direct benefits from these improvements include increased use, enjoyment and increased property values to all residential properties, and the direct benefits from each District system and function.

An assessment methodology based on ERUs provides a way to quantify the benefit that different lot sizes and land use types receive from public improvements in terms of their equivalence to a single-family residential dwelling unit on a fifty-foot-wide lot, which is defined as 1.0 ERU. Under the ERU model, the District allocates assessments on platted property proportionately based on lot size as indicated on the subject recorded plat map; assessments on undeveloped property (e.g., property without recorded subdivision plat map) are allocated proportionately based on acreage basis. As noted above, the equal benefit and assessment allocation approach is a generally recognized and approved method of proportionally spreading assessments over benefited properties within a special district.

These Special Benefits and Allocation of Assessments

In the present case, the financing program will enable the District to provide public improvements to the all development phases of the District. Such improvements will provide direct benefit for the utilization of this property, will substantially enhance the use and enjoyment of the benefited residential properties, and will increase the value and marketability of the benefited residential properties. These benefits flow proportionately over all benefited properties.

The District will apply the assessment methodology to the financing program relating to the 2018 Project. All residential units planned within the District will proportionally benefit from the construction, purchase and maintenance of the public improvements included in the 2018 Project. A ranking and finding of 1.0 ERU per residential unit on a fifty-foot lot applies, and for all other lots an ERU value will be assigned based on the lot size in proportion to such lot category. For example, a residential unit on a 60' lot would proportionally benefit more from the District's improvements, and so accordingly would be assigned a value and ranking of 1.20 ERU (60' divided by 50' equals 1.20).

F. RATE AND METHOD OF APPORTIONMENT

A rate and method of apportionment of Series 2018 Assessments is attached in the Appendix.

G. PRELIMINARY ASSESSMENT ROLL AND COLLECTION

A Preliminary Assessment Roll is attached in the Appendix. The District expects to place the Series 2018 Assessments for the 2018 Bonds on the Pasco County tax roll for collection upon the platting of lots.

H. CONCLUSION

The acquisition and construction of the 2018 Project using 2018 Bond proceeds will be utilized for common District purposes. These Series 2018 Assessments will be levied over all 2018 Assessable Property on a fair and equitable basis as described herein. The 2018 Assessable Property will receive benefits in excess of the allocated Series 2018 Assessments. Accordingly, this is an appropriate District project that will significantly benefit 2018 Assessable Property and enhance the District.

Special Benefit

The 2018 Project will provide special benefit to parcels within the District. The parcels will receive special benefit because the subject Master and Subdivision Improvements deliver interconnected structural improvement elements that provide a framework that supports and adds to the entire development. The Master and Subdivision Improvements yield benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The Series 2018 Assessments are fairly and equally apportioned over all the 2018 Assessable Property. The benefits are quantified and assigned to parcels based on lot size since larger lot areas consume proportionately greater benefits than smaller lots from the Master and Subdivision Improvements. The District has assigned proxy values to the various expected lot sizes on the basis that a fifty-foot-wide lot receives the value of 1.0 ERU.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Master and Subdivision Improvements against lands in the District. As a result of the Master and Subdivision Improvements, properties in the CDD receive special benefit and increase in value. Based on the premise that the CDD's Master and Subdivision Improvements make the properties more valuable, in return it is reasonable for the District to levy the Series 2018 Assessments against the 2018 Assessable Property within the District. The benefits will be equal to or in excess of the Series 2018 Assessments thereon when allocated.

Best Interest

The District provides for delivering the Master and Subdivision Improvements in a timely, orderly, and efficient manner. It can economically and efficiently provide the amount and quality of services required by the public. The District provides a financing mechanism to (i) fund Master and Subdivision Improvements at a relatively low cost of capital, and (ii) on a timely, "pay for itself" type basis. The exercise by the District of its powers is consistent with applicable state law. It is in the best interest of the District.

Appendix I: Rate and Method of Apportionment of Special Assessment

A Series 2018 Assessment as hereinafter defined shall be levied on all 2018 Assessable Property within the District and collected each fiscal year commencing fiscal year 2018 in an amount determined by the District through the application of this rate and method of apportionment as described below. All of the real property within the District, unless exempted by law or the provisions hereof, shall be assessed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS:

The terms hereinafter set forth have the following meanings:

“Administrative Expenses” means any actual or reasonably estimated expenses of the District to carry out the administration of the District related to the determination of the amount of the Special Assessments, the collection of Special Assessments, and costs otherwise incurred in order to carry out the authorized purposes of the District.

"2018 Assessable Property" means for the Series 2018 Assessments, all of the Tax Parcels that are not exempt from the Special Assessment pursuant to law.

“District Debt” or “Debt” means any of the 2018 Bonds or other debt issued by the District, which are secured by the levy of Special Assessments of the District. As used herein, Debt may refer to the principal (present value) of the Special Assessments levied on property within the District, which corresponds to a like amount of Bond indebtedness.

“Debt Service” means the amount of money necessary to pay interest on outstanding bonds, the principal of maturing or redeemed bonds and any required contributions to a sinking fund for term bonds. “Annual debt service” refers to the total principal and interest required to be paid in a calendar year, fiscal year, or bond fiscal year.

"Developed Property" means all property within the District which is legally subdivided by a recorded subdivision plat into a Lot, has legal entitlements for development of a residential structure thereon, has been developed with a fine grade level pad contiguous to an asphalt paved road with utility laterals stubbed at the Lot, and as to which a building permit and certificate of occupancy for a residential structure may be issued by Pasco County.

“Developer” means Dune FL Land I Sub LLC its successors and assignees.

“ERU” means a way to quantify different land use types in terms of their equivalence to fifty feet (50’) wide Lot, which is defined as 1.0 ERU.

"Fiscal Year" means the period starting October 1 and ending on the following September 30.

"Indenture" means the Master Trust Indenture for Zephyr Lakes Community Development District, the First Supplemental Trust Indenture, and the Second Supplemental Trust Indenture.

"Lot" means an individual residential lot, identified and numbered on a recorded final subdivision map as to which a building permit may be issued by Pasco County for construction of a residential unit without further subdivision of the Lot and for which no further subdivision of the Lot is anticipated and which qualifies as Developed Property.

"Property Owner Association Property" means any property within the CDD boundaries that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Public Property" means any property within the CDD boundaries that is, at the time of the CDD formation, expected to be used for any public purpose and is or will be owned by or dedicated to the federal government, the State, the County, the District or any other public agency.

"Single Family Unit" or **"Unit"** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

"Series 2018 Assessment" means the special assessment levied pursuant to the provisions of Sections C and D below in each Fiscal Year on each parcel of Developed Property and Undeveloped Property comprising the 2018 Assessable Property in the CDD to fund the Special Assessment Requirement.

"Special Assessment Requirement" means that amount determined by the District's Board of Supervisors that is required in any Fiscal Year to pay regularly scheduled Debt Service for the calendar year, which commences in such Fiscal Year, on the outstanding District Debt.

"Tax Parcel" means a Lot or parcel identified by the Pasco County Property Appraiser as a separate parcel for taxation purposes designated by a folio or parcel identification number.

"Undeveloped Property" means, for each Fiscal Year, all 2018 Assessable Property not constituting Developed Property.

B. PROPERTY CLASSIFICATION AND ASSIGNMENT OF ERU

Each Fiscal Year using the definitions above, all 2018 Assessable Property shall be classified as Developed Property or Undeveloped Property, and shall be subject to Series 2018 Assessment pursuant to Sections C and D below based on the following Lot types and ERU assignment.

Table 4 - Lot Categories and ERU Assignments

Lot Type	Lot Count	Assigned ERU	Total ERU	% ERU
40'	50	0.80	40.00	13.8%
50'	250	1.00	250.00	86.2%
Total	300		290.00	100.00%

C. SERIES 2018 ASSESSMENT REQUIREMENT

The estimated Special Assessment Requirement for Fiscal Year 2018 is presented in the Table below.

Table 5 - Estimated Special Assessment Debt Service Requirement in Fiscal Year 2018

Special Assessment Requirement	Amount (excl. County charges and early payment discount)	Par Amount
2018 Bonds	\$432,272	\$6,460,000

Refer to the Appendix for details on the preliminary 2018 Bond sizing.

D. SPECIAL ASSESSMENT RATE**1. Developed Property**

a) Total ERU, Bond Par Amount and Annual Assessment (MADS)

The Par Amounts and MADS per ERU are presented in the following tables.

Table 6 – Par Amount and MADS per ERU

Description	Series 2018 Bond
Secured by and Payable from Total Lots	300
Secured by and Payable from Total ERU	290.00
Total Par Amount	\$6,460,000
Par Amount per 1.0 ERU	\$22,276
Total MADS	\$432,272
MADS per 1.0 ERU	\$1,491

b) Assigned ERU, Bond Par Amount and Annual Assessment (MADS) Allocation

Pursuant to the Par Amounts and MADS allocation based on ERU, the resulting respective amounts per Lot are set forth in the Table below.

Table 7 - Par Amount and MADS per Lot

Lot Width	Assigned ERU	Series 2018 Par Amount /Lot	Series 2018 MADS /Lot
40	0.80	\$17,821	\$1,192
50	1.00	\$22,276	\$1,491

2. Undeveloped Property

Prior to the property, or portion thereof, becoming Developed Property, the Special Assessments and Debt will be allocated to each property, as described by Property Tax Appraiser parcel information or legal description, based on acreage. Upon recordation of a subdivision plat map, the Lot sizes are determinable, therefore, upon any portion of the property becoming Developed Property, the Special Assessments are then levied on the individual Lots based on Lot size by assigning ERUs to each Lot at the applicable Special Assessment rates for Developed Property described above. The District Debt is allocated per acre as set forth in the table below.

Table 8 - District Debt Allocation

Bond Series	Total Units	Total Acreage (Ac)	Par Amount	Par / Ac
2018	300	—	\$6,460,000	\$__

In the current Fiscal Year, all Tax Parcels are classified as Undeveloped Property within the District. Based on the ERU assignment, the assigned Special Assessment rate for Undeveloped Property within the District is presented in the following table.

Table 9 - Annual Assessment Allocation

Bond	Total Units	Total Acreage (Ac)	MADS	MADS /Ac
2018	300	—	\$432,272	—

Please refer to Appendix for details on property classification and land size.

3. Exempt Property

No Special Assessment shall be levied on Public Property and Property Owner Association Property.

E. METHOD OF APPORTIONMENT OF THE SPECIAL ASSESSMENT

Commencing with Fiscal Year 2018 and for each following Fiscal Year, the CDD shall levy the Series 2018 Assessments as follows:

First (Developed Property, All Phases): The Series 2018 Assessments shall be levied proportionately on each Tax Parcel of Developed Property in an amount at the applicable assigned Series 2018 Assessment rate as determined pursuant to Section D.1.

Second (Undeveloped Property, All Phases): If additional monies are needed to satisfy the Special Assessment Requirement after the first step has been completed, the Series 2018

Assessment shall be levied proportionally on each Tax Parcel of Undeveloped Property at the assigned Series 2018 Assessment rate for Undeveloped Property.

F. PROCESS OF ASSESSMENT REALLOCATION AND TRUE UP

The Series 2018 Assessments will be initially allocated in accordance with this methodology. All changes in the number of Lots and Lot mix within parcels will be permitted as long as the per-ERU assessment or the per acre assessment, as applicable, in the remaining Undeveloped Property does not exceed the initial level as established in the methodology. Any changes which increase the per-ERU assessments or the per acre assessments, as applicable, above the initial level will require a True-Up Payment by the Developer. Conversely, any changes that decrease the per-ERU assessments below the initial level will result in an automatic decrease in the per-ERU assessment in the remaining Undeveloped Property. The per-ERU assessments are presented in the table below.

Table 10 - Debt per ERU

Bond Series	Total Units	Total ERU	Total Debt	Total Debt / ERU
2018	300	290.00	\$6,460,000	\$22,276

The land use and numbers of ERUs within each parcel will be certified by the Developer and the District Engineer. Refer to Appendix for a preliminary assessment roll presenting the Special Assessment levied for Fiscal Year 2018 in accordance with the method of apportionment described above.

G. MANNER OF COLLECTION

The Series 2018 Assessments shall be collected as provided in the Indenture. It is anticipated that when or before the 2018 Assessable Property becomes Developed Property, the Series 2018 Assessments levied to repay the 2018 Bonds will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that the CDD may collect the Series 2018 Assessments at a different time or in a different manner if necessary to meet its obligations under the applicable trust indenture for the 2018 Bonds.

H. PREPAYMENT

The following definition applies to this Section H.

“Outstanding District Debt” means previously issued Bonds secured by the levy of Special Assessments, which remain outstanding, from time to time, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments.

The Special Assessment obligation of a Tax Parcel may be prepaid in full, or in part, and the obligation of the Tax Parcel to pay the Special Assessment permanently, or partially, satisfied; provided that a prepayment may be made only if there are no delinquent Special Assessments with

respect to such Tax Parcel at time of prepayment. The Special Assessment Prepayment amount is calculated as follows:

Outstanding District Debt amount allocated to the subject Tax Parcel

Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date, which shall occur at least 45 days prior to the tender of the prepayment

Less: Allocable portion of Capitalized Interest, if any remains at time of the prepayment

Less: Allocable portion of the Reserve Fund

Total: Equals Prepayment Amount (PA)

Plus: Reasonable administrative fees and expenses related to lien release, calculation and recordation as determined by the CDD manager (A)

Partial Prepayment (PP) is calculated as follows: $PP = (PA * F) + A$

The term F means the percent by which the owner of the Tax Parcel is partially prepaying the Special Assessment. With respect to a partial prepayment, the CDD manager shall indicate in the CDD records that there has been a partial prepayment and that a portion of the Special Assessment equal to (1.00 minus F) of the remaining Special Assessment shall continue to be authorized to be levied on such Tax Parcel pursuant to Section D.

Appendix II: Preliminary Sources and Uses

Sources	Total
Bond Proceeds - Par	\$6,460,000
Uses	
Acquisition and Construction Account	\$5,329,378
Debt Service Reserve Fund	\$432,272
Capitalized Interest	\$339,150
Underwriter's Discount	\$129,200
Cost of Issuance	\$230,000
Total Uses	\$6,460,000

Source: FMS Bonds (_____). Sources and Uses of Funds. FMS Bonds.

Appendix III: Preliminary Assessment Rolls

Parcel Area Identification /(b), (e)	Owner /(b)	Acreage (a)	% Ac	Total District Debt /(c)	Total MADS /(d)
Refer to legal description in Appendix IV.	Dune FL Land I Sub LLC	—	100.00%	\$6,460,000	\$432,272

Footnote:

(a) Estimate based on legal description at time of establishment of the District. Acreage includes lowlands.

(b) Owner information per County records. There are multiple Parcel IDs associated with the District.

(c) The Series 2018 Assessments will remain levied against Undeveloped Property on an equal acreage basis until the 2018 Assessable Property is platted.

(d) Excluding County collection charges and early payment discounts.

Appendix IV: Legal Description & Sketch

Appendix VI: Allocation of Public Improvements Costs and Proposed Debt

The 2018 Project costs and the other uses of bond proceeds are used as proxy for total benefit. As described in the Engineer's Report, the completed public infrastructure costs are estimated in the amount of \$__ million. The following table sets forth the allocation of public improvements costs ("PIC") among the assessable property, including an allowance for other uses of bond proceeds such as deposit to the debt service reserve fund, capitalized interest, costs of issuances, and other uses.

Table 11 - Allocation of Public Improvement Costs

Lot Width	Total Units	ERU	Total ERU	% ERU	Total Cost (as proxy for benefit)⁴	Benefit Per Unit

Table 12 - Total Series 2018 Debt Per Unit

Lot Width	Total Debt	Total Public Improvement Costs (PIC)	Debt Over/(Under) PIC

⁴ Including bond financing costs such as capitalized interest, reserves and cost of issuance.

Exhibit 3

**Zephyr Lakes Community
Development District**

Supplemental Report
of the District Engineer



Prepared for:
Board of Supervisors
Zephyr Lakes Community
Development District

Prepared by:
Stantec Consulting Services Inc.
777 S. Harbour Island Blvd
Suite 600
Tampa, FL 33602
(813) 223-9500

September 17, 2018

1.0 INTRODUCTION

The Zephyr Lakes Community Development District (the "District") encompasses approximately 219 acres of land located within the City of Zephyrhills, Pasco County, Florida. The District is located within Sections 26 and 35, Township 25 South, Range 21 East, east of Gall Boulevard (US Highway 301), west of Wire Road and with Otis Allen Road dead ending on the east side and Kossik Road ending on the west side.

See Appendix A for a Vicinity Map and Legal Description of the District.

2.0 PURPOSE

The District was established on July 25, 2014 by City of Zephyrhills Ordinance No. 1232-14 for the purpose of constructing and/or acquiring, maintaining, and operating all or a portion of the public improvements and community facilities within the District. The purpose of this Report of the District Engineer is to provide a description and estimated costs of the public improvements and community facilities for the 2018 Project being planned within the District for the initial Phases 1A, 2A, 2B and 4A.

3.0 THE DEVELOPER AND DEVELOPMENT

The Zephyr Lakes property was re-zoned to a Planned Unit Development by City of Zephyrhills Ordinance No. 948-06, with the Preliminary Development Plan, Final Development Plan, and Residential Design Guidelines being amended on July 28, 2014 by City Ordinance No. 1233-14. An amendment to the zoning was approved by the City of Zephyrhills on May 21, 2018, Ordinance No. 1366-18 which allows up to 649 units, including a maximum 541 single family detached units and 54 single family attached units or 108 multi-family units in lieu of the single family attached units. A total of 568 single-family and attached townhome units are currently planned within the District.

The public improvements and community facilities for the 2018 Project include an extension of a portion of Kossik Road through the District, various subdivision streets and their associated, water and wastewater mains, water management control, perimeter buffering and screening, landscaping/irrigation/hardscaping, and an amenity area and other community parks and interconnecting pedestrian trails. The 2018 Project also includes water management control for Phases 1B, 1C, 2C, 4B and 4D.

An Illustrative Site Plan is included in Appendix B.

4.0 PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES

Detailed descriptions of the proposed public improvements and community facilities are provided as follows:

4.1 WATER MANAGEMENT AND CONTROL

The design criteria for the District's water management and control is regulated by the City of Zephyrhills and the Southwest Florida Water Management District (SWFWMD). The water management and control plan for the District focuses on utilizing newly constructed ponds within upland areas and on-site wetlands for stormwater treatment and storage.

Any excavated soil from the ponds is anticipated to remain within the development for use in building public infrastructure including roadways, landscape berming, drainage pond bank fill requirements, utility trench backfill, and filling and grading of public property.

The primary objectives of the water management and control for the District are:

1. To provide stormwater quality treatment.
2. To protect the development within the District from regulatory-defined rainfall events.
3. To maintain natural hydroperiods in the wetlands and connecting flow ways.
4. To insure that adverse stormwater impacts do not occur upstream or downstream as a result of the development during regulatory-defined rainfall events.
5. To satisfactorily accommodate stormwater runoff from adjacent off-site areas which may naturally drain through the District.
6. To preserve the function of the flood plain storage during the 100 year storm event.

Water management and control will be designed in accordance with the City of Zephyrhills Land Development Code and technical standards. The District will be responsible for owning, operating, and maintaining the storm sewer and storm

4.2 DISTRICT ROADS

District roads include the roadway asphalt, base, and subgrade, roadway curb and gutter, and sidewalks within rights of way abutting common areas.

Road improvements include the extension of Kossik Road that provides the major access to the subdivision streets planned throughout the multiple phases of the community. Other minor roadway connections to Wire Road are also included. In order to extend Kossik Road to the east end of the District boundary, a segment of the planned road extension may be located outside the boundary of the District and will be considered an off-site improvement. Other off-site roadway improvements may also be required for proper ingress/egress to/from the community.

All roads will be designed in accordance with City of Zephyrhills Land Development Code and technical standards and all roads are currently planned to be owned and maintained by the District.

4.3 SEWER AND WASTEWATER MANAGEMENT

The District is located within the City of Zephyrhills Utilities Department service area which will provide sewer and wastewater management service to the community. The sewer

and wastewater management improvements include an 8" gravity sanitary sewer system within the road rights of way and pumping stations that will connect to existing City facilities west of the District. In order to reach the City's required service connection point, the proposed public sewer and wastewater management system may be located outside the boundary of the District which will be considered an off-site improvement.

All sanitary sewer and wastewater management systems will be designed in accordance with City of Zephyrhills technical standards and constructed by the District and then transferred to City of Zephyrhills for operations and maintenance.

4.4 WATER SUPPLY

The District is located within the City of Zephyrhills Utilities Department service area which will provide water supply for potable water service and fire protection to the community. The water supply improvements include looped water mains which will supply potable water service and fire protection to the community. In order to reach the City's required service connection point, the proposed public water supply system may be located outside the boundary of the District which will be considered an off-site improvement.

The water supply systems will be designed in accordance with City of Zephyrhills technical standards, and it will be constructed by the District and then transferred to City of Zephyrhills for operations and maintenance.

4.5 ELECTRIC SERVICE EXTENSION, UNDERGROUNDING OF ELECTRICAL POWER, AND STREET LIGHTS

The District lies within the area served by Withlacoochee River Electric Cooperative ("WREC") for electrical power service, and they will provide service to the District. There are fees to convert service from overhead to underground within the subdivision. The development's internal electrical power system will consist of conduit, underground cable, and street lights. It is anticipated that the District will enter into a Street Lighting Agreement with WREC who will be responsible for the operation and maintenance services.

4.6 LANDSCAPING, IRRIGATION, HARDSCAPING, AND AMENITIES

Landscape buffering and screening will be provided alongside the Otis Allen Road extension and at the various entry points into the subdivision and within common area tracts and park sites. Buffering and screening fencing and/or walls will be provided along some of the project boundaries. Irrigation will also be provided in the landscaped areas.

Amenities will include a pool and clubhouse, two park sites, and inter-connecting pedestrian paths.

The District will own and maintain the landscaping, irrigation, and hardscaping improvements.

4.7 PROFESSIONAL SERVICES AND PERMITTING FEES

City of Zephyrhills and SWFWMD impose fees for construction permits and plan reviews. These fees vary with the magnitude and size of the development. Additionally, engineering, surveying, and architecture services are needed for the subdivision, landscape and, hardscape. As well, development/construction management services are required for the design, permitting, construction, and maintenance acceptance of the public improvements and community facilities.

5.0 PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES COSTS

See Appendix C for the Construction Cost Estimate of the Public Improvements and Community Facilities.

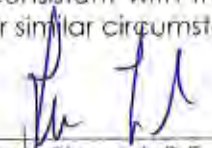
6.0 SUMMARY AND CONCLUSION

The District, as outlined above, is responsible for the functional development of the lands within the District, and, except as noted above in this report, such public improvements and facilities are located within the boundary of the District. The planning and design of the District will be in accordance with current governmental regulatory requirements. The Development will provide its intended function so long as the construction is in substantial compliance with the design and construction permits.

Items of construction cost in this report are based on our review and analysis of the Illustrative Site Plan and cost estimates recently received from contractors for comparable projects. It is our professional opinion that the proposed public improvements and community facilities described herein is feasible and that the estimated infrastructure costs provided herein for the development are fair and reasonable to complete the construction of the public improvements and community facilities described herein. All such infrastructure costs are public improvements or community facilities as set forth in Section 190.012(1) and (2) of the Florida Statutes.

The estimate of the construction costs is only an estimate and not a guaranteed maximum cost. The estimated cost is based on historical unit prices or current prices being experienced for on-going and similar items of work in Pasco County. The labor market, future costs of equipment and materials, and the actual construction process are all beyond our control. Due to this inherent possibility for fluctuation in costs, the total final cost may be more or less than this estimate. This report presents the District's current intentions for a proposed public improvements and community facilities, and the District reserves the right to change the plan at any time.

The professional service for establishing the Public Improvements and Community Facilities Costs are consistent with the degree of care and skill exercised by members of the same profession under similar circumstances.



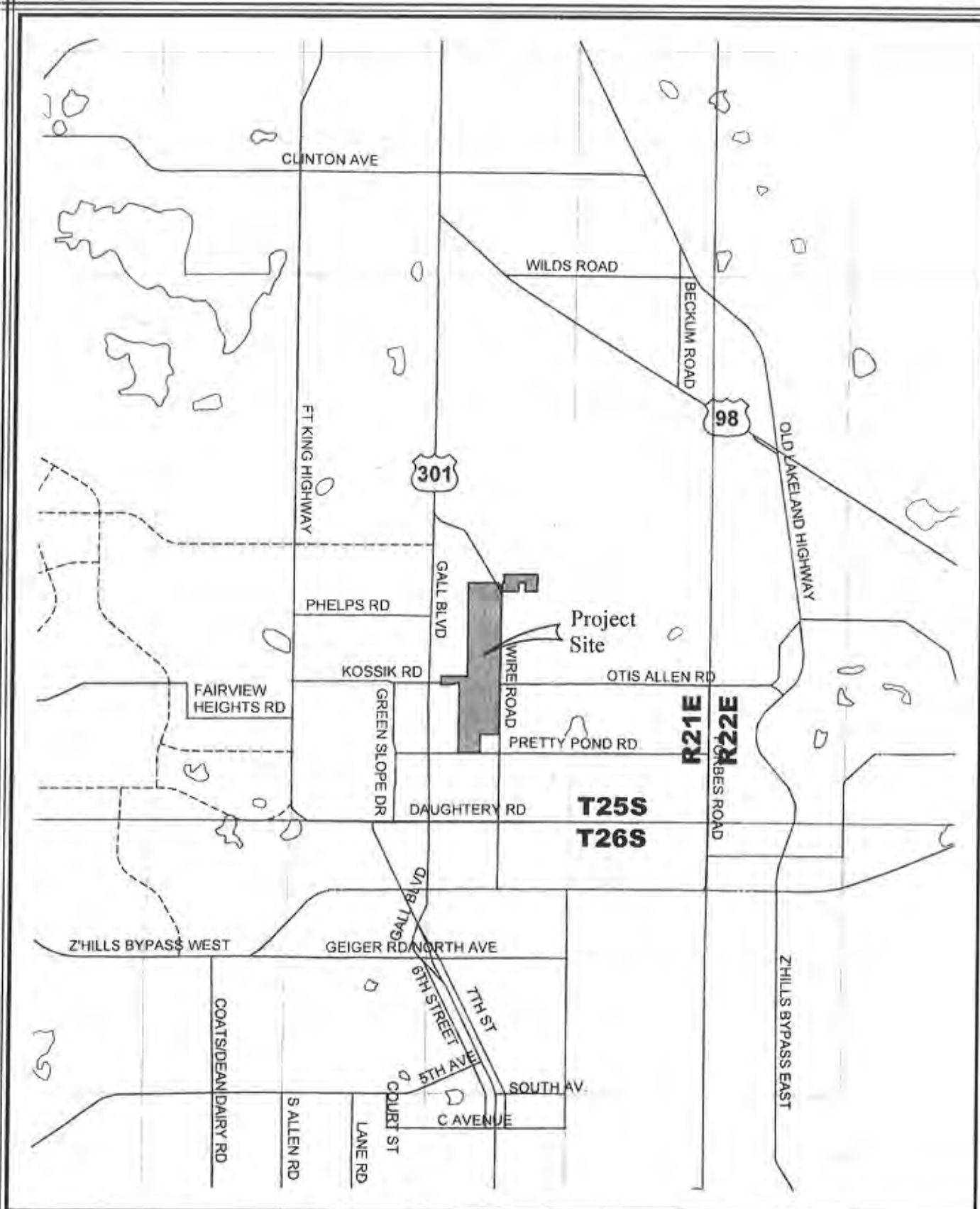
Tonja L. Stewart, P.E.
District Engineer
Florida License No. 47704

9/17/18

Date

Appendix A

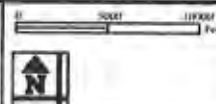
**VICINITY MAP AND LEGAL DESCRIPTION OF THE
DISTRICT**



Vicinity Map

Zephyr Lakes Community Development District

City of Zephyrhills



ZEPHYR LAKES

COMMUNITY DEVELOPMENT DISTRICT PARCEL

SHEET NO. 1 OF 3

PARCEL "A"

A PORTION OF TRACTS 7, 10, 25, 30, 39, 42, 54, 55, 58 AND 59, TOGETHER WITH TRACTS 6, 8, 11, 12, 21, 22, 27, 28, 37, 38, 43 AND 44, IN SECTION 35, TOWNSHIP 25 SOUTH, RANGE 21 EAST, ZEPHYRHILLS COLONY COMPANY LANDS SUBDIVISION AS RECORDED IN PLAT BOOK 1, PAGE 55 OF THE PUBLIC RECORDS OF PASCO COUNTY, FLORIDA, TOGETHER WITH LOT 5, BLOCK 1, ZEPHYRHILLS SMALL FARMS AS RECORDED IN PLAT BOOK 4, PAGE 29 OF THE PUBLIC RECORDS OF PASCO COUNTY, FLORIDA, TOGETHER WITH THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 AND THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 AND THE SOUTHWEST 1/4 AND A PORTION OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 26, TOWNSHIP 25 SOUTH, RANGE 21 EAST, PASCO COUNTY, FLORIDA, AND TOGETHER WITH A PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 25 SOUTH, RANGE 21 EAST, PASCO COUNTY, FLORIDA AND ALL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 35, SAID CORNER ALSO BEING THE SOUTHWEST CORNER OF SAID SECTION 26 AND THE SOUTHEAST CORNER OF SAID SECTION 27; THENCE ALONG THE SOUTH LINE OF SAID SECTION 27, N. 08° 57' 25" E., 7.43 FEET TO THE EAST RIGHT OF WAY LINE OF U.S. HIGHWAY 301 AND TO THE POINT OF A NON TANGENT CURVE; THENCE 330.36 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT, CONCAVE EAST, HAVING A RADIUS OF 38062.10 FEET, CENTRAL ANGLE OF 00° 00' 33", CHORD BEARING AND DISTANCE OF N. 01° 25' 14" E., 338.35 FEET; THENCE LEAVING SAID EAST RIGHT OF WAY LINE, N. 09° 57' 25" E., 1,327.00 FEET; THENCE N. 00° 12' 47" E., 653.34 FEET; THENCE S. 89° 55' 51" W., 1,279.58 FEET TO SAID EAST RIGHT OF WAY LINE OF U.S. HIGHWAY 301; THENCE ALONG SAID EAST RIGHT OF WAY LINE, N. 01° 54' 40" E., 330.36 FEET; THENCE LEAVING SAID EAST RIGHT OF WAY LINE, N. 09° 55' 51" W., 1,269.69 FEET; THENCE N. 00° 12' 47" E., 1,325.20 FEET; THENCE N. 00° 15' 02" E., 1,322.51 FEET; THENCE N. 00° 45' 56" E., 1,097.30 FEET TO THE WEST RIGHT OF WAY LINE OF OLD WIRE ROAD (DIXIE HIGHWAY/PLAT); THE FOLLOWING SIX (6) COURSES: 1) S. 31° 28' 01" E., 240.30 FEET TO A POINT OF CURVATURE, 2) 245.45 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT, CONCAVE WEST, HAVING A RADIUS OF 435.00 FEET, CENTRAL ANGLE OF 32° 19' 44", CHORD BEARING AND DISTANCE OF S. 15° 18' 10" E., 242.20 FEET; 3) S. 00° 51' 35" W., 3,101.11 FEET; 4) S. 00° 29' 53" W., 434.76 FEET; 5) S. 00° 29' 53" W., 1,327.81 FEET; 6) S. 00° 38' 38" W., 575.24 FEET; THENCE LEAVING SAID WEST RIGHT OF WAY LINE, N. 00° 04' 19" W., 723.00 FEET; THENCE S. 00° 21' 55" W., 717.02 FEET TO THE NORTH RIGHT OF WAY LINE OF PRETTY POND ROAD; THENCE ALONG SAID NORTH RIGHT OF WAY LINE, N. 00° 55' 15" W., 825.11 FEET; THENCE LEAVING SAID NORTH RIGHT OF WAY LINE, N. 00° 02' 45" E., 2,018.58 FEET TO THE NORTH LINE OF SAID SECTION 35; THENCE ALONG SAID NORTH LINE, N. 00° 06' 00" W., 1015.17 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPT THAT CERTAIN COMMERCIAL TRACT DESCRIBED AS FOLLOWS:

A PORTION OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 26, TOWNSHIP 25 SOUTH, RANGE 21 EAST, PASCO COUNTY, FLORIDA, AND A PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 25 SOUTH, RANGE 21 EAST, PASCO COUNTY, FLORIDA, ALL BEING FURTHER DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF SAID SECTION 26, THENCE ALONG THE WEST LINE OF SAID SECTION 26, N. 00° 13' 58" E., FOR 12.44 FEET TO THE POINT OF BEGINNING, THENCE LEAVING SAID WEST LINE, N. 09° 59' 19" W., FOR 7.12 FEET TO THE EAST RIGHT OF WAY LINE OF U.S. HIGHWAY 301 AND THE POINT OF INTERSECTION WITH A NON TANGENT CURVE CONCAVE TO THE WEST; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 38062.10 FEET, A CENTRAL ANGLE OF 00° 00' 33", AN ARC LENGTH OF 330.36 FEET AND A CHORD BEARING AND DISTANCE OF N. 01° 24' 41" E., FOR 320.05 FEET TO A POINT OF NON-TANGENCY; THENCE LEAVING SAID EAST RIGHT OF WAY LINE, N. 09° 57' 25" E., FOR 338.00 FEET; THENCE S. 01° 25' 32" W., FOR 570.34 FEET; THENCE N. 00° 59' 19" W., FOR 330.79 FEET TO THE POINT OF BEGINNING.

AND ALSO LESS THAT CERTAIN RESIDENTIAL TRACT DESCRIBED AS FOLLOWS:

A PORTION OF THE SOUTHWEST 1/4 OF SECTION 26, TOWNSHIP 25 SOUTH, RANGE 21 EAST, PASCO COUNTY, FLORIDA, BEING FURTHER DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF SAID SECTION 26, THENCE ALONG THE WEST LINE OF SAID SECTION 26, N. 00° 13' 58" E., FOR 991.38 FEET; THENCE LEAVING SAID WEST LINE, S. 89° 55' 02" E., FOR 47.20 FEET TO THE EAST RIGHT OF WAY LINE OF U.S. HIGHWAY 301 AND THE POINT OF BEGINNING, THENCE ALONG SAID EAST RIGHT OF WAY LINE, N. 01° 54' 40" E., FOR 330.36 FEET; THENCE LEAVING SAID EAST RIGHT OF WAY LINE, N. 09° 55' 51" E., FOR 1,269.69 FEET; THENCE S. 00° 11' 49" W., FOR 330.63 FEET; THENCE S. 89° 55' 51" W., FOR 1,278.68 FEET TO THE POINT OF BEGINNING.

AND ALSO LESS that certain parcel conveyed to Pasco County for additional right-of-way for Route Road by Warranty Deed recorded in Official Records Book 8884, page 1619, Public Records of Pasco County, Florida, being described therein as:

A tract on road lying within the Southwest 1/4 of Section 26 and in the Southwest 1/4 of Section 27, Township 25 South, Range 21 East, Pasco County, Florida, Air being more particularly described as follows:

beginning at the Southwest corner of said Section 26, Township 25 South, Range 21 East, Pasco County, Florida, thence along the South boundary of said Section 26, S. 89° 55' 02" E., a distance of 1015.17 feet, thence departing said South boundary, N. 00° 09' 45" E., a distance of 92.72 feet, thence westerly, 383.38 feet, along the arc of a curve concave to the Southwest (said curve having a radius of 500.00 feet, central angle of 24° 24' 20", and a chord bearing and distance of S. 77° 48' 23" W., 380.49 feet); thence N. 89° 59' 19" W., a distance of 850.47 feet to a point on the first right-of-way line of U.S. Highway No. 301; thence southerly, 17.45 feet, along said right-of-way line and along the arc of a curve concave to the East (said curve having a radius of 38062.10 feet, central angle of 00° 00' 33" and a chord bearing and distance of S. 01° 00' 31" W., 12.45 feet to a point on the South boundary of the Southwest 1/4 of said Section 27; thence S. 89° 54' 32" E., along said South boundary, a distance of 7.21 feet to the Point of Beginning.

FURTHER LESS AND EXCEPT:

ALL RIGHTS OF WAY AS CONTAINED WITHIN THE PLAT OF ZEPHYRHILLS COLONY COMPANY LANDS SUBDIVISION AS RECORDED IN PLAT BOOK 1, PAGE 55, OF THE PUBLIC RECORDS OF PASCO COUNTY, FLORIDA.

TOGETHER WITH:

ALL OF THE 15 FOOT RIGHTS OF WAY WHICH HAVE NOT BEEN PREVIOUSLY VACATED, IN THE PLAT OF ZEPHYRHILLS COLONY COMPANY LANDS SUBDIVISION AS RECORDED IN PLAT BOOK 1, PAGE 55, OF THE PUBLIC RECORDS OF PASCO COUNTY, FLORIDA.

TOGETHER WITH:

PARCEL "B"

THE SOUTH 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 26, TOWNSHIP 25 SOUTH, RANGE 21 EAST, PASCO COUNTY, FLORIDA, LESS AND EXCEPT THE WEST 10.00 FEET THEREOF FOR ROAD RIGHT OF WAY TOGETHER WITH TRACT 35, ZEPHYRHILLS COLONY COMPANY LANDS SUBDIVISION IN SECTION 26, TOWNSHIP 25 SOUTH, RANGE 21 EAST, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, PAGE 6, PUBLIC RECORDS OF PASCO COUNTY, FLORIDA, LESS AND EXCEPT THE WEST 10.00 FEET THEREOF.

TOGETHER WITH:

THE WEST 654.00 FEET OF TRACT 36, ZEPHYRHILLS COLONY COMPANY LANDS SUBDIVISION IN SECTION 26, TOWNSHIP 25 SOUTH, RANGE 21 EAST, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, PAGE 6, PUBLIC RECORDS OF PASCO COUNTY, FLORIDA, LESS AND EXCEPT THE WEST 20.00 FEET THEREOF FOR ROAD RIGHT OF WAY.

ALSO TOGETHER WITH:

THAT PORTION OF THE RIGHT-OF-WAY FOR WIRE ROAD LYING TO THE EAST OF AND ADJACENT TO TRACT 9 AND TRACT 10, AND LYING EAST OF AND ADJACENT TO THE NORTH 20.75 FEET OF TRACT 8, AND THAT PART OF THE 15 FOOT RIGHT-OF-WAY LYING NORTH OF THE EASTERLY RIGHT-OF-WAY LINE OF SAID WIRE ROAD, ALL OF ZEPHYRHILLS SMALL FARMS, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 4, PAGE 29, OF THE PUBLIC RECORDS OF PASCO COUNTY, FLORIDA.

AND ALSO TOGETHER WITH:

THAT PORTION OF THE 20 FOOT RIGHT-OF-WAY LYING WEST OF AND ADJACENT TO TRACT 36, OF ZEPHYRHILLS COLONY COMPANY LANDS SUBDIVISION AS RECORDED IN PLAT BOOK 2, PAGE 6, OF THE PUBLIC RECORDS OF PASCO COUNTY, FLORIDA.

ALL TOGETHER CONTAINING 219.30 ACRES, MORE OR LESS

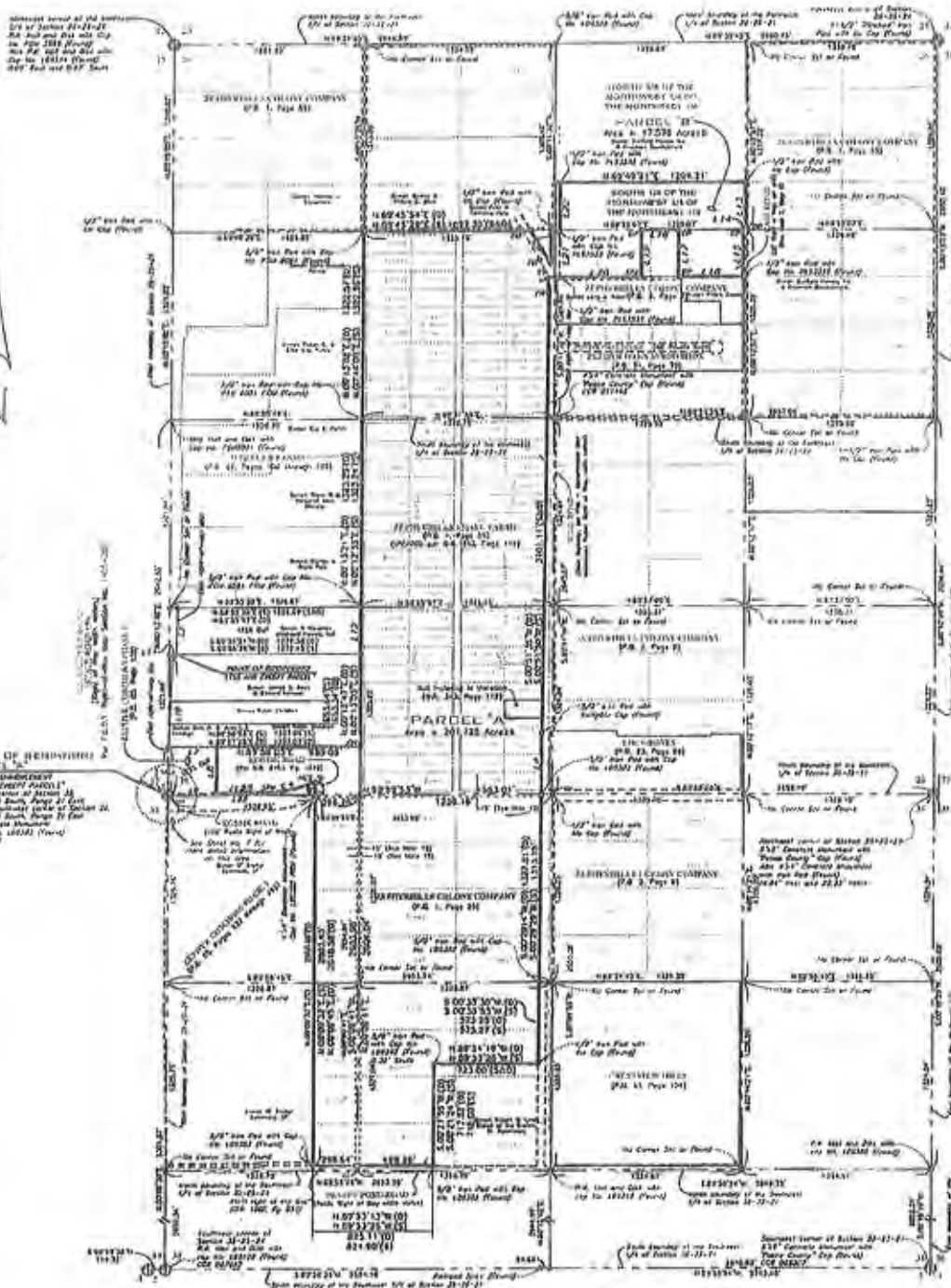
NOTE:

1) See Sheet No. 2 for Sketch, see Sheet No. 3 for curve data, bearings and basis of bearings.

This Survey Prepared For **Heidt Design**

REVISIONS						DESCRIPTION SKETCH (Not A Boundary Survey) 6506	6506
Description	Date	Own	Cl'd	P.C.	Order No.		
							</

Not To Scale



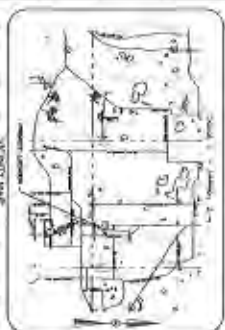
This Survey Prepared For *Heidt Design*

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NOT VALID WITHOUT THE SIGNATURES AND THE ORIGINAL
RAISED SIGN OF A PERSON (IN REASONABLE SURETY) AND IMPROVED

Drawn: JMC	Checked: PAD	P.C. 10/10/10	Date: 10/10/10
Date: 1/25/14	Dwg: ZPPHLMKES-C00	Order No.: 110L-26-001	
Sections 26, 27 & 35 Township 25 South, Range 21 East			

Appendix B ILLUSTRATIVE SITE PLAN

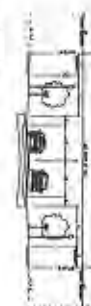
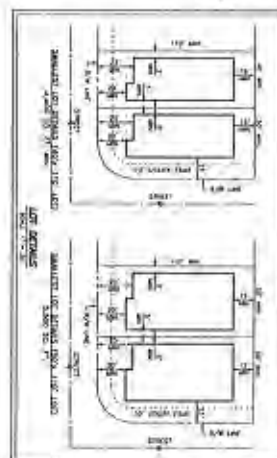


Author's address: *Department of Mathematics, University of California, San Diego, La Jolla, CA 92037, USA*

Zentrum für Psychotherapie - Jüdische Gemeinde

1. **CONDUCT**

— 200 —

[illegible]

LEADER

CONCLUSIONS

1. *Chlorophyll a* (Chl *a*)
 2. *Chlorophyll b* (Chl *b*)
 3. *Chlorophyll c* (Chl *c*)
 4. *Chlorophyll d* (Chl *d*)
 5. *Chlorophyll e* (Chl *e*)
 6. *Chlorophyll f* (Chl *f*)
 7. *Chlorophyll g* (Chl *g*)
 8. *Chlorophyll h* (Chl *h*)
 9. *Chlorophyll i* (Chl *i*)
 10. *Chlorophyll j* (Chl *j*)
 11. *Chlorophyll k* (Chl *k*)
 12. *Chlorophyll l* (Chl *l*)
 13. *Chlorophyll m* (Chl *m*)
 14. *Chlorophyll n* (Chl *n*)
 15. *Chlorophyll o* (Chl *o*)
 16. *Chlorophyll p* (Chl *p*)
 17. *Chlorophyll q* (Chl *q*)
 18. *Chlorophyll r* (Chl *r*)
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 23. *Chlorophyll w* (Chl *w*)
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 47. *Chlorophyll au* (Chl *au*)
 48. *Chlorophyll av* (Chl *av*)
 49. *Chlorophyll aw* (Chl *aw*)
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 131. *Chlorophyll ayz* (Chl *ayz*)
 132. *Chlorophyll ayz* (Chl *ayz*

KOSSIK ROAD - 120' ROADWAY SECTION

DAIRY ROAD - 80' ROADWAY SECTION

50' LOCAL ROADWAY SECTION

PRELIMINARY PLAT

**ZEPHYR LAKES SUBDIVISION PHASES 1-5
KOSSIK ROAD, ZEPHYRHILLS
PASCO COUNTY, FLORIDA**



HAMILTON
ENGINEERING & SURVEYING INC.

**Appendix C CONSTRUCTION COST ESTIMATE OF PUBLIC
IMPROVEMENTS AND COMMUNITY FACILITIES**

Zephyr Lakes Community Development District
Construction Cost Estimate of Public Improvements and Community Facilities

Items	Description	2018 Project Cost to Complete Phases 1A and 2A			Future Phases Cost to Complete Phases 1B, 1C, 2C, 3, 4B, 4D 5 & 7			Combined Total
		Master	Subdivision	Total	Master	Subdivision	Total	
1	Water Management and Control	\$432,000	\$2,138,700	\$2,570,700	\$302,400	\$3,183,100	\$3,485,500	\$6,056,200
2	Roads	\$168,000	\$573,600	\$741,600	\$117,600	\$2,173,600	\$2,291,200	\$3,032,800
3	Water Supply	\$80,000	\$193,800	\$273,800	\$56,000	\$734,800	\$790,800	\$1,064,600
4	Sewer and Wastewater Management	\$420,000	\$337,400	\$757,400	\$384,000	\$1,278,700	\$1,662,700	\$2,420,100
5	Electrical Power	\$40,000	\$119,000	\$159,000	\$40,000	\$82,000	\$122,000	\$281,000
6	Amenity	\$1,400,000		\$1,400,000				\$1,400,000
7	Landscape/Hardscape/Irrigation	\$1,100,000		\$1,100,000	\$690,000		\$690,000	\$1,790,000
8	Professional Services/Permit/Capacity Fees	\$50,000	\$238,000	\$288,000	\$50,000	\$522,130	\$572,130	\$860,130
	Total	\$3,690,000	\$3,600,500	\$7,290,500	\$1,640,000	\$7,974,330	\$9,614,330	\$16,904,830

Exhibit 4

RESOLUTION NO. 2018-12

A RESOLUTION DELEGATING TO THE CHAIRMAN OF THE BOARD OF SUPERVISORS OF ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT THE AUTHORITY TO APPROVE THE SALE, ISSUANCE AND TERMS OF SALE OF ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2018, AS AN ISSUE OF BONDS UNDER THE MASTER TRUST INDENTURE (THE "BONDS"); ESTABLISHING THE PARAMETERS FOR THE PRINCIPAL AMOUNTS, INTEREST RATES, MATURITY DATES, AND OTHER DETAILS THEREOF; APPROVING THE FORM OF AND AUTHORIZING THE CHAIRMAN TO ACCEPT THE CONTRACT FOR PURCHASE FOR SAID BONDS; APPROVING THE FORMS OF MASTER TRUST INDENTURE AND FIRST SUPPLEMENTAL TRUST INDENTURE AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF BY CERTAIN OFFICIALS AND OFFICERS OF ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT; APPROVING THE FORM OF PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS AND AUTHORIZING THE USE THEREOF; APPROVING THE FORM OF CONTINUING DISCLOSURE AGREEMENT RELATING TO SAID BONDS; AUTHORIZING THE VICE CHAIRMAN AND ASSISTANT SECRETARIES TO ACT IN THE STEAD OF THE CHAIRMAN OR THE SECRETARY AS THE CASE MAY BE; AUTHORIZING CERTAIN OFFICIALS AND EMPLOYEES OF ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT TO TAKE ALL ACTIONS REQUIRED AND EXECUTE AND DELIVER ALL DOCUMENTS, INSTRUMENTS AND CERTIFICATES NECESSARY IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SAID BONDS; AUTHORIZING CERTAIN OFFICIALS AND EMPLOYEES OF ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT TO TAKE ALL ACTIONS AND ENTER INTO ALL AGREEMENTS REQUIRED IN CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF THE SERIES 2018 PROJECT; SPECIFYING THE APPLICATION OF THE PROCEEDS OF SAID BONDS; PROVIDING CERTAIN OTHER DETAILS WITH RESPECT TO SAID BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of Supervisors of Zephyr Lakes Community Development District (the "Board" and the "District," respectively) has determined to proceed at this time with the sale and issuance of the Zephyr Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018 (the "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 National Association, Orlando, Florida, as trustee (the "Trustee"), as

amended and supplemented by a First Supplemental Trust Indenture (the "Supplemental Indenture"), to be dated as of the first day of the first month and year in which Bonds are issued thereunder, from the District to the Trustee (the Master Indenture and Supplemental Indenture are hereinafter collectively referred to as the "Indenture");

WHEREAS, the Board has received a proposal from FMSbonds, Inc. (the "Underwriter") for the purchase of the 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 Bonds to the Underwriter within the parameters 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 Bonds it is necessary to approve the forms of Master Indenture and Supplemental Indenture, and to establish the parameters for the principal amount, interest rate, maturity, redemption provisions, underwriting discount, costs and certain other details with respect thereto 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 Bonds and the form of the final Limited Offering Memorandum; to approve the form of the Bonds; and to provide for various other matters with respect to the Bonds and the undertaking of the Series 2018 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 Bonds to the Underwriter upon the terms and conditions therein set forth, but within the Parameters, is hereby approved. The Chairman and the Secretary are 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. The Chairman is hereby authorized to execute and the Secretary is authorized to attest the Purchase Contract, which, when executed and delivered by the District and the Underwriter, shall be the legal, valid, binding obligation of the District, enforceable in accordance with its terms. The Chairman and the Secretary are hereby authorized and directed to execute, by manual

or facsimile signature, seal or cause a facsimile seal to be impressed thereon, and deliver or cause to be delivered to the Trustee the Bonds for authentication and then to deliver or cause to be delivered the Bonds to or upon the order of the Underwriter, upon payment by the Underwriter of the purchase price.

3. Negotiated Sale. The Board hereby determines that a negotiated sale of the Bonds to the Underwriter is in the best interests of the District because the market for instruments such as the 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 Bonds.

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

5. Description of Bonds. The 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 Bonds may be signed by the manual or facsimile signature of the Chairman and initially countersigned by the manual or facsimile signature of the Secretary. The Bonds shall, subject to the Parameters, be in the form and 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 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 the Bonds and the Chairman is hereby authorized to deliver to the Trustee for authentication and delivery to the Underwriter, the Bonds which, when executed and delivered by the Trustee, shall be the legal, valid, binding obligations of the District, enforceable in accordance with their terms.

6. Preliminary Limited Offering Memorandum and Limited Offering Memorandum; Continuing Disclosure Agreement. The form of the Preliminary Limited Offering Memorandum is attached hereto as Exhibit "C," which is hereby approved subject to such changes, additions, deletions and insertions as shall be

approved by the Chairman. The Chairman is hereby authorized to approve the content of the final form of the Limited Offering Memorandum, to be dated the date of execution and delivery of the Purchase Contract (the "Limited Offering Memorandum"), relating to the Bonds. The Chairman and the Secretary are hereby authorized to execute on behalf of the District such Limited Offering Memorandum with such changes, additions, deletions and insertions thereto as such officers may approve (such approval to be conclusively evidenced by their execution of said Limited Offering Memorandum), and to deliver such Limited Offering Memorandum to the Underwriter in sufficient quantities for use by the Underwriter in marketing the Bonds. The Chairman is hereby delegated the authority to "deem final" the preliminary form of Limited Offering Memorandum, as of its date, for the purposes and within the meaning of Section 240.15c2-12 Code of Federal Regulations (the "SEC Rule") (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 an Authorized Officer which approval shall be evidenced by the execution thereof).

The Continuing Disclosure Agreement relating to the 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, 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 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 Florida Statutes, Section 286.011.

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 Bonds and the consummation of all transactions in connection therewith, including the execution of all necessary or desirable certificates, documents, papers, and agreements and the undertaking and fulfillment of all transactions referred to in or contemplated by the Limited Offering Memorandum, the Indenture, this Resolution 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 Bonds in the amounts and in the manner set forth in Section 402 of the Supplemental Indenture.

10. Undertaking of the Series 2018 Project and Execution and Delivery of Other Instruments. The Board of Supervisors hereby authorizes the undertaking of the Series 2018 Project as prescribed in the Supplemental Indenture, 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 2018 Project and the issuance, sale and delivery of the Bonds, including but not limited to the execution and delivery of the DTC Letter of Representation by the District Manager on behalf of the District.

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

PASSED in Public Session of the Board of Supervisors of Zephyr Lakes Community Development District, this 18th day of September, 2018.

**ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

Attest:

Secretary/Assistant Secretary

Chairman/Vice Chairman, Board of Supervisors

SCHEDULE I
PARAMETERS

Not to Exceed Principal Amount:	\$10,000,000
Not to Exceed Interest Rate:	Maximum lawful rate
Not to Exceed Maturity Date:	Maximum allowed by law
Maximum Underwriter's Discount:	2.0%
Redemption Provisions:	The Bonds shall be subject to redemption as set forth in the form of the Bonds attached to the form of Supplemental Indenture attached hereto.

Form of Bond Purchase Contract

§[PAR 1]
**ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT CAPITAL
IMPROVEMENT REVENUE BONDS,
SERIES 2018**

BOND PURCHASE CONTRACT

[BPA Date]

Board of Supervisors
Zephyr Lakes Community Development District
Pasco County, Florida

Dear Ladies and Gentlemen:

FMSbonds, Inc. (the "Underwriter") offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the Zephyr Lakes Community Development District (the "District"). The District is located entirely within the unincorporated area of 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 Statements 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 1] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2018 (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 \$[] aggregate principal amount of the Bonds, less an underwriter's discount of \$[], 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 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 September 1, 2018 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of September 1, 2018 with respect to the Series 2018 Bonds (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. 2014-11 and Resolution No. 2018-12 adopted by the Board of Supervisors of the District (the "Board") on September 2, 2014 and September 18, 2018, respectively (collectively, the "Bond Resolution"). The Series 2018 Assessments comprising the Series

2018 Pledged Revenues have been levied by the District on the lands within the District specially benefited by the Series 2018 Project pursuant to the Assessment Resolutions.

Proceeds of the Series 2018 Bonds will be applied to (i) finance the Costs of acquiring, constructing and equipping certain assessable improvements (the "Series 2018 Project"), (ii) pay certain costs associated with the issuance of the Series 2018 Bonds, (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Series 2018 Bonds, and (iv) pay a portion of the interest to become due on the Series 2018 Bonds.

3. Limited Offering/Establishment of Issue Price. 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 A, 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 Bond Purchase Agreement, 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, and
- (2) 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 [BPA Date] (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] by among the District, Dune FL Land I Sub LLC, 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] (the "Completion Agreement"), the Agreement to Convey or Dedicate between the District and the Developer dated as of [Closing Date] (the "Agreement to Convey"), the Collateral Assignment of Development Rights by and between the District and the Developer dated [Closing Date] (the "Collateral Assignment"), the Declaration of Consent to Jurisdiction executed by the Developer and dated as of [Closing Date] (the "Declaration"), and the True Up Agreement by and between the District and the Developer dated as of [Closing Date] (the "True Up 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 of Florida, 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 the Collection Agreement to provide for the collection of the Series 2018 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 and the Bonds;

(c) At meetings of the Board that were duly called and noticed and at which a quorum was present and acting throughout, the Board duly adopted the Bond Resolution and the Assessment Resolutions, and 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, the Bonds 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, the Ancillary Agreements and the Bonds 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 of Florida (the "State") or the United States of America or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement, or other material instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and 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 Bonds, 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 Bonds, 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 Bonds, the Bond Resolution, the Assessment Resolutions, 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 Bonds, the Financing Documents, the Ancillary Agreements and the Series 2018 Project to the extent referred to in the Preliminary Limited Offering Memorandum, conform in all material respects to the Bonds, the Financing Documents, the Ancillary Agreements and the Series 2018 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 2018 Pledged Revenues. 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 corporate existence or powers of the Board or the titles of the respective officers of the Board to their respective offices; (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the application of the proceeds of the sale thereof for the purposes described in the Limited Offering Memorandum or the collection of Series 2018 Assessments or the pledge of and lien on the Series 2018 Pledged Revenues, 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 2018 Project, the Bond Resolution, the Assessment Resolutions, the Financing Documents and 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 2018 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 2018 BONDS – Book-Entry System," "THE DEVELOPMENT," "THE DEVELOPER," "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 Municipal Securities Rulemaking Board'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 Bonds, 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 3E-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 the Rule;

(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 2013 Pledged Revenues.

7. **Closing.** At 10:00 a.m. prevailing time on [Closing Date] (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 Bonds, 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 included in 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 along with a customary 10b-5 opinion regarding the Limited Offering Memorandum, of Nabors, Giblin & Nickerson, P.A., in their capacity as Disclosure Counsel to the District, addressed to the Underwriter;

(6) The opinion, dated as of the Closing Date and addressed to the District and the Underwriter of Straley & Robin, 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, Underwriter's Counsel, the District 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 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 on [];

(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 the Direct Collect method, as the case may be, as the means of collecting the Series 2018 Assessments as described in the Indenture; and (v) the Limited Offering Memoranda (other than the information under the captions "DESCRIPTION OF THE SERIES 2018 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 date hereof, 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 189.4085, 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 January 11, 2013 validating the Bonds and appropriate certificate of no-appeal;

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

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

(24) Evidence satisfactory the Underwriter that the District's Board of Supervisors has held a publicly advertised meeting wherein the Board of Supervisors of the District has ratified the Purchase Contract and the terms of the Bonds contained therein;

(25) A Declaration of Consent to Imposition of Special Assessments of the Developer with respect to all real property which is subject to the Series 2018 Assessments in form and substance acceptable to the Underwriter and Underwriter's Counsel; and

(26) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, Underwriter's Counsel, Disclosure 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 2018 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, Disclosure 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 Agreement 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 any Underwriter, or any affiliate of an 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 Agreement, (iv) the Underwriter have financial and other interests that differ from those of the District and (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.

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 DPF Management and Consulting, LLC, 15310 Amberly Dr., Ste. 175, Tampa, Florida 33647, 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 of Florida.

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.

[Signature page follows.]

Very truly yours,

FMSBONDS, INC.

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

Accepted and agreed to this
[], 2018.

**ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Michael Lawson
Chairperson, Board of Supervisors

EXHIBIT A

DISCLOSURE AND TRUTH-IN-BONDING STATEMENT

[BPA Date]

Zephyr Lakes Community Development District
Pasco County, Florida

Re: \$[PAR 1] Zephyr Lakes Community Development District Capital Improvement
Revenue Bonds, Series 2018

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] (the "Bond Purchase Contract"), between the Underwriter and Zephyr Lakes 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-.
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 to any person not regularly employed or retained by the Underwriter 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.

The District is proposing to issue \$[] aggregate amount of the Bonds for the purpose of providing moneys, to: (i) finance the Costs of acquiring, constructing and equipping the Series

2018 Project, (ii) pay certain costs associated with the issuance of the Bonds, (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Bonds, 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 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 2018 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 2018 Assessments in the amount of the principal of and interest to be paid on the Bonds.

The address of the Underwriter is:

FMSbonds, Inc.
20660W. 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	
CUSIP	
Day Loan	
DTC	
FINRA/SIPC	
MSRB	
Travel/Calls	
TOTAL:	

EXHIBIT B

TERMS OF BONDS

1. **Purchase Price:** \$[]
2. **Principal Amounts, Maturities, Interest Rates and Prices:** []/10% Test Designation
3. **Redemption Provisions:**

Optional Redemption

The Series 2018 Bonds are subject to redemption prior to maturity at the option of the District in whole, on any date, or in part on any Redemption Date, on or after November 1, [] at the Redemption Price of the principal amount of the Series 2018 Bonds or portions thereof to be redeemed together with accrued interest to the Redemption Date.

Mandatory Sinking Fund Redemption

The Series 2018 Bonds maturing on November 1, [] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 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 November 1 of the years and in the principal amounts set forth below:

<u>Year</u> <u>(November 1)</u>	<u>Amortization</u> <u>Installment</u>
--	---

* Final Maturity

The Series 2018 Bonds maturing on November 1, [] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 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 November 1 of the years and in the principal amounts set forth below:

<u>Year (November 1)</u>	<u>Amortization Installment</u>
------------------------------	-------------------------------------

* Final Maturity

The Series 2018 Bonds maturing on November 1, [] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 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 November 1 of the years and in the principal amounts set forth below:

<u>Year (November 1)</u>	<u>Amortization Installment</u>
------------------------------	-------------------------------------

* Final Maturity

The Series 2018 Bonds maturing on November 1, [] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 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 November 1 of the years and in the principal amounts set forth below:

	Year (November 1)	Amortization Installment
	2046*	265,000
<hr/>		
*	Final Maturity	

Extraordinary Mandatory Redemption

The Series 2018 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

- (a) on or after the Date of Completion of the Series 2018 Project, by application of moneys transferred from the Series 2018 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, in accordance with the terms of the First Supplement; or
- (b) from amounts, including Prepayments of Series 2018 Assessments, required by the Indenture to be deposited into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account; or
- (c) from amounts transferred to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account resulting from a reduction in the Series 2018 Reserve Account Requirement as provided for in the Indenture; or
- (d) on the date on which the amount on deposit in the Series 2018 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2018 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2018 Bonds of a Series shall be called for redemption, the particular Series 2018 Bonds or portions of Series 2018 Bonds of a Series to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

EXHIBIT C

BOND COUNSEL'S SUPPLEMENTAL OPINION

[Closing Date]

Zephyr Lakes Community Development District
Pasco County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Re: \$[PAR 1] Zephyr Lakes Community Development District Capital Improvement
Revenue Bonds, Series 2018

Ladies and Gentlemen:

We have acted as Bond Counsel to the Zephyr Lakes Community Development District (the "District"), a community development district established and existing pursuant to Chapter 190 of the Florida Statutes, as amended (the "Act"), in connection with the issuance by the District of its \$[PAR 1] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2018 (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 September 1, 2018 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of September 1, 2018 with respect to the Series 2018 Bonds (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").

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] (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, we are of the opinion that:

1. The sale of the Bonds by the District is not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the exemption provided in Section 3(a)(2) of the Securities Act.

2. The Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The information in the Limited Offering Memorandum under the captions "INTRODUCTION", "DESCRIPTION OF THE SERIES 2018 BONDS," "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2018 BONDS", and "APPENDIX A – FORM OF MASTER

INDENTURE AND FORM OF FIRST SUPPLEMENTAL INDENTURE AND SECOND SUPPLEMENTAL INDENTURE " insofar as such statements constitute descriptions of the Bonds or the Indenture, are accurate as to the matters set forth or documents described therein and the information under the captions "TAX MATTERS", and "AGREEMENT BY THE STATE" insofar as such information purports to describe or summarize certain provisions of the laws of the State of Florida (the "State"), and the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), are fair and accurate descriptions of such matters.

This letter is furnished by us as Bond Counsel. No attorney-client relationship has existed or exists between our firm and FMS Bonds Inc. (the "Underwriter") in connection with the Bonds or by virtue of this letter. This letter is delivered to the Underwriter solely for its benefit as Underwriter and may not be used, circulated, quoted or otherwise referred to or relied upon by the Underwriter for any other purpose or by any other person other than the addressee hereto. 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

Zephyr Lakes Community Development District
Pasco County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

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

Re: \$[PAR 1] Zephyr Lakes Community Development District Capital Improvement
Revenue Bonds, Series 2018 (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 Funding and Completion Agreement between the District and the Developer dated as of [Closing Date] (the "Completion Agreement"), the Agreement to Convey or Dedicate between the District and the Developer dated as of [Closing Date] (the "Agreement to Convey"), the Collateral Assignment of Development Rights Relating to the Series 2018 Project by and between the District and the Developer dated [Closing Date] (the "Collateral Assignment"), the Declaration of Consent to Jurisdiction executed by the Developer and dated as of [Closing Date] (the "Declaration"), and the True Up Agreement by and between the District and the Developer dated as of [Closing Date] (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. 2014-11 and Resolution No. 2018-12 adopted by the Board of Supervisors of the District (the "Board") on September 2, 2014 and September 18, 2018, respectively (collectively, the "Bond Resolution"), Resolution No. [] which was adopted by the Board on [], Resolution No. [] which was adopted by the Board on [], and Resolution No. 2016-[] which was adopted by the Board on [], 2016 (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 2018 Assessments or the pledge of and lien on the Series 2018 Pledged Revenues 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 Series 2018 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] (the "Preliminary Limited Offering Memorandum") and duly authorized, executed, and delivered the Limited Offering Memorandum dated [BPA Date] (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 2018 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 of Closing do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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 issue the Bonds, to undertake the Series 2018 Project, to issue the Bonds and to levy the Series 2018 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 2018 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 2018 Assessments. The Series 2018 Assessments constitute legal, valid, binding and enforceable first liens upon the property against which such Series 2018 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 Series 2018 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]

Zephyr Lakes Community Development District
Pasco County, Florida

U.S. Bank National Association
Orlando, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Re: \$[PAR 1] Zephyr Lakes Community Development District Capital Improvement
Revenue Bonds, Series 2018 (the "Bonds")

Ladies and Gentlemen:

We are counsel to Dune FL Land I Sub LLC, a Delaware limited liability company (the "Developer"), which is the developer of certain land within the master planned community located in unincorporated Pasco County and commonly referred to as "Zephyr Lakes" (the "Development"), as both are 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 Zephyr Lakes Community Development District (the "District") of the Bonds (the "Transaction") as described in the District's Preliminary Limited Offering Memorandum dated [PLOM Date], including the appendices attached thereto (collectively, the "Preliminary Limited Offering Memorandum") and the Limited Offering Memorandum, dated [BPA Date], 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 2018 Project, (ii) pay certain costs associated with the issuance of the Bonds, (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Bonds, and (iv) 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], the Agreement to Convey or Dedicate between the District and the Developer dated as of [Closing Date], the Collateral Assignment of Development Rights Relating by and between the District and the Developer dated [Closing Date], the Declaration of Consent to Jurisdiction executed by the Developer and dated as of [Closing Date], the True Up Agreement by and between the District and the Developer dated as of [Closing Date], the Certificate of Developer dated as of [Closing Date], and the Continuing Disclosure Agreement, dated as of [Closing Date], 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 Florida Secretary of State, and a certificate of good standing issued by the Florida Secretary of State 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 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 2018 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.

7. There is no threatened litigation 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 DUNE FL LAND I SUB LLC

Dune FL Land I Sub LLC, 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]** (the "Purchase Contract") between Zephyr Lakes Community Development District (the "District") and FMSbonds Inc. (the "Underwriter") relating to the sale by the District of \$[PAR 1] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2018 (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 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 its Bonds, pursuant to a Preliminary Limited Offering Memorandum dated [PLOM Date] (the "Preliminary Limited Offering Memorandum") and a Limited Offering Memorandum dated [BPA Date] (the "Limited Offering Memorandum" and, together with the Preliminary Limited Offering Memorandum, the "Limited Offering Memoranda").

4. The Ancillary Agreements [Closing Date] executed by the Developer constitute a valid and binding obligation of the Developer, enforceable against the Developer in accordance with their 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 SERIES 2018 PROJECT," "THE DEVELOPMENT," "THE DEVELOPER" and "LITIGATION – The Developer" and with respect to the Developer and the Development (as defined in the Limited Offering Memoranda) under the captions "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 the 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 2018 Assessments on the lands in the District owned by the Developer. The levy of the Series 2018 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 2018 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 2018 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 (the foregoing is referred to as the "Debt Service Acknowledgment").

11. To the best of our knowledge, 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, Ancillary Documents or on the Development and is current in the payment of all ad valorem, federal and state taxes associated with the Development.

12. Except as otherwise disclosed in the Limited Offering Memoranda, there is no action, suit or proceedings 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 Financing Documents, Declaration of Consent and/or Ancillary Documents to which the Developer is a party, (b) contesting or affecting the validity or enforceability of the Financing Documents, Declaration of Consent and/or Ancillary Documents, or any and all such other agreements or documents as may be required to be executed, or the transactions contemplated thereunder, (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.

14. The Developer acknowledges that it will have no rights under Chapter 170, Florida Statutes, as amended, to prepay, without interest, the Series 2018 Assessments imposed on lands in the District owned by the Developer within thirty (30) days following completion of the Series 2018 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 disclosed in the Limited Offering Memorandum, and the Developer is not insolvent.

Dated: [Closing Date]

**DUNE FL LAND I SUB LLC, a Delaware
limited liability company**

By: _____

Name: _____

Title: _____

[SIGNATURE PAGE TO CERTIFICATE OF DUNE FL LAND I SUB LLC]

EXHIBIT G

CERTIFICATE OF STANTEC (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] (the "Purchase Contract"), by and between Zephyr Lakes Community Development District (the "District") and FMSbonds, Inc. with respect to the \$[PAR 1] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2018 (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] (the "Preliminary Limited Offering Memorandum") and the Limited Offering Memorandum dated [BPA Date] (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. The plans and specifications for the Series 2018 Project (as described in the Limited Offering Memoranda) improvements were 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 2018 Project were obtained.

4. The Engineers prepared the report entitled " Zephyr Lakes Community Development District, Report of the District Engineer dated [] as supplemented by the Zephyr Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018, Report of District Engineer dated [] (collectively, 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 2018 Project are included in the Limited Offering Memoranda under the captions "THE CAPITAL IMPROVEMENT PROGRAM AND THE SERIES 2018 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 2018 Project improvements 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 2018 Project does not exceed the lesser of the cost of the Series 2018 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 the 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]**

STANTEC

By: _____
Print Name: _____
Title: _____

EXHIBIT H

CERTIFICATE OF DISTRICT MANAGER AND METHODOLOGY CONSULTANT

[Closing Date]

Zephyr Lakes Community Development District
Pasco County, Florida

FMSbonds Inc.
North Miami Beach, Florida

Re: \$[PAR 1] Zephyr Lakes Community Development District Capital Improvement
Revenue Bonds, Series 2018

Ladies and Gentlemen:

The undersigned representative of DPFG Management and Consulting, LLC ("DPFG"), DOES
HEREBY CERTIFY:

1. This certificate is furnished pursuant to Section 8(c)(18) of the Bond Purchase Contract dated [BPA Date] (the "Purchase Contract"), by and between Zephyr Lakes Community Development District (the "District") and FMSbonds, Inc. with respect to the \$[PAR 1] aggregate principal amount of Capital Improvement Revenue Bonds, Series 2018 (the "Bonds"). Capitalized terms used, but not defined, herein shall have the meaning assigned thereto in the Purchase Contract or the Limited Offering Memorandum dated [BPA Date] relating to the Bonds, as applicable.

2. DPFG has acted as district manager and methodology consultant to the Zephyr Lakes Community Development District (the "District") in connection with the sale and issuance by the District of its \$[] aggregate principal amount of Bonds and have participated in the preparation of the Preliminary Limited Offering Memorandum dated [PLOM Date] (the "Preliminary Limited Offering Memorandum") and the Limited Offering Memorandum dated [BPA Date] (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 the Master Assessment Methodology Report for Zephyr Lakes Community Development District dated as of [], as subsequently amended by the First Supplemental Special Assessment Methodology Report, dated [] 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, and the Assessment Report was prepared in accordance with Florida law governing the imposition of governmental special assessments.

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 2018 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 subcaption "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2018 BONDS – Covenant to Levy the Series 2018 Assessments", "THE DISTRICT – The District Manager and Other Consultants," "ASSESSMENT METHODOLOGY," "LITIGATION – The District," "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS," "CONTINUING DISCLOSURE," and in "APPENDIX D - ASSESSMENT METHODOLOGY REPORTS", 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 2018 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 2018 Assessments, are sufficient to enable the District to pay the debt service on the Bonds through the final maturity thereof.

Dated: [Closing Date]

**DPFG MANAGEMENT AND CONSULTING,
LLC**, a Florida limited liability company

By: _____
Name: _____
Title: _____

ORL 299274791v1

Form of Master and First
Supplemental Trust Indentures

MASTER TRUST INDENTURE

ZEPHYR LAKES

COMMUNITY DEVELOPMENT DISTRICT

TO

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

Dated as of October 1, 2018

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EXHIBIT A
FORM OF REQUISITION

MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE, is dated as of October 1, 2018, by and between **ZEPHYR LAKES 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 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, as amended (the "Act"), for the purpose, among other things, of financing and managing the acquisition, construction, installation, maintenance, and operation of the major infrastructure within and without the boundaries of the District; and

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

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

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

WHEREAS, the execution and delivery of the Bonds and of this Master Indenture have been duly authorized by the Governing Body of the District

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

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

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

Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series and for no other Series;

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

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

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

ARTICLE I DEFINITIONS

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

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

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

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

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

Supplemental Indenture executed by the District upon issuance of any Capital Appreciation Bonds.

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

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

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

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

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

"Assessments" shall mean all assessments levied and collected by or on behalf of the District pursuant to Section 190.022 of the Act as amended from time to time, together with the interest specified by resolution adopted by the Governing Body, the interest specified in Chapter 170 Florida Statutes, as amended, if any such interest is collected by or on behalf of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments and which are 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 the Depository Trust Company 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), Florida Statutes, as amended from time to time, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Benefit Special Assessments which are not paid in full when due and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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

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

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

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

"Business Day" shall mean any day excluding Saturday, Sunday or any other day on which banks in the cities in which the designated 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 a Series Project to be funded by such Series, all or part of such interest which will be paid, or is expected to be paid, from the proceeds of such Series.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"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, mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

(i) Government Obligations;

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

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

(iv) Negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements issued by any bank or trust company, including the Trustee, or any federal savings and loan association, the

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

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

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

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

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

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

(x) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 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.

"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 a Series of Bonds 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 190.022(1), Florida Statutes, 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:

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

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

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

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

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

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

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

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

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

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

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

- (i) for paying the interest on all Bonds of such Series then Outstanding which is payable in such Bond Year;
- (ii) for paying the principal or Maturity Amount of all Serial Bonds of such Series then Outstanding which is payable in such Bond Year; and
- (iii) the Amortization Installments on the Term Bonds of such Series of Bonds, if any, payable in such Bond Year.

"Property Appraiser" shall mean the Property Appraiser of 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 Outstanding Bonds.

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

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

"S&P" shall mean 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 its 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 each Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

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

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

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

"Series Pledged Revenues" shall mean the revenues designated as such by Supplemental Indenture and which shall constitute the security for and source of payment of a Series of Bonds and may consist of Assessments, Benefit Special 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 Principal Account" shall mean the account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

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

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

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

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

"Series Reserve Account Requirement" shall mean the amount of money or other security which may be in the form of a reserve fund insurance policy or other security as may be required by the terms of a Supplemental Indenture to be deposited in or credited to a Series Reserve Account for each Series of Bonds provided, however, that unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, as of any date of calculation for a particular Series Reserve Account, the "Series Reserve Account Requirement" shall be an amount equal to the lesser of: (A) Maximum Annual Debt Service Requirement for all Outstanding Bonds of such Series, (B) 125% of the average annual debt service for all Outstanding Bonds of such Series, or (C) the aggregate of 10% of the proceeds of the Bonds of such Series calculated as of the date of original issuance thereof. In computing the Series Reserve Account Requirement in respect of any Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of: (1) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Series of Bonds shall have been Outstanding, or (2) the actual rate of interest borne by 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 Revenue Account for a Series of Bonds established in the Revenue Fund by Supplemental Indenture for such Series of Bonds.

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

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

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

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

"Tax Collector" shall mean the Tax Collector of 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 Tax Regulatory Covenants of the District contained in the Supplemental Indenture authorizing the issuance of a Series of Tax Exempt Bonds, setting forth the covenants of the District necessary for the preservation of the excludability of interest thereon from gross income for federal income tax purposes, as such covenants shall be amended from time to time upon written instructions from Bond Counsel.

"Term Bonds" shall mean Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments or are

subject to extraordinary mandatory or mandatory redemption upon receipt of unscheduled Pledged Revenues.

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

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

"Trustee" shall mean U.S. Bank 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 Special 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 Florida 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 of this Article. Debt Service on each Series of Bonds shall be payable solely from the Pledged Revenues and Pledged Funds pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds and, as may be provided in such Supplemental Indenture, all of the provisions of this Master Indenture shall be for the benefit and security of the present and future Owners of such Series of Bonds so issued, without preference, priority or distinction, as to lien or otherwise, of any one Bond of such Series over any other Bond of such Series. The District may also issue from time to time, Additional Bonds, Completion Bonds and Refunding Bonds of a Series under and pursuant to the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 202. Details of Bonds. Bonds of a Series shall be in such denominations, numbered consecutively, shall bear interest from their date until their payment at rates not exceeding the maximum rate 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, or, if less than such amount, all of the Outstanding Bonds of a Series, in aggregate principal amount of the Bonds). Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

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

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 of Florida, and each successive Owner, in accepting any of the Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

Section 205. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed the absolute owner thereof for all purposes, and payment of Debt Service shall be made only to or upon the order of the registered owner thereof or his attorney or legal representative 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 Florida. The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided herein or in the Supplemental Indenture authorizing the issuance of

such Series of Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or 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. 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 an Outstanding Series of Bonds or any portion thereof; (ii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds; and (iii) paying the costs and expenses of issuing such Series of Bonds.

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

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

(ii) an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things, the dates on which, and the amounts in which, such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent 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 not Taxable Bonds, that interest thereon is excludable from gross income of the Owners under the income tax laws of the United States in effect on the date such Series of Bonds are delivered to their initial purchasers.

Execution of a Series of Bonds by the District shall be conclusive evidence of satisfaction of the conditions precedent set forth in this Section 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 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 or Vice Chairman of the District.

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

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

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

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

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

Section 209. Mutilated, Destroyed or Lost Bonds. If any Bonds become mutilated or destroyed or lost, the District may cause to be executed, and the District may cause to be delivered, a new Bond in substitution therefor upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, and upon payment by the Owner of the reasonable expenses and charges of the District and the Trustee in connection therewith and, in the case of a Bond destroyed or lost, upon the Owner filing with the Trustee evidence satisfactory to it that such Bond was destroyed or lost and of his or her ownership thereof, and upon furnishing the District and the Trustee with indemnity satisfactory to them.

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

Section 211. Bond Anticipation Notes. Whenever the District shall authorize the issuance of a Series of Bonds, the District may by resolution authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the Series Project or Projects for which the proceeds of the Bond Anticipation 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 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 212. Tax Status of Bonds. Any Series of Bonds issued under this Master Indenture either (i) may be issued as Tax Exempt Bonds, or (ii) may be issued as Taxable Bonds. The intended tax status of any Series of Bonds to be issued may be referenced in any Supplemental Indenture authorizing the issuance of such Series of Bonds.

ARTICLE III REDEMPTION OF BONDS

Section 301. Redemption Generally. The Bonds of any Series shall be subject to redemption, either in whole on any date or in part on any Interest Payment Date, and at such times, in the manner and at such prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Series of Bonds. The District shall provide written notice to the Trustee of any optional redemption on or before the forty-fifth (45th) day next preceding the date to be fixed for such optional redemption. 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 any one maturity of a Series shall be called for redemption, the particular Bonds of a Series to be redeemed shall be selected by lot in such reasonable manner as the Bond Registrar in its discretion may determine. The portion of any Series of Bonds to be redeemed shall be in an Authorized Denomination and, in selecting the Bonds of such Series to be redeemed, the Bond Registrar shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such Bond by an Authorized Denomination (such amount being hereafter referred to as the "unit of principal amount").

If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such unit or units of principal amount as provided below, the registered Owner of such Bond, upon surrender of such

Bond to the Paying Agent for payment to such registered Owner of the redemption price of the unit or units of principal amount called for redemption, shall be entitled to receive a new Bond or Bonds of such Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of such Series representing the unredeemed balance of the principal amount shall be issued to the Owner thereof without any charge therefor. If the Owner of any Bond of a denomination greater than the unit of principal amount to be redeemed shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption.

Subject to the provisions of Section 506(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.

Section 302. Notice of Redemption; Procedure for Selection. The District shall establish each redemption date, other than in the case of a mandatory redemption, in which case the Trustee shall establish the redemption date, and the District or the Trustee, as the case may be, shall notify the Bond Registrar in writing of such redemption date on or before the forty-fifth (45th) day next preceding the date fixed for redemption, which notice shall set forth the terms of the redemption and the aggregate principal amount of Bonds so to be redeemed. Except as provided below, notice of redemption shall be given by the Bond Registrar not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption by first-class mail, postage prepaid, to any Paying Agent for the Bonds to be redeemed and to the registered Owner of each Bond to be redeemed, at the address of such registered Owner on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in the principal amount of Bonds, to one additional address if written request therefor is provided to the Bond Registrar prior to the Record Date); and a second notice of redemption shall be sent by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of

such Bond, in each case stating: (i) the numbers of the Bonds to be redeemed, by giving the individual certificate number of each Bond to be redeemed (or stating that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption); (ii) the CUSIP numbers of all Bonds being redeemed; (iii) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed; (iv) the date of issue of each Bond as originally issued and the complete official name of the Bonds including the Series designation; (v) the rate or rates of interest borne by each Bond being redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the place or places where amounts due upon such redemption will be payable; and (viii) the notice date, redemption date, and redemption price. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the redemption price and shall state that further interest on such Bonds will not accrue from and after the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number also shall accompany all redemption payments.

Any required notice or redemption also shall be sent by registered mail, overnight delivery service, telecopy or other secure means, postage prepaid, to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds to be redeemed, to certain municipal registered securities depositories 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.

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 to the credit of the Series Acquisition and Construction Accounts there shall be deposited the amounts specified in the Supplemental Indenture relating to such Series of Bonds.

Section 402. Payments From Acquisition and Construction Fund. 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 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 Project. For the purposes of this Master Indenture, the Cost of the Series Project shall include, without intending thereby to limit or to restrict or expand any proper definition of such cost under the Act, other applicable provisions of Florida law, or this Master Indenture, the following:

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

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

(iii) ***Acquisition Expenses.*** The costs of acquiring, by purchase or condemnation, all of the land, structures, improvements, rights-of-law, franchises, easements, plans and specifications and similar items and other interests in property, whether real or personal, tangible or intangible, which themselves constitute the Series Project or which are necessary or convenient to acquire, install and construct the 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.

(iv) ***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 the Series Project, and including without limitation costs incident to the award of contracts.

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

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

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

(viii) Costs of improvements.

(ix) Financing charges.

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

(xi) Working capital.

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

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

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

(xv) Expenses of Project management and supervision.

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

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

(xviii) ***Refinancing Costs.*** All costs described in (i) through (xvii) 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 Redemption Account, and used for the purposes set forth for such Account in the Supplemental Indenture relating to such Series of Bonds.

ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

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

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

(a) Acquisition and Construction Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds

a separate Series Acquisition and Construction Account and a Series Costs of Issuance Account for each Series of Bonds issued hereunder;

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

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

(i) a Series Interest Account,

(ii) a Series Principal Account,

(iii) a Series Sinking Fund Account,

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

(v) a Capitalized Interest Account

for each such Series of Bonds issued hereunder;

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

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

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

Section 503. Acquisition and Construction Fund.

(a) Deposits. The District shall pay to the Trustee, for deposit into the related Acquisition and Construction Account in the Acquisition and

Construction Fund, as promptly as practicable, the following amounts received by it:

- (1) the amount set forth in the Supplemental Indenture relating to such Series of Bonds;
- (2) 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;
- (3) the balance of insurance proceeds with respect to the loss or destruction of the Series Project or any portion thereof; and
- (4) such other amounts as may be provided in a Supplemental Indenture.

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

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

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

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

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

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

Section 505. Debt Service Fund and Series Debt Service Account.

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

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

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

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

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

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

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

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

(b) Disposition of Remaining Amounts on Deposit in Series Revenue Account. The District shall authorize the withdrawal, from time to time, from the Series Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent, when due. Subject to the provisions of Section 604 hereof, if (i) the amount on deposit in the Series Interest Account, Series Principal Account, and Series Redemption Account in each Bond year equals the interest payable on the Bonds of such Series in such Bond Year, the principal amount of Serial Bonds payable in such Bond Year, the Maturity Amount of all Capital Appreciation Bonds due in such Bond Year and the Amortization Installment required to be paid into the Series Redemption Account in such Bond Year, and (ii) any amounts remain in the Series Revenue Account, then, such amounts shall, at the written direction of the District, be applied to pay the commissions, fees, costs and any other charges of the Tax Collector and the Property Appraiser, or, if such commissions, fees, costs, or other charges have been paid by the District, then to reimburse the District for such payment upon written request of an Authorized Officer. If, after such amounts have been withdrawn, paid and provided for as provided above, any amounts remain in the Series Revenue

Account, such amounts shall be disbursed to the District on written request of an Authorized Officer and applied to pay the operating and administrative costs and expenses of the District. After making the payments provided for in this subsection (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 Redemption Account.

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

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

(e) **Series Redemption Account.** Moneys representing Prepayments on deposit in a Series Redemption Account to the full extent of a multiple of an Authorized Denomination shall unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds, be used by the Trustee to redeem Bonds of such Series on the earliest date on which such Bonds are permitted to be called without payment of premium by the terms hereof (including extraordinary or extraordinary mandatory redemption) and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption. Moneys other than from Prepayments shall be held and applied in a Series Redemption Account as provided in Section 506(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 Series Accounts for such Series of Bonds to the District upon the written direction of an Authorized Officer, free and clear of any lien and pledge created by this Master Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount of, or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series to the aggregate principal amount of all Series Outstanding and for which such an Event of Default has occurred and is continuing) to each other Series of Bonds for which such an Event of Default has occurred and is continuing.

Section 506. Optional Redemption.

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

(b) **Purchase of Bonds of a Series.** The District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds from the

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

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

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

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

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

Section 507. Rebate Fund and Series Rebate Accounts.

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

(b) **Payment to United States.** The Trustee shall pay to the District upon written request of the District, the Rebate Amount 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, the District shall pay, from any legally available source, the amount of any such deficiency to the United States as in paragraph (b) above provided.

(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 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 Series Accounts shall be invested as hereinafter in this Section 508 provided.

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

dates, as estimated by an Authorized Officer, when moneys held for the credit of each such Series Account will be required for the purposes intended.

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

(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. 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 (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price.

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

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

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

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

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

Section 511. Cancellation of the Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds. All Bonds canceled under any of the provisions of this Master Indenture shall be destroyed by the Paying Agent, which shall 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, to all of which the parties hereto and the Owners agree. The Trustee shall have only those duties expressly set forth herein, and no duties shall be implied against the Trustee.

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

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

Section 604. Compensation and Indemnity. The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, and to the extent permitted under Florida law shall indemnify the Trustee and hold the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties 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 and payable to the District other than moneys from a Credit Facility or Liquidity Facility. This provision 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 of deposit in all Series Funds and Accounts (other than the Rebate Fund) thereby, in effect, granting the Trustee a first charge against these moneys following an Event of Default for its fees and expenses (including legal counsel and default administration costs and expenses), subordinate and inferior to the security interest granted to the Owners of the Bonds from time to time secured thereby, but nevertheless payable in the order of priority as set forth in Section 905(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 and Section 607 being defined to include the events specified as "Events of Default" in Section 902 hereof, but not including any notice or periods of grace provided for therein) or if the Trustee based upon the advice of counsel upon which the Trustee is entitled to rely, determines that the giving of such notice is not in the best interests of the Owners of the Bonds. The Trustee will be deemed to have actual knowledge of any payment default under this Master Indenture or under any Supplemental Indenture and, after receipt of written notice thereof by a Credit Facility issuer or a Liquidity Facility issuer of a default under its respective reimbursement agreement, but shall not be deemed to have actual knowledge of any other default unless notified in writing of such default by the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. The Trustee may, however, at any time require of the District full information as to the performance of any covenant hereunder; and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the District, an investigation into the affairs of the District.

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

Section 608. Reliance by Trustee. The Trustee may act on any requisition, resolution, notice, telegram, request, consent, waiver, 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 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 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. 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 into which any Trustee hereunder may be merged or with which it may be consolidated or into which all or substantially all of its corporate trust assets shall be sold or its operations conveyed, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Master Indenture, without the execution or

filing of any paper or any further act on the part of the parties thereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 614 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article VI.

Section 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 the successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the giving of notice, then the Trustee may appoint a successor Paying Agent or Bond Registrar as provided in Section 619 hereof.

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

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

Section 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 into which any Paying Agent or Bond Registrar hereunder may be merged or converted 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 resulting from any merger or consolidation to which any Paying Agent or Bond Registrar hereunder shall be a party, shall be the successor Paying Agent or Bond Registrar under this Master

Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Master Indenture to the contrary notwithstanding.

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 Series Funds or Accounts for the benefit of a Series of Bonds shall:

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

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

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

(d) until applied for the purposes provided herein, be subject to a first lien in favor of the Owners of such Series of Bonds and any pari passu obligations to issuers of Credit 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 pari passu 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) 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 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 Revenue. The District has or will have upon the date of issuance of each Series of Bonds, and will have so long as any Bonds are Outstanding, good right and lawful power: (i) to undertake the Series Projects, or it will take such action on its part required which it deems reasonable in order to obtain licenses, orders, permits or other authorizations, if any, from any agency or regulatory body having lawful jurisdiction which must be obtained in order to undertake such Series Project; and (ii) to fix, levy and collect or cause to be collected any and all Pledged Revenues.

Section 806. Sale of Series Projects. The District covenants that, until such time as there are no Bonds of a Series Outstanding, it will not sell, lease or otherwise dispose of or encumber the related Series Project or any part thereof other than as provided herein. The District may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments, or other movable property acquired by the District in connection

with a Series Project, or any materials used in connection therewith, if the District shall determine that such articles are no longer needed or are no longer useful in connection with the acquisition, construction, operation or maintenance of a Series Project, and the proceeds thereof may be applied to the replacement of the properties so sold or disposed of and, if not so applied, shall be deposited to the credit of the related Series Acquisition and Construction Account or, after the Date of Completion of the Series Project, shall be 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 Engineers shall in writing approve such sale or lease; the proceeds of any such sale shall be disposed of as hereinabove provided for the proceeds of the sale or disposal of movable property. The proceeds of any lease as described above shall be applied as provided in the corresponding Supplemental Indenture.

Notwithstanding the foregoing, the District may: (i) 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 (ii) impose, declare or grant title to or interests in the Series Project or a portion or portions thereof in order to create ingress and egress rights and public and private utility easements as the District may deem necessary or desirable for the development, use and occupancy of the property within the District; and/or (iii) impose or declare covenants, conditions and restrictions pertaining to the use, occupancy and operation of the Series Projects.

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

Section 808. Accounts and Reports.

(a) **Annual Report.** The District shall, within thirty (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: (a) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, and (b) statements of all receipts and disbursements of the Pledged Revenues of each Series of Bonds (unless the Pledged Revenues of such Series are remitted directly to the Trustee). The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the District a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis. For purposes of the foregoing, the term "Requesting Owner" shall mean the Owner (or beneficial owner in the case of book-entry Bonds) of more than \$1,000,000 aggregate principal amount of any Series of Bonds who requests such information in writing to the District.

(b) **No Default Certificate.** The District shall file with the Trustee, so long as any Bonds are Outstanding, a certificate of an Authorized Officer upon the occurrence of an Event of Default as described in Section 902(g) 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 corporate trust office of the Trustee upon the giving of at least five (5) days advance written notice to the Trustee.

(d) **Reports Pursuant to Uniform Special District Accountability Act of 1989.** The District covenants and agrees that it will comply with the provisions of Chapter 189.01 et seq., Florida Statutes, as amended, the Uniform Special District Accountability Act of 1989, to the extent applicable to the District, including any reporting requirements contained therein which are applicable to the District. The District may contract with a service provider selected by the District to ensure such compliance.

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

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

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

Section 812. Delinquent Assessment. If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment or Benefit Special Assessment, pledged to a Series of Bonds, then such Assessment or Benefit Special Assessments, shall be enforced in accordance with the provisions of Chapters 170 and/or 197, Florida Statutes, including but not limited to the sale of tax certificates and tax deed as regards such Delinquent Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable or unavailable, then upon the delinquency of any Assessment or Benefit Special Assessments, the District either on its own behalf, or through the actions of the Trustee may, and shall, if so directed in writing by the Majority Owners of the Outstanding Bonds of the Series,

declare the entire unpaid balance of such Assessment or Benefit Special Assessment, to be in default and, at its own expense, cause such delinquent property to be foreclosed in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, and Sections 190.026 and/or 170.10, Florida Statutes, 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 Assessments), less any commission or other charges retained by the Tax Collector, shall, if paid by the Tax Collector to the District, be paid by the District to the Trustee not later than five (5) Business Days following receipt of such proceeds by the District and shall be deposited by the Trustee to the credit of the related Series Revenue Account.

Section 814. Sale of Tax Deed or Foreclosure of Assessment or Benefit Special Assessment Lien. If any property shall be offered for sale for the nonpayment of any Assessment, which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount 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 Assessment or Benefit Special Assessment, 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 Outstanding Bonds of such Series.

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

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

Benefit Special Assessments until a valid Assessment or Benefit Special Assessment shall be made.

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

Upon the date of issuance of each Series of Bonds, all conditions, acts and things required by law and this Master Indenture and any Supplemental Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds shall exist, have happened and have been performed and upon issuance the issue of such Series of Bonds shall be within every debt and other limit prescribed by the laws of the State of Florida 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 Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Master Indenture 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. Secondary Market Disclosure. The District covenants and agrees with the Owners, from time to time, of the Bonds issued hereunder to make best efforts to provide, or cause to be provided, on a timely basis, all appropriate information repositories such information and documents as shall be required by applicable law to enable Owners to purchase and resell the Bonds issued, from time to time, hereunder. For purposes of complying with the above-described provision, the District may rely on an opinion of counsel which is familiar with disclosure of information relating to municipal securities. Nothing herein shall, however, require the District to provide disclosure in order to enable the purchaser of a security in a "private placement transaction" within the meaning of applicable securities

laws, to offer or re-sell such security in other than a "private placement transaction." All financial statements provided to a repository shall be in accordance with generally accepted governmental accounting principles and shall be provided to such repository as soon as practicable after the same becomes available. The financial statements shall contain such information as shall be customary for local governments, such as the District. Nothing in this Section 818 is intended to impose upon the District, and this Section 818 shall not be construed as imposing upon the District, any disclosure obligations beyond those imposed by applicable law. Failure to comply with the provisions of this Section 818 shall not constitute an Event of Default hereunder, but instead shall be enforceable by mandamus, injunction or any other means of specific performance.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

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

Section 902. Events of Default. Each of the following events is hereby declared an Event of Default with respect to a Series of Bonds, 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 a 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 pledged to a Series 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 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 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 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 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, and except for the interest accrued on the Bonds of such Series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of the aggregate principal amount of the Bonds of such Series then Outstanding that is due only because of a declaration under this Section) shall have been remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Majority Owners of such Series then Outstanding not then due except by virtue of a declaration under this Section, may, by written notice to the District, rescind and annul such declaration and its consequences, but 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 Florida law, and under this Master Indenture, the related Supplemental Indenture and the Bonds of such Series, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein or in the related Supplemental Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee 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: (1) an Event of Default shall have occurred and is continuing; (2) the Majority Owners of such Series Outstanding have requested the Trustee, in writing, to exercise the powers granted in this first paragraph of this Section 904 or to pursue such remedy in its or their name or names; (3) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (4) 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 (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Majority Owners of such Series Outstanding. The provisions of this 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 and the second paragraph of this Section 904. No one or more Owner of such Series of Bonds shall have any right in any manner whatever to enforce any right under this Master Indenture, 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 (i) 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 one hundred twenty (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 (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages.

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

(a) Unless the aggregate principal amount of all the Bonds of such Series shall have become due and payable or shall have been declared due

and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied:

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

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

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

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

discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds of such Series.

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

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

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

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

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

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

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

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

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

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

fees and other reasonable disbursements, and against 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. Provision 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 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 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 Outstanding, the Outstanding Bonds of a Series or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Bonds of a Series Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) 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 Outstanding, the Bonds of a Series 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, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Bonds of a Series Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) 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 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 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 in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the Assessments relating to the Bonds of a Series 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 (i) to file a proof of claim with respect to the Assessments pledged to the Bonds of a Series Outstanding, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

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 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 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 shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future owner of

the same Bond in respect of anything done by the Trustee or the District in pursuance of such request or consent.

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

ARTICLE XI SUPPLEMENTAL INDENTURES

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

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

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

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

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

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

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

which such changes relate; or (b) if such changes do have a material adverse effect, that they nevertheless are required to be made as a result of such amendments; or

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

Section 1102. Supplemental Indentures With Owner Consent. Subject to the provisions contained in this Section, and not otherwise, the Majority Owners 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,

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

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

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

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

In addition to the foregoing, the Majority Owners of any Series then Outstanding shall have the right, from time to time, anything contained in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental to the Supplemental Indenture relating to such Series of Bonds or amendatory thereof, but not hereof, as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of such Supplemental Indenture or of any indenture supplemental thereto; provided, however, that nothing herein contained shall permit, or be

construed as permitting, without the consent of all Owners of Bonds of such Series then Outstanding and affected by such amendment,

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

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

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

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

If at any time the District shall determine that it is desirable to approve any Supplemental Indenture pursuant to this Section 1102, the District shall cause the Trustee to mail, 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 to be mailed and any such failure shall not affect the validity of such Supplemental Indenture or indenture supplemental to a Supplemental Indenture when consented to and approved as provided in this Section.

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

Section 1103. Opinion of Bond Counsel With Respect to Supplemental Indenture. In addition to the other requirements herein set forth with respect to Supplemental Indentures or indenture supplemental to a Supplemental Indenture, no such indenture shall be effective unless and until there shall have been delivered to the Trustee the opinion of Bond Counsel to the effect that such indenture is permitted pursuant to this Master Indenture and that such indenture is the valid and binding obligation of the District enforceable in 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 and approved as to legality by counsel to the District shall thereafter, except as otherwise provided therein, form a part of this Master Indenture. Except as applicable only to Bonds of a Series, all of the terms and conditions contained in any such supplemental indenture amendatory of this Master Indenture shall be part of the terms and conditions hereof.

Section 1105. Insurer or Issuer of a Credit Facility or Liquidity Facility as Owner of Bonds. As long as a Credit Facility or Liquidity Facility securing all or a portion of the Bonds of a Series 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 Series at the time Outstanding; (ii) at all times for the purpose of the mailing of any notice to Owners under the Master Indenture or the applicable Supplemental Indenture; and (iii) following an Event of Default for all other purposes.

Notwithstanding the foregoing, neither an Insurer nor the issuer of a Credit 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 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 any Letter of Credit Agreement and any Liquidity Agreement and pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture (including, without limitation the fees and expenses of the Trustee, including reasonable counsel fees and expenses), then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the request of the District shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the District, all moneys or securities held by them pursuant to this Master Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Letter of Credit Agreement and any Liquidity Agreement. If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Outstanding

Bonds or of a particular maturity, of a particular Series or of any part of a particular maturity or Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Master Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture, and all covenants, agreements and obligations of the District to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Anything to the contrary in this Section 1201 notwithstanding, this Master Indenture shall not be discharged nor shall any Bonds with respect to which moneys or Federal Securities have been deposited in accordance with the provisions of this Section 1201 cease to be entitled to the lien, benefit or security under this Master Indenture, except to the extent that the lien, benefit and security of this Master Indenture and the obligations of the District hereunder shall be limited solely to and such Bonds shall be secured solely by and be payable solely from the moneys or Federal Securities so deposited.

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

Owners of such Bonds and to the Registrar that the deposit required by (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. 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 or, and to the extent all obligations under any Letter of Credit Agreement or any Liquidity Agreement are satisfied, as determined by an Insurer or an issuer of any Credit Facility and any Liquidity Facility securing the Bonds with respect to which such Federal Securities have been so deposited, shall be paid over upon the direction of the District as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and (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 or any Liquidity Agreement, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the District, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture. For the purposes of this provision, Federal Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

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

(d) Notwithstanding any of the provisions of this Master Indenture to the contrary, Option Bonds may only be fully discharged and satisfied either pursuant to subsection (a) above or by depositing in the Series Interest Account, the Series Principal Account and the Series Redemption Account, or in such other accounts which are irrevocably pledged to the payment of the Option Bonds, as the 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 (d), the options originally exercisable by the Owner of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection (d). If any portion of the moneys deposited for the payment of the principal of and redemption price, if any, and interest on Option Bonds is not required for such purpose and is not needed to reimburse an Insurer or an issuer of any Credit Facility or Liquidity Facility, for obligations under any Letter of Credit Agreement or any Liquidity Agreement, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Option Bonds or otherwise existing under this Master Indenture or any Letter of Credit Agreement or Liquidity Agreement.

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain

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

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

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

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

ARTICLE XIII MISCELLANEOUS PROVISIONS

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

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

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

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

To the District, addressed to:

Zephyr Lakes Community Development District
c/o District Manager
DPFG Management & Consulting, LLC
15310 Amberly Drive, Suite 175
Tampa, Florida 33647

To the Trustee, addressed to:

U.S. Bank 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 the acts and things required of them by the Bonds and this Master Indenture, for the

full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Master Indenture.

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 of Florida shall govern their construction.

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

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

(SEAL)

**ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Chairman

ATTEST:

By: _____
Secretary

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

By: _____
Vice President

EXHIBIT A

FORM OF REQUISITION

The undersigned, an Authorized Officer of Zephyr Lakes Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the District to U.S. Bank National Association, Orlando, Florida, as trustee (the "Trustee"), dated as of October 1, 2018 (the "Master Indenture"), as amended and supplemented by the [] Supplemental Indenture from the District to the Trustee, dated as of [] (the Master Indenture as amended and supplemented is hereinafter referred to as the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

(A) Requisition Number:

(B) Name of Payee:

(C) Amount Payable:

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

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

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

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

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

If this requisition is for a disbursement from other than the Costs of Issuance Account or for payment of capitalized interest, there shall be attached a resolution of the Governing Body of the District approving this requisition or approving the specific contract with respect to which disbursements pursuant to this requisition are due and payable.

Attached hereto are originals of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

**ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Authorized Officer

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

If this requisition is for a disbursement from other than the Costs of Issuance Account or for payment of Capitalized Interest, 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

**ZEPHYR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

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

Dated as of October 1, 2018

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

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**FIRST SUPPLEMENTAL
TRUST INDENTURE**

THIS FIRST SUPPLEMENTAL TRUST INDENTURE (the "First Supplemental Indenture") is dated as of October 1, 2018, from **ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT** (the "District") to **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the "Trustee"), a national banking association, authorized to accept and execute trusts of the character herein set 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 has entered into a Master Trust Indenture, dated as of October 1, 2018 (the "Master Indenture," and together with this First Supplemental Indenture, the "Indenture") with the Trustee to secure the issuance of its Zephyr Lakes 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. 2014-11, adopted by the Governing Body of the District on September 2, 2014 (the "Bond Resolution"), the District has authorized the issuance, sale and delivery of not to exceed \$26,795,000 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 Circuit Court of Pasco County, Florida on December 10, 2014, the appeal period for which has expired with no appeal having been taken; and

WHEREAS, the Governing Body of the District duly adopted Resolution No. 2018-05, on August 7, 2018, 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. 2018-[], on September 18, 2018, following a public hearing conducted in accordance with the Act, to fix and establish the Assessments and the benefited property, as supplemented with respect to the Series 2018 Bonds (hereinafter defined); and

WHEREAS, pursuant to Resolution No. 2018-[], adopted by the Governing Body of the District on September 18, 2018 (the "Award Resolution"), the District has authorized the issuance, sale and delivery of, *inter alia*, its \$[Bond Amount]

Zephyr Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018 (the "Series 2018 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 2018 Bonds and to set forth the terms of the Series 2018 Bonds; and

WHEREAS, the District will apply the proceeds of the Series 2018 Bonds to (i) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements (as more particularly described in Exhibit A hereto, the "Series 2018 Project"), (ii) pay certain costs associated with the issuance of the Series 2018 Bonds, (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Series 2018 Bonds, and (iv) pay a portion of the interest to become due on the Series 2018 Bonds; and

WHEREAS, the Series 2018 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 2018 Project (the "Series 2018 Assessments"), which, together with the Series 2018 Pledged Funds (hereinafter defined) will comprise the Trust Estate securing the Series 2018 Bonds (the "Series 2018 Trust Estate"), which shall constitute a "Series Trust Estate" as defined in the Master Indenture; and

WHEREAS, the execution and delivery of the Series 2018 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 2018 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 2018 Trust Estate have been done;

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

That the District, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein contained, the purchase and acceptance of the Series 2018 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 2018 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 such other payments due under any Letter of Credit Agreement or Liquidity Agreement, 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 2018 Bonds: (a) has executed and delivered this First Supplemental Indenture and (b) does hereby, in confirmation of the Master Indenture, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in the trusts under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the 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 2018 Assessments (the "Series 2018 Pledged Revenues") and the Funds and Accounts (except for the Series 2018 Rebate Account) established hereby (the "Series 2018 Pledged Funds") which shall comprise a part of the Series 2018 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 2018 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 2018 Bond over any other Series 2018 Bond by reason of priority in their issue, sale or execution;

PROVIDED FURTHER HOWEVER, that if the District, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the Series 2018 Bonds or any Series 2018 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 2018 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 2018 Bonds or any Series 2018 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 2018 Bonds issued and

secured hereunder are to be issued, authenticated and delivered and all of the rights and property pledged to the payment thereof are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as in the Master Indenture (except as amended directly or by implication by this First Supplemental Indenture), including this First Supplemental Indenture, expressed, and the 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 2018 Bonds, as follows:

ARTICLE I DEFINITIONS

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

"Assessment Methodology" shall mean the Master Special Assessment Methodology Report, dated August 7, 2018, as supplemented by the First Supplemental Special Assessment Methodology Report, dated [____], 2018, each prepared by DPFG Management & Consulting, LLC.

"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 2018 Bonds as to which such reference is made to enable such Series 2018 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 Bonds as securities depository.

"Capital Improvement Program" shall mean the program of assessable capital improvements established by the District in the Series 2018 Assessment Proceedings, a portion of which is comprised of the Series 2018 Project.

"Collateral Assignment" shall mean the [Collateral Assignment and Assumption of Development Rights Relating to the Series 2018 Project], dated as of [Closing Date], by the Original Landowner in favor of the District.

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

"Delinquent Assessment Interest" shall mean Series 2018 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Series 2018 Assessment Interest has, or would have, become delinquent under State law applicable thereto.

"Delinquent Assessment Principal" shall mean Series 2018 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such Series 2018 Assessment Principal has, or would have, become delinquent under State law applicable thereto.

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

"DTC" shall mean The Depository Trust Company, New York, New York.

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

"Interest Payment Date" shall mean each May 1 and November 1, commencing May 1, 2019.

"Majority Owners" shall mean the Beneficial Owners of more than fifty percent (50%) in principal amount of the Outstanding Series 2018 Bonds.

"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.

"Original Landowner" shall mean Dune FL Land I Sub LLC, a Delaware limited liability company.

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

"Series 2018 Assessment Interest" shall mean the interest on the Series 2018 Assessments which is pledged to the Series 2018 Bonds.

"Series 2018 Assessment Principal" shall mean the principal amount of Series 2018 Assessments received by the District which represents a proportionate amount of the principal of and Amortization Installments of the Series 2018 Bonds, other than applicable Delinquent Assessment Principal and Series 2018 Prepayment Principal.

"Series 2018 Assessment Proceedings" shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2018 Assessments which include Resolution Nos. 2018-05, 2018-06 and 2018-[], as supplemented, adopted by the Governing Body of the District, and any supplemental proceedings undertaken by the District with respect to the Series 2018 Assessments and the Assessment Methodology as approved thereby.

"Series 2018 Assessment Revenues" shall mean all revenues derived by the District from the Series 2018 Assessments, including 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 2018 Bonds.

"Series 2018 Assessments" shall mean the principal and interest of Series 2018 Assessments received by the District which corresponds to a proportionate amount of the principal and interest of the Series 2018 Bonds.

"Series 2018 Investment Obligations" shall mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

(i) Government Obligations;

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

(iii) Shares of money market mutual funds that invest only in the obligations described in (i) and (ii) above, including money market mutual funds of the Trustee bank meeting such criteria; and

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

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

"Series 2018 Pledged Funds" shall mean all of the Funds and Accounts created hereby with the Trustee, including the subaccounts therein other than the Series 2018 Rebate Account in the Rebate Fund.

"Series 2018 Pledged Revenues" shall mean the Series 2018 Assessment Revenues.

"Series 2018 Prepayment Principal" shall mean the excess amount of Series 2018 Assessment Principal received by the District over the Series 2018 Assessment Principal included within an Assessment appearing on any outstanding and unpaid tax bill, whether or not mandated to be prepaid in accordance with the Series 2018 Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term Series 2018 Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

"Series 2018 Reserve Account Requirement" shall mean an amount equal to [_____] percent ([_]%) of the Maximum Annual Debt Service Requirement for all Outstanding Series 2018 Bonds, as of the time of any such calculation and which on the date of issuance is \$[RAR].

"Substantially Absorbed" shall mean the date on which the principal amount of the Series 2018 Assessments equaling ninety percent (90%) of the then-Outstanding principal amount of the Series 2018 Bonds is levied on tax parcels within the District 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], dated as of [Closing Date], by and among the District, the Original Landowner and DPF Management & Consulting, LLC, as District Manager.

ARTICLE II

AUTHORIZATION, ISSUANCE AND PROVISIONS OF SERIES 2018 BONDS

Section 201. Authorization of Series 2018 Bonds; Book-Entry Only Form. The Series 2018 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 "Zephyr Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018." The Series 2018 Bonds shall be substantially in the form set forth as Exhibit B to this First Supplemental Indenture. Each Series 2018 Bond shall bear the designation "2018R" and shall be numbered consecutively from 1 upwards.

The Series 2018 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2018 Bond for each maturity thereof. Upon initial issuance, the ownership of each such Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent shall treat and

consider the person in whose name each Series 2018 Bond is registered in the registration books kept by the Bond Registrar as the absolute Owner of such Series 2018 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2018 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2018 Bond, for the purpose of registering transfers with respect to such Series 2018 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2018 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 2018 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 2018 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, 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 2018 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 2018 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 2018 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 2018 Bonds shall designate, in accordance with the provisions hereof.

Section 202. Terms. The Series 2018 Bonds shall be issued as [] ([]) Term Bond[s], shall be dated as of the date of their issuance and delivery to the initial purchasers thereof, shall bear interest at the Interest Rate[s] per annum and shall mature in the amount[s] and on the date[s] set forth below:

<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 2018 Bond shall be dated [Closing Date]. Each Series 2018 Bond also shall bear its date of authentication. Each Series 2018 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 2018 Bond has been paid, in which event such Series 2018 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2018 Bonds, in which event, such Series 2018 Bond shall bear interest from its date. Interest on the Series 2018 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2019, and shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 204. Denominations. The Series 2018 Bonds shall be issued in Authorized Denominations; provided, however, that the Series 2018 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 2018 Bonds.

Section 206. Bond Registrar. The District appoints the Trustee as Bond Registrar for the Series 2018 Bonds.

Section 207. Conditions Precedent to Issuance of Series 2018 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2018 Bonds, all the Series 2018 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 2018 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 2018 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 or Engineer's Certificates which set forth the estimated Cost of the Series 2018 Project;

(g) A certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal; and

(h) An executed Collateral Assignment.

Payment to the Trustee of \$[NP] upon the initial issuance of the Series 2018 Bonds 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 2018 BONDS

Section 301. Bonds Subject to Redemption. The Series 2018 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit B to this First Supplemental Indenture. Interest on Series 2018 Bonds which are called for redemption shall be paid on the Redemption Date from the Series 2018 Interest Account or from the Series 2018 Revenue Account to the extent monies in the Series 2018 Interest Account are insufficient for such purpose. Moneys in the Series 2018 Optional Redemption Subaccount in the Series 2018 Redemption Account shall be applied in accordance with Section 506 of the Master Indenture to the optional redemption of Series 2018 Bonds.

ARTICLE IV DEPOSIT OF SERIES 2018 BOND PROCEEDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF

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

(a) There are hereby established within the Acquisition and Construction Fund held by the Trustee: (i) a Series 2018 Acquisition and Construction Account; and (ii) a Series 2018 Costs of Issuance Account.

(b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a Series 2018 Debt Service Account and therein a Series 2018 Sinking Fund Account, a Series 2018 Interest Account and a Series 2018 Capitalized Interest Account; and (ii) a Series 2018 Redemption Account and therein a Series 2018 Prepayment Subaccount and a Series 2018 Optional Redemption Subaccount;

(c) There is hereby established within the Reserve Fund held by the Trustee a Series 2018 Reserve Account, which shall be held for the benefit of all of the Series 2018 Bonds, without distinction as to Series 2018 Bonds and without privilege or priority of one Series 2018 Bond over another;

(d) There is hereby established within the Revenue Fund held by the Trustee a Series 2018 Revenue Account; and

(e) There is hereby established within the Rebate Fund held by the Trustee a Series 2018 Rebate Account.

Section 402. Use of Series 2018 Bond Proceeds. The net proceeds of sale of the Series 2018 Bonds, in the amount of \$[NP] (consisting of \$[Bond Amount].00 principal amount of Series 2018 Bonds less original issue discount in the amount of \$[OID] 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 2018 Reserve Account Requirement at the time of issuance of the Series 2018 Bonds shall be deposited to the credit of the Series 2018 Reserve Account;

(b) \$[COI], representing the costs of issuance relating to the Series 2018 Bonds shall be deposited to the credit of the Series 2018 Costs of Issuance Account;

(c) \$[CAPI], representing Capitalized Interest on the Series 2018 Bonds through and including November 1, 2019, shall be deposited to the credit of the Series 2018 Capitalized Interest Account; and

(d) \$[CD] shall be deposited to the credit of the Series 2018 Acquisition and Construction Account.

Section 403. Series 2018 Acquisition and Construction Account and Series 2018 Capitalized Interest Account. (a) Amounts on deposit in the Series 2018 Acquisition and Construction Account shall be applied to pay Costs of the Series 2018 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.

Anything in the Master Indenture to the contrary notwithstanding, the Consulting Engineer shall establish a Date of Completion for the Series 2018 Project, and any balance remaining in the Series 2018 Acquisition and Construction Account (taking into account the moneys currently on deposit therein to pay any accrued but unpaid Costs of the Series 2018 Project which are required to be reserved in the Series 2018 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 deposited pursuant hereto to the Series 2018 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2018 Bonds in accordance with Section 301 hereof and in the manner prescribed in the form of Series 2018 Bond set forth as Exhibit B hereto, whereupon the Series 2018 Acquisition and Construction Account shall be closed.

(b) Amounts on deposit in the Series 2018 Capitalized Interest Account shall, until and including November 1, 2019, be transferred into the Series 2018 Interest Account and applied to the payment of interest first coming due on the Series 2018 Bonds, and thereafter transferred into the Series 2018 Acquisition and Construction Account, whereupon the Series 2018 Capitalized Interest Account shall be closed.

Section 404. Series 2018 Costs of Issuance Account. The amount deposited in the Series 2018 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 2018 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 2018 Bonds, any amounts deposited in the Series 2018 Costs of Issuance Account which have not been requisitioned shall be transferred over and deposited into the Series 2018 Acquisition and Construction Account and used for the purposes permitted therefor, whereupon the Series 2018 Costs of Issuance Account shall be closed.

Section 405. Series 2018 Reserve Account. The Series 2018 Reserve Account shall be funded and maintained at all times in an amount equal to the Series 2018 Reserve Account Requirement. Except as otherwise provided herein or in the Master Indenture, amounts on deposit in the Series 2018 Reserve Account shall be used only for the purpose of making payments into the Series 2018 Interest Account, and the Series 2018 Sinking Fund Account to pay Debt Service on the Series 2018 Bonds, when due, without distinction as to Series 2018 Bonds and without privilege or priority of one Series 2018 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Account shall consist only of cash and Series 2018 Investment Obligations.

Anything herein or in the Master Indenture to the contrary notwithstanding, on the forty-fifth (45th) day preceding each 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 2018 Reserve Account Requirement and to transfer any excess on deposit in the Series 2018 Reserve Account resulting from prepayments of Series 2018 Assessments into the Series 2018 Prepayment Subaccount of the Series 2018

Redemption Account and applied to the extraordinary mandatory redemption of the Series 2018 Bonds.

On the earliest date on which there is on deposit in the Series 2018 Reserve Account, sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2018 Bonds, together with accrued interest and redemption premium, if any, on such Series 2018 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2018 Reserve Account into the Series 2018 Prepayment Subaccount in the Series 2018 Redemption Account to pay and redeem all of the Outstanding Series 2018 Bonds on the earliest date permitted for redemption therein and herein.

Anything in the Master Indenture or herein to the contrary notwithstanding, amounts on deposit in the Series 2018 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 2018 Bonds shall be as set forth in the form of Series 2018 Bonds attached hereto.

(b) Upon any redemption of Series 2018 Bonds (other than Series 2018 Bonds redeemed in accordance with scheduled Amortization Installments and other than Series 2018 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 2018 Bonds to be redeemed in such amounts and having such maturities so as to result in Amortization Installments recalculated, and which shall be recalculated by the District, in such manner as shall amortize all the Outstanding Series 2018 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 2018 Bonds, commencing, however, no earlier than the November 1, 20[___] Amortization Installment.

Section 407. Tax Covenants and Rebate Account. The District shall comply with the Tax Regulatory Covenants set forth in the tax certificate of the District issued in connection with the issuance of the Series 2018 Bonds, as amended and supplemented from time to time in accordance with their terms.

Section 408. Establishment of Series 2018 Revenue Account in Revenue Fund; 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 2018 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 2018 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 2018 Revenue Account the Series 2018 Assessment Revenues other than Series 2018 Prepayment Principal, which shall be identified by the District to the Trustee as such in writing upon deposit and which shall be deposited into the Series 2018 Prepayment Subaccount in the Series 2018 Redemption Account, and any other revenues required by other provisions of the Indenture to be deposited therein.

(c) On the forty-fifth (45th) day preceding each Redemption Date with respect to the Series 2018 Bonds (or if such forty-fifth (45th) day is not a Business Day, on the Business Day next preceding such forty-fifth (45th) day), the Trustee shall determine the amount on deposit in the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, and, if the balance therein is greater than zero, shall transfer from the Series 2018 Revenue Account for deposit into the Series 2018 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining therein to pay Debt Service coming due on the Series 2018 Bonds on the next succeeding Interest Payment Date), and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2018 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2018 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2018 Bonds set forth in the form of Series 2018 Bond 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 2018 Capitalized Interest Account to the Series 2018 Interest Account the lesser of (x) the amount of interest coming due on the Series 2018 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the Series 2018 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 2018 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

FIRST, to the Series 2018 Interest Account, an amount equal to the amount of interest payable on all Series 2018 Bonds then Outstanding on such May 1 or

November 1, less any amount transferred from the Series 2018 Capitalized Interest Account in accordance with Section 403(b) hereof and less any other amount already on deposit in the Series 2018 Interest Account not previously credited;

SECOND, on November 1, 20[] and each November 1 thereafter, to the Series 2018 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2018 Bonds subject to mandatory sinking fund redemption on such November 1 and the amount already on deposit in the Series 2018 Sinking Fund Account not previously credited;

THIRD, to the Series 2018 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2018 Reserve Account Requirement with respect to the Series 2018 Bonds; and

FOURTH, the balance shall be retained in the Series 2018 Revenue Account.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2018 Revenue Account to the Series 2018 Rebate Account established for the Series 2018 Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants.

(f) 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 2018 Bonds shall be invested only in Series 2018 Investment Obligations, and further, earnings on the Series 2018 Acquisition and Construction Account, the Series 2018 Interest Account and the Series 2018 Capitalized Interest Account shall be retained, as realized, in such Account or subaccount and used for the purpose of such Account or subaccount. Earnings on investments in the Funds and Accounts other than the Series 2018 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2018 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2018 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 2018 Reserve Account as of the most recent date on which amounts on deposit in the Series 2018 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2018 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and, thereafter shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account; and

(ii) if as of the last date on which amounts on deposit in the Series 2018 Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 of the Master Indenture), or if after such date withdrawals have been made from the Series 2018 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Reserve Account until the amount on deposit therein is equal to the Series 2018 Reserve Account Requirement, and then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and, thereafter shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account.

ARTICLE V CONCERNING THE TRUSTEE

Section 501. Acceptance by Trustee. The Trustee accepts the trusts declared and provided in this First Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture.

Section 502. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this 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 2018 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2018 Trust Estate.

The District further covenants and agrees that so long as the Series 2018 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 2018 Assessments; provided, however, that the foregoing shall not preclude the imposition of capital Assessments on property subject to the Series 2018 Assessments which are necessary for health, safety or welfare reasons or to remediate a natural disaster. 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 2018 Bonds issued hereunder.

Section 702. Continuing Disclosure Agreement. Contemporaneously with the execution and delivery hereof, the District has executed and delivered a Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934. The District covenants and agrees to comply with the provisions of such Continuing Disclosure Agreement; however, as set forth therein, failure to so comply shall not constitute an Event of Default hereunder, but, instead shall be enforceable by mandamus, injunction or any other means of specific performance.

Section 703. Additional Covenant Regarding Assessments. In addition 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 proceedings heretofore adopted with respect to the Series 2018 Assessments, including the Assessment Methodology, and to levy the Series 2018 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 2018 Bonds, when due. The Assessment Methodology shall not be 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, Series 2018 Assessments levied on platted lots and pledged hereunder to secure the Series 2018 Bonds shall be collected pursuant to the Uniform Method and Series 2018 Assessments levied on unplatted lots and pledged hereunder to secure the Series 2018 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.

(b) All Series 2018 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.

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 2018 Assessments and Series 2018 Bonds.

If any property shall be offered for sale for the nonpayment of any Series 2018 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2018 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 2018 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 2018 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. 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 2018 Revenue Account. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the Series 2018 Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Majority Owners.

Section 706. Requisite Owners for Direction or Consent. Anything in the Master Indenture to the contrary notwithstanding, any direction or consent or similar provision which requires fifty-one percent of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Owners.

Section 707. Owner Direction and Consent with Respect to Series 2018 Acquisition and Construction Account Upon Occurrence of Event of Default. In accordance with the provisions of the Indenture, the Series 2018 Bonds are payable solely from the Series 2018 Pledged Revenues and any other moneys 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 2018 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2018 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may not be used by the District (whether to pay Costs of the Series 2018

IN WITNESS WHEREOF, Zephyr Lakes Community Development District has caused these presents to be signed in its name and on its behalf by its Chairman, and its official seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized Vice President.

(SEAL)

**ZEPHYR LAKES
COMMUNITY DEVELOPMENT
DISTRICT**

Attest:

Secretary

By:_____
Chairman, Board of Supervisors

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

By:_____
Vice President

EXHIBIT A
DESCRIPTION OF SERIES 2018 PROJECT

[See Report of District Engineer Attached Hereto.]

EXHIBIT B
FORM OF SERIES 2018 BONDS

No. 2018R-

\$[]

United States of America
State of Florida
ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT
CAPITAL IMPROVEMENT REVENUE BOND, SERIES 2018

<u>Maturity</u> <u>Date</u>	<u>Dated</u> <u>Date</u>	<u>Interest</u> <u>Rate</u> %	<u>CUSIP</u>
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Registered Owner: **CEDE & CO.**

Principal Amount:

ZEPHYR LAKES 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 May 1, 2019, until payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the registered Owner hereof at the close of business on the regular Record Date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, or, if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or

Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of this Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of U.S. Bank 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 2018 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months. Capitalized terms used 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 "Zephyr Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018" in the aggregate principal amount of \$[Bond Amount] (the "Series 2018 Bonds") issued under a Master Trust Indenture, dated as of October 1, 2018 (the "Master Indenture"), between the District and U.S. Bank National Association, located in Orlando, Florida, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Trust Indenture, dated as of October 1, 2018 (the "First Supplemental Indenture"), between the District and the Trustee (the Master Indenture as amended and supplemented by the First Supplemental Indenture is hereinafter referred to as the "Indenture") (the "Series 2018 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 2018 Bonds to: (i) finance the Cost of acquiring, constructing and equipping assessable improvements (as more particularly described in Exhibit A to the First Supplemental Indenture, the "Series 2018 Project"); (ii) pay certain costs associated with the issuance of the Series 2018 Bonds; (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Series 2018 Bonds; and (iv) pay a portion of the interest to become due on the Series 2018 Bonds.

NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS BOND AND THE SERIES OF WHICH IT IS A PART AND THE INTEREST AND PREMIUM, IF

ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE MASTER INDENTURE OR IN THE FIRST SUPPLEMENTAL INDENTURE AUTHORIZING THE ISSUANCE OF THE SERIES 2018 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE FIRST SUPPLEMENTAL INDENTURE, OR THE SERIES 2018 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE FIRST SUPPLEMENTAL INDENTURE, OR THE SERIES 2018 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2018 PLEDGED REVENUES AND THE SERIES 2018 PLEDGED FUNDS PLEDGED TO THE SERIES 2018 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE FIRST SUPPLEMENTAL INDENTURE.

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, as amended, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments, the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Owners of the Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The Series 2018 Bonds are equally and ratably secured by the Series 2018 Trust Estate, without preference or priority of one Series 2018 Bond over another. The First Supplemental Indenture does not authorize the issuance of any Additional Bonds ranking on a parity with the Series 2018 Bonds as to the lien and pledge of the Series 2018 Trust Estate.

The Series 2018 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 2018 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 2018 Bonds are subject to redemption prior to maturity at the option of the District in whole, on any date, or in part on any Redemption Date, on or after November 1, 20[] at the Redemption Price of the principal amount of the Series 2018 Bonds or portions thereof to be redeemed together with accrued interest to the date of redemption.

The Series 2018 Bonds maturing on November 1, 20[] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 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 November 1 of the years and in the principal amounts set forth below:

<u>November 1 of the Year</u>	<u>Amortization Installment</u>	<u>November 1 of the Year</u>	<u>Amortization Installment</u>
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* Maturity

As more particularly set forth in the Indenture, any Series 2018 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 2018 Bonds. Amortization Installments are also subject to recalculation, as provided in the First Supplemental Indenture, as the result of the redemption of Series 2018 Bonds so as

to reamortize the remaining Outstanding principal balance of the Series 2018 Bonds as set forth in the First Supplemental Indenture.

The Series 2018 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the Series 2018 Project, by application of moneys transferred from the Series 2018 Acquisition and Construction Account to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account in accordance with the terms of the Indenture; or

(b) from amounts, including Series 2018 Prepayment Principal, required by the Indenture to be deposited into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account; or

(c) from amounts transferred to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account resulting from a reduction in the Series 2018 Reserve Account Requirement as provided for in the Indenture; or

(d) on the date on which the amount on deposit in the Series 2018 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2018 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2018 Bonds shall be called for redemption, the particular Series 2018 Bonds or portions of Series 2018 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 2018 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 2018 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 2018 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 2018 Bonds or such portions thereof on such date, interest on such Series 2018 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2018 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 2018 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 Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2018 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 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 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 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 2018 Bonds as to the Series 2018 Trust Estate shall be discharged, except for the

rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida.

This Bond is issued with the intent that the laws of the State of Florida shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the District to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Zephyr Lakes 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:

**ZEPHYR LAKES
COMMUNITY DEVELOPMENT
DISTRICT**

Secretary

By:_____
Chairman, Board of Supervisors

[Official Seal]

**[FORM OF CERTIFICATE OF AUTHENTICATION
FOR SERIES 2018 BONDS]**

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

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Date of Authentication:

By: _____
Vice President

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Pasco County, Florida rendered on December 10, 2014.

Chairman, Board of Supervisors
Zephyr Lakes
Community Development District

[FORM OF ABBREVIATIONS FOR SERIES 2018 BONDS]

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

TEN COM as tenants in common

TEN ENT as tenants by the entireties

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 SERIES 2018 BONDS]

For value received, the undersigned hereby sells, assigns and transfers unto _____ within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the books of the District, with full power of substitution in the premises.

Dated:

Social Security Number or Employer

Identification Number of Transferee:

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

EXHIBIT C

FORM OF REQUISITION FOR SERIES 2018 PROJECT

The undersigned, an Authorized Officer of Zephyr Lakes Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the District to U.S. Bank National Association, Orlando, Florida, as trustee (the "Trustee"), dated as of October 1, 2018 (the "Master Indenture"), as amended and supplemented by the First Supplemental Trust Indenture from the District to the Trustee, dated as of October 1, 2018 (the Master Indenture as amended and supplemented is hereinafter referred to as the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

(A) Requisition Number:

(B) Name of Payee:

(C) Amount Payable:

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

(E) The undersigned hereby certifies that this requisition complies with the expenditure limitations contained in Section 403(a) of the First Supplemental Indenture.

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 2018 Acquisition and Construction Account, that each disbursement set forth above was incurred in connection with the acquisition and construction of the Series 2018 Project and each represents a Cost of the Series 2018 Project, and has not previously been paid] OR [this requisition is for Costs of Issuance payable from the Costs of Issuance Account that has not previously been paid].

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

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

If this requisition is for a disbursement from other than the Costs of Issuance Account or for payment of capitalized interest, there shall be attached a resolution of the Governing Body of the District approving this requisition or approving the specific contract with respect to which disbursements pursuant to this requisition are due and payable.

Attached hereto are originals of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

**ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Authorized Officer

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

If this requisition is for a disbursement from other than the Costs of Issuance Account or for payment of Capitalized Interest, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the Series 2018 Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the corresponding Series 2018 Project segment and portion of the Series 2018 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

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 2018 Project and payment is for such work and (iii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay 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 2018 Project after the occurrence and during the continuance of an Event of Default unless authorized in writing by the Majority Owners.

Section 708. Assignment of District's Rights Under 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 2018 Bonds.

Section 709. 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 Completion Agreement and the True-Up 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 Completion Agreement and the True-Up 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 without benefit of any period for cure.

[Remainder of Page Intentionally Left Blank]

Form of Preliminary Offering
Memorandum

* Preliminary, subject to change.

The District is a local unit of special purpose government of the State of Florida (the "State"), created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act") and Ordinance No. 1232-14 adopted by the City Council of the City of Zephyrhills, Florida (the "City") on July 14, 2014. The Series 2018 Bonds are being issued by the District pursuant to the Act, Resolution No. 2014-11 and Resolution No. 2018-12 adopted by the Board of Supervisors of the District (the "Board") on September 2, 2014 and September 18, 2018, respectively (collectively, the "Resolution"), and a Master Trust Indenture, dated as of October 1, 2018 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of October 1, 2018 (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"). Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Series 2018 Bonds will be applied to (i) finance a portion of the Costs of acquiring, constructing and equipping the Series 2018 Project (as defined herein), (ii) pay certain costs associated with the issuance of the Series 2018 Bonds, (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Series 2018 Bonds, and (iv) pay a portion of the interest to become due on the Series 2018 Bonds.

The Series 2018 Bonds will be equally and ratably secured under the Indenture by a lien upon and a pledge of the Series 2018 Pledged Revenues (the "Series 2018 Pledged Revenues") which include non-ad valorem special assessments which will be levied on all gross acreage within the Series 2018 Assessment Area (as defined herein) of the Development (as defined herein), which is ultimately anticipated to include 300 residential units within the District which benefit from the Series 2018 Project (the "Series 2018 Assessments"), and all moneys on deposit in the respective Funds and Accounts and subaccounts created under the Indenture for the benefit of the Series 2018 Bonds (the "Series 2018 Pledged Funds"), other than moneys transferred to the Series 2018 Rebate Account and interest earnings thereon.

The Series 2018 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 2018 BONDS - Redemption Provisions" herein.

THE SERIES 2018 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2018 PLEDGED FUNDS PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE CITY, PASCO COUNTY, FLORIDA (THE "COUNTY"), THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2018 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY, AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2018 ASSESSMENTS TO SECURE AND PAY THE SERIES 2018 BONDS. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE CITY, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Series 2018 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 transfer in any secondary market for the Series 2018 Bonds. The Series 2018 Bonds are not credit enhanced or rated and no application has been made for a rating with respect to the Series 2018 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2018 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

\$_____ * - ____% Series 2018 Term Bond due November 1, 20__,
Yield __%, Price __ CUSIP # ____†

The sale of the Series 2018 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 2018 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., Orlando, Florida, is serving as Underwriter's Counsel and Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is serving as Disclosure Counsel. Certain legal matters will be passed upon for the Developer by its counsel, Shutts & Bowen LLP, Tampa, Florida. It is expected that the Series 2018 Bonds will be delivered in book-entry form through the facilities of DTC on or about October __, 2018.

FMSbonds, Inc.

Dated: _____, 2018

* 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.

ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS*

Michael Lawson,[†] Chairman
Doug Draper,[†] Vice Chairman
Lori Price,[†] Assistant Secretary
Ted Sanders,[†] Assistant Secretary

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* There is currently a vacancy on the Board.

[†] Employee of, or affiliated with, the Developer (as defined herein).

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 2018 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE SERIES 2018 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 2018 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 2018 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 2018 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 2018 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, OF 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

[\$[BOND AMOUNT]]* ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2018

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 Zephyr Lakes Community Development District (the "District") of its \$[Bond Amount]* Capital Improvement Revenue Bonds, Series 2018 (the "Series 2018 Bonds").

THE SERIES 2018 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. PURSUANT TO APPLICABLE STATE LAW, THE UNDERWRITER IS LIMITING THIS INITIAL OFFERING OF THE SERIES 2018 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 TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2018 BONDS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2018 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"). 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 219 acres of land (the "District Lands") located within the City of Zephyrhills, Florida (the "City") in 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 514 single-family detached units and 54 single-family attached townhome units, to be known as Zephyr Lakes (the "Development"). See "THE DEVELOPMENT" herein for more information and a summary of the current development status of the Development.

* Preliminary, subject to change.

The Series 2018 Bonds are being issued by the District pursuant to the Act, Resolution No. 2014-11 and Resolution No. 2018-12 adopted by the Board of Supervisors of the District (the "Board") on September 2, 2014 and September 18, 2018, respectively (collectively, the "Resolution"), and a Master Trust Indenture, dated as of October 1, 2018 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of October 1, 2018 (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"). 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: FORM OF MASTER INDENTURE AND FIRST SUPPLEMENTAL INDENTURE" attached hereto.

Proceeds of the Series 2018 Bonds will be applied to (i) finance a portion of the Costs of acquiring, constructing and equipping the Series 2018 Project (hereinafter defined), (ii) pay certain costs associated with the issuance of the Series 2018 Bonds, (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Series 2018 Bonds, and (iv) pay a portion of the interest to become due on the Series 2018 Bonds.

The Series 2018 Bonds will be equally and ratably secured under the Indenture by a lien upon and a pledge of the Series 2018 Pledged Revenues (the "Series 2018 Pledged Revenues") which include non-ad valorem special assessments which will be levied on all gross acreage within the Series 2018 Assessment Area (hereinafter defined) of the Development which is ultimately anticipated to include 300 residential lots/units within the District which benefit from the Series 2018 Project (the "Series 2018 Assessments"), and all moneys on deposit in the respective Funds and Accounts and subaccounts created under the Indenture for the benefit of the Series 2018 Bonds (the "Series 2018 Pledged Funds"), other than moneys transferred to the Series 2018 Rebate Account and interest earnings thereon.

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 Series 2018 Project, and summaries of the terms of the Series 2018 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 2018 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 First Supplemental Indenture 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 2018 BONDS

General Description

The Series 2018 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 2018 Bonds shall be delivered to the initial purchasers thereof only in minimum amounts of \$100,000 or integral multiples of Authorized Denominations in excess thereof. The Series 2018 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 2018 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 most recent 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 2018 Bond has been paid, in which event such Series 2018 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2018 Bonds, in which event, such Series 2018 Bond shall bear interest from its date. Interest on the Series 2018 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2019, 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 2018 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 2018 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 transfer in any secondary market for the Series 2018 Bonds. See "DESCRIPTION OF THE SERIES 2018 BONDS - Book-Entry System" and "SUITABILITY FOR INVESTMENT" below.

U.S. Bank National Association is initially serving as the Trustee, Registrar and Paying Agent for the Series 2018 Bonds.

Redemption Provisions

Optional Redemption

The Series 2018 Bonds are subject to redemption prior to maturity at the option of the District in whole, on any date, or in part on any Redemption Date, on or after November 1, 20__ at the Redemption Price of the principal amount of the Series 2018 Bonds or portions thereof to be redeemed together with accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Series 2018 Bonds maturing on November 1, 20____ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 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 November 1 of the years and in the principal amounts set forth below:

<u>Year</u> <u>(November 1)</u>	<u>Amortization</u> <u>Installment</u>	<u>Year</u> <u>(November 1)</u>	<u>Amortization</u> <u>Installment</u>
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* Final Maturity

As more particularly set forth in the Indenture, any Series 2018 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 2018 Bonds. Amortization Installments are also subject to recalculation, as provided in the Indenture, as the result of the redemption of Series 2018 Bonds so as to reamortize the remaining Outstanding principal balance of the Series 2018 Bonds as set forth in the Indenture.

Extraordinary Mandatory Redemption

The Series 2018 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the Series 2018 Project, by application of moneys transferred from the Series 2018 Acquisition and Construction Account to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, in accordance with the terms of the Indenture; or

(b) from amounts, including Series 2018 Prepayment Principal, required by the Indenture to be deposited into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account; or

(c) from amounts transferred to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account resulting from a reduction in the Series 2018 Reserve Account Requirement as provided for in the Indenture; or

(d) on the date on which the amount on deposit in the Series 2018 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2018 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2018 Bonds shall be called for redemption, the particular Series 2018 Bonds or portions of Series 2018 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 2018 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 2018 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 2018 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 2018 Bonds or such portions thereof on such date, interest on such Series 2018 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2018 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 2018 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 Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2018 Bonds. The Series 2018 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 2018 Bond certificate will be issued for each maturity of the Series 2018

Bonds, 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 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 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 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2018 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 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 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 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 Bond documents. For example, Beneficial Owners of Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 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 2018 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 the Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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 redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2018 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 that event, Series 2018 Bond certificates will be printed and delivered to DTC.

The information in this section concerning 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.

SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2018 BONDS

General

THE SERIES 2018 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2018 PLEDGED REVENUES AND THE SERIES 2018 PLEDGED FUNDS PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY, THE STATE OF FLORIDA (THE "STATE"), OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2018 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY, AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2018 ASSESSMENTS TO SECURE AND PAY THE SERIES 2018 BONDS. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE CITY, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Series 2018 Bonds will be equally and ratably secured under the Indenture by a lien upon and a pledge of the Series 2018 Pledged Revenues (the "Series 2018 Pledged Revenues") which include non-ad valorem special assessments which will be levied on all gross acreage within the Series 2018 Assessment Area of the Development which is ultimately anticipated to include 300 residential units within the District which benefit from the Series 2018 Project (the "Series 2018 Assessments"), and all moneys on deposit in the respective Funds and Accounts and subaccounts created under the Indenture for the benefit of the Series 2018 Bonds (the "Series 2018 Pledged Funds"), other than moneys transferred to the Series 2018 Rebate Account and interest earnings thereon.

The Series 2018 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 Series 2018 Project, pursuant to Section 190.022 of the Act, resolutions of the District adopted prior to delivery of the Series 2018 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 2018 Assessments will constitute a lien against the land as to which the Series 2018 Assessments are imposed. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

The Series 2018 Assessments are levied in an amount corresponding to the Debt Service Requirements on the Series 2018 Bonds, on the basis of benefit received by certain lands within the District from the Series 2018 Project. The Assessment Methodology Report (hereinafter defined), which describes the methodology for allocating the Series 2018 Assessments to the assessable 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 within the Series 2018 Assessment Area is never allowed to increase above its maximum debt per acre level. If the debt per acre remaining on the unsubdivided and undeveloped land within the Series 2018 Assessment Area 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 2018 Assessments. In addition, the District may issue additional bonds and impose taxes or other special assessments on the same properties encumbered by the Series 2018 Assessments, subject to the conditions outlined in the Indenture. See "- Additional Obligations" below. Additionally, the District expects to impose O&M Assessments (hereinafter defined), which are of equal dignity with the Series 2018 Assessments, on the same lands upon which the Series 2018 Assessments are imposed, to fund the maintenance and operation of the District. See "BONDOWNERS' RISKS" and "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" 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 O&M Assessments and certain homeowner's association fees. See "THE DEVELOPMENT - Fees and Special Assessments" for more information. The total millage rate for the area of the County and the City where the District is located is approximately 21.72 mills for taxes levied during calendar year 2017. 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 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 2017.

Additional Obligations

Under the Indenture, the District covenants and agrees that, so long as there are any Series 2018 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2018 Trust Estate. The District further covenants and agrees in the Indenture that so long as the Series 2018 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 2018 Assessments; provided, however, that the foregoing shall not preclude the imposition of capital Assessments on property subject to the Series 2018 Assessments which are necessary for health, safety or welfare reasons or to remediate a natural disaster.

"Substantially Absorbed" is defined in the First Supplemental Indenture as the date on which the principal amount of the Series 2018 Assessments equaling ninety percent (90%) of the then-Outstanding principal amount of the Series 2018 Bonds are levied on tax parcels within the District 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. Notwithstanding the foregoing, the District covenants and agrees in the Indenture 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.

Notably, the District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Series 2018 Assessments without the consent of the Owners of the Series 2018 Bonds. Additionally, the District expects to impose O&M Assessments, which are of equal dignity with the Series 2018 Assessments, on the same lands upon which the Series 2018 Assessments are imposed, to fund the maintenance and operation of the District. See "BONDOWNERS' RISKS" and "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" herein.

Covenant Against Sale or Encumbrance

In the Indenture, the District covenants that, until such time as there are no Series 2018 Bonds Outstanding, it will not sell, lease or otherwise dispose of or encumber the Series 2018 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 Series 2018 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 Series 2018 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 Series 2018 Project. See "APPENDIX A: FORM OF MASTER INDENTURE AND FIRST SUPPLEMENTAL INDENTURE" attached hereto.

Series 2018 Reserve Account

The Indenture establishes a Series 2018 Reserve Account within the Reserve Fund for the Series 2018 Bonds. The Series 2018 Reserve Account will, at the time of delivery of the Series 2018 Bonds, be funded from a portion of the proceeds of the Series 2018 Bonds in the amount of the Series 2018 Reserve Account Requirement. The Series 2018 Reserve Account Requirement is defined in the First Supplemental Indenture as an amount equal to [_____] percent ([_]%) of the Maximum Annual Debt Service Requirement for all Outstanding Series 2018 Bonds, as of the time of any such calculation and which on the date of issuance is \$_____.

The Series 2018 Reserve Account will be funded and maintained at all times in an amount equal to the Series 2018 Reserve Account Requirement. Except as otherwise provided in the Indenture, amounts on deposit in the Series 2018 Reserve Account shall be used only for the purpose of making payments into the Series 2018 Interest Account and the Series 2018 Sinking Fund Account to pay Debt Service on the Series 2018 Bonds, when due, without distinction as to Series 2018 Bonds and without privilege or priority of one Series 2018 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Series 2018 Reserve Account shall consist only of cash and Series 2018 Investment Obligations.

Anything in the Indenture to the contrary notwithstanding, on the forty-fifth (45th) day preceding each 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 2018 Reserve Account Requirement and to transfer any excess on deposit in the Series 2018 Reserve Account resulting from prepayments of Series 2018 Assessments into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account and applied to the extraordinary mandatory redemption of the Series 2018 Bonds.

On the earliest date on which there is on deposit in the Series 2018 Reserve Account, sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2018 Bonds, together with accrued interest and redemption premium, if any, on such Series 2018 Bonds to the earliest date of redemption permitted therein and in the Indenture, then the Trustee shall transfer the amount on deposit in the Series 2018 Reserve Account into the Series 2018 Prepayment Subaccount in the Series 2018 Redemption Account to pay and redeem all of the Outstanding Series 2018 Bonds on the earliest date permitted for redemption therein and in the Indenture.

Anything in the Indenture to the contrary notwithstanding, amounts on deposit in the Series 2018 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 2018 Revenue Account; Deposit and Application of Revenues and Investment Earnings

(a) The First Supplemental Indenture authorizes the Trustee to establish within the Revenue Fund a Series 2018 Revenue Account into which the Trustee shall deposit any and all amounts required to be deposited therein pursuant to the Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2018 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 2018 Revenue Account the Series 2018 Assessment Revenues other than Series 2018 Prepayment Principal, which shall be identified by the District to the Trustee as such in writing upon deposit and which shall be deposited into the Series 2018 Prepayment Subaccount in the Series 2018 Redemption Account, and any other revenues required by other provisions of the Indenture to be deposited therein.

(c) On the forty-fifth (45th) day preceding each Redemption Date with respect to the Series 2018 Bonds (or if such forty-fifth (45th) day is not a Business Day, on the Business Day next preceding such forty-fifth (45th) day), the Trustee shall determine the amount on deposit in the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, and, if the balance therein is greater than zero, shall transfer from the Series 2018 Revenue Account for deposit into the Series 2018 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining therein to pay Debt Service coming due on the Series 2018 Bonds on the next succeeding Interest Payment Date), and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2018 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2018 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2018 Bonds set forth in the 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 2018 Capitalized Interest Account to the Series 2018 Interest Account the lesser of (x) the amount of interest coming due on the Series 2018 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the Series 2018 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 2018 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

FIRST, to the Series 2018 Interest Account, an amount equal to the amount of interest payable on all Series 2018 Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the Series 2018 Capitalized Interest Account and less any other amount already on deposit in the Series 2018 Interest Account not previously credited;

SECOND, on November 1, 20[] and each November 1 thereafter, to the Series 2018 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2018 Bonds subject to mandatory sinking fund redemption on such November 1, and the amount already on deposit in the Series 2018 Sinking Fund Account not previously credited;

THIRD, to the Series 2018 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2018 Reserve Account Requirement with respect to the Series 2018 Bonds; and

FOURTH, the balance shall be retained in the Series 2018 Revenue Account.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2018 Revenue Account to the Series 2018 Rebate Account established for the Series 2018 Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants.

(f) Anything in the Indenture to the contrary notwithstanding, moneys on deposit in all of the Funds and Accounts held as security for the Series 2018 Bonds shall be invested only in Series 2018 Investment Obligations, and further, earnings on the Series 2018 Acquisition and Construction Account, the Series 2018 Interest Account and the Series 2018 Capitalized Interest Account shall be retained, as realized, in such Accounts or subaccounts and used for the purpose of such Accounts or subaccounts. Earnings on investments in the Funds and Accounts other than the Series 2018 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2018 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2018 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in the Master Indenture) in the Series 2018 Reserve Account as of the most recent date on which amounts on deposit in the Series 2018 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2018 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and thereafter shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account; and

(ii) if as of the last date on which amounts on deposit in the Series 2018 Reserve Account were valued by the Trustee there was a deficiency (as defined in the Master Indenture), or if after such date withdrawals have been made from the Series 2018 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Reserve Account until the amount on deposit therein is equal to the Series 2018 Reserve Account Requirement, and then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and, thereafter shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account.

Acquisition and Construction Account

The First Supplemental Indenture creates a Series 2018 Acquisition and Construction Account within the Acquisition and Construction Fund. Amounts on deposit in the Series 2018 Acquisition and Construction Account shall be applied to pay Costs of the Series 2018 Project, upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and on the form set forth in Exhibit C to the First Supplemental Indenture.

Anything in the Master Indenture to the contrary notwithstanding, the Consulting Engineer shall establish a Date of Completion for the Series 2018 Project, and any balance remaining in the Series 2018 Acquisition and Construction Account (taking into account the moneys currently on deposit therein to pay any accrued but unpaid Costs of the Series 2018 Project which are required to be reserved in the Series 2018 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 deposited to the

Series 2018 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2018 Bonds in accordance with the First Supplemental Indenture.

The Indenture also provides that the Series 2018 Bonds are payable solely from the Series 2018 Pledged Revenues and any other moneys held by the Trustee under the Indenture for such purpose. Further, anything in the Indenture to the contrary notwithstanding, the District acknowledges that: (i) the Series 2018 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2018 Acquisition and Construction Account held by the Trustee under the Indenture, (ii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may not be used by the District (whether to pay Costs of the Series 2018 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 2018 Project, and payment is for such work and (iii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay 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 2018 Project after the occurrence and during the continuance of an Event of Default unless authorized in writing by the Majority Owners.

"Majority Owners" is defined in the First Supplemental Indenture as the Beneficial Owners of more than fifty percent (50%) in principal amount of the Outstanding Series 2018 Bonds.

Investments

Moneys held for the credit of the Funds and Accounts established by the Indenture and held as security for the Series 2018 Bonds must, as nearly as practicable, be continuously invested and reinvested in Series 2018 Investment Obligations by the Trustee as directed by an Authorized Officer of the District. The Series 2018 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: FORM OF MASTER INDENTURE AND FIRST SUPPLEMENTAL INDENTURE" attached hereto.

Covenant to Levy the Series 2018 Assessments

The District has covenanted in the Indenture to levy Series 2018 Assessments on the assessable lands within the District to the extent and in an amount sufficient to pay the principal and interest on all Outstanding Series 2018 Bonds when due. If any Series 2018 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 2018 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 2018 Assessment when it might have done so, the District has additionally covenanted in the Indenture to either (i) take all necessary steps to cause a new Series 2018 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 2018 Assessment from legally available moneys, which moneys shall be deposited into the Series 2018 Revenue Account.

In case any such subsequent Series 2018 Assessment shall also be annulled, the District shall obtain and make other Series 2018 Assessments until a valid Series 2018 Assessment shall be made.

Prepayment of Series 2018 Assessments

Pursuant to the Assessment Proceedings, an owner of property subject to the Series 2018 Assessments may pay all or a portion of the principal balance of such Series 2018 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 2018 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 2018 Assessments may pay the entire balance of the Series 2018 Assessments remaining due, without interest, within thirty (30) days after the Series 2018 Project has been completed or acquired by the District, and the Board has adopted a resolution accepting the Series 2018 Project pursuant to Chapter 170.09, Florida Statutes. The Developer, as the owner of the property within the District subject to all Series 2018 Assessments, will covenant to waive this right in connection with the issuance of the Series 2018 Bonds pursuant to a "Declaration of Consent to Jurisdiction of Zephyr Lakes 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 2018 Bonds are subject to extraordinary mandatory redemption as indicated under "DESCRIPTION OF THE SERIES 2018 BONDS - Redemption Provisions - *Extraordinary Mandatory Redemption*" from optional prepayments of Series 2018 Assessments by property owners. See "APPENDIX D: ASSESSMENT METHODOLOGY REPORT" attached hereto.

Collateral Assignment and Assumption of Development and Contract Rights

[As a condition precedent to the issuance of the Series 2018 Bonds, and as an inducement for the Bondholders to purchase the Series 2018 Bonds, the Developer will execute and deliver to the District a Collateral Assignment of Development Rights (the "Collateral Assignment"), pursuant to which the Developer will collaterally assign to the District, to the extent assignable, and to the extent accepted by the District in their sole discretion as the case may be, and to the extent that they are solely owned or controlled by the Developer or subsequently acquired by the Developer, all of the Developer's development rights relating to the development of the District Lands, and Developer's rights as declarant of the master, neighborhood and condominium associations with respect to, and to the extent of the unit parcels within the District Lands not conveyed to third parties as of the date of the exercise of the District's rights under the Collateral Assignment (collectively, the "Development Rights"), as security for Developer's payment and performance and discharge of its obligation to pay the Series 2018 Assessments levied against the District Lands owned by the Developer from time to time, subject to the terms and conditions therein. The Development Rights include the following as they pertain to the development of the assessable lands within the District: (a) engineering and construction plans and specifications for grading, roadways, site drainage, stormwater

drainage, signage, water distribution, waste water collection, and other improvements; (b) preliminary and final site plans and plats; (c) architectural plans and specifications for buildings and other improvements to the developable property within the District; (d) permits, approvals, resolutions, variances, licenses, and franchises granted by governmental authorities, or any of their respective agencies, for or affecting the development within the developable lands and construction of improvements thereon and off-site to the extent improvements are necessary or required to complete the Series 2018 Project; (e) contracts with engineers, architects, land planners, landscape architects, consultants, contractors, and suppliers for or relating to the construction of the development within the District Lands or the construction of improvements thereon; (f) impact fee credits, mobility fee credits and mitigation credits; and all future creations, changes, extensions, revisions, modifications, substitutions, and replacements of any of the foregoing, and (g) zoning approvals, density approvals and entitlements, concurrency and capacity certificates, and development agreements. The Development Rights specifically exclude any portion of the Development Rights listed above which relate solely to (i) lots conveyed to homebuilders or end-users, (ii) any property which has been conveyed, or is in the future conveyed, to the County, the District, the State, any utility provider, governmental or quasi-governmental entity, any applicable homeowner's association or other governing entity or association as may be required by applicable permits, approvals, plats, entitlements or regulations affecting the District Lands, if any, or (iii) lands outside the District. Notably, under the terms of the Collateral Assignment, the Trustee is a third party beneficiary and, further, under the Indenture, the District has assigned the Collateral Assignment to the Trustee so that the Trustee may step into the shoes of the District and enforce the Collateral Assignment and take assignment of the Development Rights for the benefit of the Owners of the Series 2018 Bonds as necessary.]

Notwithstanding the above provisions to the contrary, in the event the District forecloses on the lands subject to the Series 2018 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 Series 2018 Project. 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 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 2018 Bonds were issued by the District, the Owners of the Series 2018 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer: (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 2018 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

2018 Assessments relating to the Series 2018 Bonds Outstanding, the Outstanding Series 2018 Bonds or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2018 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) 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 2018 Assessments, the Outstanding Series 2018 Bonds 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 2018 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) 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 2018 Assessments relating to the Series 2018 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 2018 Assessments relating to the Series 2018 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 good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the Series 2018 Assessments 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 (i) to file a proof of claim with respect to the Series 2018 Assessments pledged to the Series 2018 Bonds Outstanding, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

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 2018 Assessments relating to the Series 2018 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. 11" 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 2018 Bonds:

(a) Any payment of Debt Service on the Series 2018 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 2018 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 Series 2018 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 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 Series 2018 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 2018 Reserve Account (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series 2018 Reserve Account to pay Debt Service on the Series 2018 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 2018 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 2018 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 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 2018 Bonds then Outstanding and affected by such default; and

(i) More than twenty percent (20%) of the "maintenance special assessments" levied by the District on the District Lands pursuant to Section 190.021(3), Florida Statutes, as amended, which are also subject to the Series 2018 Assessments are not paid by the date such are due and payable.

Upon the happening and continuance of an Event of Default set forth in (a) through (i) above, the Trustee shall, upon written direction of the Majority Owners of the Series 2018 Bonds then Outstanding which is subject to such default, by a notice in writing to the District, declare the aggregate principal amount of all of the Series 2018 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 2018 Bonds or Indenture to the contrary notwithstanding; provided, however, that no such declaration of acceleration shall occur in the case of the Series 2018 Bonds secured by the Series 2018 Assessments, except to the extent that the Series 2018 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 2018 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 2018 Revenue Account sufficient to pay the principal of all matured Series 2018 Bonds and all arrears of interest, if any, upon all Series 2018 Bonds then Outstanding (except the aggregate principal amount of any Series 2018 Bonds then Outstanding that is only due because of a declaration under the Indenture, and except for the interest accrued on the Series 2018 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 2018 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, 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 2018 Bonds under Florida law, and the Indenture and the Series 2018 Bonds, by such proceedings in equity or at law, 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: FORM OF MASTER INDENTURE AND FIRST SUPPLEMENTAL INDENTURE" attached hereto for more information regarding remedies upon an Event of Default.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The primary source of payment for the Series 2018 Bonds is the Series 2018 Assessments imposed on certain lands in the District specially benefited by the Series 2018 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 2018 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 2018 Assessments during any year. Such delays in the collection of Series 2018 Assessments, or complete inability to collect the Series 2018 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 2018 Bonds. See "BONDOWNERS' RISKS" herein. To the extent that landowners fail to pay the Series 2018 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 2018 Bonds. The Act provides for various methods of collection of delinquent Series 2018 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 2018 Assessments

Anything in the Indenture to the contrary notwithstanding, any Series 2018 Assessments levied on platted lots and pledged under the Indenture to secure the Series 2018 Bonds shall be collected pursuant to the Uniform Method and Series 2018 Assessments levied on unplatted lots and pledged under the Indenture to secure the Series 2018 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. All Series 2018 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 2018 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 2018 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 2018 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 2018 Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District, subject to the 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 2018 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 2018 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 2018 Assessments, it is likely the District would not have sufficient Series 2018 Pledged Revenues to timely pay Debt Service on the Series 2018 Bonds. Upon any receipt of moneys by the Tax Collector from any Series 2018 Assessments being collected using the Uniform Method, such moneys will be delivered to the District, which will remit such Series 2018 Assessments to the Trustee for deposit to the Series 2018 Revenue Account within the Revenue Fund, except that any Prepayments of Series 2018 Assessments shall be deposited to the Series 2018 Prepayment Subaccount within the Series 2018 Redemption Account of the Debt Service Fund created under the Indenture 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 2018 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 tax or non-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 2018 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 2018 Assessments or not, would cause the Series 2018 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 2018 Bonds.

Under the Uniform Method, if the Series 2018 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 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 2018 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 2018 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 2018 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 2018 Assessments, which are the primary source of payment of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Assessments that are being collected off the roll and therefore subject to foreclosure, and the ability to foreclose the lien of such Series 2018 Assessments upon the failure to pay such Series 2018 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 2018 Bonds offered hereby. Investment in the Series 2018 Bonds poses certain economic risks. Prospective investors in the Series 2018 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 2018 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 2018 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 2018 Bonds.

1. Payment of Debt Service on the Series 2018 Bonds is primarily dependent upon timely payment by the Developer and subsequent landowners in the District of the Series 2018 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 2018 Bonds as such bankruptcy could negatively impact the ability of: (i) the Developer and any other landowner being able to pay the Series 2018 Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2018 Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2018 Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the Series 2018 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 2018 Bonds, including, without limitation, enforcement of the obligation to pay Series 2018 Assessments and the ability of the District to foreclose the lien of the Series 2018 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 2018 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 2018 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 2018 Bonds is the timely collection of the Series 2018 Assessments. The Series 2018 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 2018 Assessments or that they will pay such Series 2018 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 2018 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 Series 2018 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 Series 2018 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 2018 Bonds may be adversely affected. Such adverse effect could render the District unable to collect delinquent Series 2018 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 2018 Bonds.

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 2018 Assessments. As described herein, the Series 2018 Assessments are an imposition against the land only. Neither the Developer nor any other landowner is a guarantor of payment of any Series 2018 Assessment and the recourse for the failure of the Developer or any other landowner to pay the Series 2018 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 2018 Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the District, the County or any other local special purpose or general purpose governmental entities. 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 2018 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 O&M Assessments encumbering the same property encumbered by the Series 2018 Assessments.

6. The Series 2018 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2018 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2018 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2018 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2018 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 2018 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Series 2018 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 2018 BONDS" herein. If the District has difficulty in collecting the Series 2018 Assessments, the Series 2018 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 2018 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 2018 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 2018 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 2018 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. Nevertheless, it is possible that hazardous environmental conditions could exist within the District and that such conditions could have a material and adverse impact upon the value of the benefited lands within the District and 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 or from surrounding property, and what effect such may have on the completion of the Development.

9. If the District should commence a foreclosure action against a landowner for nonpayment of Series 2018 Assessments which are being collected off the roll and that are delinquent, such landowners may raise affirmative defenses to such foreclosure action, which although such affirmative defenses would likely be proven to be without merit, 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 2018 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 amounts of Series 2018 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 2018 Bonds were issued by the District, the Owners of the Series 2018 Bonds are categorically the party with a financial stake in the transaction and, consequently, the party with a vested interest in a proceeding. In the event of any proceeding involving an 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 2018 Assessments, the Series 2018 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 2018 BONDS - Indenture Provisions Relating to Bankruptcy or Insolvency of Developer" herein.

11. The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by community development districts. The IRS recently concluded its lengthy examination of certain issues of bonds (for purposes of this subsection, the "Audited Bonds") issued by Village Center Community Development District (the "Village Center CDD"). During the course of the audit of the Audited Bonds, Village Center CDD received a ruling dated May 30, 2013, in the form of a non-precedential technical advice memorandum ("TAM") concluding that Village Center CDD is not a political subdivision for purposes of Section 103(a) of the Code because Village Center CDD was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion could lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes. Village Center CDD received a second TAM dated June 17, 2015, which granted relief to Village Center CDD from retroactive application of the IRS's conclusion 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. 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.

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 by the Developer and none were elected by qualified electors. The Developer will certify as to its expectations as to the timing of the 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 2018 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 2018 Bonds are advised that, if the IRS does audit the Series 2018 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 2018 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 2018 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 2018 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 2018 Bonds would adversely affect the availability of any secondary market for the Series 2018 Bonds. Should interest on the Series 2018 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2018 Bonds be required to pay income taxes on the interest received on such Series 2018 Bonds and related penalties, but because the interest rate on such Series 2018 Bonds will not be adequate to compensate Owners of the Series 2018 Bonds for the income taxes due on such interest, the value of the Series 2018 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE SERIES 2018 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2018 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2018 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE SERIES 2018 BONDS IN THE EVENT THAT THE INTEREST ON THE SERIES 2018 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 (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 federal and state securities laws. Accordingly, the District and purchasers of Series 2018 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 2018 Bonds would need to ensure that subsequent transfers of the Series 2018 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 2018 Bonds in the event a Beneficial Owner thereof determines to solicit purchasers for the Series 2018 Bonds it owns. Because the Series 2018 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 2018 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 2018 Bonds may be sold. Such price may be lower than that paid by the current Beneficial Owner of the Series 2018 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 2018 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 2018 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 2018 Bonds. See also "TAX MATTERS" herein.

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 2018 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.

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 2018 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 Series 2018 Project, that the District will be able to raise through the issuance of bonds, or otherwise, the moneys necessary to complete the Series 2018 Project. Further, pursuant to the First Supplemental Indenture, the District will covenant not to issue any Bonds or other debt obligations secured by Series 2018 Assessments levied against the assessable lands within the District to finance any capital project. Further, the District will covenant and agree that so long as the Series 2018 Assessments have not been "Substantially Absorbed," it shall not issue Bonds secured by Assessments other than the Series 2018 Assessments for capital projects on lands in the District subject to the Series 2018 Assessments. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2018 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 Series 2018 Project not funded with the proceeds of the Series 2018 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 of its development rights relating to the Series 2018 Project and the lands subject to the Series 2018 Assessments as security for Developer's payment and performance and discharge of its obligation to pay the Series 2018 Assessments. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2018 BONDS - Collateral Assignment and Assumption of Development and Contract Rights," "THE CAPITAL IMPROVEMENT PROGRAM AND THE SERIES 2018 PROJECT" and "THE DEVELOPMENT" herein for more information. Further, as noted herein under "THE DEVELOPMENT – Builder Contracts for the Development" there is an existing, recorded lien encumbering a portion of the District Lands in favor of D.R. Horton, Inc. (the "Builder Lien"). D.R. Horton, Inc., will not be providing a written subordination of its Builder Lien 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"), D.R. Horton, Inc., may have rights to such Intangible Rights which are superior to the District's rights to such Intangible Rights under the Collateral Assignment.

ESTIMATED SOURCES AND USES OF FUNDS

Source of Funds

Par Amount of Series 2018 Bonds
Plus/Less Original Issue Premium/Discount _____

Total Sources _____

Uses of Funds

Deposit to the Series 2018 Acquisition and
Construction Account
Deposit to Series 2018 Reserve Account
Deposit to Series 2018 Capitalized Interest
Account⁽¹⁾
Deposit to Series 2018 Costs of Issuance
Account⁽²⁾
Underwriter's Discount _____

Total Uses _____

⁽¹⁾ Interest capitalized through November 1, 2019.

⁽²⁾ Costs of issuance include, without limitation, legal fees, and other costs associated with the issuance of the Series 2018 Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2018 Bonds:

Year Ended November 1	Principal	Interest	Total
2018			
2019			
2020			
2021			
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			
Total			

THE DISTRICT

General Information

The Petition to establish the District was approved by the City Commission of the City on July 14, 2014, and the District was subsequently created by Ordinance No. 1232-14 of the City Commission, approved on the same date. The District encompasses approximately 219 acres in the County and is located east of Gall Boulevard and north of Pretty Pond Road, along Diary Road and Wire Road in the northern part of the City.

Legal Powers and Authority

The District is an independent unit of local government created pursuant to and established in accordance with the Act. The Act was enacted in 1980 to provide a uniform method for the establishment of independent districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State. 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 assessments liens as provided in the Act; and (d) exercise all other powers, necessary, convenient, incidental or proper in connection with any of the powers or duties of the District stated in the Act.

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of lands of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with its bonds, including the Series 2018 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 2018 Bonds, the Developer will own all of the land in the District benefitted by the Series 2018 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 Lawson*	Chairman	November 2018
Doug Draper*	Vice Chairman	November 2018
Lori Price*	Assistant Secretary	November 2020
Ted Sanders*	Assistant Secretary	November 2020
Vacant	Assistant Secretary	November 2018

* Employee of an affiliate of the Developer.

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 Board shall be upon a vote of a majority of the Supervisors present unless general law or a rule of the District requires a greater number. All meetings of the Board are open to the public under Florida's open meeting or "Sunshine" law.

The District Manager and Other Consultants

The chief administrative official of the District is the District Manager (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.

The District has retained DPFG Management & Consulting, LLC, Tampa, Florida, to serve as its district manager ("District Manager"). The District Manager's office is located at 15310 Amberly Drive, Suite 175, Tampa, Florida 33647, telephone number (813) 374-9104.

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 and Disclosure Counsel; Stantec Consulting Services, Inc., Tampa, Florida, as District Engineer (the "Consulting Engineer"); and Straley Robin Vericker, Tampa, Florida, as District Counsel. The Board has also retained DPFG Management & Consulting, LLC, Tampa, Florida, to serve as Methodology Consultant and to prepare the Assessment Methodology Report.

THE CAPITAL IMPROVEMENT PROGRAM AND THE SERIES 2018 PROJECT

Detailed information concerning the Capital Improvement Program (the "CIP") for the District is contained in the Zephyr Lakes Community Development District, Report of the District Engineer, dated August 7, 2018 (the "Master Engineer's Report"), which was prepared by the Consulting Engineer and which is included herein as part of "APPENDIX C: ENGINEER'S REPORT." As described in the Master Engineer's Report, the District's total CIP is estimated to cost approximately \$17,236,830, and includes a variety of master and subdivision, public infrastructure necessary to service all phases of the Development.

In connection with the issuance of the Series 2018 Bonds, the Consulting Engineer has prepared the Capital Improvement Revenue Bonds, Series 2018, Report of District

Engineer dated [____], 2018 (the "Supplemental Engineer's Report" and, together with the Master Engineer's Report, the "Engineer's Report") which is also included herein as part of "APPENDIX C: ENGINEER'S REPORT." The Supplemental Engineer's Report describes certain master and subdivision, public infrastructure costs specifically related to Phases 1A, 2A, 2B and 4A and water management control costs for Phases 1B, 1C, 2C, 4B-1 and 4D of the Development (collectively, the "Series 2018 Project"). The Series 2018 Project is estimated to cost approximately \$7,290,500. A summary of the estimated costs of the Series 2018 Project, as evidenced in the Supplemental Engineer's Report, is set forth in the following table:

Description	Cost to Complete Series 2018 Project		
	Master	Subdivision	Total
Water Management and Control	\$ 432,000	\$ 2,138,700	\$ 2,570,700
Roads	168,000	573,600	741,600
Water Supply	80,000	193,800	273,800
Sewer and Wastewater Management	420,000	337,400	757,400
Electrical Power	40,000	119,000	159,000
Amenity	1,400,000	--	1,400,000
Landscape/Hardscape/Irrigation	1,100,000	--	1,100,000
Professional Services/Permit/Capacity Fees	50,000	238,000	288,000
Total	\$3,690,000	\$3,600,500	\$7,290,500

The Series 2018 Bonds will fund approximately \$5.4 million of (i) the master and subdivision infrastructure improvements associated with the Kossik Road extension and associated landscaping and buffering, (ii) subdivision improvements for 117 residential units in Phases 1A, 2A, 2B and 4A, (iii) amenities and (iv) water management control for 183 residential units in Phases 1B, 1C, 2C, 4B-1 and 4D. The total cost of the aforementioned improvements is estimated to be \$7,290,500 as described in the Supplemental Engineer's Report.

The Developer will covenant through a Completion Agreement to be entered into at the time of closing on the Series 2018 Bonds to complete the Series 2018 Project, and all other improvements necessary to complete the Development to the extent any portions of the same are not funded with the net proceeds of the Series 2018 Bonds.

The information in this section with respect to the Engineer's Report is qualified in its entirety by reference to such reports which are included herein as APPENDIX C, and such reports should be read by prospective investors in their entirety.

It is anticipated that the District will issue bonds within the next few years to finance all or portion of the remaining costs of the CIP, which will be secured in part by assessments levied on lands separate and distinct from the lands within the Series 2018 Assessment Area that are subject to the Series 2018 Assessments.

ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS

General

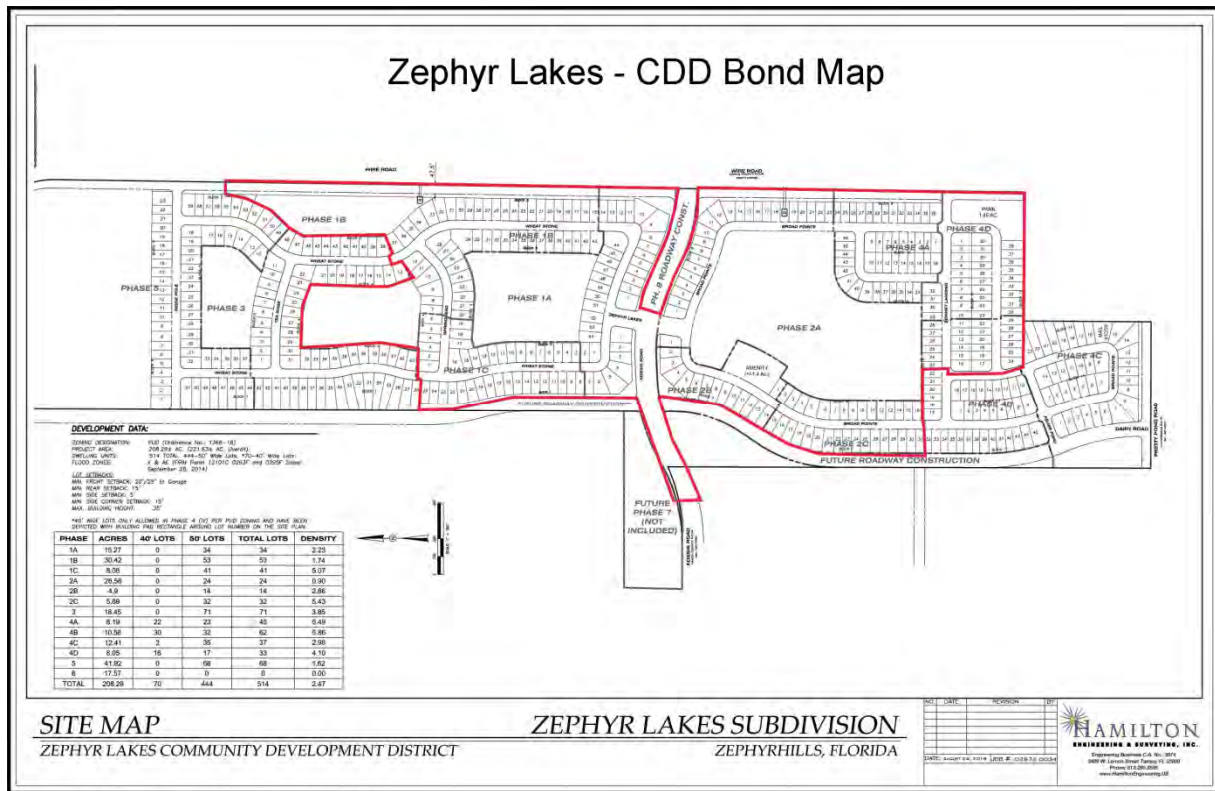
DPFG Management & Consulting, LLC (the "Methodology Consultant"), has prepared the Master Special Assessment Methodology Report dated August 7, 2018 (the "Master Assessment Methodology") as subsequently amended and supplemented by the First Supplemental Special Assessment Methodology Report (the "Supplemental Assessment Methodology" and, together with the Master Assessment Methodology, the "Assessment Methodology Report") dated September [], 2018, and attached hereto as APPENDIX D. Once the final terms of the Series 2018 Bonds are determined, the Supplemental Assessment Methodology will be revised to reflect such final terms. The Assessment Methodology Report sets forth an overall method for allocating the Series 2018 Assessments to be levied against the lands within the District benefited by a portion of the Series 2018 Project and collected by the District as a result thereof. Once levied and imposed, the Series 2018 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.

Series 2018 Assessment Area

The Series 2018 Bonds are payable from and secured solely by the Series 2018 Trust Estate, which consists primarily of the Series 2018 Assessments. The Series 2018 Assessments will be initially levied on an equal assessment per acre basis over approximately 112 gross acres of the Development associated with Phases 1A, 1B, 1C, 2A, 2B, 2C, 4A, 4B-1 and 4D (the "Series 2018 Assessment Area"). As properties are developed and platted, the Series 2018 Assessments will be assigned to the developed and platted properties within the Series 2018 Assessment Area in accordance with the Assessment Methodology Report. It is anticipated that the Series 2018 Assessments will be absorbed by the 300 residential units planned for the Series 2018 Assessment Area, which include 117 residential units in Phases 1A, 2A, 2B and 4A and 183 residential units in Phases 1B, 1C, 2C, 4B-1 and 4D. A portion of the Series 2018 Assessments levied on each lot are anticipated to be paid by the Developer upon sales of lots to homebuilders. See "APPENDIX D: ASSESSMENT METHODOLOGY REPORT" attached hereto and "-Projected Level of Assessments" below.

Map of Assessment Area

Set forth below is a map of the District showing the Series 2018 Assessment Area as well as the associated 300 residential lots. The Series 2018 Assessments will be levied on all gross acreage within the Series 2018 Assessment Area until development and platting when the Series 2018 Assessments are expected to be absorbed by the 300 residential lots in the Series 2018 Assessment Area.



Projected Level of Assessments

The Developer is anticipating prepaying a portion of the Series 2018 Assessments upon lot closings to homebuilders (each, a "Paydown"). The chart below depicts the proposed Series 2018 Bonds par per unit and annual Series 2018 Assessments per unit, both before and after the Paydown, per product type.

Product Type	Units	Total Series 2018 Par Per Unit Before Paydown	Annual Series 2018 Assessments Per Unit Before Paydown*	Total Series 2018 Par Per Unit After Paydown	Annual Series 2018 Assessments Per Unit After Paydown*
40' lot	50	\$17,821	\$1,192	\$14,400†	\$ 960†
50' lot	250	22,276	1,491	17,900†	1,200†

* Preliminary, subject to change. Assessment amounts do not include allowance for collection costs and discount for early payment.

† Preliminary, subject to change. The Developer is not required to make any pay down prepayments on the Series 2018 Assessments. However, the Developer is anticipating making prepayments in the amount of \$3,421 for each of the 40' lots and \$4,376 for each of the 50' lots. Accordingly, the "after paydown" amount shown above with respect to such lots represents the Developer's current Paydown projection, which is subject to change.

In addition to the Series 2018 Assessments, the District anticipates levying assessments to cover its operation and administrative costs ("O&M Assessments") that are initially expected to be \$648 per 40' lot and \$810 per 50' lot annually, though such amounts are subject to change. Further, the residential units within the District will be subject to

mandatory homeowner's association fees, which are anticipated to be \$540 per residential unit, regardless of product type. 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 2018 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 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 - Fees and Special Assessments" for more information.

The following 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 the District or its counsel, or the Underwriter or its counsel, and no person other than the Developer makes any representation or warranty as to the accuracy or completeness of such information supplied by it.

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's obligations to pay the Series 2018 Assessments are no greater than the obligation of any other landowner within the District. The Developer is not a guarantor of payment on any property within the District and the recourse for the Developer's failure to pay is limited to its ownership interests in the property.

THE DEVELOPMENT

General

Zephyr Lakes (the "Master Development") consists of approximately 235 acres, with the boundaries of the District being generally coterminous with the western approximately 219 acre portion of the Master Development (the "Development"). Zoning approval for the Development allows for 541 single-family detached lots within Phases 1 through 6 and either 54 single-family attached townhome units or 108 apartment units in Phase 7. Current plans for the Development include approximately 514 single-family detached lots within Phases 1 through 6 and 54 single-family attached townhome units within Phase 7, along with associated landscaping, irrigation and recreational amenities. Phases 1A, 1B, 1C, 2A, 2B, 2C, 4A, 4B-1 and 4D of the Development comprise approximately 111.6 acres and will be platted for 300 single-family detached lots. Phases 3, 4B-2, 4C, 5 and 6 of the Development comprise approximately [] acres and will be platted for 214 single-family detached lots. The Development is located north of the City, off of Gall Boulevard (U.S. Hwy 301) and west of Wire Road in the County. Eiland Boulevard is one mile south of the Development and provides direct access to US 41 and SR 54 which flow directly to employment and shopping areas within the City and the Wesley Chapel area, respectively. The Development is approximately 8.5 miles east of Interstate 75.

The Developer or District will install certain public infrastructure associated with 117 lots in Phases 1A, 2A, 2B, and 4A and water management control for 183 lots in Phases

1B, 1C, 2C, 4B-1 and 4D of the Development. D.R. Horton, Inc., has executed an agreement to purchase 500 total lots within the Development. See "- Builder Contracts for the Development" below. The Development is expected to attract entry level homebuyers, with home prices anticipated to start around \$200,000.

Land Acquisition and Finance Plan

The land comprising the Master Development was purchased by the Developer from Redus TRG, LLC, a Delaware limited liability company ("Redus") in October of 2011. Redus was a holding company for distressed real estate owned assets of what was formerly Wachovia Bank, National Association (now Wells Fargo Bank National Association). The land comprising the Master Development was sold by Redus to the Developer in a transaction that included a number of other, different properties in Pasco County for a price of \$8,677,100 in cash (the "Total Purchase Price"). Out of the Total Purchase Price, the Developer, internally as of closing, has assigned a value of \$1,239,670 to the property comprising the Master Development (\$1,183,147 for the land comprising the Development). Currently, there are no mortgages on the land comprising the Development, except for a consensual lien on a portion thereof as a result of the Horton Contract (hereinafter defined). See "- Builder Contracts for the Development" below.

The total cost of the Series 2018 Project is approximately \$7.3 million, of which the Series 2018 Bonds will fund approximately \$5.4 million. See "THE CAPITAL IMPROVEMENT PROGRAM AND THE SERIES 2018 PROJECT" herein. The Developer has spent and/or incurred approximately \$229,185.99 to date in permitting, engineering, and other soft costs related to the Series 2018 Project.

Development Plan, Phasing, Construction

The table below illustrates the current land use plan for the 514 single-family detached units within the District by phase and product type, which is subject to change.

Phase	40' Lots	50' Lots	Total
1A	0	34	34
1B	0	53	53
1C	0	41	41
2A	0	24	24
2B	0	14	14
2C	0	32	32
3	0	71	71
4A	22	23	45
4B-1	12	12	24
4B-2	18	20	38
4C	2	35	37
4D	16	17	33
5	0	68	68
6	0	0	0
Total	70	444	514

Initially, the District and/or the Developer will install the infrastructure for Phases 1A, 2A, 2B, and 4A and water management control for Phases 1B, 1C, 2B, 2C, 4B-1 and 4D of the Development and sell finished lots to homebuilders. Land development is expected to commence in the fourth quarter of 2018, and land development for Phases 1A, 2A, 2B and 4A of the Development is expected to be completed by August, 2019, with platting of such phases expected to occur by July, 2019. Lots are expected to be delivered to homebuilders commencing in September, 2019. Construction of the recreational amenities for the Development is expected to commence in January, 2019 with completion expected by December, 2019.

Development Approvals and Status of Construction

The Master Development was approved by the City as a Planned Unit Development ("PUD") in accordance with Ordinance No. 948-06, as amended by Ordinance No. 1223-14, as further amended by Ordinance No. 1366-18. The PUD allows for the development of 541 single-family detached units and 54 single-family attached units (or 108 multi-family apartment units in lieu of the 54 single-family attached units) within the Master Development. The PUD generally governs the conditions under which the Master Development may be developed, and any changes to the conditions identified in the PUD would require an amendment to the PUD, which would need to be approved by the City. Among other items, the PUD 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. In addition, in accordance with the PUD, public and private streets must be constructed to City standards and owned and maintained by the District. As part of the subdivision approval process, and prior to platting of any phase of the Master Development, the City reviewing agencies will determine compliance with all conditions delineated in the PUD. The PUD approvals for the lands comprising the Master Development (including the phases of the Development comprising the Series 2018 Assessment Area) are consistent with the current land use and development plan for those portions of the Development that will be subject to the Series 2018 Assessments, and all conditions of the PUD are currently being complied with.

The Master Development will not require any permits from the Army Corps of Engineer. However, the Development does include some wetlands under the jurisdiction of the Southwest Florida Water Management District ("SWFWMD"), and the Developer expects to receive the Environmental Resource Permit ("ERP Permit") from SWFWMD by September 30, 2018 for the lands within the Series 2018 Assessment Area. In addition, the City is expected to issue its permit approvals by mid-October 2018 for the Series 2018 Project. The initial construction will include certain water management control, sewer, and potable water facilities, roads, and associated earthwork and paving, as identified in the Engineers Report attached hereto as APPENDIX C.

The Florida Department of Environmental Protection is expected to issue master and wastewater permits for the Series 2018 Project by the end of October 2018. The Consulting Engineer will certify at the closing of the Series 2018 Bonds that there are no known issues which would prevent permits necessary for the installation of the infrastructure for the Series 2018 Project from being obtained.

The Master Development, including the Series 2018 Project, also has full transportation concurrency based on a traffic study submitted to the City by the Developer, and no additional, off-site transportation improvements are expected to be required in order to obtain further construction permits from the City and other agencies, as required by the PUD.

Environmental

A Phase 1 environmental site assessment ("Original Environmental Report") was conducted in 2009 by the prior landowner of the lands comprising the Development. The Original Environmental Report indicates that there are no environmental conditions on such lands that could reasonably be expected to have a material adverse effect on the Development. The Developer subsequently obtained a review and update of the Original Environmental Report in 2011 which concluded that the findings and conclusions of the Original Environmental Report were still materially accurate. 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. See "BONDOWNERS' RISKS - No. 8" herein.

Utilities

The Development is located within the franchise/service areas of the City, which will provide water and wastewater/sewer services to the Development. WREC will provide electrical power to the Development and Spectrum will provide cable, data, and telephone services.

Residential Community

The target market for the Development is entry level home buyers. The area of the City in which the Development is located has generated homebuilder interest and is emerging as a viable market for the target market. The Development is conveniently located just minutes from the commercial, retail, office and medical services centered around the City. The City also has a large regional airport that provides a varied range of employment opportunities. The Development is just 20 minutes away from Interstate 75, providing a 25-minute drive to downtown Tampa. Furthermore, the Development is just minutes away from U.S. Highway 301, providing a 10-minute drive to Dade City, which is the Pasco County seat. The majority of the housing demand in new home communities in the submarket occurs in the \$200,000 range.

It is the intent of the Developer to sell all the single-family lots to national, regional and local homebuilders. See "- Builder Contracts for the Development" below. The following table reflects the Developer's current expectations of the mix of unit types to be constructed within the District and their respective approximate base prices and square footages, all of which are subject to change.

Product Type	Lot Size	Number of Lots	Approximate Square Footage	Average Home/Lot Package Base Price
Single-Family (40')	40' x 110'	70	1,800	\$ 180,000
Single-Family (50')	50' x 110'	<u>444</u>	2,200	200,000
Total		514		

Recreational Amenities

The various amenities proposed for the Development will provide families the opportunity to create their own distinctive lifestyle, which are anticipated to include interconnected pedestrian trails, a playground, a tot-lot area, a pavilion, exercise stations, benches, swings, pool/deck, a clubhouse, restrooms, and landscaping/hardscaping/lighting and irrigation within all of these areas.

The Developer anticipates construction of the amenities to begin in January, 2019, with completion expected by December, 2019. Ultimately, the clubhouse is anticipated to be approximately 2,500 square feet in size. The anticipated total cost of constructing the clubhouse, pool, and ancillary amenity elements is approximately \$1,400,000.

Builder Contracts for the Development

D.R. Horton

D.R. Horton, Inc. ("D.R. Horton") is currently under contract with the Developer to purchase 70 40' lots and 430 50' lots, of which 250 50' lots are earmarked for the active adult Freedom Series (the "Horton Contract"). The aggregate deposit due under the Horton Contract is an initial deposit of \$25,000 and a subsequent deposit of \$1,780,750, for a combined total deposit of \$1,805,750. The Horton Contract originally provided for the purchase of 170 45' lots and 330 55' lots, but pursuant to the rezoning of the property in May 2018, the lot mix under the contract is now 70 40' lots and 430 50' lots. In accordance with the Horton Contract, the total deposit shall be released no later than five (5) days after of the satisfaction of the Earnest Money Release Conditions (as defined in the Horton Contract).

The Developer expects to deliver the initial fifteen production lots and twelve Freedom lots in Phases 1A, 2A, 2B, and 4A of the Development to D.R. Horton by August, 2019 in order to comply with terms of the Horton Contract (the "Initial Horton Takedown"). Following the Initial Horton Takedown, the Horton Contract provides for D.R. Horton to take down an additional twenty-seven lots 180 days after the Initial Horton Takedown, with subsequent take downs of twenty-seven lots occurring every quarter thereafter. The lots subject to the Initial Horton Takedown are priced at \$31,000 per lot for the 40' lots and \$38,750 per lot for the 50' lots, while the lots subject to future lot takedowns are subject to an annual 3% price escalator, with lots subject to the last take down expected to be priced at approximately \$34,900 for the 40' lots and \$44,180 for the 50' lots.

Lot Size	Total Lots Contracted	Total Lots Delivered	Initial Lot Purchase Price	Original Aggregate Deposit
Single-Family (40')	70	0	\$31,000	\$1,780,750
Single-Family (50')	430	0	\$38,750	

While this section and the table above summarizes and discusses the more salient points of the Horton Contract, each contract is subject to a number of different conditions and covenants that must be met by the parties to each contract in order for lots to close in due course. The discussion herein of such contracts is not intended to be exhaustive, and as with any contractual obligation, unforeseeable delays, changes in circumstances, and other

matters could trigger provisions in the contract that could relieve the parties of continued performance.

Participating Builder

The following represents summary information on the participating builder listed above.

D.R. Horton, Inc: D.R. Horton, Inc. is the largest homebuilder in the United States. Founded in 1978 in Fort Worth, Texas, D.R. Horton has operations in 79 markets in 27 states in the East, Midwest, Southeast, South Central, Southwest and West regions of the United States. D.R. Horton is engaged in the construction and sale of high quality homes with sales prices ranging from \$100,000 to over \$1,000,000. D.R. Horton also provides mortgage financing and title services for homebuyers through its mortgage and title subsidiaries.

D.R. Horton stock trades on the New York Stock Exchange under the symbol DHI. D.R. Horton is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). The file number for 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 1024, 450 Fifth Street NW, Judiciary Plaza, Washington, D.C. and at the SEC's regional offices in Chicago (Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois). Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. The most recent Annual Report on Form 10-K of D.R. Horton on file with the SEC and any other documents and reports filed with the SEC by D.R. Horton subsequent to the date of such Annual Report (including Form 10-Q) through and including the end of the "underwriting period" (as defined in Rule 15c2-12) are hereby incorporated herein by reference.

THE BUILDER LISTED ABOVE DOES NOT HAVE ANY LIABILITY, NOR IS GUARANTEEING ANY OF THE DEVELOPER'S OBLIGATIONS WITH RESPECT TO THE SERIES 2018 PROJECT OR ITS COMPLETION OR ANY OF THE DEVELOPER'S OTHER OBLIGATIONS INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2018 BONDS OR PAYMENT OF THE SERIES 2018 ASSESSMENTS.

Educational Facilities

Children residing in the Development are expected to attend Woodland Elementary School, Zephyrhills Middle School and Zephyrhills High School, all of which are within 3 miles of the Development. In addition, there are numerous undergraduate school programs located within a 20-minute driving distance from the Development ranging from the Pasco-Hernando State College to the University of South Florida.

Marketing

The Developer's sales program calls for the sale of finished lots to national, regional and local builders. Pursuant to the Horton Contract, D.R. Horton is responsible for community and product specific advertising. The Developer will be constructing a project

sign located at the entrance to the Development which serves to identify the community and also provide areas for the participating builder to have signage. Onsite, the Developer will provide for a master model center area to be utilized by D.R. Horton.

Fees and Special Assessments

All landowners within the District are subject to annual ad valorem property taxes, non-ad valorem special assessments and homeowner's association fees, as described in more detail below.

The current, aggregate millage rate for the area of the County and the City where the District is located is approximately 21.72 mills. Assuming an average home price of \$200,000 with a \$25,000 homestead exemption (\$175,000 taxable value), the annual ad valorem property tax would be approximately \$3,801.

The Developer will create a mandatory homeowner's association ("HOA") for the residents within the District, with its main function being architectural review and deed restriction enforcement. The annual HOA fee is anticipated to be \$540 per residential unit, regardless of product type.

All landowners within the Series 2018 Assessment Area will be subject to the Series 2018 Assessments, which will be levied over a thirty-year period. In addition, all landowners within the District are subject to O&M Assessments, which are based upon the District's annual budget for the administration of the District and the operation and maintenance of the District owned infrastructure. As described herein, the Series 2018 Bonds will be secured by the Series 2018 Assessments levied on the land comprising the Series 2018 Assessment Area. The remaining land within the Development not included in the Series 2018 Assessment Area consists of future Phases 3, 4B-2, 4C, 5, 6 and 7, which are anticipated to include approximately 268 residential units. As previously noted, the District anticipates to issue bonds to finance all or a portion of the remaining costs of the CIP, which will be secured in part by assessments levied on such remaining land. See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" herein.

The table below is a compilation of the estimated aforementioned annual taxes, special assessments and fees for the various product types anticipated within the Series 2018 Assessment Area.

Product Type	Estimated Property Taxes*	Estimated HOA Fee	Estimated O&M Assessments	Estimated Series 2018 Assessments[†]	Total[^]
Single-Family (40')	\$3,909	\$540	\$648	\$ 960	\$6,058
Single-Family (50')	4,344	540	810	1,200	6,894

* Estimated Property Taxes are based on an average base price of \$180,000 for a home on a 40' lot and \$200,000 for a home on a 50' lot.

† Based on an anticipated Paydown amount of \$3,421 for each of the 40' lots and \$4,376 for each of the 50' lots to be made by the Developer upon lot closings with homebuilders, which is subject to change. See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS - Projected Level of Assessments" herein for more information regarding Paydowns. This amount also does not include allowance for early payment discount and collection charges.

[^] Subject to final pricing of the Series 2018 Bonds.

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.

Avalon Park West - Avalon Park West is 5 miles west of Zephyr Lakes and offers 45' and 55' wide lots to homebuilders. Home prices range from \$160,000 to \$227,000.

Country Walk / Manor Place - Country Walk is 6 miles west of Zephyr Lakes and offers 50' wide lots to homebuilders with home prices ranging from \$246,000 to \$282,000.

Watergrass / Peregrina - Peregrina is 4 miles west of Zephyr Lakes and offers 65' wide lots to homebuilders with home process ranging from \$250,000 to \$332,000.

Watergrass / Summerglade - Summerglade is 4 miles west of Zephyr Lakes and offers 75' wide lots to homebuilders with home prices ranging from \$200,000 to \$999,000.

Epperson Ranch - Epperson Ranch is 5 miles west of Zephyr Lakes and offers 40', 45', 55', 65' and 75' wide lots to homebuilders with home prices ranging from \$200,000 to \$500,000.

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.

THE DEVELOPER

Dune FL Land I Sub LLC, a Delaware limited liability company (the "Developer"), acquired the Master Development consisting of approximately 235 acres in October of 2011. The Developer is wholly owned and controlled by its sole member, Dune FL Land I LLC, a Delaware limited liability company ("Dune FL"). The majority of the membership interests in Dune FL (92.5%) are owned by an entity affiliated with Dune Real Estate Partners LP ("Dune Partners"). The remaining minority membership interests in Dune FL (7.5%) are owned by WTRG Member, LLC, a Delaware limited liability company (the "Minority Investor"). Under the Operating Agreement governing Dune FL (the "Dune Operating Agreement"), the Minority Investor acts as the Administrative Member for Dune FL, and subject to the terms of the Dune Operating Agreement, the Minority Investor is responsible for managing the operations of Dune FL on a day-to-day basis. The Minority Investor's day-to-day business and affairs are managed by an entity managed by Mr. John M. Ryan, and Mr. Ryan's interests are ultimately owned through other, affiliated entities, by a member of Mr. Ryan's family and those affiliates are also managed by Mr. Ryan. As described more fully below, Mr. Ryan is also affiliated with the Development Manager.

Dune Real Estate Partners LP is a New York City-based real estate investment firm executing an opportunistic strategy with a focus on distressed, deep value-add and contrarian investing, primarily in the United States. The firm's focus is on assembling and managing a diversified portfolio of compelling, opportunistic real estate investments. Dune Real Estate Partners LP manages the Dune Real Estate Funds which were launched by Mr. Daniel M. Neidich in 2005 and have raised over \$1.9 billion of equity capital.

The Development Manager

Under the terms of a Master Services Agreement between Dune FL and Hawk Management II, LLC, a Delaware limited liability company (the "Development Manager"), Dune FL engaged the Development Manager for the purpose of overseeing the day-to-day activities of, among other activities, the Development, including planning, entitlement, lot development, and sales activities. 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, including Mr. John M. Ryan, Mr. Gregory Singleton, Mr. Robert Ahrens and Mr. Michael Lawson, whose biographies are included below. This team has led the development of over 20,000 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, in his capacity as its manager, and the Development Manager is ultimately owned, through other, affiliated entities, by a member of Mr. Ryan's family and those affiliates are also managed by Mr. Ryan.

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.

Gregory Singleton: Greg Singleton is responsible for maintaining the Development Manager's day-to-day operations, including a focus on investor relations and corporate financial ventures. Mr. Singleton's background is in real estate finance, and Mr. Singleton formerly had a lengthy and successful career as a Senior Vice President at Wachovia Bank, now a Wells Fargo company. Mr. Singleton holds a BBA from Texas State University, and did his graduate studies at Louisiana State University's Graduate Banking School.

Robert Ahrens: Mr. Ahrens was previously a Senior Vice President at KB Homes 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 two 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	Completion Date	Project Type*
Ashburn Square	Hillsborough	298	Completed	09/30/2007	TH
Boyette Creek	Hillsborough	556	Completed	06/30/2005	SFD
Cypress Creek	Hillsborough	2,265	Active	12/31/2021	SFD/TH
Files	Hillsborough	125	Completed	06/30/2006	SFD
Hidden Creek	Hillsborough	1,700	Active	12/31/2021	SFD/TH
Interbay	Hillsborough	297	Completed	06/30/2007	SFD
Palm River	Hillsborough	300	Completed	12/31/2007	TH
Stoneybrook North	Lee	1,275	Active	12/31/2022	SFD
South Fork East	Hillsborough	757	Completed	12/31/2008	SFD
South Fork West	Hillsborough	939	Completed	03/01/2007	SFD
Southbay	Hillsborough	274	Completed	09/30/2006	SFD
Spencer II	Hillsborough	139	Completed	06/30/2006	SFD
Tuscany Bay	Hillsborough	150	Active	12/31/2019	SFD
Vogel	Hillsborough	372	Completed	06/30/2006	SFD
Westlake Village	Hillsborough	940	Active	12/31/2021	SFD/TH
South Oak	Manatee	45	Completed	12/31/2014	SFD
Emmer	Manatee	128	Permitting	12/31/2020	TH
Mixon	Manatee	1,356	Active	12/31/2021	SFD
Chapel Pines	Pasco	614	Completed	05/31/2006	SFD
Epperson	Pasco	1,999	Active	12/31/2022	SFD/TH
Hidden River	Pasco	325	Active	12/31/2018	SFD
Meadow Ridge	Pasco	658	Permitting	12/31/2022	TH
Rose Haven	Pasco	163	Completed	12/31/2008	SFD
Serengeti	Pasco	164	Active	12/31/2018	SFD
Sterling					
Glen/Morningside	Pasco	1,136	Permitting	12/31/2020	SFD
Summer Chase	Pasco	117	Completed	12/31/2014	SFD
Union Park	Pasco	1,800	Active	12/31/2021	SFD/TH
Woody Woods	Pasco	90	Completed	04/30/2005	TH
Fox Branch Ranch	Polk	952	Permitting	12/31/2022	SFD/TH
Hampton Hills South	Polk	911	Active	12/31/2019	SFD/TH
Oak Landing	Polk	96	Completed	06/30/2006	SFD
Squire Groves	Polk	357	Active	12/31/2019	SFD
Total		21,298			

* SFD = Single Family Development; TH = Townhome.

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 2018 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. However, it should be noted that solely for taxable years beginning before January 1, 2018, such interest is taken into account in determining adjusted current earnings of certain corporations for the purpose of computing the alternative minimum tax on such corporations. Failure by the District to comply subsequently to the issuance of the Series 2018 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 2018 Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2018 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 2018 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 2018 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2018 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2018 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2018 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 2018 Bonds. Prospective purchasers of the Series 2018 Bonds should be aware that the ownership of the Series 2018 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2018 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 2018 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2018 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2018 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 2018 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 2018 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Florida Taxes

In the opinion of Bond Counsel, the Series 2018 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 2018 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2018 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2018 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 2018 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 2018 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 2018 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 2018 Bonds.

On February 23, 2016, the IRS 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 transfer in any secondary market for the Series 2018 Bonds. Investment in the Series 2018 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 2018 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 2018 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 2018 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2018 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 2018 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 of Supervisors of the District 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 2018 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 2018 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 2018 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 2018 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2018 Bonds would have been obtained if application had been made.

EXPERTS

The references herein to Stantec Consulting Services, Inc., as Consulting Engineer have been approved by said firm. The Engineer's Report prepared by such firm has been included as APPENDIX C attached hereto in reliance upon such firm as an expert in engineering. References to and excerpts herein from such Engineer's Report do not purport to be adequate summaries of the Series 2018 Project or complete in all respects. Such Engineer's Report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein.

The references herein to DPF Management & Consulting, LLC, as Methodology Consultant have been approved by said firm. The Assessment Methodology Report prepared by such firm has been included as APPENDIX D attached hereto in reliance upon such firm as an expert in developing assessment methodologies. References to and excerpts herein from such Assessment Methodology Report do not purport to be adequate summaries of such Assessment Methodology Report or complete in all respects. Such Assessment Methodology Report is an integral part of this Limited Offering Memorandum and should

be read in its entirety for complete information with respect to the subjects discussed therein.

DISCLOSURE OF MULTIPLE ROLES

Prospective Bondholders should note that: (i) DPGF Management & Consulting, LLC, serves as both District Manager and Methodology Consultant, responsible for the administrative operations of the District and preparation of the Assessment Methodology Report attached hereto as APPENDIX D; and (ii) Nabors, Giblin & Nickerson, P.A., Tampa, Florida serves as Bond Counsel and Disclosure Counsel.

FINANCIAL INFORMATION

To date, the District has not met the requirements necessary under Florida law to prepare audited financial statements. However, 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, 2018]. The Series 2018 Bonds are not general obligation bonds of the District and are payable solely from the Series 2018 Pledged Revenues. See "CONTINUING DISCLOSURE" herein.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder (the "Disclosure Act") requires that the District make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private business).

The District has not previously issued any bonds or other indebtedness and is not and has not ever been in default as to principal and interest on its bonds or other debt obligations.

CONTINUING DISCLOSURE

To assist the Underwriter in complying with Rule 15c2-12, simultaneously with the issuance of the Series 2018 Bonds, the District, the Developer and [REDACTED], as dissemination agent (the "Dissemination Agent") will enter into a Continuing Disclosure Agreement substantially in the form attached hereto as APPENDIX E. The District and the Developer, each as an "obligated person" under Rule 15c2-12, have covenanted in the Continuing Disclosure Agreement to provide certain financial information and operating data relating to the Series 2018 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 2018 Bondholders (including owners of beneficial interests in such Series 2018 Bonds), as applicable, to bring an action to compel performance.

With respect to the Series 2018 Bonds, no parties other than the District and the Developer are obligated to provide, nor are expected to provide, any continuing disclosure information.

Since this is the first bond issuance for the District, the District has not previously entered into any continuing disclosure undertakings as an obligated person during the past five (5) fiscal years.

The Developer has previously entered into continuing disclosure undertakings with respect to the issuance by the Silverado Community Development District ("Silverado") of various series of bonds (collectively, the "Prior Developer CDAs"). Pursuant to the Prior Developer CDAs, the Developer is required to submit Quarterly Reports to the applicable dissemination agent for filing with EMMA. Within the last five years, with respect to a series of bonds issued by Silverado in 2016, the Developer failed to timely file a Quarterly Report for the quarter ending June 30, 2018. Such Quarterly Report was filed on [____], 2018. [Are there any other districts where Developer is Obligated Person?]

UNDERWRITING

FMSbonds, Inc. (the "Underwriter"), has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Series 2018 Bonds from the District at a purchase price of \$_____ (par amount of the Series 2018 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 2018 Bonds if they are purchased.

The Underwriter intends to offer the Series 2018 Bonds to accredited investors at the offering price set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Series 2018 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 2018 Bonds were validated by a Final Judgment of the Sixth Judicial Circuit Court in and for Pasco County, Florida issued on December 10, 2014. The period for

appeal of the judgment of validation of such Series 2018 Bonds has expired with no appeals being taken.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the Series 2018 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, and for the Underwriter by its counsel, Aponte & Associates Law Firm, P.L.L.C., Orlando, Florida.

The opinions to be delivered at closing of the Series 2018 Bonds, including the opinion of Bond Counsel included herein, the opinion of 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 hereof. No such counsel that will be delivering an opinion at closing of the Series 2018 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 2018 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 2018 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 2018 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.

ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT

By: _____
Michael Lawson
Chairman, Board of Supervisors

APPENDIX A

FORM OF MASTER INDENTURE AND FIRST SUPPLEMENTAL INDENTURE

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

PHASE MAP AND BOND COVERAGE MAP

Form of Continuing Disclosure **Agreement**

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (the "Disclosure Agreement") dated as of [Closing Date] is executed and delivered by **ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT** (the "District"), **DUNE FL LAND I SUB LLC**, a Delaware limited liability company (the "Developer"), and [____], a [____] (the "Dissemination Agent") in connection with the issuance of \$[Bond Amount] Zephyr Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018 (the "Bonds"). The Bonds are being issued pursuant to a Master Trust Indenture dated as of October 1, 2018, as supplemented by a First Supplemental Trust Indenture dated as of October 1, 2018 (collectively, 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 the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District, the Developer and the Dissemination Agent for the benefit of the Owners of the Bonds, from time to time, to assist the Participating Underwriter in complying with the applicable provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended from time to time (the "Rule"). The District, the Developer and the Dissemination Agent have 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 or a governmental regulatory agency that the Rule requires the District, the Developer or the Dissemination Agent (as the case may be) to provide additional information, the District, the Developer and the Dissemination Agent, as applicable, agree to promptly provide such additional information.

The provisions of this Disclosure Agreement are supplemental and in addition to the provisions of the Indenture with respect to reports, filings and notifications provided for therein, and do not in any way relieve the District, the Trustee, or any other person of any covenant, agreement or obligation under the Indenture (or remove any of the benefits thereof) nor shall anything herein prohibit the District, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Annual Filing Date" means the date set forth in Section 4(a) hereof by which the Annual Report is to be filed with the Repository.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Assessments" shall mean the Series 2018 Assessments pledged to the payment of the Bonds pursuant to the Indenture.

"Audited Financial Statements" means the financial statements (if any) of the District 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)(B) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Beneficial Owners" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bond for federal income tax purposes.

"Business Day" means a day other than (a) a Saturday, Sunday or day on which banks located in the city in which the designated corporate trust office of the Trustee and Paying Agent is located are required or authorized by law or executive order to close for business and (b) a day on which the New York Stock Exchange is closed.

"Development" shall have the meaning ascribed to such term in the Limited Offering Memorandum.

"Disclosure Representative" shall mean (a) as to the District, the District Manager or its designee, or such other person as the District shall designate in writing to the Trustee and the Dissemination Agent from time to time as the person responsible for providing information to the Dissemination Agent; (b) as to the Developer, the individual executing this Disclosure Agreement on behalf of the Developer or such person(s) as the Developer shall designate in writing to the Trustee and the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent; and (c) as to any Landowner other than the Developer, such person(s) as the Landowner shall designate in writing to the Trustee and the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent.

"Dissemination Agent" shall mean the District or an entity appointed by the District to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District pursuant to Section 8 hereof. [_____] has been designated as the initial Dissemination Agent hereunder.

"District Manager" shall mean the person or entity serving as District Manager from time to time. At the time of issuance of the Bonds, DPFG Management & Consulting, LLC, serves as District Manager.

"EMMA" means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Fiscal Year" shall mean the fiscal year of the District, which is 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.

"Landowner" means each owner of real property within the District, which, along with its affiliates, successors, and assigns (excluding residential homebuyers), is responsible for payment of at least twenty percent (20%) of the Assessments; provided as of the date of the execution and delivery of this Disclosure Agreement, the Developer is the only Landowner.

"Limited Offering Memorandum" shall mean the Limited Offering Memorandum dated September [], 2018, prepared in connection with the issuance of the Bonds.

"Listed Event" shall mean any of the events listed in Section 7 of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"MSRB Website" shall mean www.emma.msrb.org.

"Obligated Person(s)" shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the District, and for purposes of this Disclosure Agreement only, each Landowner.

"Owners" shall have the meaning ascribed thereto in the Indenture with respect to the Bonds and shall include Beneficial Owners of the Bonds.

"Participating Underwriter" shall mean, FMSbonds, Inc., in its capacity as the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Quarterly Filing Date" means the dates set forth in Section 5 hereof by which Quarterly Reports are required to be filed with the Repository.

"Quarterly Report" shall mean any Quarterly Report provided by the Developer or any Landowner, its successors or assigns pursuant to, and as described in, Sections 5 and 6 of this Disclosure Agreement.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through the EMMA web portal at "<http://emma.msrb.org>."

"Series 2018 Assessment Area" shall have the meaning ascribed to such term in the Limited Offering Memorandum.

"State" shall mean the State of Florida.

3. Content of Annual Reports.

(a) The Annual Report shall contain or incorporate by reference Annual Financial Information with respect to the District, which includes an update of the financial and operating data of the District to the extent presented in the Limited Offering Memorandum, including:

(i) The amount of Assessments levied in the Series 2018 Assessment Area for the most recent Fiscal Year;

(ii) The amount of Assessments collected in the Series 2018 Assessment Area from property owners during the most recent Fiscal Year and the principal amount of Assessments assigned to platted units within the Series 2018 Assessment Area;

(iii) If available, the amount of delinquencies in the Series 2018 Assessment Area greater than 150 calendar days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Assessments due in any year, a list of delinquent property owners;

(iv) If available, the amount of tax certificates sold for lands within the Series 2018 Assessment Area within the District, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year;

(v) The balances in all Funds and Accounts for the Bonds. The District shall provide any Owners and the Dissemination Agent with this information more frequently than annually and within thirty (30) calendar days of the date of any written request from the Owners or the Dissemination Agent;

(vi) The total amount of Bonds Outstanding;

(vii) The amount of principal and interest due on the Bonds in the current Fiscal Year; and

(viii) The most recent Audited Financial Statements of the District.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the Audited Financial Statements referred to in subsection (viii) above, they do not have to be separately set forth. Any or all of the items listed above may be incorporated by specific reference to documents available to the public on the MSRB Website or filed with the SEC, including offering documents of debt issues of the District or related public entities, which have been submitted to the Repository. The District shall clearly identify any document incorporated by reference.

(b) The District and the Developer each represent and warrant that they will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District and the Developer each acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, the Developer, and others. The Dissemination Agent's duties do

not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District, the Developer, or others as thereafter disseminated by the Dissemination Agent.

(c) Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

4. Provision of Annual Reports.

(a) Subject to the following sentence, the District shall provide the Annual Report to the Dissemination Agent no later than March 30th after the close of the Fiscal Year, commencing with the Fiscal Year ended September 30, 2018 (the "Annual Filing Date"), in an electronic format as prescribed by a Repository. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3(a) of this Disclosure Agreement; provided that the Audited Financial Statements may be submitted separately from the balance of the Annual Report, and may be submitted up to, but no later than, June 30th after the close of the Fiscal Year. Provided that if the Audited Financial Statements are not available at the time of the filing of the Annual Report unaudited financial statements are required to be delivered as part of the Annual Report in a format similar to the Audited Financial Statements. If the District's fiscal year changes, the District, shall give notice of such change in the same manner as for a Listed Event under Section 7(a).

(b) If on the fifteenth (15th) calendar day prior to each Annual Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Disclosure Representative of the District by telephone and in writing (which may be by e-mail) to remind the District of its undertaking to provide the Annual Report pursuant to Section 4(a) above. Upon such reminder, the Disclosure Representative of the District, shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report in accordance with Section 4(a) above, or (ii) instruct the Dissemination Agent in writing that the District, will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 7(q) has occurred and to immediately send a notice to any Repository in electronic format as required by such Repository in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing any Repository to which it was provided.

5. Content of Quarterly Reports.

(a) The Developer, so long as it is an Obligated Person for purposes of this Disclosure Agreement, shall prepare a Quarterly Report no later than January 31 (for each calendar quarter ending December 31), April 30 (for each calendar quarter ending March 31), July 31 (for each calendar quarter ending June 30), and October 31 (for each calendar quarter ending September 30) after the end of each calendar quarter commencing with the calendar quarter ending December 31, 2018; provided, however, that so long as any Developer is a reporting company, such dates shall be extended to the date of filing of its respective 10-K or 10-Q, if later, as the case may be (each, a "Quarterly Filing Date"). At such time as the Developer is no longer an Obligated Person, the Developer will no longer be obligated to prepare any Quarterly Report pursuant to this Disclosure Agreement.

(b) Each Quarterly Report shall contain the following information with respect to the lands owned by the Developer in the Development within the Series 2018 Assessment Area if such information is not otherwise provided pursuant to subsection (c) of this Section 5:

(i) A description of the infrastructure improvements and recreational amenities that have been completed and that are currently under construction, including infrastructure financed by the Bonds;

(ii) The percentage of the infrastructure financed by the Bonds that has been completed;

(iii) The number of single-family homes planned on property subject to the Assessments;

(iv) The number of single-family homes closed with retail end users to the knowledge of the Developer and to the extent such information is made available to the Developer;

(v) The number of single-family homes/under contract with retail end users to the knowledge of the Developer and to the extent such information is made available to the Developer;

(vi) The number of single-family lots under contract with builders;

(vii) The number of single-family lots closed with builders;

(viii) The estimated date of complete build-out of residential units;

(ix) Whether the Developer has made any bulk sale of the land subject to the Assessments other than as contemplated by the Limited Offering Memorandum;

(x) The status of development approvals for the Development to the extent any additional approvals were necessary;

(xi) Materially adverse changes or determinations to permits/approvals for the Development which necessitate changes to the Developer's land-use or other plans for the Development;

(xii) Updated plan of finance for the Development (i.e., status of any credit enhancement, issuance of additional bonds to complete project, draw on credit line of Developer, additional mortgage debt, etc.); and

(xiii) Any event that has a material adverse impact on the implementation of the Development as described in the Limited Offering Memorandum or on the Developer's ability to undertake the Development as described in the Limited Offering Memorandum.

(c) Any of the items listed in subsection (b) above may be incorporated by reference from other documents which are available to the public on the MSRB Website or filed with the SEC. The Developer shall clearly identify each such other document so incorporated by reference.

(d) If the Developer sells, assigns or otherwise transfers ownership of real property in the Development to a third party, which will in turn be an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a "Transfer"), the Developer hereby agrees to require such third party to assume the disclosure obligations of the Developer hereunder for so long as such third party is an Obligated Person hereunder, to the same extent as if such third party were a party to this Disclosure Agreement. The Developer involved in such Transfer shall promptly notify the District and the Dissemination Agent in writing of the Transfer. For purposes of Sections 3(b), 5, 6 and 7 hereof, the term "Developer" shall be deemed to include each of the Developer and any third party that becomes an Obligated Person hereunder as a result of a Transfer. In the event that the Developer remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Developer from their obligations hereunder.

6. Provision of Quarterly Reports.

(a) The Developer shall provide a Quarterly Report which contains the information in Section 5 of this Disclosure Agreement to the Dissemination Agent no later than the Quarterly Filing Date for such Quarterly Report. The Dissemination Agent shall immediately file the Quarterly Report upon receipt from the Developer with each Repository.

(b) If on the seventh (7th) calendar day prior to each Quarterly Filing Date the Dissemination Agent has not received a copy of the Quarterly Report due on such Quarterly Filing Date, the Dissemination Agent shall contact the Developer by telephone and in writing (which may be by e-mail) to remind the Developer of its undertaking to provide the Quarterly Report pursuant to Sections 5 and 6. Upon such reminder, the Developer shall either (i) provide the Dissemination Agent with an electronic copy of the Quarterly Report in accordance with Section 6(a) above, or (ii) instruct the Dissemination Agent in writing that the Developer will not be able to file the Quarterly Report within the time required under this Disclosure Agreement and state the date by which such Developer Report will be provided.

(c) If the Dissemination Agent has not received a Quarterly Report that contains the information in Section 5 of this Disclosure Agreement by the Quarterly Filing Date, a Listed Event described in Section 7(q) shall have occurred and the District and the Developer hereby direct the Dissemination Agent to immediately send a notice to each Repository in electronic format as required by such Repository, no later than the following Business Day in substantially the form attached as Exhibit A hereto, with a copy to the District.

(d) The Dissemination Agent shall:

(i) determine prior to each Quarterly Filing Date the name and address of each Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Developer and the District stating that the Quarterly Report has been provided pursuant to this Disclosure Agreement and stating the date(s) it was provided.

7. Reporting of Significant Events. Pursuant to the provisions of this Section 7, the District (and the Developer as to Sections 7(j), 7(l), 7(m), and 7(q) below) shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds to the Dissemination Agent in writing in sufficient time in order to allow the Dissemination Agent to file notice of the occurrence of such Listed Event in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in paragraph (q) below, which notice shall be given in a timely manner:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) 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;

(g) Modifications to rights of the holders of the Bonds, if material;

(h) Bond calls, if material, and tender offers;

(i) Defeasances;

(j) 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 a Landowner within the District in the ordinary course of the Landowner's respective business shall not be a Listed Event for purposes of the foregoing;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the District or any Obligated Person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District or any Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District or any Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District or any Obligated Person);

(m) The consummation of a merger, consolidation, or acquisition involving the District or any Obligated Person or the sale of all or substantially all of the assets of the District or any Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Occurrence of any Event of Default under the Indenture (other than as described in clause (a) and (b) above);

(p) Amendment to the Indenture or this Disclosure Agreement modifying the rights of the Owners of the Bonds; and

(q) Failure to provide (i) any Annual Report as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Sections 3(a) and 3(d) of this Disclosure Agreement, respectively, or (ii) any Quarterly Report that contains, in all material respects, the information required to be included therein under Section 5 of this Disclosure Agreement, which failure shall, in all cases, be deemed material under federal securities laws.

8. Identifying Information. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Agreement to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

(a) the category of information being provided;

(b) the period covered by any Annual Financial Information, financial statement or other financial information or operation data;

(c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);

(d) the name of any Obligated Person other than the District;

(e) the name and date of the document being submitted; and

(f) contact information for the submitter.

9. Termination of Disclosure Agreement. In addition to any other provision of this Disclosure Agreement relating to termination, the District's and the Developer's obligation under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the District and/or the Developer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the District and/or the Developer shall give notice of such termination in the same manner as for a Listed Event under Section 7.

10. Dissemination Agent. The District will either serve as the initial Dissemination Agent or appoint one under this Disclosure Agreement. Upon termination of the Dissemination Agent's services as Dissemination Agent, whether by notice of the District or the Dissemination Agent, the District 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 District 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 [_____]. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of [_____]. [_____] may terminate its role as Dissemination Agent at any time upon delivery of written notice to the District and the Developer.

11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District, the Developer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, 5, 6 or 7, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District and/or the Developer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would in the opinion of counsel expert in federal securities laws, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the District, the Developer and the Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the SEC from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District and/or the Developer shall describe such amendment in its next report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the District and the Developer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Listed Event; and (b) 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.

12. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District or the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a potential material event, in addition to that which is required by this Disclosure Agreement. If the District or the Developer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District or the Developer 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.

13. Default. In the event of a failure of the District, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer or a Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of more than 50% aggregate principal amount of outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking by court order, to cause the District, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. No default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer or

the Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

14. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement between the District 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 and the Disclosure Representative agree 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 acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, 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 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. Anything herein to the contrary notwithstanding, in the event that the Disclosure Representative and the Dissemination Agent are the same party, such party's limited duties in their capacity as Dissemination Agent, as described hereinabove, shall not in any way relieve or limit such party's duties in their capacity as Disclosure Representative under this Disclosure Agreement.

15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Developer, the Dissemination Agent, the Participating Underwriter, the Trustee, and Beneficial Owners of the Bonds (the 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.

16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida and Federal law.

18. Trustee Cooperation. The District represents that the Dissemination Agent is a bona fide agent of the District and the District instructs the Trustee to deliver to the Dissemination Agent at the expense of the District, any information or reports the Dissemination Agent requests in writing.

19. Prior Undertakings. The Developer represents and warrants that to its knowledge it has provided on a timely basis all reporting information requested by the applicable dissemination agent with respect to prior continuing disclosure agreements entered into pursuant to the Rule. The Developer has been made aware of instances where the information required to be provided to the dissemination agents was not timely requested, not filed with the appropriate repository or, if filed, not filed on a timely basis. The Developer represents that it has instituted internal processes to provide information to the dissemination agents on a timely basis and obtained assurances from the dissemination

agents that they will in turn request the required reporting information timely and file such information timely with the appropriate repository.

20. 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 Landowner 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 TO FOLLOW]

**SIGNATURE PAGE FOR
CONTINUING DISCLOSURE AGREEMENT
(Zephyr Lakes Community Development District)**

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

**ZEPHYR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

[SEAL]

By: _____
Michael Lawson
Chairman, Board of Supervisors

ATTEST:

By: _____
Secretary

CONSENTED TO AND AGREED TO BY:

DISSEMINATION AGENT

[_____] , and its successors and assigns,
as Dissemination Agent

By: _____
Name: _____
Title: _____

DUNE FL LAND I SUB LLC,
a Delaware limited liability company

By: _____
[Name], [Title]

Acknowledged and agreed to for purposes of
Sections 13, 15 and 18 only:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
James Audette, Vice President

DISTRICT MANAGER

DPFG MANAGEMENT & CONSULTING, LLC,
and its successors and assigns,
as District Manager

By: _____
Maik Aagaard, President

EXHIBIT A

**NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT/QUARTERLY REPORT/AUDITED
FINANCIAL STATEMENTS**

Name of District: Zephyr Lakes Community Development District

Obligated Person(s): Dune FL Land I Sub LLC

Name of Bond Issue: \$[Bond Amount] Zephyr Lakes Community Development
District Capital Improvement Revenue Bonds, Series 2018

Date of Issuance: [Closing Date]

CUSIP Numbers: [_____]

NOTICE IS HEREBY GIVEN that the Developer/District has not provided a Quarterly Report/Annual Report/Audited Financial Statements with respect to the above-named Bonds as required by Section 3/Section 4 of the Continuing Disclosure Agreement dated as of [Closing Date], among the Developer/District and the Dissemination Agent. The Developer/District has advised the undersigned that it anticipates that the Quarterly Report/Annual Report/Audited Financial Statements will be filed by _____, 20____.

Dated: _____

_____, as Dissemination
Agent, on behalf of the District

cc: District
Participating Underwriter

Exhibit 5

RESOLUTION 2018- 13

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE ZEPHYR LAKES COMMUNITY DEVELOPMENT DISTRICT AMENDING ITS 2017/2018 OPERATIONS AND MAINTENANCE BUDGET AND ASSESSMENT ROLL AND PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

WHEREAS, the Board of Supervisors (the “**Board**”) of the Zephyr Lakes Community Development District (the “**District**”) previously adopted its budget for the 2017/2018 fiscal year (the “**Original Budget**”), levied operations and maintenance special assessments in accordance with the terms outlined in Resolution No. 2017-06 (the “**O/M Resolutions**”), and approved a budget funding agreement on certain property within the District, which resolutions are still in full force and effect; and

WHEREAS, at the time that the Original Budget was adopted it was anticipated that the District would be fully developed and platted during the 2017/2018 fiscal year; and

WHEREAS, based upon current projections by the District Manager, it is anticipated that the Original Budget overestimated the revenues needed for the District’s operations and maintenance activities for the 2017/2018 fiscal year because the Original Budget was adopted with the anticipation that all property within the District would be developed and platted in the 2017/2018 fiscal year; and

WHEREAS, the District is empowered by section 170.08 and 189.016, Florida Statutes to adjust the budget and assessments based on actual expenditures and services provided to benefited properties within its boundaries; and

WHEREAS, the Board recognizes that developed and platted lots receive a direct benefit and unplatted and undeveloped lots do not receive operations and maintenance services from the District. As additional lands are platted and developed, they will get their allocation of the special assessments in future budget years based on services provided to those areas in future years; and

WHEREAS, the District Manager has submitted a proposed amended budget and assessment roll to show the reductions for the current fiscal year (the “**Amended Budget**”), attached hereto as **Exhibit “A”** and incorporated as a material part of this Resolution by this reference, along with an explanatory and complete financial plan for each fund of the District, pursuant to the provisions of Section 190.008(2)(a), Florida Statutes;

WHEREAS, it is in the best interests of the District to adopt the Revised Assessment Roll included in the Amended Budget; and

WHEREAS, to the extent the District needs additional funds to provide for the operations and services during the current fiscal year the developer of land within the District has entered into a Budget Funding Agreement to provide such funds as are necessary to the District to proceed with its operations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. **Recitals.** The foregoing recitals are hereby incorporated as the findings of fact of the Board.
2. **Authority for this Resolution.** This Resolution is adopted pursuant to Sections 170.08, 170.14, 189.016(2), 189.016(6), 189.016(7), 190.011(14), and 190.011(15) Florida Statutes.
3. **Budget.** The Board hereby finds and determines as follows:
 - a. That the Board has reviewed the Amended Budget, a copy of which is on the District's website, on file with the office of the District Manager, and at the District's Records Office.
 - b. That the Amended Budget shall be maintained in the office of the District Manager and at the District's Records Office and identified as the "Amended Budget for the Zephyr Lakes Community Development District for the Fiscal Year Beginning October 1, 2017, and Ending September 30, 2018".
 - c. The Amended Budget shall be posted by the District Manager on the District's official website within five (5) days after adoption and remain on the website for at least two (2) years.
4. **Appropriations.** There is hereby appropriated out of the revenues of the District, for the fiscal year beginning October 1, 2017, and ending September 30, 2018, the sum of \$_____ to be funded with revenue from assessments and the budget funding agreement, which sum is deemed by the Board to be necessary to defray all expenditures of the District during said budget year, to be divided and appropriated in the following fashion:

TOTAL GENERAL FUND	\$_____
TOTAL DEBT SERVICE FUNDS	\$_____
TOTAL ALL FUNDS	\$_____*

*Not inclusive of any collection costs.

5. **Revised Assessment Roll.** The Revised Assessment Roll shown in **Exhibit "A"** is hereby certified and adopted.
6. **Severability.** If any section or part of a section of this Resolution is declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.
7. **Conflicts.** This Resolution is intended to supplement the O/M Resolutions, which remain in full force and effect. This Resolution and the O/M Resolutions shall be construed to the maximum extent possible to give full force and effect to the provisions of each resolution. All District resolutions or parts thereof in actual conflict with this Resolution are, to the extent of such conflict, superseded and repealed.

8. Effective Date. This Resolution shall become effective upon its adoption.

Passed and adopted this 18th day of September, 2018.

Attest:

**Zephyr Lakes
Community Development District**

Name: Lori Price
Assistant Secretary

Name: Michael Lawson
Chair, Board of Supervisors

Exhibit A: 2017/2018 Amended Budget and Assessment Roll

Exhibit A
2017/2018 Amended Budget and
Assessment Roll

STATEMENT 1
ZEPHYR LAKES CDD
FY 2018 PROPOSED BUDGET GENERAL FUND AMENDMENT

	FY 2018 ADOPTED	FY 2018 YTD 07/31/2018	FY 2018 Projected to 09/31/2018	FY 2018 Projected Budget	FY 2018 Amendment	FY 2018 Amended Budget
REVENUE						
OFF ROLL FUNDING (a)	\$ 101,032	\$ 55,159	\$ 13,804	\$ 72,959	\$ (28,073)	\$ 72,959
MISCELLANEOUS	-	-	-	-	-	-
TOTAL REVENUE	101,032	55,159	13,804	72,959	(28,073)	72,959
EXPENDITURES						
ADMINISTRATIVE						
SUPERVISORS COMPENSATION	12,000	2,400	1,200	3,600	(8,400)	3,600
PAYROLL TAXES	918	184	92	276	(642)	276
PAYROLL SERVICE FEES	676	349	110	459	(217)	459
MANAGEMENT CONSULTING SERVICES	21,000	17,500	3,500	21,000	-	21,000
PLANNING, COORDINATING & CONTRACT SRVCS	36,000	30,000	6,000	36,000	-	36,000
CONSTRUCTION ACCOUNTING SERVICES	-	-	1,000	1,000	1,000	1,000
BANK FEES	120	24	25	49	(71)	49
MISCELLANEOUS	316	330	-	330	14	330
AUDITING SERVICES	4,000	2,600	-	2,600	(1,400)	2,600
TRAVEL PER DIEM	75	17	7	24	(51)	24
REGULATORY AND PERMIT FEES	175	175	-	175	-	175
LEGAL ADVERTISEMENTS	1,200	347	500	847	(353)	847
ENGINEERING SERVICES	4,000	-	500	500	(3,500)	500
LEGAL SERVICES	7,000	2,079	750	2,829	(4,171)	2,829
WEBISTE DEVELOPMENT & HOSTING	720	600	120	720	-	720
COUNTY ASSESSMENT COLLECTION FEE	-	-	-	-	-	-
CONTINGENCY	-	-	-	-	-	-
TOTAL ADMINISTRATIVE	88,200	56,605	13,804	70,409	(17,791)	70,409
INSURANCE						
INSURANCE (Liability, Property & Casualty)	2,651	2,550	-	2,550	(101)	2,550
TOTAL INSURANCE	2,651	2,550	-	2,550	(101)	2,550
PHYSICAL ENVIRONMENT						
FIELD MANAGER	8,781	-	-	-	(8,781)	-
FIELD TRAVEL EXPENDITURE	1,400	-	-	-	(1,400)	-
TOTAL PHYSICAL ENVIRONMENT	10,181	-	-	-	(10,181)	-
TOTAL EXPENDITURES	101,032	59,155	13,804	72,959	(28,073)	72,959
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(3,996)	0	0	0	0
FUND BALANCE - BEGINNING	-	-	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ (3,996)	\$ 0	\$ 0	\$ 0	\$ 0

(a) Off Roll Funding will be made on a "as needed" basis and solely for actual expenditures incurred