




October 20, 2014

## MEMORANDUM

**TO:** District Board of Trustees

**FROM:** Jim Murdaugh, President 

**SUBJECT:** Refinance of the Public Safety Academy Housing (PSAH), Direct Support Organization (DSO) Loan

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### Item Description

Request approval for the PSAH refinance of original loan for Housing.

### Overview and Background

On April 21, 2003, the membership of the Public Safety Academy Housing Board of Directors signed the Articles of Incorporation for the construction of a 200 room residential facility. The Board was comprised of Dr. John Payne; Dr. James Sewell; Mr. Steve McArthur; Mr. James Murdaugh; Dr. William Law and Mr. Frank Messersmith.

In order to finance the cost of the Project, Gadsden County, Florida (the "County") issued a \$9,000,000.00 Gadsden County, Florida Revenue Bond. The proceeds of the Bonds were to fund a loan (the "Loan") to the Foundation.

The Bonds were purchased by Capital City Bank (the "Bank"), and through said purchase, the Bank did provide funds to the County to fund the loan to the Foundation.

As additional security for the Bank for repayment of the loan, the Bank requested TCC and the Foundation enter into an Agreement pursuant to which TCC was to provide operation support to the Foundation to ensure the Project would continue to be operational for as long as the Bonds remained outstanding.

On January 20, 2004, the District Board of Trustees approved a resolution authorizing the construction of the Public Safety Housing at the PTLEA in compliance with Section 1004.70 of Florida Statute.

Tallahassee Community College made an inquiry to Capital City Bank, holder of the note to discuss possible consideration of refinancing of the loan acquired in 2004. Capital City Bank presented a proposal to Tallahassee Community College for refinance options on July 14, 2014.

On August 21, 2014, the Public Safety Academy Housing Board of Directors approved the refinancing proposal drafted by Capital City Bank.

On September 16, 2014, the Gadsden County Commission approved refinancing option presented as it relates to the Counties Bond holdings.

**Past Actions by the Board**

January 20, 2004, the District Board of Trustees approved the resolution authorizing the Public Safety Academy Housing.

**Funding/Financial Implications**

Gadsden County Commission has released the original Bond for refinancing by Capital City Bank.

**Staff Resource**

E.E. Eunice

**Recommended Action**

Approval of the proposed refinancing of the Public Safety Academy Housing



July 14, 2014

Mr. Jim T. Murdaugh  
President  
Tallahassee Community College  
444 Appleyard Drive  
Tallahassee, FL 32304

Dear Mr. Murdaugh:

Capital City Bank is pleased to offer this proposal letter to Public Safety Academy Housing, Inc. for the refinancing of currently outstanding debt of approximately \$6,200,000 and new financing in the amount of \$500,000. The following summary describes the general terms and conditions of the proposal.

**General Terms of the Refinancing**

<b>Bond Purchaser:</b>	Capital City Bank
<b>Issuer:</b>	Gadsden County, Florida
<b>Borrower:</b>	Public Safety Academy Housing, Inc.
<b>Financing Type:</b>	<i>Refinancing:</i> Tax-Exempt bond, non-bank qualified <i>New Money:</i> Taxable bond
<b>Amount:</b>	<i>Refinancing:</i> Approximately \$6,200,000 <i>New Money:</i> \$500,000
<b>Use of Proceeds:</b>	Proceeds will be used to refinance the currently outstanding bond, perform upgrades and renovations to the Facility, and to pay closing costs associated with the financing. Proceeds of the currently outstanding bond were originally used to construct a 200-bed residential building at the Pat Thomas Law Enforcement Academy located in Gadsden County, Florida (the Facility).
<b>Interest Rate:</b>	<i>Refinancing:</i> 2.75% fixed rate (tax-exempt) for 5 years after which the rate will float at a rate equal to 70% of the JP Morgan PRIME rate. The refinancing will have a rate floor of 2.45%. <i>New Money:</i> 3.99% fixed rate (taxable) for 5 years after which the rate will float at a rate equal to the JP Morgan PRIME rate. The new money will have a rate floor of 3.25%.
<b>Loan Fee:</b>	\$6,000
<b>Payments &amp; Amortization:</b>	Borrower will make monthly payments of principal and interest on the refinancing beginning one month from closing through Final Maturity. Borrower will make monthly payments of interest on the new money for 24 months followed by monthly payments of principal and interest beginning month 25 through Final Maturity.
<b>Expected Funding:</b>	September / October 2014
<b>Final Maturity:</b>	June 1, 2025
<b>Security:</b>	The refinancing and new money will have the same security as is currently in place for the existing bond which includes an assignment of all documentation from

the Issuer to Bond Purchaser. In addition, Bond Purchaser will require that the Operating Support Agreement remain in full force and effect so long as any debt under this transaction is outstanding.

**New Money Draws:**

Borrower is allowed to draw down the new money portion of the financing over a period of 24 months from closing. Borrower must draw a minimum of \$150,000 within 12 months of closing and remaining funds must be drawn within 24 months of closing.

**Documentation:**

Nabors Giblin & Nickerson will serve as bond counsel to the Issuer on the transaction and will be responsible for producing all loan documentation at Borrower's expense.

**Conditions**

1. Lender must be furnished with a copy of Borrower's 8038G filing within 60 days of funding.
2. Borrower has legally and duly authorized the subject financing.
3. Borrower will pay all costs associated with funding the transaction, including the cost of Bond Purchaser's counsel.
4. Borrower will maintain appropriate hazard insurance on the Facility at all times.
5. Bond Purchaser retains Facility inspection rights throughout the term of the loan.

The transaction proposed above has been approved by Lender. Lender stands ready to prepare documents upon award.

Should the Board select Capital City Bank as Lender for the subject transaction, please accept the terms and conditions by signing in the space provided below and returning a copy to me via fax or email.

If you have any questions or require further information regarding the proposal, please call me directly at (850) 402-7743. We appreciate the opportunity to serve Public Safety Academy Housing, Inc., Tallahassee Community College, and the local community.

Sincerely,



Ramsay H. Sims  
Senior Vice President, Institutional Banking Manger  
Capital City Bank

I am in agreement with the above terms and conditions.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

## OPERATING SUPPORT AGREEMENT

This Operating Support Agreement (this "Agreement") is made and effective as of the 1<sup>st</sup> day of February, 2004 by and between Tallahassee Community College, a community college acting under the authority of its District Board of Trustees, organized under the laws of the State of Florida, having its principal office in Tallahassee, Florida ("TCC") and Public Safety Academy Housing, Inc., a non-profit corporation organized and existing under the laws of the State of Florida, having its principal office in Tallahassee, Florida (the "Foundation").

CORPORATION

### RECITALS

The Foundation was certified by the District Board of Trustees of TCC as a direct support organization of TCC in accordance with Section 1004.70, Florida Statutes, for the purpose, among others, of providing residency opportunities for students attending the Pat Thomas Law Enforcement Academy (the "Academy") operated by TCC. The Foundation and TCC have entered into a Ground Lease Agreement dated as of February 1, 2004 (hereinafter the "Lease") pursuant to which TCC will lease to the Foundation approximately 10 acres of undeveloped land (the "Property") for a period of 99 years, on which the Foundation is to construct an approximately 81,000 sq. ft. 200-bed student dormitory facility (the "Project").

In order to finance the cost of the Project, Gadsden County, Florida (the "County") is issuing its \$\_\_\_\_\_ Gadsden County, Florida Revenue Bonds (Public Safety Academy Housing, Inc. Project), Series 2004 (the "Bonds"), and will use the proceeds of the Bonds to fund a loan (the "Loan") to the Foundation.

The Bonds are being purchased by Capital City Bank (the "Bank"), and through said purchase, the Bank will provide funds to the County to fund the loan to the Foundation.

As additional security for the Bank for the repayment of the loan, the Bank has requested that TCC and the Foundation enter into this Agreement pursuant to which TCC is to provide operating support to the Foundation to ensure that the Project will continue to be operated for so long as the Bonds remain outstanding.

On January 20, 2004, the District Board of Trustees of TCC approved a Resolution authorizing and committing TCC to maintain the orderly operation and maintenance of the Project, limited only by those expenses not prohibited by law pertaining to direct support organization or the ownership of residence facilities.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, TCC and the Foundation agree as follows:

(1) Construction of the Project. The Foundation agrees to undertake the design, construction, maintenance and operation of the Project to be located on the Property.

(2) Management and Operating of Project. After construction of the Project is substantially complete, the Foundation will be responsible for providing safe and

**Public Safety Housing Academy, Inc.**

	Existing Debt	Estimated Refinancing Debt	Estimated \$500,000 New Loan Debt	Estimated Total New Debt
	Service	Service	Service	Service
10/1/2014	\$ 61,659.42	\$ 55,700.00	\$ 500.00	\$ 56,200.00
11/1/2014	61,659.42	55,700.00	500.00	56,200.00
12/1/2014	61,659.42	55,700.00	500.00	56,200.00
1/1/2015	61,659.42	55,700.00	500.00	56,200.00
2/1/2015	61,659.42	55,700.00	500.00	56,200.00
3/1/2015	61,659.42	55,700.00	500.00	56,200.00
4/1/2015	61,659.42	55,700.00	500.00	56,200.00
5/1/2015	61,659.42	55,700.00	500.00	56,200.00
6/1/2015	61,659.42	55,700.00	500.00	56,200.00
7/1/2015	61,659.42	55,700.00	500.00	56,200.00
8/1/2015	61,659.42	55,700.00	500.00	56,200.00
9/1/2015	61,659.42	55,700.00	500.00	56,200.00
10/1/2015	61,659.42	55,700.00	1,700.00	57,400.00
11/1/2015	61,659.42	55,700.00	1,700.00	57,400.00
12/1/2015	61,659.42	55,700.00	1,700.00	57,400.00
1/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
2/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
3/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
4/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
5/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
6/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
7/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
8/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
9/1/2016	61,659.42	55,700.00	1,700.00	57,400.00
10/1/2016	61,659.42	55,700.00	5,700.00	61,400.00
11/1/2016	61,659.42	55,700.00	5,700.00	61,400.00
12/1/2016	61,659.42	55,700.00	5,700.00	61,400.00
1/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
2/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
3/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
4/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
5/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
6/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
7/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
8/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
9/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
10/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
11/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
12/1/2017	61,659.42	55,700.00	5,700.00	61,400.00
1/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
2/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
3/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
4/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
5/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
6/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
7/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
8/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
9/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
10/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
11/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
12/1/2018	61,659.42	55,700.00	5,700.00	61,400.00
1/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
2/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
3/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
4/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
5/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
6/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
7/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
8/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
9/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
10/1/2019	61,659.42	55,700.00	5,700.00	61,400.00
11/1/2019	61,659.42	55,700.00	5,700.00	61,400.00

**Assumptions**

Funding occurs in September 2014.  
 Assumes \$500,000 new money is funded \$150,000 at closing and the remainder at the end of year 1.  
 Amortization period of 129 months matches current maturity.  
 Refinancing of \$6,200,000 assumes closing costs are rolled into the financing.  
 \$500,000 new money converts from interest only to amortizing loan after 24 months.



**Board of County Commissioners  
Gadsden County, Florida  
AGENDA  
Regular Public Meeting  
September 16, 2014  
6:00 p.m.**

Present: Eric Hinson, Chair, District 1 (Telephoned in)  
Brenda Holt, Vice-Chair, District 4  
Doug Croley, District 2  
Gene Morgan, District 3  
Sherrie Taylor, District 5  
Nicholas Thomas, Clerk of Court  
Robert Presnell, County Administrator  
David Weiss, County Attorney  
Marcella Blocker, Deputy Clerk

**INVOCATION, PLEDGE OF ALLEGIANCE AND ROLL CALL**

Vice Chair Holt called meeting to order at 6:00 p.m., asked for moment of silence and led in the Pledge of Allegiance.

**AMENDMENTS AND APPROVAL OF AGENDA**

Croley/Morgan 5-0

**AWARDS, PRESENTATIONS AND APPEARANCES**

**1. Gadsden Re-Entry Center Introduction and Update**

(Warden Walt Summers)

Mr. Presnell introduced the above item.

Warden Walt Summers appeared before the Board and gave the Board an update regarding the re-entry center. He said there was a community partnership scheduled for October 24<sup>th</sup>.

**CLERK OF COURTS**

Mr. Thomas said the Board had done a great job with the Budget, but when he sees potential problems, felt the need to point some things out to them.

Second, pointed out to them regarding the administration building and asked how they planned on paying for it and said they would need to account for funds and where would come from. He suggested they have consultant do independent report.

Morgan thanked Mr. Thomas for sharing thoughts with them.

Commissioner Holt agreed did not need to build administration building before adding pod. Need to look at what can fund now.



Mr. Presnell thanked the Clerk for bringing matter to Board's attention.

**CONSENT**

Morgan/Croley 5-0

- |    |   |
|----|---|
| 2. | <b>Approval of Minutes</b>  |
| 3. | <b>Agreement with The Management Experts, LLC to Provide Emergency Management Training</b>  |
| 4. | <b>Approval and Signatures on the Fall 2014 E911 Rural County Grant Application for E911 CPE Maintenance and Evergreen Software Upgrade Maintenance</b> |
| 5. | <b>Approval for Fire Brush Truck to be Declared as Surplus and Submitted for Auction</b>  |
| 6. | <b>Approval and Execution of State Aid Agreement</b>  |

**ITEMS PULLED FOR DISCUSSION**

None

**CITIZENS REQUESTING TO BE HEARD ON NON-AGENDA ITEMS**

None

**PUBLIC HEARINGS**

- |    |   |
|----|---|
| 7. | <p><b><u>PUBLIC HEARING-Board Approval of Ordinance 2014-004 and the Request of Public Safety Academy Housing, Inc. to Refinance the County's \$9,000,000 Revenue Bonds (Public Safety Academy Housing, Inc.), Series 2004 (the "2004 Bonds") and to Issue Additional Indebtedness for Dormitory Improvements</u></b></p> <p>Mr. Presnell introduced the above item.</p> <p>Mark Mustian, Esquire and Randy Sims, Capital City Bank, appeared before the Board. Mr. Mustian explained the County was not on the hook for the bond.</p> <p>Croley/Morgan</p> <p>Holt had questions</p> <p>Hinson asked if any legal concerns-no.</p> <p>Holt called for the vote 5-0</p> |
|----|---|

**GENERAL BUSINESS**

- |    |   |
|----|---|
| 8. | <p><b><u>Approval of the City of Quincy Fire Department Interlocal Fire and Rescue Service Agreement</u></b></p> <p>Mr. Presnell introduced the above item.</p> <p>Morgan thanked everyone for working together. Said beneficial for Gadsden County and fire services to work together. One problem seeing is volunteer firemen aging and younger people not stepping up. City of Quincy not same agreement as with other municipalities-Quincy has 4 year others are two year.</p> |
|----|---|

	<p>Croley had questions.</p> <p>Scott Haire appeared before the Board.</p> <p>Croley asked area of service agreement covers-asked how impacts Havana and Concord- They take care of their own, but Quincy would assist if needed. Croley asked who determines automatic areas and mutual aid areas.</p> <p>Chief Haire said nothing changed from previous contract.</p> <p>Croley requested that the agreement be reviewed and brought back to address areas that were not listed in automatic aid areas. Wanted to make sure all of county properly covered.</p> <p>Croley moved that agreement be reviewed and brought back.</p> <p>Commissioner Taylor said no problem with 4 year, but had problem with CPI.</p> <p>Croley said would agree if Item 2 reviewed. Withdrew motion</p> <p>Taylor motion to approve with amendment of adjustment of coverage/Croley seconded 4-1 Morgan opposed.</p>
<p><b>9.</b></p>	<p><b><u>Approval of the City of Midway Volunteer Fire Department Interlocal Fire and Rescue Service Agreement</u></b></p> <p>Mr. Presnell introduced the above item.</p> <p>Morgan asked that the agreement be same as City of Quincy.</p> <p>Holt asked how compares to other agreements</p> <p>Croley said appreciate terms running together, but focused on fire services.</p> <p>Hinson motion to move forward/Taylor Croley/Morgan opposed. Motion passed.</p>
<p><b>10.</b></p>	<p><b><u>Approval OF THE 2014-2015 Mutual Aid Operations Plan Between Florida Department of Agriculture and Consumer Services, Florida Forest Service and Gadsden County Fire Departments and Acceptance of the 2013-2014 Annual Forestry Report and Operating Plan</u></b></p> <p>Mr. Presnell introduced above item. Croley/Morgan 5-0</p>
<p><b>11.</b></p>	<p><b><u>Approval of Mosquito Control Agreement with the Department of Agriculture and Consumer Services (DACs) &amp; Annual Certified Budget</u></b></p> <p>Mr. Presnell introduced above item.</p> <p>Croley/Morgan 5-0</p>
<p><b>12.</b></p>	<p><b><u>Approval of Interlocal Agreement with Local Municipalities and the Gadsden County School Board</u></b></p> <p>Mr. Presnell introduced above item.</p> <p>Croley/Morgan 5-0</p>

13.	<p><b><u>Approval to Renew the Services Contract with Con-Techs Health &amp; Safety to Provide Drug and Alcohol Screening and Training Services</u></b>  Mr. Presnell introduced above item.  Croley/ Morgan 5-0</p>
14.	<p><b><u>Updates to the Current County Investment Policy</u></b>  Mr. Presnell introduced above item.</p> <p>Mr. Thomas said in 1995 the Legislature required all clerks to develop an investment policy as it related to county funds. He added there had been a few updates through the years so the policy has been updated to comply with the Florida Statutes.</p> <p>Holt asked if could do workshop on investments.</p> <p>Hinson agreed on doing workshop.</p> <p>Mr. Thomas said would meet anytime, every county required to have policy.</p> <p>Croley asked Mr. Thomas if policy had been reviewed by auditors-yes.</p> <p>Morgan asked if timeline regarding issues-no. No problem in going ahead and approving/Croley</p> <p>Hinson said wanted to have workshop.</p> <p>Holt asked if any reason use certain banks over others. Primary depositor has to be in county.</p> <p>Hinson said not against it, wants workshop to make sure transparency.</p> <p>Holt asked interest earned-where go-to Board of County Commissioners, but interest rates have been low last few years.</p> <p>3-2 Holt/Hinson opposed. Motion passed.</p>
<b><u>COUNTY ADMINISTRATOR</u></b>	
15.	<p><b><u>Update on Various Board Requests</u></b>  Mr. Presnell thanked those that attended the Safelite ribbon cutting.</p>
<b><u>COUNTY ATTORNEY</u></b>	
16.	<p><b><u>Update on Various Legal Issues</u></b>  Croley said had discussion regarding letter being sent to local police department to make sure county parking lot be better policed.</p> <p>Holt said would like a motion and vote. Croley will bring up in his items.</p>
<b><u>DISCUSSION ITEMS BY COMMISSIONERS</u></b>	

17.	<b><u>Report and Discussion on Public Issues and Concerns Pertaining to Commission Districts and Gadsden County</u></b>
	<b><u>COMMISSIONER TAYLOR, District 5</u></b> Nothing
	<p><b><u>COMMISSIONER MORGAN, District 3</u></b> Morgan asked for clarification-obligated by Florida Statutes to look at redistricting every ten years and last opportunity to do that will be 2015. Asked attorney what obligation was regarding that.</p> <p>Commissioner Taylor stepped out at this juncture of the meeting.</p> <p>Morgan suggested a workshop to make sure in compliance and asked to have item placed on agenda/Croley</p> <p>Taylor returned.</p> <p>Hinson said not in favor.</p> <p>Taylor said if something the need to look at, bring back want to make sure in compliance.</p> <p>Holt called for vote. 3-2 Holt/Hinson/Taylor opposed Motion failed.</p> <p>Croley said have obligation to look at that.</p> <p>Morgan said wanted to make sure that as governing body they do what need to be done.</p> <p>Taylor asked that whatever the attorney brings back, to have it in writing.</p> <p>Morgan stepped out.</p>
	<p><b><u>COMMISSIONER CROLEY, District 2</u></b> Asked that they agenda parking lot liability and that letter be sent to police department Croley motion to place on next agenda/Morgan</p> <p>Hinson said thought administration could work on that</p> <p>Croley said asking for letter from attorney to police department to have them better patrol the parking lot at night.</p> <p>Holt called for vote.</p> <p>Taylor asked attorney to check with City and have someone present at that meeting, agreed to have 5-0</p> <p>Croley reported was CRTPA meeting yesterday, want them aware was motion made to move</p>

forward with sidewalk project within city of Tallahassee and part of it would be that committee made up of chair, vice-chair and member of each community and took exception and stated was not comfortable with projects being turned over to committee.

Final item-don't want to get into issues going on with Sheriff's office and State Attorney but issue before Court has raised issues. In 2003, County handed reins to Sheriff as chief jailer. Requests that review of board responsibility of jail be done by attorney and report back to board what responsible for.

Croley asked if need motion for that.

Holt said think should wait until after Show Cause hearing.

Croley said attorney should be able to tell board if fine and if not, let them know and appropriate decision could be made.

Croley said what to look at what Board is supposed to be doing.

**COMMISSIONER HOLT, Vice-Chair, District 4**

**Commissioner Hinson, Chair, District 1**

Said attended Law Enforcement Officer of Year luncheon and was very proud of Gadsden County.

Morgan returned.

Hinson asked that everyone support local sporting programs.

**RECEIPT AND FILE**

**UPCOMING MEETINGS**

18. September 22, 2014-2<sup>nd</sup> Public Hearing (FY2015 Budget) @ 6:00 p.m.  
October 7, 2014-Regular Meeting @ 6:00 p.m.  
October 21, 2014-Regular Meeting @ 6:00 p.m.

**MOTION TO ADJOURN**

Adjourned at 7:41 p.m.

This instrument prepared by  
and when recorded return to:

Mark T. Mustian, Esq.  
Nabors, Giblin & Nickerson, P.A.  
1500 Mahan Drive, Suite 200  
Tallahassee, Florida 32308

### **ASSIGNMENT OF LOAN DOCUMENTS**

IN CONSIDERATION of Ten Dollars (\$10.00) and other valuable consideration, the receipt and legal sufficiency of which is acknowledged, Gadsden County, Florida, a political subdivision existing under the laws of the State of Florida (the "Issuer"), assigns to Capital City Bank (the "Bondholder"), as agent for the Issuer, all right, title and interest in and to all documents (the "Loan Documents") relating to the aggregate principal amount of \$9,000,000 Gadsden County, Florida Revenue Bonds, Series 2004 (Public Safety Academy Housing, Inc. Project) (the "Bonds"), for the purpose of collecting all amounts due under the Loan Documents, which amounts have been pledged by the Issuer to the Bondholder as security for the Bonds, and for the purpose of using the amounts so collected to satisfy the Issuer's obligations under the Bonds and any other obligations of Public Safety Academy Housing, Inc. (the "Borrower") to the Issuer or the Bondholder under the Loan Documents. The proceeds of the Bonds have been loaned to the Borrower to finance and reimburse the costs of financing the construction of an 81,000 square foot dormitory building to be occupied by students of the Pat Thomas Law Enforcement Academy to be located in Gadsden County, Florida.

The Loan Documents include, but are not limited to, the following:

1. Loan Agreement (the "Agreement") from Borrower to the Issuer, dated as of May 1, 2004 (except for the rights of and amounts payable to the Issuer under Sections 4.2(c), 5.1(c), 6.15, 7.2, 8.2, 8.4, 10.1 and 10.2 of such agreement, all rights to indemnification and rights to receive costs, fees and expenses of the Issuer and the right to receive notices and consent to amendments under the Agreement, including, but not limited to, the right to receive payments thereunder which shall be applied by the Bondholder, as the assignee agent of the Issuer, to the Issuer's obligations under the Bond), which Agreement relates to the Real Property described on Exhibit "A";
2. Promissory Note from Borrower to Issuer dated May 21, 2004;
3. Leasehold Mortgage and Security Agreement from Borrower to Issuer dated as of May 1, 2004 to be recorded in the Public Records of Gadsden County, Florida; and

4. All other documents related to any of the above (but not including the Bonds).

By its acknowledgment below, Bondholder assumes all responsibilities as agent of the Issuer under any of the above from this date forward.

[Remainder of page intentionally left blank.]

SIGNATURE PAGE FOR THE ASSIGNMENT OF LOAN DOCUMENTS



of the 18<sup>th</sup> day of May, 2004.

GADSDEN COUNTY, FLORIDA

By: Nicholas Thomas  
Name: Nicholas Thomas  
Title: Clerk

By: Sterling Watson  
Name: Sterling Watson  
Title: Chair

STATE OF FLORIDA  
COUNTY OF GADSDEN

The foregoing instrument was acknowledged before me by Sterling Watson, as Chair the Board of County Commissioners of Gadsden County, Florida, on behalf of said County, on the 18 day of May, 2004. Such person () is personally known to me; or ( ) produced \_\_\_\_\_ as identification.



Beryl H. Wood  
Notary Public: State of Florida  
Name: Beryl H. Wood  
My Commission expires: 02/23/08  
My Commission number: DD293499



## Exhibit A

A PARCEL OF LAND IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 3 WEST, GADSDEN COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT A CONCRETE MONUMENT MARKING THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 25, TOWNSHIP 2 NORTH, RANGE 3 WEST, GADSDEN COUNTY, FLORIDA; THENCE NORTH 00°02'44" WEST ALONG THE WEST LINE OF SAID NORTHEAST QUARTER 808.80 FEET TO THE POINT OF BEGINNING. FROM SAID POINT OF BEGINNING THENCE CONTINUE NORTH 00°02'44" WEST ALONG THE WEST LINE OF SAID NORTHEAST QUARTER 535.58 FEET; THENCE LEAVING SAID WEST LINE SOUTH 40°57'34" EAST 279.79 FEET; THENCE NORTH 35°33'04" EAST 313.85 FEET; THENCE NORTH 38°37'53" WEST 240.85 FEET; THENCE NORTH 51°22'07" EAST 584.17 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF U.S. HIGHWAY 90; THENCE SOUTH 38°37'53" EAST ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY 574.17 FEET; THENCE LEAVING SAID SOUTHWESTERLY RIGHT-OF-WAY SOUTH 51°22'07" WEST 264.00 FEET; THENCE NORTH 83°53'32" WEST 411.06 FEET; THENCE SOUTH 35°33'04" WEST 331.78 FEET; THENCE SOUTH 51°14'29" EAST 139.48 FEET; THENCE SOUTH 13°59'24" EAST 276.02 FEET; THENCE NORTH 81°06'18" WEST 402.37 FEET TO THE POINT OF BEGINNING.

Parcel Identification Number: 3252NW3W00001300000

ACKNOWLEDGED BY:

CAPITAL CITY BANK

By: Wm D. Colledge  
Name: Wm D. COLLEDGE  
Title: VP

This instrument prepared by  
and when recorded return to:  
Mark T. Mustian, Esq.  
Nabors, Giblin & Nickerson, P.A.  
1500 Mahan Drive, Suite 200  
Tallahassee, Florida 32308

**LEASEHOLD MORTGAGE AND SECURITY AGREEMENT**

**between**

**PUBLIC SAFETY ACADEMY HOUSING, INC.**

**as Mortgagor**

**and**

**GADSDEN COUNTY, FLORIDA,**

**as Mortgagee**

**Dated as of May 1, 2004**

**THIS INSTRUMENT IS GIVEN IN CONNECTION WITH REVENUE BONDS ISSUED BY GADSDEN COUNTY, FLORIDA, AND IS EXEMPT FROM DOCUMENTARY STAMPS AND INTANGIBLE TAXES PURSUANT TO FLORIDA STATUTES SECTIONS 201.24 AND 199.185.**

**THIS INSTRUMENT HAS BEEN ASSIGNED AS SECURITY FOR CERTAIN BONDS OF GADSDEN COUNTY, FLORIDA PURSUANT TO AN ASSIGNMENT OF LOAN DOCUMENTS DATED AS OF MAY 1, 2004 FROM MORTGAGEE TO CAPITAL CITY BANK.**

## LEASEHOLD MORTGAGE AND SECURITY AGREEMENT

THIS LEASEHOLD MORTGAGE AND SECURITY AGREEMENT (this "Mortgage") is made as of the 1st day of May, 2004, by William D. Law, Jr., as President of the Board of Directors of **Public Safety Academy Housing, Inc.**, a Florida non-profit corporation, their successors and assigns, whose mailing address is 85 Academy Drive, Havana, Florida 32333 (the "Mortgagor"), to and in favor of **Gadsden County, Florida**, a political subdivision of the State of Florida (the "Mortgagee"), whose mailing address is P.O. Box 1799, Quincy, Florida 32353-1799.

### ARTICLE I DEFINITIONS, HEADINGS AND RULES OF CONSTRUCTION

SECTION 1.1. Definitions. Capitalized terms used in this Mortgage shall have the meanings specified below unless otherwise stated in this Mortgage. These definitions will be applicable equally to the singular and plural forms of those terms.

"Agreement" means the Loan Agreement dated as of May 1, 2004 between the Borrower and the Issuer.

"Assignment" means the Assignment of Loan Documents from the Issuer to the Bondholder, dated as of May 1, 2004, and any amendments and supplements thereto.

"Bank" means Capital City Bank, its successors and assigns.

"Bondholder" means the Bank, as owner of the Bonds, its successors and assigns.

"Bonds" means the \$9,000,000 Gadsden County, Florida Revenue Bond, Series 2004 (Public Safety Academy Housing, Inc. Project).

"Borrower" means Public Safety Academy Housing, Inc., a Florida not-for-profit corporation.

"Business Day" means any day except any Saturday or a Sunday or day on which banks are authorized to be closed in the city in which the Bondholder has its principal office.

"Default Rate" means the lesser of 18% per annum or the highest interest rate permitted by law.

"Fixtures" means all property and equipment now owned or hereafter acquired by Mortgagor and now or hereafter located under, on, or above the Land, whether or not permanently affixed, which, to the fullest extent permitted by applicable law in effect from time to time, shall be deemed fixtures and a part of the Land.

"Future Advances" means any loan of money from Mortgagee to Mortgagor or its assigns made within twenty (20) years from the date of this Mortgage relating to the Loan. The total amount of any such loan or loans may increase or decrease from time to time, but the total unpaid balance secured by this Mortgage at any one time shall not exceed an amount equal to \$9,000,000. Notwithstanding the foregoing, any increase in the principal balance as a result of negative amortization or deferred interest, and any disbursements made for the payment of Impositions and insurance on the Mortgaged Property, and any disbursements made under the Agreement, together with interest on such disbursements, shall be secured by this Mortgage even though such disbursements shall cause the unpaid balance of the subject loan or loans to exceed the maximum amount set forth above.

"Ground Lease" means the Ground Lease dated as of May 1, 2004, from Tallahassee Community College, as lessor to the Mortgagor, as lessee, granting Mortgagor a possessory interest in the Land to be recorded in the Public Records of Gadsden County, Florida.

"Impositions" means all real estate and personal property taxes and assessments, utility rates and charges, charges for any public improvement, easement or agreement maintained for the benefit of or involving the Mortgaged Property, and all other taxes, assessments, fees and charges of any kind whatsoever levied, imposed or assessed against the Mortgaged Property, Mortgagor, the Leases, the Rents, this Mortgage, the Loan, the Obligations, or the ownership, use, occupancy or enjoyment of any of the same.

"Improvements" means all buildings, structures, appurtenances and improvements, including all additions thereto and replacements and extensions thereof, now constructed or hereafter to be constructed under, on or above the Land.

"Issuer" means Gadsden County, Florida, a political subdivision of the State of Florida.

"Land" means the real property described on Exhibit "A" attached hereto, together with all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages, projections, appurtenances, water rights (including riparian and littoral rights), streets, ways, alleys, and strips and gores of land now or hereafter in anyway belonging, adjoining, crossing, benefiting or appertaining to the Land. The term "Land" includes any part thereof.

"Leases" means any and all leases, subleases, rental agreements, licenses, concessions, or grants of other possessory or occupancy interests other than the Ground Lease, together with the security therefor, now or hereafter in force, oral or written, covering or affecting the Mortgaged Property.

"Loan" means those loans, extensions of credit and incurrences of indebtedness contemplated under the Agreement.

"Loan Documents" means this Mortgage, the Agreement, the Note, the Assignment and all other instruments contemplated by or executed in connection with the transactions contemplated by this Mortgage.

"Mortgaged Property" means the Mortgagor's leasehold interest in the Land, and the Improvements, Fixtures, Leases, Rents, and Personal Property together with: (a) all judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Mortgaged Property under the power of eminent domain, or by agreement in lieu thereof, or for any damage thereto caused by the action of any governmental authority (whether or not such action shall constitute a taking), such as, without limitation, any award for change of grade of streets; (b) all judgments, awards and settlements hereafter made, and all insurance proceeds hereafter paid for any damage to the Mortgaged Property, and all unearned insurance premiums on any insurance policies maintained by Mortgagor pursuant to this Mortgage; (c) all awards and refunds hereafter made with respect to any Imposition; and (d) the estate, right, title, interest, privilege, claim or demand whatsoever of Mortgagor, now or hereafter, either at law or in equity, in and to the Mortgaged Property. The term "Mortgaged Property" includes any part of the foregoing property described as Mortgaged Property, and all proceeds, products, replacements, improvements, betterments, extensions, additions, substitutions, renewals, accessions and appurtenances thereto and thereof.

"Mortgagee" means Gadsden County, Florida and its successors and assigns, including, without limitation, the Bondholder.

"Mortgagor" has the meaning assigned to that term in the first paragraph of this agreement.

"Note" means that certain Promissory Note dated May 21, 2004, pursuant to which the Borrower has promised to pay the Mortgagee all amounts due to the Mortgagee under the Agreement.

"Obligations" means (a) any and all of the indebtedness, liabilities, covenants, promises, agreements, terms, conditions, and other obligations of every nature whatsoever, whether joint or several, direct or indirect, absolute or contingent, liquidated or unliquidated, of Mortgagor to Mortgagee, or any one of them, evidenced by, secured by, under and as set forth in this Mortgage, the Agreement and the other Loan Documents; (b) any and all other indebtedness, liabilities and obligations of every nature whatsoever (whether or not otherwise secured or to be secured) of Mortgagor (whether as maker, endorser, surety, guarantor or otherwise) to Mortgagee, relating to the Loan, whether now existing or hereafter created or arising or now owned or howsoever hereafter acquired by Mortgagee, or any one of them, whether such indebtedness, liabilities and obligations are or will be joint or several, direct or indirect, absolute or contingent, liquidated or unliquidated, matured or unmatured; together with all expenses and attorneys' fees incurred by Mortgagee in the preparation, execution, perfection or enforcement of any document relating to any of the foregoing; and (c) any and all Future Advances.

"Permitted Encumbrances" means those matters, if any, to which the Real Property is subject and which have been approved by Mortgagee.

"Person" means any individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, governmental authority, or any other form of entity.

"Personal Property" means all of the following property of Mortgagor located at or related to the ownership, development, management or operation of the Land: (a) all Improvements and landscaping; (b) all Fixtures and goods to become Fixtures; (c) Gross Revenues; (d) all goods, including, without limitation, all machinery, equipment, furniture, furnishings, building supplies and materials, appliances, business machines, tools, aircraft and motor vehicles of every kind and description and all warranties and guaranties for any of the foregoing; (e) all Leases and Rents; (f) all judgments, awards of damages and settlements from any condemnation or eminent domain proceedings regarding the Mortgaged Property; (g) all unearned premiums from all insurance policies relating to the Project and all loss proceeds thereof; (h) the rights of Mortgagor under, in and to any management contracts, service contracts, advertising contracts, contracts for purchase and sale of any of the Mortgaged Property, purchase orders, equipment leases, monies in escrow accounts, reservation agreements, prepaid expenses, deposits and down payments with respect to the sale or rental of any of the Mortgaged Property; (i) all inventory, including, without limitation, all goods held for sale or lease or to be furnished under contracts of service, raw materials, work in process and materials to be used or consumed in the Mortgagor's business; (j) all of the Mortgagor's right to receive payments from any source and for any reason (whether characterized as accounts, chattel paper, choses-in-action, contract rights, general intangibles, instruments, notes or otherwise) including, without limitation, the Mortgagor's right to receive payments for goods and other products sold or leased or for services rendered, whether or not earned by performance or recognized or billed by the Mortgagor, including but not limited to tax refunds, deposits, and bank accounts; (k) all of the Mortgagor's receivables, chattel paper, notes, securities, and instruments, including the right to receive payments thereunder; (l) all of the Mortgagor's general intangibles, including without limitation copyrights, trademarks, trade names, service marks, patent drawings, designs and formulas; (m) all of the Mortgagor's contract rights including, without limitation, the Mortgagor's rights under distribution contracts, franchise agreements, license agreements, sales contracts, unfilled customer orders, and lease agreements; and (n) all proceeds, products, replacements, additions, betterments, extensions, improvements, substitutions, renewals and accessions of any and all of the foregoing.

"Rents" means all of the rents, royalties, issues, revenues, income, profits and other benefits now or hereafter arising from the Mortgaged Property or the ownership, occupancy, use and enjoyment thereof.

SECTION 1.2 Headings. The Article headings and the Section and Subsection titles hereof are inserted for convenience of reference only, and shall in no way alter or modify the text or substance of such Articles, sections and Subsections.

## ARTICLE II GRANT

SECTION 2.1 Grant. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the payment, observance, performance and discharge of the Obligations, Mortgagor does by these presents give, transfer, grant, bargain, sell, alien, remise, release, assign, mortgage, hypothecate, deposit, pledge, set over, confirm, convey and warrant unto Mortgagee the Mortgaged Property, whether now owned or held or hereafter acquired

by Mortgagor, subject however, to the Permitted Encumbrances, to have and to hold the Mortgaged Property unto Mortgagee, its successors and assigns forever.

SECTION 2.2 Condition of Grant. The condition of these presents is such that if Mortgagor shall pay, observe, perform and discharge the Obligations, or cause same to be paid, observed, performed and discharged in strict accordance with the terms thereof, then this Mortgage and the estates, interests and rights granted hereby shall be null and void, but otherwise shall remain in full force and effect.

SECTION 2.3 Subrogation. Mortgagee is hereby subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured by this Mortgage.

### **ARTICLE III** **ASSIGNMENT OF LEASES AND RENTS**

SECTION 3.1 Assignment. This Mortgage constitutes an absolute assignment of the Leases, Rents and any and all security and other deposits (the "deposits") all under or with respect to the Leases. From time to time, upon request of Mortgagee, Mortgagor shall specifically assign to Mortgagee as additional security for the Obligations, by an assignment in writing in form and content approved by Mortgagee, the Leases, Rents and the deposits, and shall also execute and deliver to Mortgagee any notification, financing statements, or other documents reasonably required by Mortgagee to further evidence the assignment of the Leases, Rents and deposits under the Leases.

SECTION 3.2 Provisions of Leases and Approval of Tenants. All Leases shall be inferior and subordinate to the lien of this Mortgage and the terms of each Lease shall so expressly provide. Mortgagor covenants that all Leases hereafter entered into by Mortgagor shall be in form and substance satisfactory to Mortgagee.

SECTION 3.3 Termination or Modification. Mortgagor covenants that it shall not, without the prior express written consent of Mortgagee, enter into a Lease or modify, terminate, extend, amend or consent to the cancellation or surrender of any Lease.

SECTION 3.4 No obligation of Mortgagee. This assignment shall not be deemed or construed to constitute Mortgagee as a mortgagee in possession of the Mortgaged Property nor shall it obligate Mortgagee to take any action or to incur expenses or perform or discharge any obligation, duty or liability of Mortgagor under any Lease.

### **ARTICLE IV** **SECURITY AGREEMENT**

SECTION 4.1 Grant of Security. This Mortgage shall, in addition to constituting a mortgage, constitute a security agreement within the meaning of the Uniform Commercial Code-Secured Transactions as adopted by the State of Florida (the "UCC") with respect to the Personal Property. Mortgagor hereby grants Mortgagee a security interest in and to the Personal Property for



the benefit of Mortgagee to secure the payment, observance, performance and discharge of the Obligations.

The Mortgagor hereby authorizes the Mortgagee to file financing statements, amendments, continuation statements, notices and any other documents required by applicable law reciting this Mortgage to be a security agreement affecting all of the Personal Property pursuant to the UCC, in such form as Mortgagee may require to perfect or continue the perfection of this security interest, and Mortgagor agrees, if Mortgagee so requests, to execute and deliver to Mortgagee such financing statements, continuation statements and amendments. Mortgagor shall pay all filing costs and all costs and expenses of any record searches for financing statements that Mortgagee may require. Without the prior written consent of Mortgagee, Mortgagor shall not create nor permit to exist any other lien or security interest in any of the Personal Property.

Mortgagor represents and warrants that PUBLIC SAFETY ACADEMY HOUSING, INC. is the correct legal name of the Mortgagor and that Mortgagor is duly organized, validly existing and in good standing under the laws of the State of Florida. Mortgagor agrees to promptly notify the Mortgagee of any change in the name, address, organization or structure of the Mortgagor at least sixty (60) days prior to any such change and Mortgagor will promptly execute any financing statements, amendments, continuation statements or other instruments reasonably deemed necessary by Mortgagee to prevent any filed financing statement from becoming misleading or losing its perfected status as a result of any such change. Mortgagor shall provide to Mortgagee an opinion of counsel in the event of any change in location of organization or any change in the name of the Mortgagor. Such opinion shall state in essence that Mortgagee's lien continues to be perfected and that all required filings are accurate and complete under the current filing requirements in the relevant jurisdiction for this Loan.

SECTION 4.2 Multiple Remedies. Upon the occurrence of an Event of Default, Mortgagee shall have the remedies of a secured party under the UCC, in addition to all remedies provided by this instrument or under applicable law. In exercising any remedies, Mortgagee may exercise its remedies against the Personal Property separately or together, and in any order, without in any way affecting the availability of Mortgagee's other remedies.

## **ARTICLE V**

### **CERTAIN AFFIRMATIVE COVENANTS**

SECTION 5.1 Payment and Performance. Mortgagor shall promptly pay and punctually perform, or shall cause to be promptly paid and punctually performed, all of the Obligations as and when due and payable or performable.

SECTION 5.2 Compliance With Laws. Mortgagor shall promptly and faithfully comply with, conform to and obey all laws and governmental requirements and insurance requirements that may be applicable to Mortgagor or to the Mortgaged Property or to the use or manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Mortgaged Property, whether or not such governmental requirement or rule or regulation shall necessitate

structural changes or improvements or interfere with the use or enjoyment of the Mortgaged Property.

SECTION 5.3 Impositions. Mortgagor shall promptly pay all Impositions on the Mortgaged Property (including the Leases and the Rents), this Mortgage, the Obligations or any one of them. Mortgagor shall deliver to Mortgagee, on or before a date thirty (30) days prior to the last non-delinquent payment date, tax receipts evidencing the payment of all ad valorem taxes upon the Mortgaged Property for each applicable calendar year, and shall deliver to Mortgagee receipts evidencing the payment of all other Impositions relating to the Mortgaged Property (including the Leases and the Rents), this Mortgage or any Obligation within thirty (30) days after same become due and payable or before same shall become delinquent, whichever is sooner.

SECTION 5.4 Maintenance Repair. Mortgagor shall keep the Mortgaged Property in good order and condition and make all necessary or appropriate repairs and replacements thereof and betterments and improvements thereto, ordinary and extraordinary, foreseen and unforeseen, and use its best efforts to prevent any act that might impair the value or usefulness of the Mortgaged Property.

SECTION 5.5 Performance of Other Agreements. Mortgagor shall duly and punctually perform all covenants, terms and agreements expressed as binding upon it under any Lease, Permitted Encumbrance, or any other agreement of any nature whatsoever binding upon it with respect to the Mortgaged Property.

SECTION 5.6 Contest of Tax Assessments, Etc. After prior written notice to Mortgagee, Mortgagor, at its own expense, may contest by appropriate legal proceedings, promptly initiated and conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of: (a) any of the governmental requirements referred to in section 5.2; or (b) any Imposition; provided that (i) in the case of any unpaid Imposition, such proceedings shall suspend the collection thereof from Mortgagor and from the Mortgaged Property; (ii) the Mortgaged Property will not be in danger of being sold, forfeited, terminated, canceled or lost; (iii) the use of the Mortgaged Property for its present or future intended purpose or purposes will not be interrupted, jeopardized, lost or terminated; (iv) Mortgagor shall have set aside adequate reserves with respect thereto; and (v) Mortgagor shall have furnished such security as may be required in the proceedings or as may be reasonably requested by Mortgagee.

SECTION 5.7 Expenses. Mortgagor shall pay or reimburse Mortgagee for all costs, charges, expenses, and attorneys' fees paid or incurred by Mortgagee in any action, proceeding or dispute of any kind in which Mortgagee is a party because of the failure of any Obligation to be duly and promptly paid or otherwise performed and discharged, including, but not limited to, the foreclosure or other enforcement of this Mortgage, any condemnation or eminent domain action involving the Mortgaged Property or any part thereof, any action to protect the security hereof, or any proceeding in receivership, probate, reorganization or bankruptcy. All such amounts paid or incurred by Mortgagee shall bear interest at the Default Rate from the date incurred by Mortgagee, and such amounts and the interest thereon shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately, whether or not there be notice or demand therefor.

SECTION 5.8 Further Assurances. Mortgagor at its sole expense, upon the request of Mortgagee, will make, execute, acknowledge and deliver to Mortgagee and, where appropriate, shall cause to be recorded or filed and from time to time thereafter to be re-recorded or re-filed at such time and in such offices and places as shall be deemed desirable by Mortgagee, any and all such further mortgages, instruments of further assurance, certificates and other documents as may, in the opinion of Mortgagee, be necessary, desirable or proper in order to effectuate, complete, or perfect, or to continue and preserve: (a) the Obligations of Mortgagor under this Mortgage and any Obligations secured hereby; and (b) the lien of this Mortgage as a lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by Mortgagor, including, without limitation, any proceeds, renewals, additions, substitutions, replacements, products, betterments, accession and appurtenances thereto and thereof. Upon any failure by Mortgagor to do so, Mortgagee may make, execute, record, file, re-record or re-file any and all such mortgages, instruments, certificates and documents for and in the name of Mortgagor.

SECTION 5.9 After Acquired Property. All right, title and interest of Mortgagor in and to any estate or interest in the Mortgaged Property in whole or in part superior to the estate or interest mortgaged hereby and all right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to Mortgagor or constructed, assembled or placed by Mortgagor on the Land, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described in the granting clause hereof, but at any and all times Mortgagor will execute and deliver to Mortgagee any and all such further assurances, mortgages, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

## **ARTICLE VI**

### **CERTAIN NEGATIVE COVENANTS**

SECTION 6.1 Care of the Mortgaged Property. (a) Mortgagor shall not commit or permit any waste, impairment, or deterioration of the Mortgaged Property, or (except as may be provided for in the Agreement) perform any clearing, grading, filling or excavation of the Mortgaged Property, or make or permit to be made to the Mortgaged Property any alterations or additions that would have the effect of materially diminishing the value thereof (in Mortgagee's reasonable business judgment) or take or permit any action that will in any way increase any ordinary fire or other hazard arising out of the construction or operation thereof. (b) Mortgagor shall not, without the prior written consent of Mortgagee, remove, demolish or substantially alter, or permit the removal, demolition or substantial alteration of, any Improvements on the Land. In the event such consent is given and if any work to be performed shall involve an estimated expenditure of more than \$100,000, no such work shall be undertaken until plans and specifications therefor, prepared by an architect satisfactory to Mortgagee, shall have been submitted to and approved in writing by Mortgagee. (c) Mortgagor shall not permit any of the Fixtures or Personal Property to be demolished or to be removed from the Land, without the prior written consent of Mortgagee. In the event such consent is given,

Mortgagee may require that said Fixture or Personal Property be replaced by an article of equal suitability and value, owned by Mortgagor free and clear of any vendor's lien, chattel mortgage, security interest or superior title of any kind, except such as may be approved in writing by Mortgagee, and that the replacement article be encumbered by the lien of this Mortgage. Notwithstanding the foregoing, Mortgagor may remove or demolish any Fixture or Personal property without first obtaining Mortgagee's prior written consent provided (i) the value of such article does not exceed in value at the time of disposition thereof \$50,000 for any single item, or a total of \$100,000 in any one year for all such items; and (ii) that said article is replaced and subject to the lien of this Mortgage as aforesaid.

## **ARTICLE VII** **EVENTS OF DEFAULT**

Each and every one of the following constitutes an Event of Default under this Mortgage:

SECTION 7.1 Failure to Pay. If an Obligation or any installment thereof is not paid as and when due and payable.

SECTION 7.2 Failure to Perform. If any Obligation (other than an Obligation requiring the payment of money or the occurrence of any event described in Sections 7.3 through 7.6 inclusive) is not duly and promptly performed or if any negative covenant contained in Article VII hereof is violated, and such non-performance or violation is not curable, or if curable continues for a period of fifteen (15) Business Days after written notice thereof from Mortgagee to Mortgagor.

SECTION 7.3 False Representation. If any representation or warranty made in this Mortgage or any other Loan Document by or on behalf of Mortgagor is at any time inaccurate, false, misleading, or breached.

SECTION 7.4 Foreclosure of Other Liens. If the holder of any mortgage or other lien on the Mortgaged Property, whether a Permitted Encumbrance or not (without hereby implying Mortgagee's consent to any such mortgage or other lien), institutes foreclosure or other proceedings for the enforcement of any of its remedies thereunder.

SECTION 7.5 Invalid Undertaking or Statutory Changes. The entry by any court of last resort of a decision that an undertaking by Mortgagor as herein provided to any Obligation or Imposition is legally inoperative or cannot be enforced, or in the event of the passage of any law changing in any way or respect the laws now in force for the taxation of mortgages or debts secured thereby for any purpose or the manner of collection of any such taxes, so as to affect adversely this Mortgage or the Obligations secured hereby unless Mortgagor can and does in a proper and legal manner, pay any and all sums of whatever kind which may be incurred or charged under such new or modified laws.

SECTION 7.6 Sale or Transfer. If any sale, lease, conveyance, exchange, assignment, encumbrance, mortgage or other transfer of the Mortgaged Property or any interest therein (legal or

beneficial) is made (whether by gift, bequest, operation of law, merger, acquisition, consolidation or any other method or manner whatsoever) without the prior written consent of Mortgagee.

SECTION 7.7 Default Under Loan Document. Any default in the performance or observance of any of the other Loan Documents which is not cured within the applicable cure period of the other Loan Documents.

## **ARTICLE VIII REMEDIES**

SECTION 8.1 Remedies. The rights and remedies of Mortgagee under this Mortgage or any other Loan Document or applicable law shall be cumulative and concurrent and may be pursued separately, successively or together against the Mortgagor, the Mortgaged Property, any other collateral for the Obligations, or any one or more of the foregoing, all at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by law. Mortgagee's pursuit of any remedy shall not preclude pursuit of any other remedy until Mortgagee shall have recovered all sums due Mortgagee, together with the appropriate interest thereon and all costs of collection, including attorney's fees and appellate attorney's fees, with interest thereon. Neither Mortgagor nor anyone claiming through or under Mortgagor shall set up, claim or seek to take advantage of any appraisal, valuation, stay, moratorium, extension, exemption or redemption laws, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the sale of the Mortgaged Property. To the maximum extent permitted by law, the Mortgagor, for itself and all who may claim through or under any of it, hereby severally waives the benefit of all such laws and waives any and all rights to have the Mortgaged Property or any other collateral for the Obligations marshalled upon any foreclosure of this Mortgage or any other instrument securing the Obligations, and hereby agrees that the Mortgaged Property and any such other collateral may be sold as an entirety or in such parcels, in such manner and in such order as Mortgagee in its sole discretion may elect.

SECTION 8.2 Default Rate of Interest. In case an Event of Default shall have occurred and be continuing, then, upon written demand of Mortgagee, Mortgagor will pay to Mortgagee the whole amount which then shall have become due and payable on the Obligations and after the happening of said Event of Default will also pay to Mortgagee interest at the Default Rate on the then unpaid balance of the Obligations.

## **ARTICLE IX MISCELLANEOUS**

SECTION 9.1. Special Provisions. The undersigned persons executing this Mortgage certify, covenant and affirm that the indebtedness evidenced by the aforesaid Note made by Public Safety Academy Housing, Inc. and secured by this Mortgage and the pledging of property owned by the Borrower hereinabove described as collateral security for said loan, have been duly authorized and approved by the governing body of the Borrower, and those persons executing on behalf of the Borrower warrant and covenant that all real estate owned by the Borrower is and shall be held in the name of the Borrower, and that Borrower has been duly authorized to execute this Mortgage.

SECTION 9.2. No Illegal Interest. All agreements between the Mortgagor and Mortgagee under this Mortgage are expressly limited so that in no contingency or event will the amount paid or agreed to be paid under this Mortgage by Mortgagor for the use, forbearance or detention of money exceed the highest lawful rate of interest permissible under law as determined by a court of competent jurisdiction. If, from any circumstances whatsoever, fulfillment of any provisions of this Mortgage or of any other agreement existing between the Mortgagor and Mortgagee at the time performance of the provisions are due, will involve payment of interest at a rate which exceeds the highest lawful rate as so determined, then ipso facto the obligation to be fulfilled will be reduced to the highest lawful rate, (the interest which is not due as a result of the reduction will be referred to as the "Foregone Interest") provided that if later the highest lawful rate is greater than the rate of interest hereunder or under such other agreement (without regard to this adjustment), then the rate of interest under such other agreement will be increased to the highest lawful rate, and the interest payable solely as a result of the increase will be applied to the payment of the Foregone Interest and will be paid to the Mortgagee until the amount of the Foregone Interest is paid in full. If from any circumstances, the Mortgagee ever receives interest, in an amount exceeding the highest lawful rate, the portion which would be excessive interest will be applied to the reduction of the unpaid principal balance due hereunder or under such other agreement and not to the payment of interest. Nothing contained in this Section will be deemed to create a defense to the payment of sums coming due under this Mortgage or under any other agreement existing between the Mortgagor and Mortgagee where no defense exists at law, as for example, where corporations are barred from asserting the defense of usury or in a case where no limit exists upon the rate of interest which may be charged.

SECTION 9.3 Survival of Warranties and Covenants. The warranties, representations, covenants and agreements set forth in this Mortgage shall continue in full force and effect until all of the Obligations have been paid and performed in full.

SECTION 9.4 Notice. Any notice, demand or other communication (each a "notice") required or permitted to be given hereunder to Mortgagor or Mortgagee will be in writing, and will be sent by personal delivery, commercially recognized express mail or express delivery service (which obtains receipt), or by registered or certified U.S. mail, return receipt requested, addressed to the respective party at the address indicated below, or to such other address as may hereafter be indicated by at least ten (10) days prior written notice delivered in accordance with the terms hereof to the other party:

If to the Mortgagor:       Public Safety Academy Housing, Inc.  
                                  c/o Pat Thomas Law Enforcement Academy  
                                  Attention: James Murdaugh  
                                  85 Academy Drive  
                                  Havana, Florida 32333

If to the Mortgagee to its assignee under the Assignment:

                                  Capital City Bank  
                                  Attention: William D. Colledge  
                                  P.O Box 900  
                                  Tallahassee, Florida 32302

Notice will be deemed given on the date of receipt (or on the date of refusal to accept delivery or inability to effect delivery because of change of address without prior notice).

SECTION 9.5 Mortgagee's Right to Pay and Perform. If Mortgagor shall fail to duly pay or perform any of the Obligations required by this Mortgage, then at any time thereafter without notice to or demand upon Mortgagor, and without waiving or releasing any right, remedy, or power of Mortgagee, and without releasing any of the Obligations or any Event of Default, Mortgagee may pay or perform such Obligation for the account of and at the expense of Mortgagor, and shall have the right to enter and to authorize others to enter upon the Mortgaged Property for such purpose and to take all such action thereon and with respect to the Mortgaged Property as may be necessary or appropriate for such purpose. All payments made and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee, together with interest thereon at the Default Rate from the date incurred by Mortgagee, shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately, whether or not there be notice, demand, an attempt to collect same, or suit pending.

SECTION 9.6 Covenants Running with the Land. All covenants contained in this Mortgage shall be binding on Mortgagor and shall run with the Land.

SECTION 9.7 Successors and Assigns. All of the terms of this Mortgage shall apply to and be binding upon, and inure to the benefit of, the heirs, devisees, personal representatives, successors and assigns of Mortgagor and Mortgagee, respectively, and all persons claiming under or through them.

SECTION 9.8 Invalidity. (a) If any one or more of the provisions contained in this Mortgage is declared or found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such provision or portion thereof shall be deemed stricken and severed and the remaining provisions hereof shall continue in full force and effect. (b) If any one or more of the Obligations is declared or found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining Obligations shall continue in full force and effect.

SECTION 9.9 Waivers, Extensions, Modifications and Amendments. This Mortgage, the Note and all other Loan Documents can be extended, modified or amended only in writing executed by Mortgagee and none of the rights or benefits of Mortgagee can be waived permanently except in a written document executed by Mortgagee. Mortgagor acknowledges Mortgagor's understanding that no officer or administrator of Mortgagee has the power or the authority from Mortgagee to make an oral extension or modification or amendment of any such instrument or agreement on behalf of Mortgagee.

SECTION 9.10 Applicable Law; Venue Jurisdiction. This Mortgage shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Florida (excluding the principles thereof governing conflicts of law) and the laws of the United States applicable to transactions in the State of Florida. Mortgagor and Mortgagee agree to submit to the personal jurisdiction of Florida courts and that the venue of any such litigation shall be in Gadsden County, Florida.

SECTION 9.11 Strict Performance. It is specifically agreed that time is of the essence as to all matters provided for in this Mortgage and that no waiver of any Obligation hereunder or secured hereby shall at any time thereafter be held to be a waiver of the Obligations.

SECTION 9.12 Entire Agreement and Modification. The Loan Documents contain the entire agreements between the parties relating to the subject matter hereof and thereof, and all prior agreements relative thereto which are not contained herein or therein are terminated.

[Remainder of page intentionally left blank.]



SIGNATURE PAGE FOR LEASEHOLD MORTGAGE AND SECURITY AGREEMENT

IN WITNESS WHEREOF, Mortgagor has executed this instrument as of the day and year first above written.

PUBLIC SAFETY ACADEMY HOUSING, INC.

Signed, sealed and delivered in the presence of:

Crystalyn Carey  
(1st Witness-Signature)

Crystalyn Carey  
(1st Witness-Printed Name)

Vicki C Robinson  
(2nd Witness-Signature)

Vicki C Robinson  
(2nd Witness-Printed Name)

By: William D. Law, Jr.  
William D. Law, Jr.  
President

STATE OF FLORIDA  
COUNTY OF GADSDEN

The foregoing instrument was acknowledged before me by William D. Law, Jr. as President of Public Safety Academy Housing, Inc., a Florida non-profit corporation, on behalf of said corporation, on the 17th day of May, 2004. Such person is ( ) personally known to me; or (x) produced 72 ID as identification.



Vicki C. Robinson  
MY COMMISSION # DD251184 EXPIRES  
September 22, 2007  
BONDED THRU TROY FAYN INSURANCE, INC.

Vicki C Robinson  
Notary Public: State of Florida  
Name: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_  
My Commission number: \_\_\_\_\_

# Exhibit A

A PARCEL OF LAND IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 3 WEST, GADSDEN COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT A CONCRETE MONUMENT MARKING THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 25, TOWNSHIP 2 NORTH, RANGE 3 WEST, GADSDEN COUNTY, FLORIDA; THENCE NORTH 00°02'44" WEST ALONG THE WEST LINE OF SAID NORTHEAST QUARTER 808.80 FEET TO THE POINT OF BEGINNING. FROM SAID POINT OF BEGINNING THENCE CONTINUE NORTH 00°02'44" WEST ALONG THE WEST LINE OF SAID NORTHEAST QUARTER 535.58 FEET; THENCE LEAVING SAID WEST LINE SOUTH 40°57'34" EAST 279.79 FEET; THENCE NORTH 35°33'04" EAST 313.85 FEET; THENCE NORTH 38°37'53" WEST 240.85 FEET; THENCE NORTH 51°22'07" EAST 584.17 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF U.S. HIGHWAY 90; THENCE SOUTH 38°37'53" EAST ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY 574.17 FEET; THENCE LEAVING SAID SOUTHWESTERLY RIGHT-OF-WAY SOUTH 51°22'07" WEST 264.00 FEET; THENCE NORTH 83°53'32" WEST 411.06 FEET; THENCE SOUTH 35°33'04" WEST 331.78 FEET; THENCE SOUTH 51°14'29" EAST 139.48 FEET; THENCE SOUTH 13°59'24" EAST 276.02 FEET; THENCE NORTH 81°06'18" WEST 402.37 FEET TO THE POINT OF BEGINNING.

Parcel Identification Number: 3252NW3W00001300000

**LOAN AGREEMENT**

**by and between**

**GADSDEN COUNTY, FLORIDA**

**and**

**PUBLIC SAFETY ACADEMY HOUSING, INC.**

**Dated as of May 1, 2004**

---

The interest of Gadsden County, Florida (the "Issuer") in this Loan Agreement (the "Agreement") has been assigned (except for the rights of and amounts payable to the Issuer under Sections 4.2(c), 5.1(c), 6.15, 7.2, 8.2, 8.4, 10.1 and 10.2 of this Agreement, all rights to indemnification and rights to receive costs, fees, and expenses of the Issuer and the right to receive notices and to consent to amendments under this Agreement) pursuant to the Assignment of Loan Documents dated as of the date of this Agreement from the Issuer to Capital City Bank (the "Bank") and is subject to the security interest of the Bank, as assignee of the Issuer.

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**LOAN AGREEMENT**

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## **LOAN AGREEMENT**

THIS LOAN AGREEMENT (this "Agreement") is dated as of May 1, 2004 and is between Gadsden County, Florida (the "Issuer"), a political subdivision of the State of Florida, and Public Safety Academy Housing, Inc., a Florida not-for-profit corporation (the "Borrower").

### **RECITALS:**

(A) The Issuer is authorized and empowered by the provisions of Chapter 125, Florida Statutes, as amended and Ordinance No. 04-001 enacted February 3, 2004 (the "Ordinance") (collectively, the "Act") to issue revenue bonds to finance and reimburse the costs of capital projects including all appurtenances, facilities and equipment incidental thereto, all as further provided in the Act for the purpose of fostering economic development, improving the living conditions and otherwise contributing to the welfare of the State of Florida and its people;

(B) The Issuer proposes to issue its \$9,000,000 Gadsden County, Florida Revenue Bonds, Series 2004 (Public Safety Academy Housing, Inc. Project) (the "Bonds"), and to loan the proceeds thereof to the Borrower for the purpose of (i) paying all or any part of the cost of issuance of the Bonds, (ii) paying a part of the cost of the construction of an 81,000 square foot dormitory building to be occupied by students of the Pat Thomas Law Enforcement Academy to be located in Gadsden County, Florida, and (iii) paying any other cost permitted by applicable law, and the Borrower desires to borrow the proceeds of the Bonds from the Issuer upon the terms and conditions provided herein;

(C) The Borrower proposes to execute and deliver its assignable Promissory Note dated May 21, 2004 pursuant to which the Borrower promises to pay all amounts due to the Issuer under this Agreement and to repay the loan in amounts and at times necessary to enable the Issuer to pay all the amounts due under the Bonds, when and as such payments are due, and further proposes to enter into such other covenants and agreements as provided herein;

(D) The Borrower proposes to execute and deliver to the Issuer its assignable Leasehold Mortgage and Security Agreement dated as of May 1, 2004 (the "Mortgage") pursuant to which the Borrower grants the Issuer a security interest as described therein.

For and in consideration of the recitals and the mutual covenants contained in this Agreement, the parties agree as follows:



## **ARTICLE I DEFINITIONS**

The following words and phrases will have the following meanings:

"Act" means Chapter 125, Florida Statutes, as amended and the Ordinance.

"Agreement" means this Loan Agreement, and any amendments and supplements thereto.

"Assignment" means the Assignment of Loan Documents from the Issuer to the Bondholder, dated as of May 1, 2004, and any amendments and supplements thereto.

"Bank" means Capital City Bank, its successors and assigns.

"Bonds" means the \$9,000,000 Gadsden County, Florida Revenue Bonds, Series 2004 (Public Safety Academy Housing, Inc. Project).

"Bond Counsel" means Nabors, Giblin & Nickerson, P.A.; or an attorney at law or firm of lawyers of recognized expertise in matters pertaining to the debt obligations issued by states and their political subdivisions, including the taxation of payments of interest on debt obligations, acceptable to the Issuer and the Bondholder.

"Bondholder" means, initially, the Bank and, subsequently, the Person or Persons in whose name or names the Bonds are registered with the Registrar.

"Borrower" means (i) Public Safety Academy Housing, Inc., a Florida not-for-profit corporation, and its successors and assigns, and (ii) any surviving, resulting or transferee entity.

"Borrower Representative" means at any time the Person or Persons designated to act on behalf of the Borrower by written certificate furnished to the Bondholder and signed on behalf of the Borrower by a duly authorized officer.

"Building" means, collectively, the 81,000 square foot 200 bed student dormitory facility for students enrolled at the Pat Thomas Law Enforcement Academy, together with any other buildings and facilities presently existing and to be acquired, constructed, and equipped on the Real Property.

"Business Day" means any day except any Saturday or Sunday or a day on which banks are authorized to be closed in the city in which the Bondholder has its principal office.

"Capital Additions" means all property or interests in property, real, personal and mixed (a) which may be financed under the Act, (b) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Project or financing the acquisition of additional property or facilities to be added to Project, (c) which are acquired or constructed by or for the Borrower, and (d) the cost of which is properly capitalized under GAAP.

"Clerk" means the Clerk and any Deputy Clerk of the Issuer authorized to attest to the seal of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated under or applicable to each. All references to Code sections include successor or replacement provisions.

"Collateral" means (a) the Mortgaged Property as defined in the Mortgage; (b) all proceeds of the Bonds, including all amounts in the Project Fund; (c) any and all other, further or additional title, estate, interest or right which may at any time be acquired by the Borrower in or to the Collateral or any portion of each; (d) all other property interests (whether real or personal, tangible or intangible) at any time and from time to time constituting security for the payment and performance of any obligation arising under the Bonds, this Agreement, or any other Loan Document; and (e) the proceeds from the sale of each or of the products from each.

"Consultant" means any professional consultant having skill and experience necessary to render the particular report or undertake the particular activity for the purposes provided in this Agreement, which consultant will have no interest, direct or indirect, in the Issuer or the Borrower, and will be acceptable to the Borrower and the Bondholder.

"Costs of Issuance" means all expenses incurred in connection with the issuance of the Bonds including, but not limited to, filing fees (including fees related to compliance with state securities laws), counsel fees (including Bond Counsel, Issuer's counsel, Bondholder's counsel, and Borrower's counsel), accountants' fees, costs of printing and engraving, costs of obtaining government approvals, and costs of surveys and engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to those related solely to the Project rather than the Bonds).

"Costs of the Project" means the actual costs of labor, materials, demolition, land improvements, utility installation, stormwater management, architectural and engineering services, land acquisition costs and other work to be performed and costs incurred in connection with the construction and completion of the Project including interest accruing on the Bonds during construction to the extent permitted to be financed pursuant to the provisions of the Act and the Code.

"Counsel" means an attorney at law or law firm which is satisfactory to the Bondholder.

"Default" or "Event of Default" mean any occurrence or event specified and defined by Section 8.1.

"Default Rate" means the lesser of 18% per annum or the highest interest rate permitted by law.

"Determination of Taxability" has the meaning set forth in the Bonds.

"Equipment" means the items of machinery, equipment and other tangible personal property which have been or are to be acquired with proceeds of the Bonds or are otherwise to be acquired

and installed or located in the Real Property and any item of machinery, equipment, or other tangible personal property which may be acquired and installed or located on the Real Property, in substitution therefor, or in addition thereto, including any such item which may be affixed or attached to realty, and renewals and replacements of any of the foregoing, except any such item as may be released pursuant to this Agreement, or taken by the exercise of the power of eminent domain, all as they may, at any time, exist.

"Event of Bankruptcy" means, with respect to the Borrower, the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Borrower under the United States Bankruptcy Code, or any other applicable bankruptcy, insolvency, reorganization, or similar law, whether federal or state, as now or later in effect, or the application by the Borrower for, or acquiescence by the Borrower in the appointment of, any trustee, receiver, or liquidator of all or any substantial part of the Borrower's properties; provided, however, that the involuntary commencement of a bankruptcy or similar proceeding against the Borrower, or the appointment of a receiver or liquidator of the Borrower without the consent or acquiescence of the Borrower will not constitute an Event of Bankruptcy unless the proceeding or appointment will not have been terminated, vacated or stayed within ninety (90) days after the occurrence of the event.

"Fair Market Value" means (i) with respect to real property, the market value for such property as evaluated by an independent MAI real estate appraiser appointed by the Borrower and satisfactory to the Bondholder and (ii) with respect to property other than real property, the reasonable market value of such property as determined by the Borrower with the consent of the Bondholder. Whenever the Fair Market Value of property is required to be evaluated pursuant to this Agreement, such evaluation shall be made in writing and delivered to the Bondholder.

"Fiscal Year" means the fiscal year of the Borrower.

"Foregone Interest" means Foregone Interest as defined in Section 4.4.

"GAAP" means generally accepted accounting principles consistently applied.

"Governing Body" means the Board of Directors of the Borrower.

"Independent Public Accountant" means an independent accounting firm including certified public accountants which is appointed by the Borrower for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Borrower, has all certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature and is not unsatisfactory to the Bondholder.

"Interest Rate" means, for each Bond, 5.45%, subject to adjustment as set forth in the form of the Bonds.

"Issuer" means Gadsden County, Florida.

"Issuer Representative" means, at any time, the Person or Persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Borrower and the Bondholder.

"Loan" means the loan by the Issuer to the Borrower pursuant to Section 4.1.

"Loan Documents" means this Agreement, the Note, the Mortgage, the Assignment and all other instruments contemplated by or executed in connection with the transactions contemplated by this Agreement.

"Loan Repayments" means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to this Agreement and the Note.

"Mortgage" means that certain Leasehold Mortgage and Security Agreement dated as of May 1, 2004 executed contemporaneously with this Agreement.

"Note" means that certain Promissory Note dated May 21, 2004 executed contemporaneously with this Agreement pursuant to which the Borrower has promised to pay the Issuer all amounts due to the Issuer under this Agreement and to repay the Loan in amounts and at times necessary to enable the Issuer to pay all the amounts due under the Bonds, when and as such payments are due.

"Obligation" means any obligation of the Borrower for the payment of money, including without limitation (i) indebtedness for borrowed money, (ii) purchase money obligations, (iii) leases evidencing the acquisition of capital assets, (iv) reimbursement obligations and (v) guarantees of any such obligation of a third party, but excluding (a) obligations under contracts for supplies, services and pensions allocable to current operating expenses during the current or future Fiscal Years in which the supplies are to be delivered, the services rendered or the pensions paid, (b) rentals payable in the current or future Fiscal Years under leases not intended to evidence the acquisitions of capital assets and (c) contracts to which the Bondholder has consented.

"Ordinance" means Ordinance No. 04-001 enacted by the Issuer on February 3, 2004.

"Payment Date" means (i) the 1st day of each month commencing July 1, 2004, or (ii) any other day on which interest or principal on the Bonds is due, whether upon proceedings for redemption or otherwise, and (iii) the date of maturity of the Bond.

"Permitted Encumbrances" means the encumbrances upon the Real Property described in Section 6.11.

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

"Project" means the Building and all improvements now or hereafter located thereon and the Equipment.

"Real Property" means the real estate described in Exhibit "A" attached hereto.

"Registrar" means Capital City Bank or any subsequent registrar appointed by the Issuer.

"Regulatory Body" means any federal, state or local government, department, agency, authority or instrumentality (other than the Issuer) and other public or private body, including accrediting organizations, having regulatory jurisdiction and authority over the Borrower or its facilities or operations.

"Security Interest" means the security interest in the Collateral created pursuant to the Mortgage.

"State" means the State of Florida.

"Taxable Rate" shall have the meaning given to that term in the Bond.

"Tax Exemption Agreement and Certificate" means the Tax Exemption Agreement and Certificate executed by, respectively, the Issuer and the Borrower in connection with the issuance of the Bonds.

**ARTICLE II**  
**REPRESENTATIONS, COVENANTS AND WARRANTIES**

SECTION 2.1. Representations, Covenants and Warranties of Issuer. The Issuer represents, covenants and warrants that:

(a) The Issuer is a political subdivision existing pursuant to the Constitution and laws of the State. Pursuant to the Act, the Issuer is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations under this Agreement. The Issuer has been duly authorized to execute and deliver this Agreement, and the execution and delivery of this Agreement will not contravene any provision of any judgment, order or decree to which the Issuer is a party, or constitute a breach or default under any contract, agreement or other instrument to which the Issuer is a party.

(b) The Issuer has not and will not pledge the amounts payable pursuant to this Agreement, except as security for the Bonds and except as provided in the Assignment to the Bondholder.

(c) All actions of the Issuer with respect to the issuance of the Bonds occurred at meetings held after notice given in accordance with the Issuer's procedures and applicable law, which were open to the public and at which quorums were present and acting throughout, and said actions appear of public record in the minutes of the Issuer.

(d) There is no action, suit or proceeding pending (i.e., with respect to which service of process on the Issuer has been perfected) or, to the knowledge of the Issuer, threatened, against the Issuer, before any court, governmental department, commission, board or other federal, state, county, municipal or other instrumentality, agency or authority which could adversely affect the power, authority or ability of the Issuer to perform the obligations and agreements of the Issuer as provided or referred to in this Agreement.

SECTION 2.2. Representations, Covenants and Warranties of Borrower. The Borrower represents, covenants and warrants as follows:

(a) The Borrower is a not-for-profit corporation organized and in good standing under the laws of the State, and is a direct support organization of Tallahassee Community College pursuant to Section 240.331, Florida Statutes, with full power and authority to enter into this Agreement and to perform its obligations hereunder.

(b) Its execution and delivery hereof and performance of its obligations hereunder have been authorized by all necessary corporate or other action and do not and will not conflict with or constitute a breach under its Articles of Incorporation or By-Laws, any other organizational instrument, or under any bond, indenture, agreement, instrument, law, regulation, ruling, order or consent decree by which it is bound or to which it or its properties are subject.

(c) (i) It has made application to the Internal Revenue Service for a determination that it is an organization described in Section 501(c)(3) of the Code which is exempt from federal income

taxes under Section 501(a) of the Code and which is not a "private foundation" as such term is defined under Section 509(a) of the Code; (ii) the Borrower has made application for a letter or letters from the Internal Revenue Service to that effect and copies of such letters will be furnished to the Issuer and the Bondholder immediately upon receipt, (iii) the Borrower will comply with all terms, conditions and limitations, if any, required as a condition to recognition of such exempt status by the Internal Revenue Service; and (iv) the facts and circumstances which form the basis of such status of the Borrower as represented in its application to the Internal Revenue Service for recognition of exempt status continue substantially to exist.

(d) All necessary action on the part of it relating to the authorization of its execution and delivery of this Agreement and related documents and its performance of its duties and obligations contained herein have been duly taken.

(e) It has or expects to have available to it sufficient resources to perform the duties imposed by this Agreement and hereby covenants to perform all obligations herein set forth as they become due.

(f) There are no actions, suits or proceedings pending or, to the knowledge of it, threatened against or affecting it, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality which, if determined adversely to it, would have a materially adverse effect on the value of its assets, the results of its operations, its income, or its ability to perform its obligations hereunder.

(g) It is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any evidence of indebtedness or in any contract or lease to which it is a party, which would, individually or in the aggregate, have a materially adverse effect on the value of its assets, the results of its operations or its income. Neither the execution and delivery of this Agreement by it, nor the consummation of the transactions herein contemplated by it, nor compliance by it with the terms and provisions of this Agreement will violate the provisions of any applicable law or any applicable order or regulation of any governmental authority having jurisdiction over it and will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which it is now a party, or constitute a default thereunder, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of it, except as contemplated hereby.

(h) It has not incurred any material accumulated funding deficiency within the meaning of the Employee Retirement Income Security Act of 1974, as amended nor incurred any material liability to the Pension Benefit Guaranty Corporation established under such Act (or any successor thereto under such Act) in connection with any employee benefit plan established or maintained by it, which deficiency or liability, together with all other such deficiencies and liabilities, would have a materially adverse effect on the value of its assets, the results of its operations, or its income.

(i) The Borrower is lawfully seized of a valid leasehold interest in the Real Property for a period of not less than 21 years.

(j) The financing statements when duly filed will perfect in the Issuer (except to the extent that a security interest in any item of Collateral can only be perfected by possession) a valid and enforceable first lien on the Collateral superior to all other liens and encumbrances thereon other than Permitted Encumbrances.

(k) The Mortgage perfects in the Issuer a valid and enforceable first lien on the Borrower's leasehold interest in the Real Property, superior to all other liens and encumbrances thereon other than Permitted Encumbrances.

(l) It agrees that it will take any actions and expend any sums as are necessary to comply with the requirements of any governmental authorities that may be imposed from time to time as conditions of operation of the Project.

(m) It will, at or prior to the delivery of the Bonds, provide to the Issuer all information necessary to enable the Issuer to comply with the filing requirements of Section 149(e) of the Code.

(n) There are no other obligations of a state, territory or possession of the United States of America, or any political subdivision of any of each that have been or will be issued within thirty-one (31) days of the date of this Agreement, that have been or will be sold pursuant to a common plan of marketing with the Bonds, that do or will bear substantially the same rate of interest as the Bonds, and that will be or may be paid from substantially the same source of funds as the Bonds.

### **ARTICLE III PERMANENT FINANCING OF THE PROJECT; ISSUANCE OF THE BONDS**

SECTION 3.1. Financing of the Project. The Borrower shall use the proceeds derived from the sale of the Bonds to construct, furnish and equip the Project which shall be owned by the Borrower. In the event proceeds derived from the sale of the Bonds are not sufficient for such purposes, the Borrower shall use an amount of its own funds as are, together with the proceeds of the Bonds, sufficient for such purposes. The proceeds of the Bonds shall be disbursed pursuant to the provisions of Section 4.5 below.

SECTION 3.2. Agreement To Issue Bonds; Application of Bond Proceeds. In order to provide funds for payment and reimbursement of the Costs of the Project, and to provide funds for the payment of the Costs of Issuance, the Issuer, concurrently with the execution and delivery of this Agreement, will issue, sell and deliver the Bonds to the Bondholder in exchange for the purchase price of the Bonds and will loan all of the proceeds of the sale to the Borrower.

SECTION 3.3. Authorized Aggregate Principal Amount of Bonds. No bond may be issued as provided in this Agreement except in accordance with this Article. The total principal amount of the Bonds that may be issued is expressly limited to \$9,000,000.



SECTION 3.4. Issuance and Term of Bonds.

(a) Interest Rate.

- (i) Method of Calculation. Interest on the Bonds will be calculated based upon a year of 360 days and actual days elapsed.
- (ii) Interest Rate. Except as otherwise provided in the Bonds, the Bonds will bear interest at the Interest Rate.
- (iii) Taxable Rate. During all times that interest on the Bonds is subject to federal income tax, the Interest Rate on the Bonds will be the Taxable Rate.
- (iv) Default Rate. Upon the occurrence of and during the continuation of an Event of Default, the Interest Rate on the Bonds will be the Default Rate.

(b) Principal and Interest Payments. The interest and principal of the Bonds shall be due and payable, as provided in the Bonds.

SECTION 3.5. Execution of Bonds. The Bonds will be executed on behalf of the Issuer with the manual signature of the Chairman of the Issuer and will have impressed or imprinted on the Bonds the official seal of the Issuer and be attested with the manual signature of the Clerk.

SECTION 3.6. Form of Bonds. The Bonds will be in the form provided as Exhibit "E" to the Ordinance.

SECTION 3.7. Delivery of Bonds. Upon the execution and delivery of this Agreement, the Issuer will execute and deliver the Bonds to the Bank as Bondholder. Prior to the delivery of the Bonds to the Bank there will be filed with the Bank:

- (a) A copy, duly certified by the Clerk of the Issuer, of the Ordinance adopted by the Issuer authorizing the issuance of the Bonds and the execution and delivery of this Agreement.
- (b) Original executed counterparts of this Agreement, the Mortgage and the Assignment.
- (c) Opinions of Bond Counsel and Borrower's counsel in form and substance satisfactory to the Issuer and the Bank.
- (d) Such other certificates, instruments and opinions reasonably required by the Bank.

SECTION 3.8. Mutilated, Lost, Stolen or Destroyed Bonds. In the event a Bond is mutilated, lost, stolen or destroyed, the Issuer will, unless the Issuer has notice that the Bond has been acquired by a bona fide purchaser, execute and the Registrar will authenticate a new Bond in the same principal amount of the mutilated, lost, stolen or destroyed Bond after the Registrar has obtained evidence satisfactory to it that the Bond was lost, stolen, or destroyed, or in the case of a mutilated Bond, receiving and destroying a mutilated Bond, and after such Bondholder has furnished

the Registrar and Issuer such security and indemnity as is satisfactory to them. In the event the Bond has matured or been called for prepayment, instead of issuing a duplicate Bond, the Registrar, on behalf of the Issuer, may pay the Bond without surrender, making such requirements as it deems fit for its protection and that of the Issuer, including the furnishing of evidence and indemnity the same as in the case of the issuance of a new Bond.

SECTION 3.9. Registration and Transfer of Bonds; Persons Treated as Bondholders. So long as the Bonds remain unpaid, the Issuer will cause books for the registration and transfer of the Bonds to be maintained and kept at the principal office of the Registrar as agent of the Issuer. Each Bond may only be transferred as a single Bond to an "Accredited Investor" as defined in Rule 501(a) promulgated pursuant to the Securities Act of 1933. Upon a request for transfer and surrender of a Bond to the Registrar, the Issuer shall execute and deliver and the Registrar shall register and authenticate a new Bond registered in the name of the transferee of an initial aggregate principal amount equal to the unpaid principal amount of the Bond presented and surrendered for transfer.

In all cases in which a Bond is transferred under this Agreement, the Issuer will execute and deliver a new Bond in accordance with the provisions of this Agreement. In each case, the Issuer or the Bondholder, as the case may be, may require: (i) the payment by the transferee requesting transfer of any tax charge required to be paid by the Issuer or other governmental unit with respect to such transfer; (ii) the payment by the transferee of any expenses incurred by the Issuer in connection with such transfer and such charge will be paid before a new Bond is issued; and (iii) that the transferee execute an investment letter in form and substance reasonably acceptable to the Issuer as a condition to transfer of the Bond.

The Person in whose name a Bond is registered will be deemed and regarded as the absolute owner for all purposes, and payment of principal and interest on the Bond will be made only to or upon the written order of the Bondholder. All payments will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

SECTION 3.10. Destruction of Bonds. Whenever a Bond is delivered to the Registrar for cancellation pursuant to this Agreement upon payment of the principal amount and interest, or for replacement pursuant to this Agreement, or otherwise, the Bond will be promptly canceled and transmitted to the Registrar who will cremate or otherwise destroy the Bond.

SECTION 3.11. Redemption and Prepayment. The Bonds may only be redeemed and prepaid as provided in the Bonds.

SECTION 3.12. Not General Indebtedness of the Issuer. The Bonds, the premium, if any, and interest thereon shall not be deemed or constitute a debt, liability or obligation of Gadsden County, Florida or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues provided therefor, and neither the faith and credit nor any taxing power of Gadsden County, Florida or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

**ARTICLE IV**  
**LOAN OF PROCEEDS TO THE BORROWER; LOAN PROVISIONS**

SECTION 4.1. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement, to lend to the Borrower the proceeds received by the Issuer from time to time from the sale of the Bonds. The proceeds will be disbursed to or on behalf of the Borrower by the Bank as provided herein and used by the Borrower to construct the Project which shall be owned by the Borrower. The Borrower and the Issuer agree that all amounts paid by the Bank to the Issuer as the aggregate purchase price for the Bonds will be deemed simultaneously loaned from time to time by the Issuer to the Borrower so that the amount of the Loan is equal to the then aggregate purchase price paid by the Bank for the Bonds. The initial purchase price paid by the Bank for the Bonds and for loan to the Borrower shall be not less than the total principal amount advanced by the Bank for the Bonds on the closing date.

SECTION 4.2. Amounts Payable; Payments Assigned. In consideration of the making of the Loan, the Borrower promises to make Loan Repayments to the Issuer as follows:

(a) The Borrower covenants, agrees and promises to pay on or before each Payment Date, so long as the Bonds remain unpaid, interest and principal on the Loan in an amount equal to the interest and principal then due and payable on the Note and all other amounts due under the Note.

(b) The Borrower also covenants, agrees and promises to pay or cause to be paid, as due and payable, the Costs of Issuance of the Bonds, if any, in excess of the amounts payable and to be paid from proceeds of the Bonds and covenants, agrees and promises to pay or cause to be paid all other amounts due the Bank or the Issuer under this Agreement or any other Loan Document.

(c) The Borrower will also pay the reasonable fees and expenses, including but not limited to attorneys' and paralegals' fees and court costs, of the Bondholder incurred in connection with its ownership of the Bonds, and of the Issuer, the reasonable fees, and expenses to be paid directly to the Bondholder and the Issuer, for their own account, as and when the reasonable fees and expenses become due and payable.

(d) In the event the Borrower fails to make any of the payments required in this Section, the item or installment in Default will continue as an obligation of the Borrower until the amount in Default is fully paid, and will, until paid, bear interest, payable to the original obligee of the payment, at the Default Rate.

(e) It is understood and agreed that all payments payable by the Borrower under this Section 4.2 (except amounts payable to the Issuer under Section 4.2(c)) are assigned by the Issuer to the Bondholder pursuant to the Assignment as security for payments due from the Issuer under the Bonds and this Agreement. The Borrower consents to the assignment. The Issuer directs the Borrower and the Borrower hereby agrees to make all payments payable by the Borrower pursuant to this Agreement directly to the Bondholder at the office of the Bondholder provided in this Agreement, except that payments due to the Issuer under Section 4.2(c) above shall be payable directly to the Issuer at the office of the Issuer provided in this Agreement.

SECTION 4.3. Obligations of Borrower Unconditional. The Obligations of the Borrower to make the payments required in this Agreement and to perform and observe the other agreements contained in this Agreement and in the other Loan Documents will be absolute and unconditional and will not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Bondholder of any obligation to the Borrower, whether under this Agreement or otherwise, or out of any indebtedness or liability at any time owing to the Borrower by the Issuer or the Bondholder, and until the principal of and interest on the Bonds and any other payments due the Issuer and the Bondholder under the Loan Documents have been fully paid or provision for the payment made, the Borrower will not suspend or discontinue any payments provided for in this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Issuer or the Bondholder to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section will be construed to release the Issuer or the Bondholder from the performance of any of the agreements on their part contained in this Agreement, and in the event the Issuer or the Bondholder fails to perform any agreement on their part, the Borrower may institute any action against the Issuer or the Bondholder as the Borrower may deem necessary to compel performance so long as the action does not abrogate the obligations of the Borrower contained in this Agreement. The Borrower may, however, at the Borrower's own cost and expense and in the Borrower's own name prosecute or defend any action or proceeding or take any other action involving third Persons which the Borrower deems reasonably necessary in order to secure or protect the Borrower's right of possession, occupancy and use of the Project.

SECTION 4.4. No Illegal Interest. All agreements between the Issuer and the Borrower under this Agreement are expressly limited so that in no contingency or event will the amount paid or agreed to be paid under this Agreement by the Borrower for the use, forbearance or detention of the money to be advanced under this Agreement exceed the highest lawful rate of interest permissible under law as determined by a court of competent jurisdiction. If, from any circumstances whatsoever, fulfillment of any provisions of this Agreement or of any other agreement existing between any or all of the Issuer, the Bondholder and the Borrower, at the time performance of the provisions are due, will involve payment of interest at a rate which exceeds the highest lawful rate as so determined, then ipso facto the obligation to be fulfilled will be reduced to the highest lawful rate, (the interest which is not due as a result of the reduction will be referred to as the "Foregone Interest") provided that if later the highest lawful rate is greater than the rate of interest on the Loan (without regard to this adjustment), then the rate of interest on the Loan will be increased to the highest lawful rate, and the interest payable solely as a result of the increase will be applied to the payment of the Foregone Interest and will be paid to the Bondholder until the amount of the Foregone Interest is paid in full. At such time as all Foregone Interest shall have been paid, the rate of interest on the Loan (and the Bonds) shall be readjusted to the stated rate of interest. If from any circumstances, the Issuer or the Bondholder ever receives interest, in an amount exceeding the highest lawful rate, the portion which would be excessive interest will be applied to the reduction of the unpaid principal balance due under this Agreement and not to the payment of interest.

Nothing contained in this Section will be deemed to create a defense to the payment of sums coming due under this Agreement or under any other agreement existing between the Issuer and the Borrower where no defense exists at law, as for example, where corporations are barred from asserting the defense of usury or in a case where no limit exists upon the rate of interest which may be charged.

SECTION 4.5. Disbursements.

(a) The Bank will disburse a portion of the purchase price of the Bonds at closing in an amount approved by the Bank to pay Costs of Issuance and to pay Costs of the Project previously incurred by the Borrower. The remaining purchase price of the Bonds will be paid by the Bank to the Borrower for Costs of the Project from time to time as set forth herein.

(b) The Bank may require that the Borrower pay up to \$-0- of its own funds for Costs of the Project before any proceeds of the Bonds are used for Costs of the Project. Borrower agrees that the construction of the Project and the disbursement of the funds for Costs of the Project shall be governed by the Bank's usual and customary construction loan procedures. The Borrower shall maintain detailed records as to the specific items or services paid for with monies disbursed for Costs of the Project.

(c) Disbursements will be based on architectural certifications of completion. The architect must be approved by the Bank, and all inspection costs must be borne by the Borrower.

(d) No further disbursements will be made after the maximum purchase price of the Bonds (\$9,000,000) has been paid by the Bank.

**ARTICLE V  
INSURANCE AND CONDEMNATION**

**SECTION 5.1.     Insurance to be Maintained.**

(a) Subject to the further provisions of this Section 5.1, the Borrower covenants to provide and maintain continuously the following insurance requirements unless modified with the consent of the Bondholder. The Borrower shall annually (or as reasonably requested by the Bondholder) provide to the Bondholder satisfactory evidence to it of the maintenance of such insurance in the form of a certificate of the insurer clearly evidencing the Bondholder's interest.

(i) Insurance against loss and/or damage to the Project under a policy or policies in form and amount covering such risks as are ordinarily insured against by similar facilities, including without limiting the generality of the foregoing, builder's risk, fire, lightning, windstorm, hurricane, water damage, flood and uniform standard extended coverage endorsements, limited only as may be provided in the standard form of extended coverage endorsements at the time in use in the State. Such insurance shall be for an amount equal to the greater of (A) the replacement value of the Project or (B) the aggregate principal amount of the Bonds. Additionally, the Borrower shall provide and maintain all risk insurance coverage on such classes of equipment at the replacement value or in such lesser amounts as agreed by the Bondholder.

(ii) Public liability insurance and comprehensive automobile liability insurance protecting the Bondholder and the Borrower, as their interests may appear, against liability for injuries to Persons and/or property, in the amount of \$1,000,000 for each claim and \$1,000,000 in the aggregate.

(iii) Workers' compensation and employer's liability insurance meeting the Borrower's statutory obligations.

(iv) Boiler and machinery coverage (direct damage and use and occupancy) in the amount of \$300,000 or such reduced amount as approved by the Bondholder.

Each of the foregoing shall name the Bondholder as an additional insured party. The insurance described in paragraph (i) above shall name the Bondholder as first mortgagee under a standard mortgagee loss payable clause to the extent of the Bondholder's interest and copies of the policy for such insurance and the appropriate indorsement shall be delivered to the Bondholder on or before the closing date.

(b) All policies of insurance required under this Agreement will be written by carriers approved by the Bondholder and shall be in form and substance acceptable to the Bondholder. All policies and bonds required above shall provide that coverage shall not be reduced or canceled without thirty (30) days prior written notice to the Bondholder.

(c) Anything to the contrary herein notwithstanding, the Borrower shall hold the Issuer and the Bondholder harmless and without liability for any claim whatsoever arising as the result, directly or indirectly, of insufficient insurance under this Section 5.1. The Borrower further agrees

to indemnify and save harmless the Issuer and its members and the Bondholder and their respective officers, employees and agents against any and all losses, injuries, claims or damages to Persons or property, demands and expenses, including legal expenses, of whatsoever kind and nature and by whomsoever made arising from or in any manner directly or indirectly growing out of (a) the use and occupancy or nonuse of the Project or any equipment thereon or used in connection therewith by anyone whomsoever, (b) any repairs, construction, restoration, replacements, alterations, remodeling on or to the Project, or any part thereof, or any equipment therein or thereon, and (c) the condition of the Project including any adjoining sidewalks, ways or alleys and any equipment at any time located thereon or used in connection therewith.

SECTION 5.2. Casualty Insurance Proceeds and Condemnation Awards. The Borrower shall notify the Bondholder of any damage to or destruction of all or any portion of the Project and any condemnation or other similar taking (or conveyance in lieu thereof) of all or any portion of the Project. The Borrower shall, with notice to the Bondholder, be entitled to settle all claims under policies of insurance maintained pursuant to Section 5.1(a)(i) and (a)(iv) hereof and all claims for condemnation awards (or similar amounts) in respect of the Project. The net proceeds of any such claims shall be applied as follows unless the Bondholder otherwise consents:

(i) Such amounts shall be deposited with the Bank or its designee and applied to the reconstruction, replacement or repair of the affected property under the procedures set forth in Section 4.5, if such action is both practicable and financially feasible, provided that no such reconstruction, replacement or repair shall be required (but may be undertaken) if it is unnecessary;

(ii) Any amounts not permitted or required to be applied to the reconstruction, replacement or repair of the affected property shall be applied to the redemption of principal of the Bonds; and

(iii) Any amounts not permitted or required to be applied pursuant to subparagraphs (i) and (ii) above may be used for such lawful purposes as the Borrower shall determine.

SECTION 5.3. Other Insurance Proceeds.

(a) In addition to its rights under Section 5.1 hereof, the Borrower shall be entitled, with notice to the Bondholder, to settle all claims under all other policies and fidelity bonds maintained pursuant to Section 5.1 hereof.

(b) The proceeds of liability insurance policies shall be applied to the payment of the judgments and settlements covered thereby.

(c) Fidelity bond proceeds shall be applied to the restoration of the funds in respect of which such proceeds are received.

## ARTICLE VI SPECIAL COVENANTS

SECTION 6.1. No Warranty of Condition or Suitability by Issuer, or Assurance of Loan Repayment. The Issuer makes no warranty, either express or implied, as to the legality of the Project or the condition of the Project, or that the Project will be suitable for the purposes or needs of the Borrower or that the Borrower will repay the loan.

SECTION 6.2. Further Assurances and Corrective Instruments. The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, supplements to this Agreement and further instruments as may reasonably be required for carrying out the expressed intention of this Agreement and the Assignment. Without limiting the generality of the foregoing, the Borrower will sign any papers furnished by the Issuer or the Bondholder which are necessary in the reasonable judgment of the Issuer or the Bondholder to obtain, maintain, and perfect the Security Interest or to ensure that interest on the Bonds continues to be excluded from gross income of the Bondholder for purposes of federal income taxation. Upon any failure by the Borrower to do so, the Issuer or the Bondholder may make, execute and deliver any and all supplements and instruments for and in the name of the Borrower. The Borrower irrevocably appoints the Bondholder agent and attorney-in-fact of the Borrower to do all things necessary to effectuate or assure compliance with this Section.

SECTION 6.3. Issuer, Borrower Representatives. Whenever under the provisions of this Agreement the approval of the Issuer or the Borrower is required, or the Issuer or the Borrower is required to take some action at the request of the other, the approval or request will be given for the Issuer by the Issuer Representative and for the Borrower by the Borrower Representative; the Bondholder and any party to this Agreement will be authorized to act on any approval or request.

SECTION 6.4. Mortgage, Security Interest and Assignment. Pursuant to the Mortgage and as collateral security for all of the obligations of the Borrower under this Agreement and under the other Loan Documents, the Borrower has bargained, mortgaged, sold, pledged and assigned, granted and conveyed to the Issuer in fee simple, a continuing security interest in, the Collateral, to have and to hold forever upon the terms and conditions of this Agreement to secure (i) the repayment of the Loan, (ii) the payment and performance of all other indebtedness, liabilities and obligations of the Borrower under the other Loan Documents, (iii) the payment of the principal of and interest on the Bonds, and (iv) all costs incurred by the Issuer and/or the Bondholder to collect and enforce the obligations of the Borrower under this Agreement and under the other Loan Documents, and maintain and preserve the Collateral, including specifically, but without limitation, all taxes, assessments, reasonable attorneys' and legal assistants' fees and legal expenses and expenses of sale.

The Issuer will assign this Agreement, the Mortgage (including the Security Interest), the Note and other Loan Documents, without recourse, to the Bondholder. The Borrower acknowledges that their right, title and interest in and to the Collateral are and will be subject to the Security Interest and the rights, remedies and powers of the Issuer and the Bondholder under this Agreement.

The Borrower agrees to deliver possession of the Collateral and to execute any and all financing statements, continuation statements and security agreements as are necessary to perfect and



to continue the perfection of the Security Interest. Regardless of the form of any endorsement by the Borrower, the Borrower waives presentment, demand, notice of dishonor, protest, notice of protest and all other notices with respect to the Security Interest.

The Borrower agrees that, upon request of the Issuer or the Bondholder, the Borrower will, within fifteen (15) days after the end of each of its Fiscal Years, furnish to the Bondholder and to the Issuer a certificate, signed by the Borrower Representative certifying that any delivery of possession and filings necessary to maintain and continue the perfection of the Security Interest have been made.

The Borrower irrevocably authorizes the Issuer and the Bondholder at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements, amendments, continuation statements, notices or other instruments required by applicable law that (a) describe the personal property constituting collateral for the Loan regardless of whether any particular asset comprised in such collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such other jurisdiction, and (b) provide any other information required by Part 5 of Article 9 of the Uniform Commercial Code of the State or such other jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Borrower is an organization, the type of organization and any organizational identification number issued to the Borrower, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which such collateral relates. The Borrower agrees to furnish any such information to the Issuer and the Bondholder promptly upon request. The Borrower also agrees to notify the Issuer and the Bondholder of any change in the name, address, organization or structure of the Borrower at least sixty (60) days prior to any such change and Borrower shall promptly execute any financing statements or other instruments reasonably deemed necessary to prevent any filed financing statement from becoming misleading or losing its perfected status as a result of such change.

The Borrower further agrees that in the event of a Default under this Agreement, the Issuer, the Bondholder and their assigns may reduce their claims to judgment, foreclose or otherwise enforce the Security Interest by any legally available procedure and use any proceeds from each for payment of principal of and interest on the Loan and for all other payments due thereunder irrespective of any other remedies exercised by the Issuer or the Bondholder.

**SECTION 6.5. Purchase of Bonds in Event of Invalidity.** Upon the occurrence of an Adjudication of Invalidity (defined below), the Borrower will, to the extent permitted by law, purchase the Bonds from the Bondholder at a price of the principal amount together with interest accrued to the purchase date or, at the option of the Bondholder, will execute loan documents directly to the Bondholder in substantially the same form as this Agreement and the other relevant Loan Documents. "Adjudication of Invalidity," as used in this Agreement, means a final, unappealable adjudication by any court of competent jurisdiction that a Bond is invalid or in any manner unenforceable for any reason whatsoever, including, without limitation, any invalidity or irregularity in any statutory or other proceedings relating to the formation or existence of the Issuer, to the issuance of the Bonds or to the execution and delivery of the Agreement or the Assignment. The Borrower will promptly notify the Bondholder in writing of its knowledge of the existence of any Adjudication of Invalidity.

SECTION 6.6. Borrower Books and Records; Audits. The Borrower covenants to keep accurate records and books of account with respect to its financial condition and operations and to have its financial statements examined annually by an Independent Public Accountant. The Borrower will maintain a system of accounting in accordance with GAAP. The Borrower shall provide the Bondholder with copies of the following items:

(a) Within 120 days after the end of each Fiscal Year, its financial statements and any Independent Public Accountant's report thereon prepared in accordance with generally accepted accounting principles and accompanied by a certificate of its Independent Public Accountants or the Borrower's Representative preparing its statements addressed to the Bondholder stating that either (i) during the course of preparation of the financial statements nothing came to their attention which led them to believe that it was in default under this Agreement or any other Loan Document or (ii) the value and extent of any matter which led them to believe that such default had occurred; and

(c) Such other financial information as the Bondholder shall reasonably request from time to time.

SECTION 6.7. Construction, Operation and Maintenance. The construction contract for the Project must be approved by the Bank and assigned to the Bank. The contractor must provide a performance bond and materials and labor bond acceptable to the Bank. The Borrower covenants that it shall not commit or suffer any stripping or waste of the Project and that, at all times during the term of this Agreement, it shall maintain the Project in good repair and operating condition, operate the same continuously in an economical and efficient manner, and make all ordinary repairs, renewals, replacements and improvements in order to maintain adequate service; provided, however, that with the consent of the Bondholder the foregoing shall not apply to any portion of the Project which, in the judgment of the Governing Body of the Borrower as reflected in a resolution of such body, is not reasonably necessary for the proper and economical operation of the Project.

SECTION 6.8. Compliance with Laws. The Borrower covenants and represents that all actions heretofore and hereafter taken by it upon the recommendation or request of any officer of it to acquire and carry out any Capital Addition, including the making of contracts, have been and will be in full compliance with all pertinent laws, ordinances, rules, regulations and orders applicable to it, including but not limited to the prompt payment of taxes when due. In connection with the operation, maintenance, repair and replacement of the Project, the Borrower covenants that it shall comply in all material respects with all applicable ordinances, laws, rules, regulations and orders of any Regulatory Body and any reasonable requirement of any board of fire underwriters having jurisdiction or of any insurance company writing insurance on the Project. The Borrower further covenants and represents that the Project is and shall be in compliance with all applicable zoning, subdivision, building, land use and similar laws and ordinances. The Borrower covenants that it shall not take any action or request the Issuer or any other governmental unit or the Bondholder to execute any release which would cause the Project to be in violation of such laws or ordinances or such that a conveyance of the Project or of any portion of the Project would create a violation of such laws and ordinances. Notwithstanding the foregoing, nothing herein shall prevent or prohibit the Borrower from contesting in good faith and by appropriate proceedings the legality or reasonableness of any such standards, or the imposition of any such standards upon it with respect to the Project, so long as, in the judgment of the Bondholder, the operation of the Project or the receipt of income

therefrom or the security interest created hereunder or the Borrower's ability to make the payments required hereunder would not be materially adversely affected by reason thereof.

SECTION 6.9. Existence, Powers and Tax-Exempt Status. The Borrower agrees that throughout the term of this Agreement:

(a) It shall not carry on or permit to be carried on in the Project or any other property now or hereafter owned by the Borrower (or with the Collateral, the Bond proceeds or the proceeds of any loan refinanced with the Bond proceeds whether or not in the Project) any activity or any trade or business the conduct of which is not substantially related (aside from the need of the Borrower for income or funds or the use it makes of the profits derived) to the exercise or performance by the Borrower of purposes or functions described in Section 501(c)(3) of the Code if such use would cause the interest paid by the Issuer on the Bonds to be includable in gross income for federal income tax purposes in the hands of the owners thereof.

(b) It will not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances would adversely affect the validity of the Bonds or cause the interest paid by the Issuer on the Bonds to be includable in gross income for federal income tax purposes in the hands of the owners thereof or would cause the Bondholder to be subject to intangible taxes pursuant to Chapter 199, Florida Statutes.

(c) It (i) will maintain its existence; (ii) will not, without the prior written consent of the Bondholder, make any change in the name under which it does business prior to completion of all documentation necessary to insure that the Bondholder's Security Interest remains intact; (iii) will maintain its status as exempt from federal income tax under Section 501(c)(3) of the Code; (iv) other than as specified in this Section, will not make a material change in the nature of its business, sell any asset deemed by the Bondholder to be necessary for the successful operation of its business; or guarantee or make any loans or advances to any Person (other than loans or advances to employees made in the ordinary course of business), or make any investment in any Person; and (v) will not encumber, sell, transfer or convey all or any part of the Project without the Bondholder's consent.

SECTION 6.10. Permitted Obligations. The Borrower covenants that it will not incur any Obligations in addition to the Bonds, secured by this Collateral, unless the Bondholder consents in writing.

SECTION 6.11. Permitted Encumbrances. The Borrower will not create or suffer to be created or exist upon the Real Property any mortgage or other lien, security interest or other similar right or interest, servitude, easement, right-of-way, license, encumbrance, irregularity or defect in title, cloud on title, restriction, reservation or covenant running with the land, other than as created by this Agreement and other than Permitted Encumbrances. For the purposes hereof, Permitted Encumbrances shall include the following:

(a) Liens arising by reason of good faith deposits with the Borrower in connection with tenders, leases of real estate or tangible personal property, bids or contracts (other than contracts for the payment of money), deposits by the Borrower to secure public or statutory obligations, or to

secure or in lieu of, surety, performance, labor, materials, bid, stay, appeal or other similar bonds, and deposits as security for the payment, of taxes or assessments or other similar charges;

(b) Any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license.

(c) Any judgment lien against the Borrower so long as (i) the finality of such judgment is being contested in good faith and execution thereon is stayed, or (ii) if in the opinion of the Bondholder, in the absence of such a contest and stay, neither the pledge and security interest of the Mortgage nor any material property of the Borrower will be materially impaired or subject to material loss or forfeiture;

(d) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any property, to (i) terminate such right, power, franchise, grant, license or permit without cause, provided that the exercise of such right would not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof; or (ii) purchase, condemn, appropriate or recapture, or designate a purchaser of such property;

(e) Any liens on any property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen and laborers for work or services performed or materials furnished in connection with such property, and landlord's liens (i) which are not due and payable or are not delinquent, (ii) the amount or validity of which are being contested in good faith and on which execution is stayed or (iii) if in the opinion of the Bondholder, the existence of which will not materially impair the Borrower's ability to meet its obligations hereunder and under the Bonds and the pledge and security interest of the Mortgage or subject any material property of the Borrower to material loss or forfeiture;

(f) Easements, rights-of-way, restrictions, servitudes, licenses, covenants running with the land and other minor defects, encumbrances, and irregularities in the title to any property which do not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof or the security interest created hereunder;

(g) Rights reserved to or vested in any municipality or public authority to control or regulate any property or the use thereof, or to use such property in any manner, which rights do not materially impair the use of such property for its intended purposes or materially and adversely affect the value thereof;

(h) Any lien, mortgage or security interest existing on the date hereof and described in Exhibit "B" attached hereto;

(i) Any lien, security interest or encumbrance granted pursuant to the Mortgage; and

(j) Any liens or other encumbrances consented to by the Bondholder.

SECTION 6.12. Sale, Lease or Other Disposition of Assets. The Borrower shall not sell, lease or otherwise dispose of any of its assets to any other Person unless permitted in Section 6.11 hereof or unless:

- (a) The sale is of property not constituting Real Property for Fair Market Value;
- (b) The sale or exchange is of investment assets at Fair Market Value in the normal course of business of the Borrower;
- (c) The sale is of personal property in the ordinary course of business which has become obsolete and which is replaced; or
- (d) The sale or transfer is made with the consent of the Bondholder.

SECTION 6.13. Consolidation, Merger, Transfer or Acquisition.

(a) The Borrower will not merge or consolidate with, transfer all or substantially all of its assets to, or acquire all or substantially all of the assets of, any Person, without the prior written consent of the Bondholder.

(b) Any Person which succeeds to and assumes the obligations of the Borrower pursuant to subsection (a) above shall be required to execute and deliver to the Bondholder such documents and instruments as are, in the opinion of Counsel to the Bondholder, necessary or appropriate for the purpose of effectuating such succession and assumption.

SECTION 6.14. Inspection of Real Property. The Borrower covenants that the Bondholder by its duly authorized representatives, at reasonable times and upon reasonable notice, may inspect any part of the Real Property.

SECTION 6.15. Additional Information. The Borrower agrees, whenever reasonably requested by the Issuer or the Bondholder, to provide and certify or cause to be provided and certified such information concerning it, the Project, its finances and other topics as the Issuer or the Bondholder consider necessary to enable counsel to either issue opinions and otherwise advise the Issuer or the Bondholder as to the transaction or the capacity of the parties to enter into the same or to enable it to make any reports or supply any information required by this Agreement, law, governmental regulation or otherwise.

The Borrower agrees to provide and certify or cause to be provided and certified such information concerning the Project, the Borrower, or the finances of the Borrower as the Bondholder shall request. The Borrower further covenants and agrees to notify the Bondholder, within ten (10) days of the occurrence thereof, of any Event of Default or any event which on the passage of time or the giving of notice will become an Event of Default.

SECTION 6.16. Cooperation in Filing Reports. The Borrower agrees that it will cooperate with the Issuer and the Bondholder in the preparation and filing of any information, report

or other document with respect to the Bonds which may at any time be required, in the judgment of the Issuer, to be filed with the Internal Revenue Service pursuant to federal tax laws.

SECTION 6.17. Compliance with Tax Requirements. The Borrower covenants and agrees with the Issuer and for the benefit of the Bondholder from time to time of the Bonds, to comply with the requirements applicable to the Bonds contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Code to the extent necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Borrower covenants and agrees:

(a) To pay on behalf of the Issuer to the United States of America at the times and in the amounts required pursuant to Section 148(f) of the Code;

(b) To maintain and retain all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as will be necessary to comply with the Code;

(c) To refrain from using proceeds from the Bonds in a manner that would cause the Bonds to not be "qualified 501(c)(3) bonds" under Section 145 of the Code.

(d) To take or refrain from taking any action that would cause the Bonds to become arbitrage bonds under Section 103(b) and Section 148 of the Code; and

(e) Comply with the requirements set forth in the Tax Exemption Agreement and Certificate.

The Borrower understands that the foregoing covenants impose continuing obligations on it to comply with the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of the Code so long as the requirements are applicable, notwithstanding the termination of this Agreement or the payment of all amounts due and owing the Bondholder or the Issuer hereunder.

Unless otherwise provided in the Tax Exemption Agreement and Certificate, the Borrower will have the duty and obligation to designate a certified public accountant, Bond Counsel, or other Consultant (the "Tax Analyst") to make any and all calculations required pursuant to this Section or such Tax Exemption Agreement and Certificate. The calculations will be made in the manner and at the times specified in the Code and the Tax Exemption Agreement and Certificate. The Borrower will engage and be responsible for paying the fees and expenses of the Tax Analyst, if any.

The Issuer agrees to cooperate reasonably with the Borrower to enable the Borrower to perform its obligations pursuant to this Section, but any expenses incurred by Issuer shall be paid by the Borrower.

SECTION 6.18. Management and other Changes. Without the written consent of the Bondholder, the Borrower will not make a material change in the nature of its business, sell any asset deemed by the Bondholder to be necessary for the successful operation of its business, make any change in the name under which it does business, or guarantee or make any loans or advances to any

Person (other than loans or advances to employees in the ordinary course of business), or make any investment in any Person (other than investments in the ordinary course of business).

**ARTICLE VII**  
**ASSIGNMENT, LEASING AND INDEMNIFICATION**

SECTION 7.1. Assignment. This Agreement may not be assigned, and/or the Borrower's interest in the Collateral transferred or encumbered as a whole or in part (provided that this Section does not limit the Borrower's right to make transfers that comply with Section 6.12), without the necessity of obtaining the prior written consent of the Issuer, but only upon satisfaction of each of the following conditions:

(a) The assignee or transferee will assume the obligations of the Borrower under this Agreement and other Loan Documents to the extent of the interest assigned or transferred, including, but not limited to, the representations, warranties, and covenants contained in Section 2.2;

(b) The Borrower, prior to any assignment, transfer or encumbrance becoming effective, will obtain the written opinion of Bond Counsel addressed to the Bondholder and the Issuer, that any assignment, transfer, or encumbrance will not in and of itself adversely affect the validity of the Bonds or the exclusion from gross income of the Bondholder for federal income tax purposes of interest on the Bonds;

(c) The assignee or transferee will provide an opinion of Counsel for such assignee or transferee to the effect that after the assignment, the Agreement constitutes a legal, valid, and binding obligation of the assignee or transferee and such other matters as the Bondholder or the Issuer shall require; and

(d) The Borrower obtains the prior written consent of the Bondholder.

SECTION 7.2. Release and Indemnification Covenants. With the exception of any liability caused by the willful misconduct of the Person seeking indemnification, the Borrower will indemnify and save the Issuer, any present or future Bondholder and their officers, agents and employees, harmless against and from all claims by or on behalf of any Person arising from or related to the transactions contemplated by this Agreement or any Loan Document, including liability by reason of the terms of this Agreement, any Loan Document or the undertakings required of the Issuer or any present or future Bondholder under this Agreement or any Loan Document, by reason of the issuance of the Bonds, by reason of the execution of any of the Loan Documents, by reason of the performance of any act requested of the Issuer or any present or future Bondholder, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations, the conduct or management of, or from any work or thing done on the Project including without limitation, (i) any condition of the Project, (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under this Agreement or other Loan Document, (iii) any act or negligence of the Borrower or of any of its agents, contractors, servants, employees or licensees or (iv) any act or negligence of any assignee or lessee of the Borrower or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Borrower. The Borrower will indemnify and save the Issuer, any present or future Bondholder and their officers, agents and employees, harmless from any claim arising as aforesaid, or in connection with any action or proceeding, and upon notice from the Issuer or any present or future Bondholder, the Borrower will defend any or all of them in any action or proceeding. The Borrower will reimburse the Issuer



and any present or future Bondholder for any reasonable costs, including, without limitation, reasonable attorney and paralegal fees and costs, incurred by such Person when taking any necessary action under this Agreement or any Loan Document.

SECTION 7.3. Installation of Borrower's Own Property. The Borrower may, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in the Project, but such property shall immediately become subject to the lien of the Mortgage.

SECTION 7.4. Issuer to Grant Security Interest to Bondholder. The parties agree that the Issuer will assign to the Bondholder, as agent of the Issuer, in order to secure and facilitate payment of the Bonds, all of the Issuer's right, title and interest in this Agreement except the Issuer's rights under Sections 4.2(c), 5.1(c), 6.15, 7.2, 8.2, 8.4, 10.1 and 10.2 of this Agreement, all rights to indemnification and rights to receive costs, fees, and expenses of the Issuer and the right to receive notices under this Agreement.

SECTION 7.5. Leases. Prior to the execution of any lease associated with the Project, the form of the lease must be approved by the Bondholder. The Bondholder will only withhold approval of any lease if, in the Bondholder's reasonable opinion, the lease materially affects the Borrower's ability to pay the Loan or materially impairs the Collateral securing payment of the Bonds. All leases shall (a) be assigned to the Bondholder; (b) be subordinated to the Loan; (c) contain provisions which require the tenant to make payments under the lease directly to the Bondholder upon notification that the Borrower is in default under the Agreement or any Loan Document; and (d) prohibit prepayment on the lease without the Bondholder's consent.

**ARTICLE VIII**  
**EVENTS OF DEFAULT AND REMEDIES**

SECTION 8.1. Events of Default Defined. The following will be "Events of Default" under this Agreement:

(a) Failure by the Borrower to pay any amount required to be paid under this Agreement or under any other Loan Document, including payment of fees and expenses, within ten (10) days after the due date specified in this Agreement or any other Loan Document;

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement required to be observed or performed and such failure continues for a period of thirty (30) days after the Borrower receives notice or knowledge of such failure;

(c) Any representation or warranty made by or on behalf of the Borrower, in this Agreement or any other Loan Document is materially false or misleading, or is breached;

(d) The occurrence of an Event of Bankruptcy with respect to the Borrower;

(e) Any sale, lease, conveyance, exchange, assignment, encumbrance, mortgage or other transfer of the Collateral or the Real Property or any interest in the Collateral or the Real Property (legal or beneficial) (whether by gift, bequest, operation of law, merger, acquisition, consolidation or any other method or manner whatsoever) in violation of the provisions of this Agreement without the written consent of the Bondholder;

(f) If the Borrower fails to give the Bondholder written notice required by this Agreement of the occurrence of any other event or condition which constitutes an Event of Default, or with the passage of time or the giving of notice or both would constitute an Event of Default;

(g) If the Borrower shall not, by May 1, 2005 be an organization described in Section 501(c)(3) of the Code or after the date of its determination letter qualifying as such an entity, shall no longer be qualified as such;

(h) The occurrence of an event of default by the Borrower under any other Loan Document; or

(i) If the Borrower shall be in default in respect of any payment or other obligations relating to any indebtedness other than the indebtedness evidenced by this Agreement, if the existence of the default entitles the lender to accelerate the repayment of the indebtedness.

SECTION 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred, the Bondholder, or the Issuer with the written consent of the Bondholder, may take one or any combination of the following remedial steps:

(a) By written notice to the Borrower, declare all amounts payable on the Note and the Bonds whether by acceleration of maturity or otherwise to be immediately due and payable;

(b) Proceed to enforce its rights to the Collateral under the Mortgage;

(c) (i) Demand that the Borrower surrender the actual possession of all or any portion of the Collateral and upon demand, the Borrower will surrender possession to the Bondholder and, to the extent permitted by law, the Bondholder itself, or by the officers or agents as it may appoint, may enter upon and take possession of all or any portion of the Collateral and may have access to the books, records, papers and accounts of the Borrower relating to the Collateral the access to which is not in violation of any law;

(ii) If the Borrower, for any reason fails to surrender or deliver the Collateral or any part of the Collateral after the Bondholder's demand, the Bondholder may obtain a judgment or order conferring on the Bondholder the right to immediate possession or requiring the Borrower to deliver immediate possession to the Bondholder, to the entry of which judgment or decree the Borrower specifically consents;

(iii) Upon taking possession, the Bondholder may hold, store, use, operate, manage and control the Collateral;

(iv) The Bondholder may liquidate any of the Collateral and apply the monies received (A) to the payment of all costs and expenses (including without limitation, reasonable attorneys' fees, paralegals' fees and expenses) incurred by the Bondholder and its agents or the Issuer and its agents in connection with the collection of same; (B) to the payment of all expenses of taking, holding, managing and operating the Collateral (including compensation for the services of all Persons employed for those purposes); (C) to the payment of the cost of maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions to the Real Property; (D) to the payment of the cost of insurance for the Real Property; (E) to the payment of impositions and other charges prior to the lien on the Collateral as the Bondholder may determine to pay; (F) to the payment of other proper charges upon the Real Property; (G) to the payment of the reasonable compensation, expenses, and disbursements of the attorneys, paralegals and agents of the Bondholder; and (H) to the payment of any other of the obligations of the Borrower under the Loan Documents, all in any order as the Bondholder elects.

(d) (i) If any installment or part of any payment required to be made by the Borrower under this Agreement or under any other Loan Document is not paid when due, the Bondholder is entitled to sue for and to recover judgment against the Borrower for the amount due and unpaid, all costs and expenses (including, without limitation, reasonable attorneys' and paralegals' fees and expenses) incurred by the Bondholder in connection with any proceeding, and interest at the Default Rate from, respectively, the due date and the date incurred by the Bondholder.

(ii) If the Borrower fails to pay upon the Bondholder's demand, after acceleration as provided in Section 8.2(a), all of the amounts due and payable by the Borrower under this Agreement, the Bondholder will be entitled to sue for and to recover judgment against the Borrower for the entire amount due and unpaid, all costs and expenses (including, without limitation, reasonable attorneys' and paralegals' fees and expenses) incurred by the Bondholder in connection with any proceeding, and all interest at the Default Rate from, respectively, the due date and the date incurred by the Bondholder. The Bondholder's right under this subsection may be exercised by the

Bondholder either before, after or during the pendency of any proceedings for the enforcement of the lien on the Collateral, including appellate proceedings.

(iii) No recovery of any judgment as provided in this Agreement and no attachment or levy of any execution upon any of the Collateral or any other property will in any way affect the lien of the Security Interest, or any lien, rights, powers, or remedies of the Bondholder under this Agreement, but the lien, rights, powers and remedies will continue unimpaired as before.

(e) (i) The Bondholder may institute proceedings for the partial or complete foreclosure of the Security Interest granted by the Mortgage and the Bondholder may, pursuant to any final judgment of foreclosure, sell the Collateral as an entirety or in separate lots, units, or parcels, as the Bondholder elects.

(ii) In case of a foreclosure sale of all or any part of the Collateral, the proceeds of sale will be applied in accordance with this Section 8.2, and the Bondholder will be entitled to seek a deficiency judgment against the Borrower to enforce payment of any and all obligations of the Borrower then remaining due and unpaid, together with interest at the Default Rate from the due date.

(f) The Bondholder may apply to any court of competent jurisdiction to have a receiver appointed to enter upon and take possession of the Collateral and apply the same as the court may direct. The receiver will have all of the rights and powers permitted under the laws of the State. The right to the appointment of a receiver will be a matter of strict right without regard to the value or adequacy of the Collateral or the solvency or insolvency of the Borrower. Notwithstanding the appointment of any receiver or other custodian, the Bondholder will be entitled as pledgee to the possession and control of any cash or deposits at the time held by, payable, or deliverable under the terms hereof to the Bondholder, and the Bondholder will have the right to offset the unpaid obligations of the Borrower against any cash or deposits in any order as the Bondholder may elect.

(g) The Bondholder may institute and maintain any suits and proceedings that the Bondholder may deem advisable (i) to prevent any impairment of the Collateral or the Real Property by any acts which may be unlawful or in violation of any of the Loan Documents, (ii) to preserve or protect its interest in the Collateral and (iii) to restrain the enforcement of or compliance with any governmental requirement that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with any governmental requirement might impair the security under this Agreement or be prejudicial to the Bondholder's interest.

(h) The Issuer may institute and maintain any suits and proceedings and take any other action hereunder that can be taken hereunder by the Bondholder in order to protect the rights reserved by and collect the payment due to the Issuer hereunder, but only if the Bondholder shall fail to take such action on behalf of the Issuer after notice to the Bondholder by the Issuer requesting that the Bondholder take such action.

Any amounts collected pursuant to action taken under this Section will be paid to the Bondholder and applied with the provisions of this Agreement, unless specifically provided otherwise in this Agreement.

SECTION 8.3. No Remedy Exclusive. No remedy in this Agreement or in any of the Loan Documents conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy, but each and every remedy will be cumulative and concurrent and will be in addition to every other remedy given under this Agreement or any other Loan Document or now or later existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default will impair any right or power or will be construed to be a waiver of any right or power, but any right or power may be exercised from time to time and as often as may be deemed expedient, and may be pursued separately successively or together against the Borrower or any guarantor, endorser, co-maker or surety of any of the Borrower's obligations under the Loan Documents, at the discretion of the Bondholder and its assigns or the Issuer and its assigns, as applicable. In order to entitle the Bondholder and its assigns to exercise any remedy reserved to it in this Article, it will not be necessary to give any notice, other than notice as may be required in this Article. Any rights and remedies as are given the Issuer under this Agreement will also extend to the Bondholder.

SECTION 8.4. Agreement To Pay Attorneys' Fees and Expenses. In the event the Issuer or the Bondholder should employ attorneys or incur other expenses in connection with its ownership of the Bonds or for the collection of payments required under this Agreement or any Loan Document or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Agreement or any Loan Document, the Borrower agrees that it will on demand pay to the Issuer and the Bondholder the reasonable fee of any attorneys and any other expenses (including paralegal fees, court costs and fees and expenses incurred in any bankruptcy or debtor reorganization proceeding) so incurred by the Issuer and the Bondholder. Any reference in this Agreement to attorneys' or counsels' fees paid or incurred will be deemed to include paralegals' fees and legal assistants' fees. In addition, wherever provision is made in this Agreement for payment of attorneys' or counsels' fees or expenses incurred, that provision will include, but not be limited to, any fees or expenses incurred in any and all judicial, bankruptcy, organization, administrative, or other proceedings, including appellate proceedings, whether those fees or expenses arise before proceedings are commenced or after entry of any judgment.

SECTION 8.5. Waiver, Delay or Omission; Power to Deal with Transferee. No waiver of any Event of Default under this Agreement will extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies arising from the Event of Default, and no delay or omission of any Person to exercise any right, power or remedy will be construed to waive any Event of Default or to constitute acquiescence in the Event of Default. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Collateral, the Bondholder, without notice to any Person, is authorized and empowered to deal with any vendee or transferee with reference to the Collateral or the obligations secured by the Mortgage, or with reference to any of the terms or conditions of this Agreement or the Mortgage, as fully and to the same extent as it might deal with the original parties and without in any way releasing or discharging any of the original parties or any of the liabilities or undertakings under this Agreement. Nothing contained in the preceding sentence will in any manner be construed as consent by the Bondholder to any sale or transfer of the Collateral.

SECTION 8.6. Bondholder's Actions. The Bondholder may, at any time without notice to any Person and without consideration, do or refrain from doing any or all of the following actions, and neither the Borrower, any endorser, co-maker, surety or guarantor of the obligations of the

Borrower under the Loan Documents, nor any other Person (in this Section 8.6 collectively referred to as the "Obligor") now or later liable for the payment and performance of the obligations of the Borrower under the Loan Documents, will be relieved from the payment and performance, unless specifically released in writing by the Bondholder: (a) renew, extend or modify the terms of this Agreement; (b) forbear or extend the time for the payment or performance of any or all of the obligations of the Borrower under the Loan Documents; (c) apply payments by any Obligor to the reduction of the unpaid obligations of the Borrower under the Loan Documents in any manner, in any amounts, and at any times and in any order and priority as the Issuer or the Bondholder, as the case may be, may see fit; (d) release any Obligor; (e) substitute or release in whole or in part the Collateral or any other collateral or any portion now or later held as security for the obligations of the Borrower under the Loan Documents without affecting, disturbing or impairing in any manner whatsoever the validity and priority of the security interest granted by this Agreement upon the Collateral which is not released or substituted, or the validity and priority of any security interest in any other collateral which is not released or substituted; (f) subordinate the lien of the Collateral granted by the Mortgage or the lien of any other security interest in any other collateral now or later held as security for the obligations of the Borrower under the Loan Documents; (g) join in the execution of a plat or replat of the Real Property; (h) join in and consent to the filing of a declaration of condominium regarding all or any part of the Collateral; (i) consent to the granting of any easement on the Real Property; (j) generally deal with any Obligor or any other party as the Bondholder may see fit; and (k) waive or delay in exercise of any right or remedy granted in this Agreement or in any other Loan Documents.

SECTION 8.7. Credit of Bondholder. Upon any sale made under or by virtue of this Article VIII, the Bondholder may bid for and acquire the Collateral or any part, and in lieu of paying cash may apply to the purchase price any portion of or all of the unpaid obligations of the Borrower under the Loan Documents in any order as the Bondholder may elect. Upon acquisition of the Collateral or any part the Bondholder may hold, return, possess, sell or otherwise dispose of the same (in whole or in part) without any accountability to the Borrower.

SECTION 8.8. Sale. Any sale or sales made under or by virtue of this Article will operate to divest all of the estate, right, title, interest, claim and demand whatsoever, at law or in equity, of the Borrower and all Persons (except tenants pursuant to leases approved by the Bondholder who are not made party defendants to any foreclosure proceeding) claiming by, through or under the Borrower in and to the properties and rights so sold, whether sold to the Bondholder or to others, and the purchaser at any sale may disaffirm and take the Collateral free of any easement granted or rental, lease or other contract made in violation of the provisions hereof.

SECTION 8.9. Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Borrower, any endorser, co-maker, surety, or guarantor of the obligation of Borrower under any of the Loan Documents, or any of their respective properties, the Bondholder, to the extent permitted by law, will be entitled to file any proofs of claim and other documents as may be necessary or advisable in order to have its claim allowed in any proceedings for the entire unpaid obligations of the Borrower at the date of the institution of any proceedings, and for any additional amounts which may become due and payable after that date.

SECTION 8.10. Waiver of Redemption, Notice, Marshalling, etc. The Borrower waives and releases, for itself and anyone claiming through, by, or under it, to the maximum extent permitted by the laws of the State of Florida:

(a) All benefit which might accrue to it by virtue of any present or future law exempting the Collateral, or any part of the proceeds arising from any sale, from attachment, levy or sale on execution, or providing for any appraisalment, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment;

(b) unless specifically required in this Agreement, all notices of default, or the actual exercise by the Issuer or the Bondholder of any option or remedy under the Loan Documents, or otherwise; and

(c) any right to have the Collateral marshalled.

SECTION 8.11. Application of Proceeds. The proceeds of any sale of the Collateral will be applied as follows:

(a) First, to the payment of Registrar and receiver's fees and expenses, if any, and to the payment of all costs and expenses (including, without limitation, reasonable attorneys' and paralegals' fees and expenses) incurred by the Issuer and the Bondholder, as the case may be, together with interest at the Default Rate from the date incurred by the Issuer or the Bondholder, as the case may be, in connection with the entry, action or proceeding under this Article; and

(b) Second, unless the entire principal of the Note shall have become or shall have been declared due and payable, all such moneys shall be applied:

(i) to the payment to the Persons entitled thereto of all installments of interest then due on the Note, in order of the maturity of the installments of such interest beginning with the earliest such maturity; and

(ii) to the payment to the Persons entitled thereto of the unpaid principal on the Note which shall have become due whether at maturity or upon mandatory prepayment, in the order of the due date; and

(iii) to be held for the payment to the Persons entitled thereto, as the same shall become due, of the principal of and interest on the Note which may thereafter become due either at maturity or prepayment prior to maturity.

If the entire principal of the Note shall have become due or shall have been declared due and payable, all such moneys shall, after the payments in paragraph (a) of this Section, be applied to the payment of the principal and interest then due and unpaid upon the Note, with priority of interest over principal, and beginning with the earliest installment of interest, to the Persons entitled thereto without any discrimination or privilege; and

(c) Third, to the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

The Borrower will be and will remain liable for any difference between the net proceeds of sale and the amount of the obligations of the Borrower under any of the Loan Documents until all of the obligations have been paid in full.

SECTION 8.12. Discontinuance of Proceedings. If the Issuer or the Bondholder has proceeded to enforce any right under any Loan Document and the proceedings have been discontinued or abandoned for any reason, the Borrower and the Issuer or the Bondholder will be restored to their former positions and the rights, remedies and powers of the Issuer and the Bondholder will continue as if no proceedings had been instituted.



**ARTICLE IX**  
**OPTIONS; PREPAYMENT OF LOAN**

SECTION 9.1. Option to Terminate at Any Time. The Borrower will have, and is granted, the option to terminate this Agreement (except with respect to provisions of this Agreement that specifically survive termination of this Agreement or payment of the Bonds) at any time (i) by paying to the Bondholder an amount which will be sufficient to pay and retire the Bonds in accordance with their terms, (ii) by paying or providing for the payment of all expenses to the Issuer, the Bondholder and the Registrar which the Borrower is obligated to pay under this Agreement or the other Loan Documents and (iii) by giving the Bondholder notice in writing of the termination, and the termination will immediately become effective. The option granted to the Borrower in this Section may be exercised whether or not the Borrower is in Default pursuant to this Agreement.

**ARTICLE X**  
**ENVIRONMENTAL MATTERS**

SECTION 10.1. Environmental Matters. The Borrower warrants, covenants, and represents to the Issuer and the Bondholder and their respective successors and assigns, after all due inquiry and thorough investigation consistent with good commercial or customary practice:

(a) That to the best of its knowledge, neither the Borrower nor any other Person has ever used the Real Property nor any other real property owned and/or occupied by the Borrower, as a facility for the manufacture, processing, distribution, use, transport, handling, storage, treatment or disposal of any "Hazardous Substances," (as that term is defined below) and that it has not, and there will not in the future, be stored and retained Hazardous Substances on the Real Property; and

(b) That the Real Property and its operations and activities thereon are now and at all times will continue to be in full compliance with all federal, state and local "Environmental Laws" (as that term is defined below); and

(c) That as of the date of this Agreement there are no Hazardous Substances located on, in or under the Real Property or used in connection with the Real Property which do not comply with all laws and regulations relating to the use, storage and retention of Hazardous Substances; and

(d) That it will notify the Bondholder of any change in the nature or extent of any Hazardous Substances maintained on, in or under the Real Property or used in connection with the Real Property, and will transmit to the Bondholder copies of any citations, orders, notices or other material governmental or other communication received with respect to any Hazardous Substances; and

(e) That it shall not cause or permit to exist, as a result of an intentional or unintentional act or omission by it, its employees, officers, directors, agents, invitees, contractors, or any other Persons, any release, discharge, spill, or leak of a Hazardous Substance on, in or under the Real Property or into waters or onto lands of the State of Florida or the water or lands of the United States, or into waters or lands outside the jurisdiction of the State where damage may result to the Real Property or to the lands, waters, fish, shellfish, wildlife, biota, air and other resources owned, managed, held in trust or otherwise, controlled by the State or the United States, unless the release, discharge, spill, or leak is pursuant to and in compliance with all applicable federal, state or local Environmental Laws; and

(f) That it is not aware of, nor has it nor any of its subsidiary or affiliated entities received notice of, any past, present or future events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent compliance or continued compliance with any Environmental Laws or any ordinance, regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved under each, or which may give rise to any common law or legal liability, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, study or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Hazardous Substance; and

(g) That there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice or demand letter, notice of violation, investigation, or proceeding pending or threatened against it or the Real Property, relating in any way to the violation of any Environmental Laws or any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved under each; and

(h) It shall immediately notify the Bondholder should it become aware of (i) any Hazardous Substance in violation of any Environmental Laws or other environmental problem, liability or potential liability with respect to the Real Property, or (ii) any lien, action, or notice of the nature described in Paragraph 10.1 (d), (e), (f) and (g) above (hereinafter "Environmental Complaint"). In such event, it shall, at its own cost and expense, take all actions as shall be necessary or advisable for the clean-up of the Real Property, including all removal, containment and remedial actions in accordance with all applicable Environmental Laws, and shall further pay or cause to be paid at no expense to Bondholder or Issuer all clean-up, administrative, and enforcement costs of applicable governmental agencies which may be asserted against the Real Property or the Borrower.

SECTION 10.2. Indemnity. In consideration of and in order to induce the Bondholder to purchase the Bonds and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower agrees to indemnify, reimburse, defend and hold harmless the Issuer and the Bondholder and their officers, directors, employees, successors and assigns from and against all demands, claims, civil or criminal actions or causes of action, liens, assessments, civil or criminal penalties or fines, losses, damages, liabilities, obligations, costs, disbursements, expense or fees of any kind or of any nature (including, without limitation, cleanup costs, attorneys', consultants' or experts' fees and disbursements and costs of litigation at trial and appellate levels) which may at any time be imposed upon, incurred by or asserted or awarded against, the Issuer or the Bondholder directly or indirectly, resulting from: (a) any acts or omissions of it, its officers, directors, invitees, agents, employees, contractors, or any other Persons, at, on or about the Real Property which contaminate air, soils, surface waters or groundwaters over, on, in or under the Real Property; (b) arising from or out of any Hazardous Substance on, in or under the Real Property; (c) pursuant to or in connection with the application of any Environmental Law to the acts or omissions of it or any other Person and any environmental damage alleged to have been caused, in whole or in part, by the transportation, treatment, storage, or disposal of any Hazardous Substance; and/or (d) arising from or in relation to the presence, whether past, present or future, of any Hazardous Substances on the Real Property.

Without limiting the foregoing, this indemnification provision specifically protects the Issuer and the Bondholder against any claim or action from activities described above, based in whole or in part upon any Environmental Law, whether now in existence or enacted in the future. Each of the Borrower's indemnification obligation under this Agreement will be one of strict liability and will be enforceable without regard to any fault or knowledge of the Issuer or the Bondholder with respect to any act or omission or condition or event which is the basis of the claim under such indemnification obligation.

Those liabilities, losses, claims, damages and expenses, etc., for which the Issuer and the Bondholder are indemnified under this Agreement shall be reimbursable to the Issuer and the

Bondholder, at their option, to make payments with respect thereto, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and the Borrower shall pay such liability, loss, claim, damage and expenses to the Issuer and the Bondholder as so incurred within thirty (30) days after notice from the Issuer or the Bondholder itemizing the amounts incurred to the date of such notice. In addition to any remedy available for failure to periodically pay such amounts, such amounts shall thereafter bear interest at the Default Rate.

The Borrower waives any acceptance of this indemnity by the Issuer or the Bondholder. The failure of Issuer or the Bondholder to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy, shall not constitute a waiver thereof or give rise to any estoppel against the Issuer or the Bondholder nor excuse the Borrower from its obligations hereunder. Any waiver of such right or remedy must be in writing and signed by the Issuer or the Bondholder, as the case may be. This indemnity is subject to enforcement at law and/or equity, including actions or damages and/or specific performance.

SECTION 10.3. Agreements to Survive. The Borrower's obligations, agreements, warranties and representations under this Article will not be limited to any extent by the term of the Bonds or other obligations secured by the Security Interest, and will continue, survive and remain in full force and effect notwithstanding payment in full or other satisfaction or release of the Bonds and the Security Interest, (and other obligations secured by this Agreement), or any foreclosure.

SECTION 10.4. Definitions.

(a) As used in this Agreement, "Environmental Law" will mean any federal, State, or local statutory or common law, ordinance, rule, plan, code, order, decree, or regulation, or any permit, order, agreement, or other judgment or notice issued, entered, promulgated or approved thereunder, whether now in existence or established or enacted in the future, both within and outside present contemplation of the Borrower and the Bondholder, as the same may be amended from time to time, relating to pollution or protection of the environment, including without limitation, any common law of nuisance or trespass, or relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

(b) As used in this Agreement, "Hazardous Substance" means any substance or material determined to be toxic, a pollutant or contaminant, under any federal, State or local statute, law, ordinance, rule, or regulation or judicial or administrative order, decision, or Environmental Law, as the same may be amended from time to time, including but not limited to (i) petroleum and petroleum products as defined in the Florida Statutes, as the same may be amended from time to time, (ii) asbestos, (iii) radon, (iv) polychlorinated biphenyls, and/or (v) such other materials, substances or waste which are otherwise dangerous, hazardous, harmful or deleterious to human health or the environment.

SECTION 10.5. Breach of Environmental Covenant an Event of Default. Any breach of any warranty, obligation, representation or agreement contained in this Article will be an Event

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of Default under this Agreement and will entitle the Bondholder to exercise any and all remedies provided in this Agreement, or otherwise permitted by law.

**ARTICLE XI  
MISCELLANEOUS**

SECTION 11.1. Term of Agreement. This Agreement will remain in full force and effect from the date of this Agreement to and including the last date on which the Bonds will be unpaid, on which date this Agreement and the provisions of this Agreement will terminate. Notwithstanding the foregoing, the covenants of Sections 4.2(a) (to the extent necessary to preserve the rights of former Bondholders to recover certain additional payments under the Bonds), 4.2(d), 6.15, 7.2, and 8.4, Article X, and any provision necessary to preserve the tax-exempt status of the Bonds will survive the termination of the other provisions of this Agreement and the payment of the Bonds.

SECTION 11.2. Notices. All notices, certificates, consents or other communications under this Agreement will be sufficiently given and will be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

If to the Borrower:                   Public Safety Academy Housing, Inc.  
  c/o Pat Thomas Law Enforcement Academy  
  Attention: James Murdaugh  
  85 Academy Drive  
  Havana, Florida 32333

If to the Issuer:                       Gadsden County, Florida  
  Attention: County Administrator  
  P.O. Box 1799  
  Quincy, Florida 32533-1799

If to the Bondholder:               Capital City Bank  
  Attention: William D. Colledge  
  P.O. Box 900  
  Tallahassee, Florida 32302

Any of the foregoing may, by written notice given under this Agreement, designate any further or different addresses to which subsequent notices, certificates or other communications will be sent. The Borrower agrees that it will notify the Issuer and the Bondholder of a change in its mailing address immediately following the occurrence of the change.

SECTION 11.3. Binding Effect. This Agreement will inure to the benefit of and be binding upon the Issuer, the Borrower, the Bondholders and their respective successors and assigns.

SECTION 11.4. Severability. In the event any provision of this Agreement is held invalid or unenforceable in any context by any court of competent jurisdiction, the holding will not invalidate or render unenforceable the provision in any other context or any other provision of this Agreement.

SECTION 11.5. Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to its payment in full and except as otherwise expressly provided in this

Agreement, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Bondholder.

SECTION 11.6. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one instrument.

SECTION 11.7. Borrower Approval of Bond. The Borrower has reviewed the Bonds, approves the form of the Bonds, and agrees to perform and observe all covenants and undertakings on its part to be performed and observed either directly or indirectly under the Bonds.

SECTION 11.8. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State, and, to the extent possible, venue of any proceeding brought in connection with this Agreement will be Gadsden County, Florida.

SECTION 11.9. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

SECTION 11.10. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of any payment due under this Agreement will be a day which is not a Business Day then the payment need not be made on that date but may be made on the next succeeding Business Day with the same force and effect as if made on the date otherwise fixed for payment.

SECTION 11.11. Participation by Bondholder. The Borrower recognizes that the Bondholder (or a participant) may sell and transfer interests in the Bonds to one or more participants or subparticipants and that all documentation, financial statements, appraisals and other data, or copies of each, relevant to the Borrower or the Bonds may be exhibited to and retained by any participant, subparticipants or prospective participant or subparticipant.

SECTION 11.12. No Personal Liability. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Issuer or agent or employee of the Issuer in his individual capacity, and neither the members nor any officer or employee or agent of the Issuer 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 or by reason of any acts of commission or omission in the performance of any obligation under the Agreement or the Bonds.

SECTION 11.13. Waiver of Trial by Jury. BY EXECUTION HEREOF, THE BORROWER AGREES THAT NEITHER IT, NOR ANY ASSIGNEE, SUCCESSOR, HEIR, OR LEGAL REPRESENTATIVE OF IT (ALL OF WHOM ARE HEREINAFTER REFERRED TO AS THE "PARTIES") SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS LOAN AGREEMENT, OR THE LOAN DOCUMENTS, OR ANY INSTRUMENT EVIDENCING, SECURING, OR RELATING TO THE INDEBTEDNESS AND OTHER OBLIGATIONS EVIDENCED HEREBY, ANY RELATED AGREEMENT OR INSTRUMENT,

ANY OTHER COLLATERAL FOR THE INDEBTEDNESS EVIDENCED HEREBY OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG THE PARTIES, OR ANY OF THEM. NONE OF THE PARTIES WILL SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY NEGOTIATED BY THE PARTIES WITH ISSUER OR BONDHOLDER HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER ISSUER NOR BONDHOLDER HAS IN ANY WAY AGREED WITH OR REPRESENTED TO BORROWER OR ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY EXECUTED IN ALL INSTANCES.



SIGNATURE PAGE FOR THE LOAN AGREEMENT



WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Borrower as of the date first above written.

GADSDEN COUNTY, FLORIDA

By: *Nicholas Thomas*  
Name: Nicholas Thomas  
Title: County Clerk

By: *Sterling Watson*  
Name: Sterling Watson  
Title: Chair

APPROVED AS TO FORM AND  
LEGALITY:

By: *Richard*  
County Attorney

[Signatures Continue on Following Page]

SIGNATURE PAGE FOR THE LOAN AGREEMENT

PUBLIC SAFETY ACADEMY HOUSING, INC.

Signed, sealed and delivered  
in the presence of:

Crystalyn Carey  
(1st Witness-Signature)

Crystalyn Carey  
(1st Witness-Printed Name)

Vicki C Robinson  
(2nd Witness-Signature)

Vicki C Robinson  
(2nd Witness-Printed Name)

By: William D. Law, Jr.  
William D. Law, Jr.  
President

STATE OF FLORIDA  
COUNTY OF LEON

The foregoing instrument was acknowledged before me by William D. Law, Jr., as President of Public Safety Academy Housing, Inc., a Florida non-profit corporation, on behalf of said corporation, on the 19<sup>th</sup> day of May, 2004. Such person is  personally known to me; or  produced FLDL as identification.

Vicki C Robinson  
Notary Public: State of Florida  
Name: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_  
My Commission number: \_\_\_\_\_



Vicki C. Robinson  
MY COMMISSION # DD251184 EXPIRES  
September 22, 2007  
BONDED THRU TROY FAIN INSURANCE, INC.

## Exhibit A

A PARCEL OF LAND IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 3 WEST, GADSDEN COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT A CONCRETE MONUMENT MARKING THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 25, TOWNSHIP 2 NORTH, RANGE 3 WEST, GADSDEN COUNTY, FLORIDA; THENCE NORTH 00°02'44" WEST ALONG THE WEST LINE OF SAID NORTHEAST QUARTER 808.80 FEET TO THE POINT OF BEGINNING. FROM SAID POINT OF BEGINNING THENCE CONTINUE NORTH 00°02'44" WEST ALONG THE WEST LINE OF SAID NORTHEAST QUARTER 535.58 FEET; THENCE LEAVING SAID WEST LINE SOUTH 40°57'34" EAST 279.79 FEET; THENCE NORTH 35°33'04" EAST 313.85 FEET; THENCE NORTH 38°37'53" WEST 240.85 FEET; THENCE NORTH 51°22'07" EAST 584.17 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF U.S. HIGHWAY 90; THENCE SOUTH 38°37'53" EAST ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY 574.17 FEET; THENCE LEAVING SAID SOUTHWESTERLY RIGHT-OF-WAY SOUTH 51°22'07" WEST 264.00 FEET; THENCE NORTH 83°53'32" WEST 411.06 FEET; THENCE SOUTH 35°33'04" WEST 331.78 FEET; THENCE SOUTH 51°14'29" EAST 139.48 FEET; THENCE SOUTH 13°59'24" EAST 276.02 FEET; THENCE NORTH 81°06'18" WEST 402.37 FEET TO THE POINT OF BEGINNING.

Parcel Identification Number: 3252NW3W00001300000

**EXHIBIT "B"**  
**PERMITTED ENCUMBRANCES**

1. Subject to the terms and conditions of the Ground Lease executed by The District Board of Trustees of Tallahassee Community College, Florida, as Landlord/lessor, and Public Safety Academy Housing, Inc., a Florida not for profit corporation, as Tenant/lessee, and recorded as Document No. 0405095 in Official Records Book 589, Page 1423 of the Public Records of Gadsden County, Florida.
2. Utility Easement in favor of Talquin Electric Cooperative, Inc., contained in instrument recorded May 1, 2003 in Official Records Book 565, Page 66 of the Public Records of Gadsden County, Florida.
3. Water and Sewer Utility Easement in favor of Talquin Electric Cooperative, Inc., contained in instrument recorded May 2, 2003, in Official Records Book 565, Page 181 of the Public Records of Gadsden County, Florida.
4. Leasehold Mortgage and Security Agreement between Public Safety Academy Housing, Inc. and Gadsden County, Florida dated May 1, 2004 in the amount of \$9,000,000, as recorded May 4, 2004 in Official Records Book 589, Page 1429 of the Public Records of Gadsden County, Florida as assigned to Capital City Bank pursuant to an Assignment of Loan Documents recorded May 21, 2004 in Official Records Book 589, Page 1445 of the Public Records of Gadsden County, Florida.

**EXHIBIT "C"**  
**FORM OF BONDS**

No. R-1

\$9,000,000

**UNITED STATES OF AMERICA  
STATE OF FLORIDA  
GADSDEN COUNTY  
REVENUE BOND  
(PUBLIC SAFETY ACADEMY HOUSING, INC. PROJECT)  
SERIES 2004**

**MATURITY DATE:**  
March 1, 2025

**INTEREST RATE:**  
\_\_\_\_\_ %

**DATED DATE:**  
March 4, 2004

Subject to Adjustment as  
Provided Herein

**BONDHOLDER:** CAPITAL CITY BANK

**PRINCIPAL AMOUNT:** NINE MILLION DOLLARS

FOR VALUE RECEIVED, Gadsden County, Florida (the "Issuer"), a political subdivision of the State of Florida acting under Chapter 125, Florida Statutes and Ordinance No. 04-001, enacted on February 3, 2004 (the "Ordinance") (collectively, the "Act"), hereby promises to pay, solely from the special funds hereinafter described, to the Bondholder identified above or registered assigns as hereinafter provided, the Amount Advanced (as defined below) but not to exceed the Principal Amount identified above plus interest from the date hereof computed at the Interest Rate per annum, subject to adjustment as hereafter provided (computed on the basis of a 360-day year and actual days elapsed) on such Amount Advanced then outstanding. Commencing April 1, 2004 interest shall be payable monthly on the 1st day of each month and commencing April 1, 2005 principal and interest shall be payable monthly on the 1<sup>st</sup> day of each month (a "Payment Date"). The Issuer will make payments of interest as set forth above until all of the principal and interest and any other charges owed under this Bond have been paid in full. All unpaid principal and interest and any other charges owed under this Bond shall be due and payable on the Maturity Date stated above. The principal and interest under the Bond will be payable in lawful money of the United States of America at any place as the Bondholder may designate in writing. All payments received on this Bond will be applied first to interest to the extent then accrued and then to principal.

This Bond is issued pursuant to the Ordinance for the purpose of providing funds to finance the construction and equipping of a capital project consisting of an approximately 81,000 square foot 200 bed student dormitory facility located in Gadsden County, Florida (the "Project") and funding expenses necessary to accomplish the foregoing.

The Issuer hereby certifies and recites that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of the Bond does not violate any constitutional, statutory or other limitation of power of the Issuer.

This Bond shall not be valid unless the certificate of authentication hereon shall have been signed by the Registrar.

This Bond is payable solely from payments to be made by Public Safety Academy Housing, Inc., a Florida not-for-profit corporation (the "Borrower") pursuant to that certain Loan Agreement, dated as of March 1, 2004 between the Borrower and the Issuer (the "Agreement"), that certain Promissory Note, dated March 4, 2004 from the Borrower to the Issuer (the "Note") and the security interest granted to the Issuer by the Borrower pursuant to that certain Leasehold Mortgage and Security Agreement dated as of March 1, 2004 from the Borrower to the Issuer (the "Mortgage"), which Agreement, Note and Mortgage and other related documents have been assigned by the Issuer to the Bondholder pursuant to that certain Assignment of Loan Documents dated the date hereof (the "Assignment") to secure payment of the principal of and interest on this Bond. Reference is hereby made to the Agreement, Note, Mortgage and Assignment for a more complete description of the security for payment of this Bond, which documents are hereby incorporated herein and made a part hereof and the terms and conditions of which the Bondholder accepts and assents.

This Bond and the obligation evidenced hereby does not constitute a debt or a pledge of the faith and credit of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and it is expressly agreed by the Bondholder that such Bondholder shall never have the right to acquire or compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment of the principal of and interest on this Bond or the making of any reserve or other payments provided in the Resolution.

Definitions:

"Amount Advanced" means the aggregate amount paid by the Bank to or for the account of the Issuer to be loaned to the Borrower with respect to personal property or as the Bank otherwise consents pursuant to the Agreement. The Bank shall provide the Borrower with a schedule of the date and amounts of all such payments advanced and loaned to the Borrower and shall record such dates and amounts on Schedule 1 attached hereto.

"Bank" means Capital City Bank, and its successors and assigns.

"Bondholder" means the registered owner of the Bond from time to time.

"Default Rate" means the lesser of 18% per annum or the highest interest rate permitted by law.

"Determination of Taxability" shall mean the circumstance of interest paid or payable on this Bond becoming includable for federal income tax purposes in the gross income of the Bondholder as a consequence of any act, omission, or event whatsoever and regardless of whether the same was within or beyond the control of the Bondholder. A Determination of Taxability will be deemed to have occurred upon (i) the receipt by the Issuer or Bondholder of an opinion of counsel that any interest on this Bond has become includable in the gross income of the Bondholder for federal income tax purposes, or (ii) the failure of the Borrower to obtain a favorable determination by the Internal Revenue Service of its status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or prior to March 1, 2005 (unless the Issuer shall receive an opinion of bond counsel to the affect that such determination will be obtained after such date and will be retroactive to no later than the date hereof. For all purposes of this definition, the effective date of a Determination of Taxability will be the date as of which the interest on this Bond is deemed includable in the gross income of the Bondholder for federal income tax purposes.

"Prepayment Price" shall mean 100% of the principal amount of the principal portion of the Bond to be redeemed, plus an amount equal to the present value of the daily lost cash flow to the Bank as a result of such prepayment, based upon a discount rate equal to the difference between (a) the then-existing Interest Rate on the Bond and (b) \_\_\_\_\_% of the then-current offering rate on a new fixed rate loan of the same remaining maturity as the Bond.

"Redemption Date" shall mean the date as of which the Borrower has notified the Bondholder that the Bond is to be redeemed.

"Redemption Price" shall mean the price at which the Borrower shall redeem the Bond on a date on which the Bond is subject to redemption which price shall be equal to the Prepayment Price plus accrued interest, if any, to the date of such redemption.

"Taxable Rate" shall mean the interest rate which a Bond must, during any period that interest on the Bond is includable in income of the Bondholder for federal income tax purposes, bear to provide an after tax yield to the Bondholder equal to the yield the Bondholder would have enjoyed if interest on the Bond was not subject to federal income tax.

The Interest Rate on this Bond shall be subject to adjustment as provided below.

If the interest on this Bond becomes includable in the gross income of the Bondholder for federal income tax purposes as a result of a Determination of Taxability, the interest rate on this Bond prior to the effective date of the Determination of Taxability shall be equal to the Interest Rate; and thereafter, for as long as interest on this Bond is includable in the gross income of the Bondholder, the interest rate on this Bond shall be the Taxable Rate. If the effective date of the Determination of Taxability has passed at the time a Determination of Taxability is determined to have occurred, then this Bond shall bear interest at the Taxable Rate retroactive to the effective date of the Determination of Taxability.



Any such increased interest (established to the satisfaction of the Bondholder) shall be payable by the Issuer to the Bondholder within 60 days of the date the Issuer is notified by the Bondholder that such amounts are due. The Issuer's obligation to pay any such increased interest shall survive payment of the Bond.

If the tax laws or regulations are amended to cause interest on this Bond to be taxable, or to otherwise decrease the after tax yield on this Bond to the Bondholder (directly or indirectly, other than a change because of a Determination of Taxability), then the Interest Rate on this Bond shall be adjusted to cause the yield on this Bond, after payment of any increase in tax, to equal what the yield on this Bond would have been in the absence of such change or amendment in the tax laws or regulations.

The above adjustments shall be cumulative, but in no event shall the Interest Rate on this Bond, as a result of these adjustments, exceed the Taxable Rate. The above adjustments to the interest rate on this Bond shall be effective on the effective date of the applicable change in circumstances or change in the tax laws or regulations. Interest on this Bond and all other tax rates and interest rates are expressed as annual rates. However, proper partial adjustment shall be made if the change is effective after the first day of the Bondholder's tax year (which is currently a calendar year for the Bank) or if interest on this Bond does not accrue for the entire tax year of the Bondholder.

To the extent an adjustment to the Interest Rate on this Bond is not effected within one calendar month of the event giving rise to the adjustment, the additional interest due as a result of such adjustment shall be paid with interest thereon compounded monthly at the rate which is equal to the Interest Rate on this Bond. All unpaid amounts determined to be owing as a result of such calculation shall be due and payable within fifteen (15) days after delivery of notice of the amount of such adjustment, and shall be paid to the Bondholder of record during the period to which the adjustment relates. This obligation shall survive the payment and cancellation of this Bond.

Notwithstanding any of the foregoing, it is the intention of the Bank (and any subsequent Bondholder of this Bond) and the Issuer that the interest rate on the Bond never exceed the maximum rate permitted by law (the "Maximum Rate"). In the event any of the adjustments provided for in this Section or as a result of this Bond bearing interest at the Default Rate would produce an interest rate on this Bond in excess of the Maximum Rate, the Bondholder shall not be entitled to receive interest in excess of the Maximum Rate (herein, such amount is referred to as "Excess Interest"). At any time thereafter, if this Bond shall bear interest at an Interest Rate which is less than the Maximum Rate, the Issuer shall also pay to the Bondholder the unpaid Excess Interest until the earlier of (i) the Maturity Date, (ii) the date all of the Excess Interest has been paid, or (iii) any date the combination of the Interest Rate on this Bond, plus the Excess Interest, would exceed the Maximum Rate.

The Bond is subject to redemption prior to maturity at the Redemption Price on any date, in whole or in part, at the option of the Borrower upon giving written notice to the Bondholder no less

than thirty-five (35) days prior to such redemption date. The exercise of such option by the Borrower may be rescinded by the Borrower at any time prior to such redemption date. Otherwise, the Issuer may not prepay this Bond.

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida. This Bond may be transferred by the Bondholder or by the Bondholder's attorney-in-fact duly authorized in writing. This Bond shall be issued and transferred as a single negotiable instrument, no provisions having been made for registration of multiple bonds. THIS BOND MAY ONLY BE SOLD, TRANSFERRED OR EXCHANGED AS A SINGLE INSTRUMENT TO AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501 PROMULGATED PURSUANT TO THE SECURITIES ACT OF 1933. THE ISSUER, IN ITS SOLE DISCRETION, MAY REQUIRE THAT THE TRANSFEREE EXECUTE AN INVESTMENT LETTER IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE ISSUER AS A CONDITION TO TRANSFERRING THE BOND.

The person in whose name this Bond will be registered will be deemed and regarded as the absolute owner of the Bond for all purposes, and payment of principal and interest on this Bond will be made only to or upon the written order of the Bondholder or its duly authorized attorney-in-fact. All such payments will be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid.

Presentment, demand, protest, notice of dishonor, and all other notices are waived by the Issuer.

No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Issuer or agent or employee of the Issuer in his individual capacity, and neither the members nor any officer or employee or agent of the Issuer nor any official executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of any acts of commission or omission in the performance of any obligation under the Agreement or the Bond.

In case one or more of the provisions of this Bond shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Bond and this Bond shall be construed and enforced as if such illegal and invalid provision has not been contained therein.

No delay or omission on the part of the Bondholder in exercising any right hereunder shall operate as a waiver of such right or of any other rights under this Bond.

This Bond shall be deemed to be a contract made under the laws of the State of Florida and for all purposes shall be governed by and construed in accordance with the laws of the State of Florida, without reference to the choice of law rules of that state.

IN WITNESS WHEREOF, Gadsden County, Florida has issued this Bond and has caused this Bond to be executed in its name by the manual signature of the Vice Chair and attested by the manual signature of the Clerk and its seal to be impressed on this Bond, all as of the dated date set forth above.

(SEAL)

**GADSDEN COUNTY, FLORIDA**

By: \_\_\_\_\_  
Vice Chair

ATTEST:

By: \_\_\_\_\_  
County Clerk

APPROVED AS TO FORM AND  
LEGALITY:

By: \_\_\_\_\_  
County Attorney

**CERTIFICATE OF AUTHENTICATION**

This Bond is issued under the provisions of within mentioned Ordinance.

Capital City Bank  
as Authentication Agent

Date of Authentication:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Officer

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 right of survivorship and not as tenants in common
- UNIF TRANS MIN ACT - \_\_\_\_\_

Custodian

\_\_\_\_\_ [Cust]

\_\_\_\_\_ [Minor]

under Uniform Transfers to Minors Act

\_\_\_\_\_ [State]

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

**ASSIGNMENT AND TRANSFER**

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(PLEASE INSERT SOCIAL SECURITY OR TAXPAYER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE) \_\_\_\_\_ the attached Bond of Gadsden County, Florida, and does hereby constitute and appoint \_\_\_\_\_, attorney to transfer the said Bond on the books kept for registration thereof, with full power of substitution in the premises. The Assignment of this Bond is limited by the provisions of Section 3.9 of the Agreement.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or commercial bank or trust company.

\_\_\_\_\_  
NOTICE: No transfer will be registered and no new Bonds will be issued in the name of the Transferee, unless the signature to this assignment corresponds with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

**SCHEDULE 1**

**AMOUNT ADVANCED**

**Date of  
Advance**

**Amount of Payment  
on such Date**

**Amount  
Advanced**