



Town Council Agenda Report

SUBJECT: A resolution authorizing the issuance of \$12 million in bonds for repayment of existing debt and a revolving credit facility through a government borrowing pool

CONTACT PERSON/NUMBER: Chris Wallace, 797-1050

TITLE OF AGENDA ITEM: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE NEGOTIATION OF LOAN IN AN AGGREGATE AMOUNT NOT TO EXCEED \$12,000,000 FROM THE CAPITAL TRUST AGENCY (CAPITAL PROJECTS AND EQUIPMENT ACQUISITION PROGRAM); APPROVING THE ACQUISITION, CONSTRUCTION AND ERECTION OF CERTAIN CAPITAL PROJECTS; APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE CAPITAL TRUST AGENCY; AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE; APPROVING THE EXECUTION AND DELIVERY OF A DISCLOSURE AGREEMENT; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH THE MAKING OF SUCH LOAN; AND PROVIDING AN EFFECTIVE DATE.

REPORT IN BRIEF:

In anticipation of a renewed capital improvement program, the Town is interested in making available approximately \$5 million in a revolving capital account. This account will temporarily fund those capital projects on a temporary basis until long term funding is arranged. This will allow the Town to preserve it's investment income. Additionally, to facilitate this transaction, 3 existing debt issues will be refunded to provide cheaper financing and alleviate indenture restrictions. This document is a draft. A final version was not available at the time the agenda was prepared. A final version will be submitted to the Town Council immediately upon its receipt.

PREVIOUS ACTIONS: not applicable

CONCURRENCES: not applicable

FISCAL IMPACT:

Has request been budgeted? no

If no, amount needed \$230,000 for interest expense for FY01

What account will funds be appropriated from: See comment below

Additional Comments: Since ordinarily this would have come from investments on a temporary basis, and since that would reduce our investment income, this transaction will increase investment income above what was anticipated and should be more than enough to offset the increased expenditure.

RECOMMENDATION(S): Motion to approve the resolution.

Attachment(s): Resolution

Item No.

RESOLUTION No. ____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE NEGOTIATION OF LOAN IN AN AGGREGATE AMOUNT NOT TO EXCEED \$12,000,000 FROM THE CAPITAL TRUST AGENCY (CAPITAL PROJECTS AND EQUIPMENT ACQUISITION PROGRAM); APPROVING THE ACQUISITION, CONSTRUCTION AND ERECTION OF CERTAIN CAPITAL PROJECTS; APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE CAPITAL TRUST AGENCY; AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE; APPROVING THE EXECUTION AND DELIVERY OF A DISCLOSURE AGREEMENT; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH THE MAKING OF SUCH LOAN; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Capital Trust Agency (the "Agency") pursuant to a certain Interlocal Agreement and pursuant to Chapter 163, Part I, Florida Statutes, for the purpose of issuing its bonds to make loans to participating governmental units for qualified projects; and

WHEREAS, the Town of Davie, Florida (the "Borrower"), a municipal corporation, is duly created and existing pursuant to the Constitution and laws of the State of Florida (the "State"); and

WHEREAS, the Borrower finds and declares that there is a substantial need for the financing or refinancing of qualifying projects permitted by Florida Statutes and the State Constitution; and

WHEREAS, the Borrower possesses the ability to finance such projects on its own, but has determined that a pooled financing program involving a limited number of local governmental units which regularly undertake projects requiring significant debt financing within the State of Florida would provide for low cost financing or refinancing of such projects through economies of scale, administrative support and access to expertise in accessing the capital markets; and

WHEREAS, it is anticipated that the benefits of a pooled financing by the Borrower with a limited number of governmental units through the Capital Trust Agency may be obtained through promises to repay loans under the program and supported by a general covenant to budget and appropriate for such purposes, by a specific pledge of taxes or revenues or by a general obligation; and

WHEREAS, by pooling the respective financial needs of these certain various local governmental units, the Borrower will be able to access additional markets and expects to receive the benefits of lower interest rates on more favorable terms associated with such a large scale financing with such benefits being obtained for and inuring to the Borrower; and

WHEREAS, the Agency is in the process of issuing its Capital Trust Agency Revenue Bonds (Capital Projects and Equipment Acquisition Program), Series 2000 (the "Bonds") and is seeking to make loans (the "Loans") to governmental units; and

WHEREAS, it is hereby determined that a need exists to borrow funds to finance or refinance the cost of the acquisition, construction and/or equipping of the qualifying projects set forth on Exhibit A attached hereto (the "Project"); and

WHEREAS, it is determined to be in the best interest of the Borrower to borrow funds from the Agency from the proceeds of the Bonds to finance the cost of the Project.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, as follows:

SECTION 1. AUTHORITY. This Resolution is adopted pursuant to Chapter 166, Florida Statutes, and other applicable provisions of law.

SECTION 2. PROJECT. The refinancing and/or financing of the acquisition, construction and erection of the Project is hereby approved.

SECTION 3. NEGOTIATED LOAN. Due to the complicated nature of the financing and the ability of the Agency to access additional markets and for the Borrower to receive the benefits of lower interest rates and issuance costs, it is hereby determined that it is in the best interest of the Borrower that the Loan to the Borrower be made from the proceeds of the Bonds, as opposed to the Borrower borrowing funds pursuant to a public sale.

SECTION 4. LOAN AMOUNT. The amount of the Loan of the Borrower evidenced by the Loan Agreement shall not exceed \$12,000,000. Such Loan shall be payable according to the terms and conditions set forth in the Loan Agreement authorized pursuant to Section 5 hereof with such changes, insertions and omissions as may be approved by the Mayor and the Town Clerk. The redemption provisions, if any, relating to such Loan shall be as provided in the Loan Agreement.

SECTION 5. AUTHORIZED OFFICERS. The Mayor and the Town Clerk or any other appropriate officers of the Borrower are hereby authorized and directed to execute and deliver a Loan Agreement to evidence the Loan, to be entered into by and between the Borrower and the Agency in substantially the form attached hereto as Exhibit B with such changes, insertion and omissions as may be approved by the Mayor and Town Clerk, the execution thereof being conclusive evidence of such approval.

Further, the Mayor and the Town Clerk or any other appropriate officers of the Borrower are hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement concerning compliance with existing or proposed rules of the Securities and Exchange Commission concerning continuing disclosure by the Borrower, to be entered into by and between the Underwriter, the Borrower and the Agency in substantially the form attached hereto as Exhibit C with such changes, insertions and omissions as may be approved by the Mayor and Town Clerk, the execution thereof being conclusive evidence of such approval.

SECTION 6. NOTE. The Mayor and Town Clerk, or any other appropriate officers of the Borrower is hereby authorized and directed to execute and deliver a Note from the Borrower to the Agency relating to the Loan, in substantially the form attached to the Loan Agreement as Exhibit B with such changes, insertions and omissions as may be approved by the Mayor and Town Clerk, the execution thereof being conclusive evidence of such approval.

SECTION 7. INDENTURE. The Borrower hereby acknowledges and consents to the Bonds being issued pursuant to a Master Trust Indenture and a Supplemental Trust Indenture (collectively, the "Indenture") to be executed by the Agency and a bank or trust company to be selected by the Agency, as Trustee.

SECTION 8. OTHER INSTRUMENTS. The Mayor, the Finance Director, the Town Clerk or any other appropriate officers of the Borrower are hereby authorized and directed to execute any and all certifications or other instruments or documents required by this Resolution, the Loan Agreement, the Indenture or any other documents required by the Agency as a prerequisite or precondition to making the Loan (including but not limited to the execution of all tax documents relating to the tax exempt status of the Loan), and any such representations and agreements made therein shall be deemed to be made on behalf of the Borrower. All action taken to date by the officers of the Borrower in furtherance of the issuance of the Bonds and the

making of the Loan is hereby approved, confirmed and ratified.

SECTION 9. ADDITIONAL INFORMATION. The Loan Agreement shall not be executed and delivered unless and until the Borrower has received all information required by Section 218.385, Florida Statutes.

SECTION 10. ADDITIONAL TERMS. Pursuant to subsequent resolution, the Borrower may establish such additional terms as it may so determine to be in the best interests of the Borrower.

SECTION 11. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

Adopted this _____ day of _____, 2000.

Town OF Davie, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST:

By: _____
Town Clerk

EXHIBIT A

EXHIBIT B

FORM OF LOAN AGREEMENT

EXHIBIT C

FORM OF CONTINUING DISCLOSURE AGREEMENT

LAW OFFICES OF
MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
A PROFESSIONAL LIMITED LIABILITY COMPANY
25 WEST CEDAR STREET, SUITE 500
PENSACOLA, FLORIDA 32501

850/469-1088
TELECOPY 850/432-0677

OF COUNSEL

RICHARD I. LOTT
PATRICIA D. LOTT ANNA HOLLIDAY BENSON

M E M O R A N D U M

TO: Distribution
FROM: Richard Lott
DATE: November 22, 2000
RE: Capital Trust Agency Loan Program

At the request of Pfil Hunt, I attach herewith the current draft of the form of Loan Agreement.

**FORM OF
LOAN AGREEMENT**

**DATED AS OF
November 1, 2000**

BY AND BETWEEN

CAPITAL TRUST AGENCY

AND

TOWN OF DAVIE, FLORIDA

RELATIVE TO

**CAPITAL TRUST AGENCY
CAPITAL FUNDING REVENUE BONDS
SERIES 2000 (MUNICIPAL LOAN PROGRAM)**

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This Loan Agreement dated as of November 1, 2000 (the "Loan Agreement") and entered into by and between the **Capital Trust Agency** (the "Issuer"), an interlocal entity of the State of Florida created pursuant to the authority of Chapter 163, Florida Statutes, as amended (the "Act"), and the Town of Davie, Florida (the "Borrower" or the "Participating Governmental Entity"), a municipal corporation of the State of Florida.

WITNESSETH:

WHEREAS, the Issuer was duly created under and organized under Chapter 163.01(7) and Chapter 617, Florida Statutes, pursuant to an Interlocal Agreement dated as of August 2, 1999, between the Town of Century, Florida and the Town of Gulf Breeze, Florida (the "Enabling Agreement"); and

WHEREAS, the Issuer is authorized by the Act, among other things, to assist in financing and refinancing the construction of public works and infrastructure and the acquisition of necessary equipment ("Projects") by participating governmental entities of the State of Florida (the "State"); and

WHEREAS, pursuant to the Act, and in order to encourage financing such Projects for the purpose of the construction, installation, rehabilitation and equipping of such facilities and the acquisition of such necessary equipment by governmental entities ("Participating Governmental Entities"), which the Issuer believes to be in the public interest and for the benefit of the wealth, health and safety of the citizens of the State, the Issuer is authorized to issue its revenue bonds and loan the proceeds of the revenue bonds to such Participating Governmental Entities (the "Program"); and

WHEREAS, in order to establish the Program to assist Participating Governmental Entities in financing Projects, the Issuer has agreed to authorize, issue, sell and deliver its Revenue Bonds (Municipal Loan Program), Series 2000 (the "Bonds") pursuant to a Master Trust Indenture, dated as of November 1, 2000, between the Issuer and SunTrust Bank, Orlando, Florida as Trustee (the "Trustee"), as supplemented by the Supplemental Indenture of Trust No. 1 dated as of November 1, 2000 (collectively, the "Indenture"); and

WHEREAS, in order to effectuate the Program, the Issuer has heretofore authorized, approved and validated the issuance of the Bonds; and

WHEREAS, the Borrower is authorized under the Act and other applicable law to enter into this Loan Agreement as a Participating Governmental Entity for the purposes set forth herein; and

WHEREAS, in order to minimize the expected interest costs of the Program, the Issuer has entered into an ISDA Master Agreement with Morgan Guaranty Trust Company of New York and a confirmation thereunder in connection with this Loan Agreement; and

WHEREAS, payment of the principal and interest on the Bonds and certain payments due in connection with the Swap Agreement are to be insured by MBIA Insurance Corporation (the "Bond Insurer"); and

WHEREAS, the Issuer and the Borrower have determined that the provision of funds by the Issuer to the Borrower pursuant to the terms of this Loan Agreement and the Indenture, will assist the Borrower in financing or refinancing the construction of public works and infrastructure and/or the acquisition of necessary equipment or in reimbursing the Borrower for funds already spent in connection therewith, which will benefit the wealth, health and safety of the citizens of the Borrower and of the State; and

WHEREAS, the Borrower, as beneficiary of the financing afforded by the Program, will also bear the costs of the Program, in proportion to the Initial Amount of its borrowing; provided, that the obligations of the Borrower shall not be adversely affected by the default of any other Participating Governmental Entity borrowing funds under the Program;

NOW, THEREFORE, for and in consideration of the premises hereinafter contained and as contained in the Indenture, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions Unless the context or use indicates another meaning or intent, the following words and terms as used in this Loan Agreement shall have the following meanings, and any other words and terms which are defined in the Indenture, as hereinafter defined, shall have the meanings as therein defined:

"Accountant" or "Accountants" means an independent certified public accountant or a firm of independent certified public accountants as to whom the Trustee and the Bond Insurer make no reasonable objection.

"Acquisition Fund" means the account by that name established pursuant to Section 5.02 of the Indenture.

"Act" means Chapter 163, Florida Statutes, as amended and other constitutional and statutory authority supplemental thereto.

"Administrator Agreement" means a Program Administration Agreement by and between the

Issuer, the Trustee and the Administrator, as amended and supplemented from time to time with consent of Bond Insurer.

"Administrator" or "Program Administrator" means Gulf Breeze Financial Services, Inc., and any successor thereto named by the Issuer as Administrator.

"Authorized Officer" means the person performing the functions of the chief executive officer or chief financial officer of the Borrower.

"Available Moneys" means (i) with respect to any Loan Repayments or Prepayments, lawfully available funds that have been held for a period of 124 consecutive days during which no petition in bankruptcy under the United States Bankruptcy Code has been filed by or against such Issuer or a Borrower as debtor, and no similar proceedings have been instituted under state insolvency or other laws affecting creditors' rights generally, provided that such amounts will again be deemed Available Moneys if the petition or proceedings have been dismissed and the dismissal is no longer subject to appeal; or (ii) moneys on deposit in trust with the Trustee (a) which are derived from the proceeds of other bonds or obligations issued for the purpose of refunding the Bonds; (b) any other moneys but only if the Trustee and the Bond Insurer receive an unqualified opinion of Bankruptcy Counsel acceptable to the Trustee and the Bond Insurer that payment of such amounts to the Bondholders would not constitute voidable preferences under Section 547 of the United States Bankruptcy Code or any similar state or federal laws (including federal and state laws governing the insolvency of banks, insurance companies, savings and loan associations or other specific types of Borrowers) with voidable preference provisions in the event of a filing of a petition for relief under the United States Bankruptcy Code by or against the Issuer or any Borrower or the Person from whom the money is received if other than a Borrower; or which are moneys with respect to which the Trustee and the Bond Insurer receive an unqualified opinion of nationally recognized bankruptcy counsel acceptable to the Trustee and the Bond Insurer that payment of such amounts to the Bondholders would not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in the event of the filing of a petition for relief under the United States Bankruptcy Code by or against the Issuer or a Borrower, (c) which are proceeds of the Bonds and earnings thereon and which have been continuously on deposit in the Funds created by the Indenture or (d) which are proceeds of the remarketing of the Bonds (other than a remarketing of Bonds to the Issuer, a Borrower or an affiliate of either).

"Bond Counsel" means Miller, Canfield, Paddock and Stone, P.L.C. or any law firm subsequently designated by the Issuer having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds and which is acceptable to the Trustee and the Bond Insurer.

"Bond Insurance Policy" means the financial guaranty insurance policy issued by the Bond Insurer which guarantees payment of the principal of and interest on the Bonds pursuant to the terms of such Bond insurance Policy.

"Bond Insurer" means MBIA Insurance Corporation, and any successor thereto.

"Bondholder" means the registered owner of any Bond.

"Bond Program" or "Program" means the bond program of the Issuer authorized by resolution of the Issuer, as may be amended from time to time, pursuant to which costs of the Projects of Borrowers will be financed, refinanced or reimbursed from the proceeds of the Bonds.

"Bond Purchase Agreement" means that certain agreement between the Issuer and the Underwriter providing for the purchase by the Underwriter of the Bonds upon payment of the

purchase price and satisfaction of the conditions set forth therein for the initial issuance thereof.

"Bonds" means the Issuer's Capital Funding Revenue Bonds, (Municipal Loan Program), Series 2000 issued pursuant to the Indenture.

"Borrower" means the Borrower under this Loan Agreement.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the Town or cities in which the corporate trust operations office of the Trustee or the paying office of the Bond Insurer are authorized by law or executive order to close or (c) a day on which the New York Stock Exchange is closed. For purposes of this definition, Paying Office of the Bond Insurer means the office of the Insurance Paying Agent responsible for making payments under any Bond Insurance Policy.

"Closing Date" means the date on which a Borrower executes and delivers a Loan Agreement and proceeds of the Bonds are transferred to the Borrower's Reservation Account.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Cost" means the cost of the acquisition of all equipment, lands, structures, rights-of-way, franchises, easements and other property rights and interests acquired by the Issuer or a Borrower for a Project; the cost of demolishing, removing or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated; the cost of all labor, materials, machinery and equipment, financing charges, interest prior to and during construction and for such a limited period after completion of such construction as may be approved by the Bond Insurer (not to exceed one year after completion of the Project), the cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates of costs and revenues, other expenses necessary or incident to determining the feasibility or practicability of constructing a Project; administrative expenses; and such other expenses as may be necessary or incident to the construction of a Project, the financing of such construction and the placing of such Project in operation; **provided, however**, that such term shall not include such items as fuel, supplies or other items which are customarily deemed to result in a current operating charge.

"Costs of Issuance" means _____ pursuant to Section 2.04(e) and (h) hereof.

"Costs of Issuance Fund" means the Costs of Issuance Fund established pursuant to Section 5.02 of the Indenture.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the Issuer or the Borrower.

"Default Rate" means a rate equal to the Prime Rate plus three percent (3%), which rate shall change as and when such Prime Rate changes; however, such rate shall not exceed the highest rate permitted by law, nor be less than the Participant Rate.

"Disbursement" means any disbursement of funds to the Borrower by the Trustee from the Borrower's Reservation Account or Renewal Account established under the Indenture as provided in Article III of this Loan Agreement.

"Event of Default" shall have the meaning ascribed to such term in Section 10.01 of this Loan Agreement.

"Extraordinary Expenses" means the fees, costs, and expenses more fully defined and described in Section 5.02(c).

"Financial Guaranty Agreement" means the Financial Guaranty Agreement dated as of November 1, 2000 between the Issuer and the Bond Insurer.

"Indenture" means, collectively, the Master Indenture and Supplemental Indenture of Trust No. 1.

"Initial Amount" means the aggregate principal amount of the Loan as identified in Section 3.01 of this Loan Agreement; subject to adjustment as provided in Section 3.06 hereof.

"Issuer" means the Capital Trust Agency.

"Loan" means the loan to the Borrower by the Issuer from the Proceeds of the Bonds in the Initial Amount.

"Loan Agreement" or "Agreement" means this Loan Agreement, including the Exhibits attached hereto and any amendments hereto.

"Loan Payment Period" shall mean (i) during any period when the Issuer is not obligated to make variable rate payments under the Swap Agreement, the semi-annual periods ending on each Bond Payment Date and (ii) during the period when the Issuer is obligated to make variable rate payments under a Swap Agreement, the period commencing on each Swap Payment Date and ending on the day immediately preceding the next Swap Payment Date.

"Loan Repayment Date" means the first day of _____, _____, _____ and _____ of each year, with the initial Loan Payment Date of _____, 2001.

"Loan Repayments" means the scheduled payments of principal and interest on the Loan and any other amounts payable by the Borrower pursuant to the provisions of this Loan Agreement and the Participant Note.

"Loan Term" means the term provided for in Article IV of this Loan Agreement.

"Master Indenture" means the Master Indenture of Trust by and between the Issuer and the Trustee dated as of November 1, 2000, relative to the Program.

"Non-Ad Valorem Revenues" shall mean all general fund revenues of the Participating Governmental Entity derived from any source other than ad valorem taxation on real or personal property which are legally available to make the payments required under this Loan Agreement.

"Participant Note" means the promissory note in substantially the form attached to this Loan Agreement as Exhibit B, made by the Borrower and payable to the Issuer and providing for Loan Repayments, and any promissory note issued in substitution or exchange therefor.

"Participant Rate" means, at any point in time, the applicable rate of interest on the Borrower's Participant Note. The Participant Rate for each Loan Payment Period shall be (i) during any period when the Issuer is not obligated to make variable rate payments under the Swap Agreement or the Swap Counterparty has failed to carry out its obligations, the fixed rate per annum equal to the interest rate on the Bonds, plus not to exceed _____ basis points per

annum, such amount to be determined by the Administrator at the time the Issuer is not obligated to make variable rate payments under a Swap Agreement, and (ii) during the period when the Issuer is obligated to make variable rate payments under a Swap Agreement, a variable rate per annum determined and reset weekly equal to the Weekly Rate, calculated as provided in Section 6.04(b) of the Indenture, plus _____ basis points per annum; however, upon the conditions specified in this Loan Agreement following the occurrence of an Event of Default under this Loan Agreement, the interest rate thereon shall be increased to a rate per annum equal to the Default Rate. Said Default Rate shall be based upon a 365/366 day year for the actual days elapsed and shall change when and as the Prime Rate shall change. The Participant Rate shall never exceed the Maximum Rate.

"Person" means (a) any individual, (b) any corporation, partnership, limited liability company, joint venture, association, joint-stock company, business trust or unincorporated organization or grouping of any such entities, in each case formed or organized under the laws of the United States of America, any state thereof or the District of Columbia or (e) the United States of America or any state thereof, or any governmental entities of any thereof, or any agency, authority or other instrumentality of any of the foregoing.

"Prepayment" means the payment in whole or in part of the principal amount of the Loan and the Participant Note as provided in Section 8.01 hereof.

"Prime Rate" shall mean the consensus New York Prime Rate, which term refers to the fluctuating rate of interest charged to the largest and most credit-worthy industrial customers on unsecured notes of ninety (90) days maturity as set by a consensus of New York banks, as such rate is published in *The Wall Street Journal*, as the same is adjusted from time to time, effective as of the date of publication of any change therein.

"Project" means any qualified capital project or projects of the Borrower, the financing of which constitutes [an "authorized project"], as such term is defined in the Act (including, without limitation, the construction of public works and infrastructure and acquisition of necessary equipment), all or a portion of the Costs of which are financed or refinanced by the Issuer pursuant to the Indenture and a Loan Agreement.

"Pro Rata Share" means a fraction the numerator of which is the Borrower's Initial Amount as of the date of calculation and the denominator of which is the sum of the Initial Amounts as of the date of calculation of all Loans from the Program to Participating Governmental Entities.

"Reimbursed Expenditures" means amounts, if any, used from proceeds and investment earnings thereon to reimburse a Borrower for an expenditure paid prior to the Closing Date.

"Reimbursement Agreement" means the Reimbursement and Indemnity Agreement between the Borrower and the Bond Insurer dated as of November 1, 2000.

"Reimbursement Allocation" means the act of allocating Reimbursed Expenditures as described herein.

"Related Documents" means this Loan Agreement, the Participant Note, the Reimbursement Agreement, and the Tax Agreement.

"Renewal Account" means the Borrower's account by that name held by the Trustee and established pursuant to Section 5.02 of the Supplemental Indenture.

"Request for Advance" means a written request by an Authorized Officer of the Borrower for an Advance under Section 3.02 of this Loan Agreement in the form of Exhibit F hereto stating

the amount of the Advance requested, identifying the project or otherwise describing the intended use of the moneys to be advanced.

"Reservation Account" means an account by that name for the Borrower held by the Trustee and established pursuant to Section 5.02 of the Supplemental Indenture.

"Reserve Fund Surety Bond" means the surety bond issued by the Bond Insurer to fund the Reserve Fund in the amount of \$_____ as the Reserve Fund Requirement.

"Resolution" means that certain resolution or ordinance, duly adopted by the governing body of the Borrower on _____, 200_, authorizing this Loan Agreement and the Participant Note, the form of which is attached hereto as Exhibit C.

"State" means the State of Florida.

"Supplemental Indenture" means Supplemental Indenture of Trust No. 1 by and between the Issuer and the Trustee dated as of November 1, 2000.

"Swap Agreement" means the ISDA Master Agreement dated _____ between the Issuer and Morgan Guaranty Trust Company of New York, together with the confirmation thereunder which relates to this Loan Agreement.

"Swap Counterparty" means Morgan Guaranty Trust Company of New York as the provider of the Swap Agreement.

"Tax Agreement" means the Tax Exemption Certificate and Participant Tax Agreement by and between the Participant to Issuer and the Trustee dated as of the date of delivery of the Bonds, as the same may be amended from time to time in accordance with its terms.

"Trustee" means SunTrust Bank, a Georgia State banking corporation, as trustee under the Supplemental Indenture, or any successor thereto under the Supplemental Indenture.

"Weekly Rate" means the TBMA Index established weekly for each Weekly Rate Period in accordance with Section 6.04(b) of the Indenture.

"Weekly Rate Period" means for any period in which the Participant Rate is the variable rate of interest based on the Weekly Rate as described in clause (ii) of the first sentence of the definition of "Participant Rate", and except for the initial Weekly Rate Period as provided herein, the period commencing on Thursday (or if the date of determination is not a Wednesday or such Thursday is not a Business Day, on the next following Business Day) and ending on the next succeeding date of determination, or if earlier, on the last day of the Weekly Rate Period.

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

Section 2.01 Representations of the Borrower

The Borrower represents for the benefit of the Issuer, the Trustee, the Bond Insurer, the Swap Counterparty and Bondholders as follows:

(a) Organization and Issuer.

(1) The Borrower is a municipal corporation, duly created and validly existing in good standing pursuant to the constitution and statutes of the State.

(2) The Borrower has full legal right and authority and has taken all action and obtained all necessary approvals required as of the date hereof to enter into this Loan Agreement and the Related Documents, to adopt the Resolution and issue the Participant Note, to undertake and complete the Project, to finance the Project in the manner contemplated herein and to carry out and consummate all transactions contemplated by this Loan Agreement.

(3) The Resolution approving the Related Documents and authorizing their execution and delivery on behalf of the Borrower, authorizing the issuance, sale and delivery of the Participant Note, and authorizing the Borrower to undertake and complete the Project have been duly and lawfully adopted at a meeting or meetings duly called, noticed, and held at which quorums were present and acting throughout and such meeting or meetings were duly called pursuant to necessary public notice and held in accordance with the sunshine law and any other applicable laws.

(4) The Related Documents have each been duly authorized, executed and delivered by an Authorized Officer of the Borrower; and (assuming that the Issuer has all the requisite power and authority to execute and deliver, and has duly authorized, executed and delivered, this Loan Agreement) this Loan Agreement, the Resolution, the Reimbursement Agreement and the Participant Note constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms subject to future proceedings under municipal bankruptcy, reorganization, debt arrangements, insolvency, moratorium, or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights.

(5) The Borrower is duly authorized and empowered to issue the Participant Note; and the Participant Note, the payment of principal and interest thereon, and all other amounts payable hereunder or under the Participant Note, are valid and enforceable special and limited obligations of the Borrower, payable solely from the Non-Ad Valorem Revenues in the manner hereinafter provided.

(b) Full Disclosure. There is no fact known to the Borrower that the Borrower has not specifically disclosed in writing to the Bond Insurer, the Issuer or the Administrator that materially and adversely affects or (so far as the Borrower can now foresee), except for pending or proposed legislation or regulations that are a matter of general public information affecting Persons generally, that will materially and adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Loan Agreement and the Related Documents.

The current financial statements of the Borrower, including balance sheets and the other statements referred to in Section 2.02(g) of this Loan Agreement, and any other written statement furnished by the Borrower to the Issuer (or the Administrator acting on the Issuer's behalf) or the Bond Insurer do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact known to the Borrower which the Borrower has not disclosed to the Issuer (or the Administrator acting on the Issuer's behalf) and the Bond Insurer in writing which materially affects adversely or is likely to materially affect adversely the financial condition of the Borrower, its ability to own and operate its property in the manner such property is currently operated or its ability to make the payments upon the Participant Note, the Reimbursement Agreement and under this Loan Agreement when and as the same become due and payable.

(c) Pending Litigation. There is no litigation or legal or governmental action, inquiry, investigation or proceedings pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower, except as specifically described in writing to the Issuer and the Bond

Insurer, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, prospects or condition (financial or otherwise) of the Borrower, or the corporate existence or powers or ability of the Borrower to enter into and perform its obligations under the Related Documents.

(d) No Conflict With Laws and Agreements. The execution and delivery of the Related Documents, the performance by the Borrower of its obligations hereunder and thereunder, the consummation of the transactions provided for in the Related Documents, compliance by the Borrower with the provisions of the Related Documents and the undertaking and completion of the Borrower's Project do not and will not conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon, any property or assets of the Borrower pursuant to any indenture, loan agreement or other agreement or instrument (other than this Loan Agreement) or corporate restriction to which the Borrower is a party or by which the Borrower, its properties or operations may be bound or with the giving of notice or the passage of time or both would so constitute a breach or default or so result in the creation or imposition of any lien, charge or encumbrance, which breach, default, lien, charge or encumbrance could materially and adversely affect the validity or the enforceability of the Participant Note, this Loan Agreement or the Reimbursement Agreement or the Borrower's ability to perform fully its obligations under the Participant Note, this Loan Agreement or the Reimbursement Agreement; nor will such action result in any violation of the provisions of or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower, its properties or operations are subject.

(e) No Defaults. No event has occurred and no condition exists that constitutes an Event of Default or which, upon the execution and delivery of this Loan Agreement and the Reimbursement Agreement and the Participant Note and/or the passage of time or giving of notice or both, would constitute an Event of Default. The Borrower is not in violation in any material respect, and has not received notice of any claimed material violation (except such violations as (i) heretofore have been specifically disclosed in writing to, and have been in writing specifically consented to by, the Issuer or the Administrator on its behalf) and the Bond Insurer and (ii) do not, and shall not, have any material adverse effect on the transactions herein contemplated and the compliance by the Borrower with the terms hereof or the Participant Note), of any terms of any agreement, or other instrument to which it is a party or by which it, its properties or operations may be bound.

(f) Governmental Consent. The Borrower has obtained, or will obtain prior to any Advance relating thereto, all approvals required by any governmental body or officer for the adoption of the Resolution, the issuance of the Participant Note and the making and performance by the Borrower of its obligations under this Loan Agreement and the Reimbursement Agreement or for the undertaking or completion of the Project, the financing thereof or the reimbursement of the Borrower therefor, or the use of such Project. The financing of the Project as contemplated by this Loan Agreement and the Resolution is consistent with the terms of any such governmental consent, order or any action applicable thereto. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority that has not been obtained is required on the part of the Borrower as a condition to the execution and delivery of the Participant Note, this Loan Agreement, the Reimbursement Agreement the undertaking or completion of the Borrower's Project, the adoption of the Resolution or the consummation of any transaction herein contemplated. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority is required on the part of the Borrower as a condition to the execution and delivery of or the performance of its obligations under this Loan Agreement, the Reimbursement Agreement or to the issuance of the Participant Note.

(g) Compliance With Law. The Borrower is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect the ability of the Borrower to conduct its activities or the condition (financial or otherwise) of the Borrower.

(h) Use of Proceeds. Except to the extent that the Borrower shall deliver to the Issuer, the Trustee, the Administrator and the Bond Insurer a Favorable Opinion of Tax Counsel with respect to the failure of the Borrower to comply with any of the agreements on its part contained in the following paragraphs, the Borrower represents and agrees that it will apply the proceeds of the Loan solely for the financing or refinancing, or to reimburse itself, for the Costs of the Project, all as provided in the Resolution and the Tax Agreement. The Borrower will not use any of the proceeds of the Loan in any manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations promulgated thereunder and will take such actions as are necessary and within its power to assure that the interest on the Bonds will not be subject to federal income taxation by virtue of the Bonds being arbitrage bonds. In this regard, the Borrower will follow the written directions of Bond Counsel if, in the opinion of such Bond Counsel, such directions are needed to maintain the tax-exempt status of the Bonds.

The Borrower will apply the Initial Amount solely for the financing or refinancing of or to reimburse itself for the Cost of the Project as set forth in Exhibit A hereto. With the consent of the Administrator and the Bond Insurer, the Borrower may amend Exhibit A to provide for the financing or refinancing of different or additional Projects if the Borrower, after the date hereof, deems it not to be in the interest of the Borrower to acquire, construct, improve, finance or refinance any Project or the Cost of the Project proves to be less than the amounts listed on such Exhibit A; **provided, however,** the Borrower provides the Issuer, the Trustee, the Administrator and the Bond Insurer with a Favorable Opinion of Bond Counsel with respect to the financing or refinancing of different or additional Projects.

(i) Project. The Project and the financing thereof pursuant to the terms hereof constitutes an "authorized project" as such term is defined in the Act.

Section 2.02 Covenants of Borrower

(a) Maintenance and Use of the Project. The Borrower will maintain the Project in good condition and make all necessary renewals, replacements, additions, betterments and improvements thereto.

(b) Insurance. The Borrower shall obtain and maintain the insurance required in Exhibit E hereto.

(c) Performance of this Loan Agreement. The Borrower agrees (i) to cooperate with the Issuer and the Bond Insurer in the performance of the respective obligations of such Borrower and the Issuer under this Loan Agreement; (ii) subject to the provisions of this Loan Agreement, to collect currently authorized governmental charges and other revenue sufficient to enable the Borrower to pay when due the amounts payable under, and sufficient to fulfill the terms and provisions of, this Loan Agreement; and (iii) to deliver to the Issuer, the Bond Insurer and any designee of such parties any report or certificate required to comply or to evidence compliance with requirements imposed by the Bond Insurer.

(d) Inspections. The Borrower shall permit the Issuer, the Trustee, the Administrator and the Bond Insurer and any party designated by any of such parties to examine, visit and inspect,

at any and all reasonable times, the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto (other than documents the confidentiality of which is protected by law or professional codes of ethics) and to its financial standing, and shall supply such reports and information as the Issuer, the Trustee, the Administrator or the Bond Insurer may reasonably require in connection therewith.

(e) Cost of Project. The Borrower certifies that the Cost of the Project is a reasonable and accurate estimation and upon direction of the Bond Insurer or the Issuer will supply the same with a certificate from an independent Person acceptable to the Bond Insurer or the Issuer stating that such Cost of the Project is a reasonable and accurate estimation.

(f) Project. Moneys which will be made available from this Loan Agreement and other sources will be sufficient to complete and pay for the Project.

(g) Delivery of Information to the Bond Insurer. The Borrower will deliver to the Bond Insurer as soon as available and in any event within 180 days after the end of the Borrower's fiscal year, an audited statement of the consolidated financial position of the Borrower as of the end of such fiscal year and the related statements of revenues and expenses, fund balances and changes in fund balances for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by licensed, independent certified public accountants, whose report shall state that such financial statements present fairly the financial position as of the end of such fiscal year and the results of operations and changes in financial position for such fiscal year.

(h) Information. The Borrower's [clerk, chief executive officer or chief financial officer] shall, at the reasonable request of the Bond Insurer or the Administrator, discuss the Borrower's financial matters with the Bond Insurer or the Administrator and provide the Bond Insurer with copies of any documents furnished by the Borrower to the Issuer, the Administrator or any credit rating service, or, at the request of the Bond Insurer, any lender to the Borrower.

(i) Indemnity. Without waiver of any right the Borrower may have under the laws of the State relating to sovereign immunity, to the extent permitted by law, the Borrower will pay and will protect, indemnify and save the Issuer, the Bond Insurer and the Trustee, each member, officer, commissioner, employee, representative, agent and counsel of the Issuer, the Bond Insurer and the Trustee, and each other person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Issuer, the Bond Insurer and the Trustee, harmless from and against, any and all liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees), suits, claims and judgments of whatsoever kind and nature (including those in any manner directly or indirectly arising or resulting from, out of or in connection with any injury to, or death of, any person or any damage to property resulting from the use or operation of the Project) in any manner directly or indirectly (in any case, whether or not by way of the Borrower, its successors and assigns, or directly or indirectly through the agents, contractors, employees, licenses or otherwise of the Borrower or its successor and assigns) arising or resulting from, out of or in connection with the Project or the breach or violation of any agreement, covenant, representation or warranty of the Borrower set forth in this Loan Agreement or the Participant Note or any document delivered pursuant hereto or thereto or in connection herewith or therewith.

An indemnified person shall promptly notify the Borrower in writing of any claim or action brought against it, in respect of which indemnity may be sought against the Borrower, setting forth, to the extent reasonably practicable under the circumstances, the particulars of such claim or action, and the Borrower will promptly assume the defense thereof, including the employment of competent counsel satisfactory to such indemnified person and the payment of

all expenses.

An indemnified person may employ separate counsel with respect to any such claim or action and participate in the defense thereof, but, except as provided herein, the fees and expenses of such separate counsel shall not be payable by the Borrower unless such employment has been specifically authorized by the Borrower or unless such employment was occasioned by conflicts of interest between and among indemnified persons and/or the Borrower. If the Borrower shall fail to assume the defense of any action as required hereunder, or, within a reasonable time after commencement of such action, to retain counsel satisfactory to the indemnified person, the fees and expenses of counsel to such indemnified person hereunder shall be paid by the Borrower.

The provisions of this paragraph (i) shall survive the termination of this Loan Agreement and the Reimbursement Agreement and the payment in full of the Participant Note.

(j) Insurance and Condemnation Proceeds. The Borrower shall not make any disposition nor direct the disposition of insurance or condemnation payments with respect to the Project without the written consent of the Bond Insurer.

(k) Location of Project. The Project will be used or based within the jurisdiction of the Borrower.

(l) Further Assurance. The Borrower shall execute and deliver to the Bond Insurer all such documents and instruments and do all such other acts and things as may be necessary or reasonably required by the Bond Insurer to enable the Bond Insurer to exercise and enforce its rights under this Loan Agreement and to realize thereon, and record and file and rerecord and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the Bond Insurer to validate, preserve and protect the position of the Bond Insurer under this Loan Agreement; provided that nothing herein shall be deemed to authorize, grant or create any encumbrance or lien upon any property or assets of the Borrower.

(m) Keeping of Records and Books of Account. The Borrower shall keep or cause to be kept proper records and books of account, in which correct and complete entries will be made in accordance with generally accepted accounting principles, consistently applied (except for changes concurred in by the Borrower's independent auditors) reflecting all of its financial transactions.

(n) Compliance With Laws, Etc. The Borrower shall comply with the requirements of all applicable laws, the terms of all grants, rules, regulations and orders of any governmental authority noncompliance with which would, singly or in the aggregate, materially and adversely affect its business, properties, earnings, prospects or credit, or the enforceability of this Loan Agreement or the Participant Note unless the same shall be contested by it in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(o) Tax-Exempt Status of Bonds and the Participant Note. The Issuer and the Borrower understand that it is the intention hereof that the interest on the Bonds and the Participant Note not be included within the gross income of the holders thereof for federal income tax purposes. In furtherance thereof, the Borrower agrees that it will take all action within its control which is necessary in order for the interest on the Bonds and the Participant Note to remain exempt from federal income taxation and shall refrain from taking any action which results in such interest becoming so taxable.

The Borrower covenants that neither it nor any related person, as contemplated by Section 1.148-1 (b) of the U.S. Treasury Regulations under the Code, shall, pursuant to an arrangement,

formal or informal, purchase obligations of the Issuer in an amount related to the amount of the Loan or the Participant Note delivered in connection with the transaction contemplated hereby.

The Borrower further covenants that it will record or file or cause to be recorded or filed in such manner and in such places whatever documents as may be required by law to be recorded or filed in order to protect fully the security of the holders and owners of the Bonds and, if applicable, the tax-exempt status of such Bonds and the Participant Note, including, but not limited to, the filing of all reports upon written request of the Issuer as may be required from time to time pursuant to the Code.

The Borrower further covenants that it will not take any action or fail to take any action with respect to the investment of the proceeds of any Bonds or the Participant Note, with respect to the payments derived from the Bonds, the Participant Note or hereunder or with respect to the purchase of other Issuer obligations, which action or failure to act may cause the Bonds or the Participant Note to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder.

(p) **Information Reports.** The Borrower covenants to provide the Issuer with all material and information necessary to enable the Issuer to file all reports required under Section 103 of the Code (including the applicable Form 8038-G) to assure that interest paid by the Issuer on the Bonds and by the Borrower on the Participant Note shall be exempt from all federal income taxation.

(q) **Tax Agreement.** The Borrower shall comply in all respects with the Tax Agreement, and shall take no action except as expressly permitted herein, which would cause the representations contained therein not to be true and correct on a continuing basis. The Borrower covenants that it shall not take any action or inaction, nor fail to take any action or permit any action to be taken, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds or the Participant Note under Section 103 of the Code.

(r) **Continuing Disclosure.** The Borrower shall provide such continuing disclosure information as may be necessary to enable the Issuer to comply with the provisions of Rule 15(c)2-12 (the "Rule") of the United States Securities and Exchange Commission, in the form and at the times required by the Rule.

Section 2.03 Tax Covenants and Representations of the Borrower

Unless the Borrower shall furnish the Issuer and the Trustee a Favorable Opinion of Bond Counsel to the effect that such action will not adversely effect the exclusion of interest on the Bonds for federal income tax purposes, the Borrower shall not take any of the following actions:

- (a) The Borrower will not identify the Swap Agreement as a hedge in its books and records (e.g., a "qualified hedge") pursuant to Treas. Reg. Section 1.148-4(h)(2)(viii);
- (b) No more than five percent (5%) of the Loan proceeds, and the investment earnings thereon, will be used, directly or indirectly, to make or finance loans to any persons other than state or local government units. Moreover, at least ninety-five percent (95%) of the net proceeds derived from each Participant Note will be applied to the Project used for the governmental purposes of the Borrower;
- (c) No users of the Project other than state or local governmental units will use more than five percent (5%) of the Project in the aggregate, on any basis other than the same basis as the

general public; and no person other than a state or local governmental unit will be the user of more than five percent (5%) of the Project, in the aggregate, as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment or output contract, or (iii) any other similar arrangement, agreement or understanding, whether written or oral;

(d) For purposes of the foregoing, any subsequent actions are subject to compliance with the remedial actions rules of Treas. Reg. Section 1.141-12;

(e) The amounts repaid to the Interest Account and the Principal Account of the Bond Fund will not be derived from proceeds of the sale of the Bonds or borrowings made by the Borrower and such amounts will be derived from tax collections and other governmental receipts, except with respect to any refunding or prepayment permitted under the arbitrage regulations;

(f) During the term of the Participant Note, the Project will be used by the Borrower only for the purpose of performing one or more governmental or proprietary functions of the Borrower consistent with the permissible scope of the Borrowers authority;

(g) The use of the Project is essential to the Borrower's proper, efficient, and economic operation;

(h) The Borrower has an immediate need for, and expects to make immediate use of, all of the Project, which need is not temporary or expected to diminish in the foreseeable future;

(i) There are no circumstances presently affecting the Borrower that could reasonably be expected to alter its foreseeable need for the Project or adversely affect its ability or willingness to budget funds for the payment of amounts due under the Participant Note;

(j) The inclusion in the Participant Note of the Borrower's right to prepay is not indicative of any present purpose or design on the part of the Borrower to prepay or redeem the Participant Note and acquire additional property or services performing functions similar to the Project;

(k) The Borrower will not take or omit to take any action which will adversely affect the exclusion from gross income of the interest component of the Participant Note payments under the Code, including any action or omission which will cause the Bonds or the Participant Note to be an "arbitrage bond" within the meaning of Section 148 of the Code;

(l) The Borrower reasonably expects that the average maturity of the Participant Note will not exceed one hundred and twenty percent (120%) of the average reasonably expected economic life of the Project pursuant to the Loan Agreement based on when such Project is in fact acquired;

(m) The Borrower reasonably believes that the term of the Participant Note is reasonably necessary to accomplish the governmental purposes of the Borrower by providing the Borrower the cost of financing or currently refinancing the Project during the term of the Participant Note on terms and conditions that are beneficial to the Borrower, when compared to other potential means of financing, leasing, or otherwise using such Project;

(n) The Borrower intends pay the Participant Note pursuant to the Loan Agreement;

(o) The estimated total costs of acquiring the Project and paying related expenses of executing and delivering the Participant Note will be an amount not less than the principal component of the Participant Note, together with earnings estimated to be received from

investment of any fund monies pursuant to the Indenture until the Project is acquired;

(p) The acquisition of the Project and the allocation of the net sale proceeds of the Loan Agreement to expenditures will commence and will proceed with due diligence to completion;

(q) At least eighty-five percent (85%) of the net proceeds of the Loan Agreement are reasonably expected to be allocated to expenditures on the Project within three (3) years of the date of issuance of the Bonds;

(r) It is not reasonably expected that any of the Project will be sold, encumbered, or otherwise disposed of, in whole or in part, except such parts or portion thereof that may be disposed of due to normal wear, obsolescence, or depreciation, prior to the maturity of the Participant Note;

(s) Amounts disbursed from the Borrower's Reservation Account or Renewal Account will be expended solely to pay the costs of the acquisition of the Project and related costs;

(t) The Borrower does not expect to create or establish any sinking fund or similar fund with respect to the Participant Note;

(u) No amounts in the accounts or funds of the Borrower are reserved or pledged for Participant Note payments, or to secure the Insurance Policy, and it is not expected that any accounts or funds will be used, nor is there any reasonable assurance that any portion of any accounts or funds will be available for Participant Note payments if the Borrower encounters financial difficulty;

(v) No security, as defined in Sections 165(g)(2)(A) and (B) of the Code, any other obligations (other than a tax-exempt bond), any annuity contract, or any other property that is held principally as a passive vehicle for the production of income will be pledged as security for the payment of the Participant Note payments;

(w) None of the proceeds of the Loan Agreement is expected to be used directly or indirectly to replace funds which were or are to be used directly or indirectly to acquire securities, obligations (other than tax-exempt bond), any annuity contract, or other property that is held principally as a passive vehicle for the production of income which are expected to produce a yield which is materially higher than the yield produced by the Loan Agreement;

(x) None of the proceeds of the Loan Agreement will be allocated to reimburse the Borrower for any expenditures (i) that were originally paid before the date of issuance of the Bonds from another source, unless the representations set forth in Section 2.04 are true and correct, or (ii) that were incurred before the period permitted by the arbitrage regulations;

(y) The Borrower will not use the proceeds of any Loan as a tax anticipation note, bond anticipation note or revenue anticipation note unless the Borrower certifies that it has complied with the capital deficit rules of the arbitrage regulations and has received a Favorable Opinion of Bond Counsel.

Section 2.04 Reimbursement Representations.

Under certain circumstances described below, a Borrower may be entitled to use proceeds of the Loan to reimburse the Borrower for an expenditure paid prior to the date of issuance of the Bonds.

If the Borrower wishes to use proceeds of the Loan to obtain reimbursement for an expenditure

paid prior to the Closing Date hereof, the Borrower will make a Reimbursement Allocation to allocate a portion of the Loan proceeds and investment earnings thereon to the Reimbursed Expenditures incurred in connection with the Project and will, after such Reimbursement Allocation, treat such proceeds as being spent. In support of the Reimbursement Allocation, the Borrower hereby represents as follows:

- (a) Certain Reimbursed Expenditures (the "Preliminary Expenditures") relate to architectural, engineering, surveying, soil testing, and similar costs that were incurred prior to commencement of the acquisition, construction, or rehabilitation of the Project and do not include any costs related to land acquisition, site preparation and similar costs incident to commencement of construction.
- (b) The amount of Preliminary Expenditures does not exceed twenty percent (0% of the Loan proceeds being used to finance the portion of the Project with respect to which the Preliminary Expenditures were incurred.
- (c) Except as described in (h) below, in the case of non-Preliminary Expenditures, the Borrower has adopted an official intent (within the meaning of Treasury Regulations Section 1.150-2(e)) to reimburse such expenditures not later than sixty (60) days after the date such expenditures were paid. At the time the official intent described above was declared, the Borrower reasonably expected to reimburse the non-Preliminary Expenditures related thereto with the proceeds of a future borrowing.
- (d) The Borrower will allocate Loan proceeds in an amount to reimburse the Reimbursed Expenditures. Except as described in (h) below, and except in the case of Preliminary Expenditures, the Borrower will be advanced the Loan proceeds from the Reservation Account within eighteen (18) months after the later of (i) the first date on which a Reimbursed Expenditure was paid or (ii) the first date on which the property relating to a Reimbursed Expenditure was placed-in-service or abandoned, but in no event more than three years after the first date on which a Reimbursed Expenditure was paid. If the Borrower qualifies for the small issuer exception to rebate, except as described in (h) below, and except in the case of Preliminary Expenditures, the Borrower will be advanced the Loan proceeds from the Reservation Account within three years after the later of (i) the first date on which a Reimbursed Expenditure was paid or (ii) the first date on which the property relating to a Reimbursed Expenditure was Placed-in-Service or abandoned.
- (e) All Reimbursed Expenditures will represent capital expenditures or costs of issuance.
- (f) [Reserved]
- (g) No Reimbursement Allocation will employ any action that results in the Issuer or any Borrower issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is reasonably necessary to accomplish the relevant governmental purposes, based upon all of the facts and circumstances.
- (h) The restrictions in (c) and (d) above do not apply to (i) Costs of Issuance or (ii) an amount not in excess of \$100,000.

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ARTICLE III

THE LOAN

Section 3.01 The Loan; Participant Notes The Issuer hereby agrees to make a Loan to the

Borrower in the Initial Amount equal to \$12,000,000. A portion of the Initial Amount will be deposited into the Borrower's Reservation Account upon the issuance of the Bonds for the purpose of making Disbursements from time to time to the Borrower. The Borrower agrees to requisition for and receive Disbursements from time to time and as evidence of such Loan the Borrower shall issue and deliver the Participant Note to the Issuer for the full amount of the Initial Amount. The Borrower further agrees to repay such Loan by making all payments due in respect of the Participant Note, together with all other amounts due under this Loan Agreement and the Indenture. The Borrower and the Issuer acknowledge and agree that, subject to Section 3.01(d) hereof and 8.03 (a)(i)(A) hereof, the Borrower's Repayments and Prepayments of the principal component of the Participant Note payments shall be deposited into the Borrower's Renewal Account and shall be available to the Borrower for additional disbursements for Projects under the terms and conditions provided in Section 4.04 hereof.

The acceptance of the Participant Note by the holder from time to time thereof shall be deemed an agreement between the Participant and such holder that the obligation to pay such Participant Note and the other amounts payable in connection herewith shall not constitute a lien upon any property or funds of the Participant, but shall be subject to payment from the Non-Ad Valorem Revenues, in the manner herein provided.

Section 3.02 Funding the Loan The Trustee, as the agent of the Issuer, shall at the Closing Date transfer a portion of the Initial Amount from amounts on deposit in the Acquisition Fund to a Reservation Account for the Borrower in accordance with the Indenture. Borrower acknowledges that the amount to be deposited in the Renewal Account shall be net of Costs of Issuance or \$_____ (the "Funding Amount"). The Funding Amount in the Borrower's Reservation Account will be made available by the Issuer to the Borrower for a period not to exceed sixty (60) months to fund Disbursements from time to time as directed by the Borrower to finance the Cost of Projects. Amounts on deposit in such Reservation Account shall belong to and be held for the benefit of the Borrower, be subject to a first and prior pledge securing the Participant Note and this Loan Agreement, and shall be disbursed in whole or in part from time to time upon receipt by the Trustee of a Request for Advance in the form of Exhibit F hereto. Each Request for Advance shall be for a minimum amount of [\$100,000]. The Borrower shall deliver a copy of each Request for Advance submitted to the Trustee to the Administrator and the Bond Insurer on the date the request is submitted to the Trustee. Other than amounts in the Borrower's Reservation Account or in the Borrower's Renewal Account, or Repayments or Prepayments of principal by the Borrower on deposit in the Redemption Fund, all as provided in the Indenture, the Borrower shall have no legal or equitable interest in the proceeds of the Bonds or in any amounts from time to time on deposit in the funds and accounts created by the Indenture. The proceeds provided to the Borrower shall be used strictly in accordance with Section 2.01(h) hereof.

Section 3.03 No Warranty Of Sufficiency

None of the Issuer, the Trustee, the Administrator, nor the Bond Insurer in any way warrants or represents that the Initial Amount will be sufficient to finance the entire Cost of the Project. In the event the proceeds of the Loan are insufficient to defray the entire Costs of the Project, the Borrower shall nevertheless pay all such Costs, from such sources as may be available to the Borrower; and the Borrower shall not be entitled to any abatement, reduction, diminution or postponement of any amounts due hereunder or under the Participant Note.

Section 3.04 Closing Submissions

The obligation of the Issuer to deposit the Funding Amount in the Borrower's Reservation Account established for the Borrower is expressly subject to the receipt by the Administrator and the Trustee of the Closing documents set forth in Section 4.03 hereof.

Section 3.05 Evidence Of Loan

The Borrower's obligation to repay the Initial Amount due under this Loan Agreement and the Indenture, together with interest thereon at the Participant Rate shall be evidenced by the Participant Note; and the Borrower's obligation to repay the other payments required under this Loan Agreement shall be evidenced by this Loan Agreement. In addition, any amounts disbursed to the Borrower from the Renewal Account or from amounts representing Prepayments in the Redemption Fund shall be evidenced by a supplemental Participant Note in accordance with Section 4.04 hereof.

Section 3.06 Adjustments to Initial Amount

(a) The Borrower's Initial Amount shall not be reduced or changed on account of any Repayment, Prepayment or deemed Prepayment of any portion of the principal amount of the Borrower's Loan until such time, and only to the extent, that either

(i) the following conditions have all been satisfied: such Prepayment or Repayment has been applied to pay, discharge and redeem an equal principal amount of Bonds, and the notional amount of the Swap Agreement, if any, then in effect has been reduced by the amount of such payment and discharge of Bond principal; or

(ii) such Prepayment or Repayment has been applied to make a new Loan to another Participating Governmental Entity or to make an additional Loan to another Participating Governmental Entity, thereby increasing the Initial Amount of such other Participating Governmental Entity.

The Borrower acknowledges that under the Indenture and the Swap Agreement, the Bonds will not be paid and discharged prior to the final maturity of the Bonds on _____, 20__, (and thus the provisions of clause (i) of this Section 3.05(a) will not be satisfied) unless certain conditions are satisfied and the Swap Agreement can be terminated without a Termination Payment. There is no assurance that economic conditions at the time of such repayment or prepayment will allow the Swap Agreement to be so terminated without a termination payment.

(b) Unless and until an adjustment to a Borrower's Initial Amount has been made in accordance with Subsection 3.06(a) above, (i) the amount of any Repayment or Prepayment on deposit in the Borrower's Renewal Account or the Borrower's Account of the Redemption Fund shall continue to belong to the Borrower, subject to application thereof as provided in the Indenture, and (ii) the Borrower shall continue to be obligated to make Loan Repayments and additional payments in respect of its Initial Amount, subject to receipt of credit of investment earnings upon such deposits, up to the Permitted Investment Rate, all as provided in the Indenture.

ARTICLE IV

LOAN TERM, LOAN CLOSING REQUIREMENTS AND LOAN AMENDMENT REQUIREMENTS

Section 4.01 Commencement of Loan Term

The Borrower's obligations under this Loan Agreement and the Participant Note shall commence on the date hereof unless otherwise provided in this Loan Agreement.

Section 4.02 Termination of Loan Term

Subject to Sections 5.05 and 8.03 hereof, the Borrower's obligations under this Loan Agreement and the Participant Note shall terminate after payment in full of all amounts due under this Loan Agreement and the Participant Note with Available Moneys, and all amounts not theretofore paid shall be due and payable on _____, 20__; **provided, however**, that the covenants and obligations expressed herein to so survive shall survive the termination of this Loan Agreement and the payment in full of the Participant Note. Upon termination of the Loan Term as provided above, the Issuer and the Trustee or the Bond Insurer shall deliver, or cause to be delivered, to the Borrower the canceled Participant Note.

Section 4.03 Loan Closing Documents

Concurrently with the execution and delivery of this Loan Agreement, the Borrower is providing to or will cause to be provided to the Bond Insurer and the Trustee the following documents, each dated the date of such execution and delivery unless otherwise provided (except that the item described in (e) below shall be delivered only to the Trustee):

- (a) Certified Resolutions of the Borrower in form and substance substantially identical to Exhibit C to this Loan Agreement; **provided, however**, that the Administrator may permit variances in such certified Resolutions from the form and substance of Exhibit C if, in the good faith judgment of the Administrator, such variance is not to the material detriment of the interests of the Bondholders and such certified Resolutions are acceptable to the Bond Insurer;
- (b) A certificate of the officials of the Borrower who sign this Loan Agreement and the Participant Note in form and substance substantially identical to Exhibit D to this Loan Agreement; **provided, however**, that the Administrator may permit variances in such certificate from the form or substance of Exhibit D if, in the good faith judgment of the Administrator, such variance is not to the material detriment of the interests of the Bondholders and such certificate is acceptable to the Bond Insurer;
- (c) The original executed Participant Note to the Issuer, endorsed to the Trustee;
- (d) A certificate signed by the Authorized Officer of the Borrower stating (i) the estimated dates and amounts of projected expenditures for the Project, (ii) that it is reasonably anticipated by the Borrower that the Loan proceeds will be fully advanced therefor and expended by the Borrower (to the extent the Disbursements are not made to reimburse the Borrower for an expenditure already made) prior to a date which is no later than sixty (60) months after the date of issuance of the Bonds, (iii) that the projected expenditures are based on reasonable expectations, and (iv) that the proceeds of the Loan are to be used to finance a Project, the financing of which constitutes an "authorized project" of the Issuer under the Act;
- (e) A letter from the Bond Insurer or other evidence satisfactory to the Administrator and the Trustee to the effect that the Bond Insurer has approved this Loan Agreement;
- (f) An opinion (addressed to, and in form and substance acceptable to, the Issuer, the Bond Insurer and the Trustee) of Bond Counsel, to the effect that the Loan will not jeopardize the exemption of the interest on the Bonds from federal income tax or adversely affect the validity of the Bonds;
- (g) An opinion of the Borrower's Counsel in the form of Exhibit G attached hereto to the effect that the Loan Agreement is a valid and binding obligation of the Borrower and opining to such other matters as may be reasonably required by Bond Counsel, Underwriter's counsel and the Bond Insurer;

- (h) A Form 8038-G with respect to the Loan;
- (i) An Acknowledgment/Receipt of Swap Agreement; and
- (j) Such other certificates, documents and information as the Bond Insurer or the Issuer may require.

All opinions and certificates shall be dated the Closing Date.

Section 4.04. Loans from the Borrower's Renewal Account.

Borrower acknowledges that to the extent provided in the Indenture, the principal portion of the Borrower's Loan Repayments or Principal Payments may be deposited in the Borrower's Renewal Account with the Trustee in accordance with Section 5.01(d) hereof. Upon written approval of the Bond Insurer, but only after all amounts in the Borrower's Reservation Account have been disbursed, the principal amounts, if any, of the Borrower's Loan Repayments in the Borrower's Renewal Account may be applied and disbursed for the costs of additional Projects, provided that the Trustee shall have received the following:

1. An opinion of Counsel to the effect that (a) the additional Disbursements have been duly authorized by the governing board of the Borrower, (b) the Borrower is authorized by law to acquire or construct such Project and to finance the costs thereof with such disbursements, (c) the Borrower is legally obligated to repay such disbursements in the same manner as the original principal on the Loan, and (d) such obligation to repay such disbursements are binding, valid and enforceable against the Borrower in accordance herewith and under the terms of the Participant Note.
2. A Request for Advance in the form attached hereto.
3. A Favorable Opinion of Bond Counsel with respect to such disbursement.
4. A certificate of Borrower with respect to such additional Disbursement, in the form attached hereto as Exhibit D.
5. An executed supplemental Participant Note whereby the Borrower acknowledges in writing that such amounts have been disbursed to the Borrower and that the Borrower's obligations with respect to Loan Repayments have been reinstated as to such amounts.

Nothing in this Section 4.04 shall be deemed to apply to the principal amount of any Loan Repayment that has been applied to reduce the Borrower's Initial Amount as provided in Section 3.06 (a)(i) or (a)(ii) hereof.

ARTICLE V

LOAN REPAYMENTS

Section 5.01 Repayments

- (a) The principal and interest portions of Loan Repayments are due in the form of payments on the Participant Note, in accordance with the terms thereof. Payment of all other amounts due under this Loan Agreement are payable by the Borrower directly, upon receipt by the Borrower of a statement thereof. The Borrower shall make Loan Repayments due under this Loan Agreement solely from Non-Ad Valorem Revenues in lawful money of the United States of America to the Trustee. Payment by the Borrower of principal, premium, if any, and interest on

the Participant Note shall constitute Loan Repayments of principal, premium and interest hereunder.

(b) The Loan shall be repaid in installments, consisting of (i) principal payments on the Participant Note, payable in such amounts on such dates as set forth in the Participant Note, as shown in Exhibit B hereto; and (ii) interest on the Participant Note at the Participant Rate. Interest on any past-due Loan Repayment shall accrue at a rate equal to the Default Rate. All Loan Repayments shall be due as set forth in the Participant Note unless the Participant Note is prepaid in whole or the due date on the Loan Repayments is accelerated pursuant to Section 10.03 hereof.

(c) In addition to the foregoing, the Borrower shall pay to the Trustee for the account of the Issuer, solely from Non-Ad Valorem Revenues, its Semi-annual Rebate Deficiency calculated in accordance with Section 5.07(b) of the Indenture on the investments of moneys in the funds and accounts allocated to the Borrower under the Indenture and its Pro Rata Share of any Compliance Charges and the fees of the Trustee and the Rebate Analyst and any Rebate Deficiency on moneys in the Bond Fund under the Indenture, or on any other unallocated funds under the Indenture, as set forth in the Indenture to the extent such payments cannot be made from the Funds established for the payment thereof under the Indenture.

(d) Payments of interest on the Participant Note shall be deposited by the Trustee into the Interest Account of the Bond Fund established under the Indenture. Payments of principal on the Participant Note shall be deposited into the Borrower's Renewal Account; **provided, however,** that from and after such time as the Bond Insurer determines in its sole discretion, at any time for any reason that there has been a material adverse change in the credit profile of the Borrower and provides written notice of such to the Trustee, payments of principal shall instead be deposited by the Trustee into the Redemption Fund established under the Indenture.

(e) The Borrower recognizes that the initial Participant Rate on the Loan has been calculated taking into account the payments and receipts under the Swap Agreement, and further consents and agrees that the portion of the notional amount of the Swap Agreement equal to the Initial Amount has been entered into for the benefit of the Borrower. The Borrower hereby acknowledges that it has received a copy of the Swap Agreement, including the applicable confirmation for a notional amount equal to the Initial Amount. The Issuer agrees that it will not amend or modify the confirmation to increase the amount thereunder allocable to the Borrower, without the prior approval of such increase, in writing, by the Borrower of an increase in the Initial Amount. In the event of a reduction in the Initial Amount as provided in Section 3.06 hereof, the notional amount of the Swap Agreement allocable to the Borrower shall likewise be reduced.

Section 5.02 Additional Payments In addition to payments due under Section 5.01, the Borrower agrees to pay to the Trustee solely from Non-Ad Valorem Revenues, upon demand of the Administrator on behalf of the Issuer, or Trustee the following additional payments:

(a) the fees and out-of-pocket expenses and disbursements of counsel utilized by the Issuer, the Bond Insurer and the Trustee in connection with this Loan Agreement, and the Related Documents, the enforcement thereof upon any default by the Borrower;

(b) all taxes and other governmental charges in connection with the execution and delivery of this Loan Agreement, whether or not any amount due hereunder is then outstanding, including all recording and filing fees and stamp taxes relating to the pledge and assignment of the Issuer's right, title and interest in and to this Loan Agreement pursuant to the Indenture (and with the exceptions noted therein) and all expenses, including attorneys fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the

provisions hereof; and

(c) all Extraordinary Expenses, consisting of:

(i) the Borrower's ***Pro Rata Share*** of all

(1) fees and expenses (including attorney's fees) of the Trustee and any paying agent, any registrar, authenticating agent or transfer agent for the Bonds not included in its regular fees (exclusive of any such fees or expenses occasioned by the default of another Participating Governmental Entity);

(2) amounts owed by the Issuer under the Indenture with respect to any indemnification obligations to the Trustee or to any other entity under the Indenture (exclusive of any such amounts owned on account of the default of another Participating Governmental Entity);

(3) all reimbursements and expenses under the Financial Guaranty Agreement and all amounts owed to the Bond Insurer as costs and expenses of the Issuer, the Trustee or the Bond Insurer, including fees and expenses of their attorneys and consultants, incurred in connection with an audit of the Bonds, the Swap Agreement, and Compliance Charges, or any aspect of the Issuer's pooled loan program by the Internal Revenue Service, the Department of the Treasury, the Securities and Exchange Commission, or any successor agency of any of the foregoing or any state agency or department;

(ii) all reasonable fees and expenses of the Issuer, the Trustee or the Bond Insurer relating to this Loan Agreement, the Swap Agreement, the Reimbursement Agreement and the Financial Guaranty Agreement including but not limited to:

(1) the fees and disbursements of counsel utilized by the Issuer, the Bond Insurer and the Trustee in connection with the Loan, the Loan Agreement, the Participant Note, the Reimbursement Agreement, Financial Guaranty Agreement and the enforcement or administration thereof;

(2) all other out-of-pocket expenses of the Trustee, the Bond Insurer and the Issuer in connection with the Loan, the Loan Agreement, the Swap Agreement, the Reimbursement Agreement, the Financial Guaranty Agreement and the Participant Note and the enforcement thereof;

(3) all costs and expenses, fees, charges and other amounts due from the Issuer to the Swap Counterparty for that portion of the Swap Agreement allocated to the Borrower on the books and records of the Swap Counterparty or the Issuer's or Trustee's records relating thereto;

(4) any other reasonable fees or expenses of the Issuer, the Bond Insurer or the Trustee generally in connection with the Bonds, the Participant Notes, the Loans, the Swap Agreement, the Reimbursement Agreement, the Financial Guaranty Agreement or the Bond Insurance Policy or the Reserve Fund Surety Bond.

(iii) the Termination Payment due upon that portion of the Swap Agreement allocable to the Borrower, upon the failure of the Borrower to be in compliance with any provision hereof which has the effect of causing such Termination Payment to be due.

(iv) all losses resulting from the investment of the Borrower's Reservation Account, the Borrower's Renewal Account, or moneys transferred from such accounts to the Borrower's Account in the Redemption Fund, including market losses, a failure of the Investment Agreement to provide earnings sufficient to cover the Repayments due hereunder or payments due on a

principal amount of the Bonds or any of the additional payments due under this Section 5.02, including any costs under the Swap Agreement, losses caused by default of the Investment Agreement provider(s), losses due to failure of collateral and losses incurred on a replacement of the Investment Agreement provider, without regard to the party initiating the replacement.

(d) If the Reserve Fund is reduced or depleted due to a failure by the Borrower to make a payment as herein required, including a draw on the Reserve Fund Surety Bond, then the Borrower shall pay the amount necessary to pay amounts (including interest) due and owing the Bond Insurer as issuer of the Reserve Fund Surety Bond to restore the balance to the Reserve Fund Requirement, including any amounts due under the Financial Guaranty Agreement as a result of a draw on the Reserve Fund Surety Bond. Such payments shall be made from Non-Ad Valorem Revenues of the Borrower in twelve equal monthly installments, due on the first Business Day of the month following the date of such reduction, depletion, or draw.

The Borrower agrees to pay interest at the Default Rate to the affected party on any such additional payments enumerated above not received by the Issuer, the Bond Insurer, the Swap Counterparty, the Trustee or the Administrator, as the case may be, within ten (10) days of demand therefor.

Section 5.03 Determination of Interest Rate; Interest Limit

The determination by the Calculation Agent in accordance with the Indenture of the TBMA Index at any time, shall be conclusive and binding on the Borrower. Failure by the Trustee to give notice required hereunder, or any defect therein, shall not (i) affect the interest rate borne by the Bonds or the payment obligations of the Borrower hereunder, or (ii) impose any liability on the Trustee to the Borrower.

Notwithstanding the provisions of Sections 3.01, 5.01 and 5.02, the interest on the Participant Note shall not exceed the Maximum Rate.

For purposes of budgeting for the interest component of the Loan Repayment due each year on the Participant Note, the Borrower covenants and agrees that (A) during any period during which the provisions of subsection (i) of the definition of Participant Rate are applicable, the Borrower shall budget such interest at an estimated interest rate of _____ percent (____%). And (B) during any period during which the provisions of subsection (ii) of the definition of Participant Rate are applicable, the Borrower shall budget such interest at an estimated interest rate of _____ percent (____%).

Section 5.04 Obligation To Pay Repayments

(a) Subject to the provisions of this Section 5.04(a), the Borrower hereby acknowledges, covenants and agrees to budget and appropriate, by amendment, if necessary, from Non-Ad Valorem Revenues lawfully available in each Fiscal Year, and amounts to pay when due under this Loan Agreement as promptly as money becomes available directly to the Trustee, amounts sufficient to pay all Loan Repayments, including without limitation, the amounts due under Section 5.01 and 5.02 hereof. The Borrower hereby covenants that in the event sufficient amounts, exclusive of the amounts theretofore received from or on behalf of the Borrower and held by the Trustee to satisfy such Loan Repayments on the Borrower Loan, have not been paid to the Trustee, it will, to the extent permitted by law and subject to this Section 5.04, in each year in which any such deficiency in the Loan Repayments may be due and payable in accordance with this Loan Agreement, budget and appropriate, by amendment, if required, from legally available Non-Ad Valorem Revenues, the sums required for payment of such amounts, and apply the same to the payment thereof.

Such covenant and agreement on the part of the Borrower to budget and appropriate such amounts of legally available Non-Ad Valorem Revenues shall be cumulative, and shall continue until such legally available Non-Ad Valorem Revenues in amounts sufficient to pay the Loan Repayments provided for herein in respect of the Initial Amount of the Borrower's Loan have been budgeted, appropriated and actually paid to the Trustee.

Notwithstanding the foregoing covenant of the Borrower, the Borrower does not covenant to maintain any services or programs, now provided or maintained by the Borrower, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Borrower from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Borrower to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Trustee a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the Borrower. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available in the manner described herein Non-Ad Valorem Revenues and placing on the Borrower a positive duty to budget and appropriate, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 166.241(3), Florida Statutes, which provides, in part, that the governing body of each municipality make appropriations for each Fiscal Year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Borrower or which are legally mandated by applicable law.

(b) The obligation of the Borrower to make payment of Loan Repayments of any amounts required by this Article V and other Sections hereof from Non-Ad Valorem Revenues and to perform and observe the other covenants and agreements contained herein, shall be absolute and unconditional in all events except as otherwise expressly provided in this Loan Agreement, including this Section 5.04. Subject to the provisions of this Section 5.04, notwithstanding any dispute between the Borrower and the Issuer, the Trustee, the Administrator, the Bond Insurer, any Bondholder or any other person, the Borrower shall make all payments of Loan Repayments when due and shall not withhold any Loan Repayments pending final resolution of such dispute, nor shall the Borrower assert any right of set off or counterclaim against its obligation to make such payments required under this Loan Agreement.

(c) The Borrower agrees and covenants with the Issuer that it will not hereafter issue any obligations payable from the Non-Ad Valorem Revenues or portions thereof, unless there shall have been filed with the Trustee and the Bond Insurer a certificate of the chief financial officer of the Borrower to the effect that: (i) Non-Ad Valorem Revenues (average of actual receipts over any 12 consecutive months out of the previous 18 months) exceed maximum annual debt service on debt secured by and/or payable solely from such Non-Ad Valorem Revenues by at least 1.5 times; and (ii) projected maximum annual debt service requirements for all debt secured by and/or payable solely from such Non-Ad Valorem Revenues will not exceed 20% of Governmental Fund Revenues (defined as general fund, special fund, debt service fund and capital projects funds), exclusive of (i) ad valorem revenues restricted to payment of debt service on any debt and (ii) any debt proceeds. For the purposes of these covenants maximum annual debt service means the lesser of the actual maximum annual debt service on all debt or

[15%] of the original par amount of the debt, in each case, secured by Borrower Non-Ad Valorem Revenues. For purposes of this subsection (c) the rate of interest on debt service on obligations, the interest rate on which changes at least every 9 months, shall be assumed to be a rate equal to two-thirds of the maximum rate which such obligations may bear in accordance with the controlling instruments for such obligations.

(d) The Borrower's obligation to make payment of Loan Repayments or any other amounts during the Loan Term shall not be abated through accident or unforeseen circumstances or because of payment (i) under the Bond Insurance Policy or Debt Service Reserve Surety Bond on the Borrower's behalf or (ii) by the Bond Insurer on the Borrower's behalf from sources other than payments under the Bond Insurance Policy. The Issuer and the Borrower agree that the Borrower shall bear all risk of damage or destruction in whole or in part to the Project or any part thereof, including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of the Project, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use of the Project or the compliance by the Borrower with any of the terms of this Loan Agreement. Notwithstanding the foregoing, this Section 5.04 shall not limit the rights of the Borrower to recover amounts owing to it, except as specifically set forth herein. Subject to the provisions of this Section 5.04, the Borrower does hereby obligate itself and its successors to budget annually solely from Non-Ad Valorem Revenues a sum of money sufficient to make Loan Repayments required by this Loan Agreement, including any principal and/or interest on the Bonds theretofore matured and unpaid and to collect revenues within the limits prescribed by law from time to time, sufficient to make such Loan Repayments.

(e) Anything in this Loan Agreement to the contrary notwithstanding, it is understood and agreed that all obligations of the Borrower hereunder shall be payable only from Non-Ad Valorem Revenues budgeted and appropriated as provided for hereunder and nothing herein shall be deemed to pledge ad valorem taxation revenues or to permit or constitute a mortgage or lien upon any assets owned by the Borrower and no Bondholder or any other person, including the Issuer, the Trustee or the Bond Insurer, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Borrower. The obligations hereunder do not constitute an indebtedness of the Borrower within the meaning of any constitutional, statutory or charter provision or limitation, and neither the Trustee, the Issuer, the Bond Insurer, or the Bondholders or any other person shall have the right to compel the exercise of the ad valorem taxing power of the Borrower or taxation of any real or personal property therein for the payment by the Borrower of its obligations hereunder. Except to the extent expressly set forth in this Loan Agreement, this Loan Agreement and the obligations of the Borrower hereunder shall not be construed as a limitation on the ability of the Borrower to pledge or covenant to pledge said revenues or any revenues or taxes of the Borrower for other legally permissible purposes. Notwithstanding any provisions of this Agreement, the Indenture or the Bonds to the contrary, the Borrower shall never be obligated to maintain or continue any of the activities of the Borrower which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Neither this Loan Agreement nor the obligations of the Borrower hereunder shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the Borrower, but shall be payable solely as provided herein and is subject in all respects to the provisions of Section 166.241, Florida Statutes, and is subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Borrower, and shall be expressly limited to the Loan Repayments of the Borrower and the Borrower shall have no joint liability with any other Borrower or the Issuer for any of their respective liabilities, except to the extent expressly provided hereunder.

(f) The Issuer and the Borrower understand that the amounts available to be budgeted and appropriated to make Loan Repayments hereunder are subject to the obligation of the Borrower

to provide essential services; however, such obligation is cumulative and carries over from fiscal year to fiscal year.

Section 5.05 Application of Repayments

Repayments of principal and interest on the Participant Note shall be applied as provided herein and in the Participant Note. Any such Repayments of the principal amount of the Participant Note shall be held, invested, applied and disbursed in accordance with the Indenture, subject to the provisions of Sections 4.04 and 8.03 hereof.

Section 5.06 Agreement To Survive Indenture and Bonds

The Borrower acknowledges that its obligations hereunder shall survive the discharge of the Indenture and payment of the principal of and interest on the Bonds, if and to the extent that amounts are due and owing to any party entitled to receive the same hereunder as of the date of such discharge and payment. The Borrower further acknowledges that certain obligations hereunder shall survive the Borrower's prepayment of the Participant Note and shall remain obligations until the Initial Amount is adjusted as provided in Section 3.06 hereof.

ARTICLE VI

TITLE TO PROJECT

Section 6.01 Title To Project

Title to the Project will be and remain in the Borrower. The Borrower shall have the right to convey the Project to any other Persons, subject to the limitations contained in other provisions of this Loan Agreement and the Tax Agreement. If any such conveyance which is not permitted hereby or by the Tax Agreement is nevertheless undertaken due to unforeseen circumstances or other actions outside the control of the Borrower, the Borrower shall prepay its Participant Note and the Trustee shall, subject to the provisions of the Indenture, use such Prepayments to redeem Bonds prior to maturity on the next available Redemption Date. The Trustee shall never deposit such Prepayments in the Renewal Account under the Indenture unless the Borrower, the Bond Insurer and the Trustee shall have received a Favorable Opinion of Bond Counsel with respect to such deposit. The Borrower acknowledges and recognizes that certain obligations hereunder shall survive prepayment of its Participant Note.

ARTICLE VII

DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES

Section 7.01 Disclaimer of Warranties

NEITHER THE ISSUER, THE TRUSTEE, THE BOND INSURER NOR THE ADMINISTRATOR MAKES ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF OR ANY WARRANTY WITH RESPECT THERETO. In no event shall the Issuer, the Bond Insurer, any Administrator or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the existence, furnishing, functioning or the Borrower's use of the Project or any item or products or services provided for in this Loan

Agreement.

Section 7.02 Warranties

The Borrower's sole remedy for the breach of any warranty, right of indemnification or representation relating to the Project or any part thereof shall be against the vendors, manufacturers, installers or construction contractors of the Project and not against the Issuer, the Trustee, the Bond Insurer, any Administrator or any Bondholder, nor shall such matter have any effect whatsoever on the rights and obligations of the Borrower or the Issuer with respect to this Loan Agreement. The Borrower expressly acknowledges that neither the Issuer, the Trustee, the Bond Insurer nor any Administrator makes, or has made, any representation or warranties whatsoever as to the existence or availability of any such warranties of such vendors, manufacturers, installers and construction contractors.

ARTICLE VIII

OPTION TO PREPAY LOAN REPAYMENTS; LOAN PREPAYMENT AND RELATIONSHIP TO SWAP AGREEMENT

Section 8.01 Prepayment

(a) The principal amount of the Loan and the Participant Note shall be subject to optional prepayment prior to maturity, in whole or in part, on any Business Day, in an amount equal to the outstanding principal amount thereof, plus accrued interest to the date of redemption. Any optional prepayment prior to maturity is subject to the prior written consent of the Bond Insurer. Thirty (30) days prior written notice of such Prepayment shall be provided by the Borrower to the Bond Insurer, the Trustee and the Administrator clearly stating that such payment is a Prepayment. In the event of any reductions and deemed Prepayments, the annual principal installments on the Participant Note shall be reduced in inverse order of maturity based upon the remaining principal outstanding on the Participant Note, as nearly as practical within \$5,000 denominations.

(b) Any Prepayment pursuant to any provision of this Loan Agreement shall be made only from Available Moneys. Upon (i) any Prepayment in whole of the applicable Participant Note with Available Moneys, (ii) the redemption of the Bonds in the amount of the prepayment, and (iii) the termination of the related amount of the Swap Agreement, this Loan Agreement shall terminate, except for the obligations and covenants expressed herein to survive, as further described herein.

(c) After any partial Prepayment, the Trustee shall recalculate principal installments due under the Participant Note, applying such prepayment to the Schedule of Principal Installments attached to the Participant Note, in inverse order of maturity, unless the Bond Insurer shall specify a different application and revised schedule of remaining Loan Repayments; **provided, however,** that no such revision to the schedule of remaining Loan Repayments shall extend the average life of the Loan in violation of the requirements of the Tax Agreement. Any Prepayment in part shall be in the minimum principal amount of \$100,000.

(d) Except as provided in Section 3.06 hereof, all Prepayments of the principal amount of the Loan shall be deposited into the Borrower's Renewal Account. If the Borrower's notice in accordance with Section 8.01(a) hereof shall specify in connection with such Prepayment that such amounts will no longer be needed by the Borrower for Projects, such amounts may be used by the Trustee (i) to fund additional Loans to other Participating

Governmental Entities or new Loans to governmental units which will become Participating Governmental Entities or, (ii) to be transferred to the Redemption Fund in accordance with the Indenture. Until such amounts are applied either to fund Loans or new Loans and increase the Initial Amount of Loans Outstanding, or else to redeem and discharge Bonds, the provisions of Section 3.06 hereof shall apply.

Section 8.02 Prepayment and Swap Agreement

The Borrower has no current expectation that an optional prepayment shall occur prior to maturity. The Issuer has entered into the Swap Agreement for a period co-terminus with the Loan Term in reliance upon the Borrower's representations that no such Prepayment of its Participant Note is expected and that the Borrower's Renewal Account funds will be utilized to finance new Loans to the Borrower. Upon receipt of the thirty-day notice required by Section 8.01(a) of a Prepayment, the Administrator, on behalf of the Issuer, shall notify the Swap Counterparty and the Bond Insurer.

ARTICLE IX

ASSIGNMENT

Section 9.01 Assignment By Issuer; Administrator

(a) This Loan Agreement, the Participant Note, and the obligations of the Borrower to make payments hereunder and thereunder may be assigned and reassigned in whole or in part to one or more assignees or subassignees by the Issuer, the Bond Insurer or the Trustee at any time subsequent to its execution without the necessity of obtaining the consent of the Borrower. The Borrower expressly acknowledges that this Loan Agreement, the Participant Note, and the obligations of the Borrower to make payments hereunder and thereunder (with the exception of certain of the Issuer's rights to indemnification, fees and expenses) have been assigned to the Trustee as security for the Bonds and for the Bond Insurer under the Indenture and that the Trustee shall be entitled to act hereunder and thereunder in the place and stead of the Issuer whether or not the Bonds are in default. In addition, the Borrower acknowledges that the Issuer will appoint an Administrator in writing which shall be entitled to act hereunder in the place and stead of the Issuer, to the extent of such appointment.

(b) Upon receipt of notice of any assignment of this Loan Agreement to the Bond Insurer or upon payment of the Bonds in full by the Bond Insurer, the Issuer will make all payments required by Article V directly to the Bond Insurer, without defense or set off by reason of any dispute between the Borrower and the Issuer, the Trustee, the Administrator or any other person; **provided, however**, that any such payments relating to indemnification and reimbursement of the respective parties shall be made by the Borrower to the Trustee without defense or set off by reason of any dispute between the Borrower and the Bond Insurer, the Issuer, the Administrator or any other person. If less than full payment is made by the Bond Insurer, the Borrower will make pro-rata payments to the Bond Insurer and the Trustee, and as promptly as possible authenticate and deliver a new Participant Note to the Bond Insurer and the Trustee representing their respective interests in the Participant Note.

Section 9.02 Payment By the Bond Insurer

The Borrower acknowledges that payment from amounts paid by the Bond Insurer under the

Bond Insurance Policy do not constitute payment of amounts due hereunder for the purposes hereof or fulfillment of its obligations hereunder.

Section 9.03 Assignment by Borrower

This Loan Agreement and the Participant Note may not be assigned by the Borrower for any reason without the express prior written consent of the Issuer, the Bond Insurer and Trustee.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01 Events of Default Defined

The following shall be "Events of Default" under this Loan Agreement and the terms "Event of Default" and "Default" shall mean (except where the context clearly indicates otherwise), whenever they are used in this Loan Agreement, any one or more of the following events:

- (a) Failure by the Borrower to timely pay any Loan Repayment on the date on which it is due and payable or upon five (5) business days written notice of any other payment required to be paid hereunder;
- (b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Loan Agreement, other than a covenant referred to in Section 10.01 (a) or 10.01 (c) through (g), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Borrower by the Bond Insurer, the Administrator or the Trustee, unless the Administrator, the Bond Insurer, and the Trustee shall agree in writing to an extension of such time prior to its expiration; **provided, however**, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Issuer, the Bond Insurer or the Trustee, but cannot be cured within the applicable thirty (30) day period, the Administrator, the Bond Insurer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the failure is corrected;
- (c) [Reserved].
- (d) Any warranty, representation or other statement by the Borrower or by an officer or agent of the Borrower contained in this Loan Agreement, the Participant Note, or in any instrument furnished in compliance with or in reference to this Loan Agreement or the Participant Note, is false or misleading in any material respect;
- (e) A petition is filed against the Borrower under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days of such filing;
- (f) The Borrower files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law;

(g) The Borrower admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Borrower or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than sixty (60) days; or

(h) Any material provision of this Loan Agreement or the Participant Note shall at any time for any reason cease to be valid and binding on the Borrower, or shall be declared to be null and void, or the validity or enforceability of any such provision shall be contested in any administrative or judicial proceeding by the Borrower or any governmental agency or authority (other than the Issuer), or if the Borrower shall deny the validity or enforceability of any such provision or any further liability or obligation under this Loan Agreement or the Participant Note.

Section 10.02 Notice of Default

The Borrower agrees to give the Trustee, the Bond Insurer, the Issuer and the Administrator prompt written notice if any petition, assignment, appointment or possession referred to in subsections 10.01(c), (e), (f) or (g) is filed by or against the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default, or with the passage of time or the giving of notice or both would constitute an Event of Default, immediately upon becoming aware of the existence thereof.

Section 10.03 Remedies on Default

Whenever any Event of Default referred to in Section 10.01 hereof shall have happened and be continuing, the Issuer or the Trustee shall, in addition to any other remedies herein or by law provided, have the right, at its or their option without any further demand or notice but with consent of Bond Insurer, to take such steps and exercise such remedies as shall be directed by or consented to by the Bond Insurer, including, without limitation, one or more of the following:

(a) Take any action permitted or required pursuant to the Indenture, including, upon written direction from the Bond Insurer, and notice to the Administrator, acceleration of the Outstanding Balance and all other amounts which the Borrower is obligated to pay under the Loan Agreement; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its or their rights hereunder.

Section 10.04 Attorneys' Fees and Other Expenses

The Borrower shall on demand pay to the Issuer, the Bond Insurer, the Trustee or the Administrator the reasonable fees and expenses of attorneys and other reasonable expenses incurred by any of them in the collection of Loan Repayments or any other sums due or the enforcement of performance of any other obligations of the Borrower upon an Event of Default. The provisions of this Section 10.04 shall survive the termination of this Loan Agreement and the payment in full of the Participant Note.

Section 10.05 Application of Moneys

Any moneys collected by the Issuer, the Trustee, the Bond Insurer or the Administrator pursuant to Section 10.03 hereof shall be applied (a) first, to any reasonable attorneys' fees or other

expenses owed by the Borrower to the Issuer, the Trustee, the Bond Insurer or the Administrator pursuant to Section 10.04 hereof, pro rata based on the amount of such expenses owed, provided that fees of the attorneys to the Issuer, the Trustee, and/or the Administrator shall not be payable hereunder unless the attorney for the Bond Insurer shall decline to represent any or all of such parties as well as the Bond Insurer, (b) second, to pay any interest due on the Participant Note, (c) third, to pay principal due on the Participant Note, (d) fourth, to pay any other amounts due hereunder, and (e) fifth, to pay interest and principal on the Participant Note and other amounts payable hereunder but which are not due, as they become due (in the same order, as to amounts which come due simultaneously, as in (a) through (d) in this Section 10.05).

Section 10.06 No Remedy Exclusive; Waiver; Notice

No remedy herein conferred upon or reserved to the Issuer, the Bond Insurer, the Trustee or the Administrator is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Bond Insurer or the Trustee or the Administrator to exercise any remedy reserved to it in this Article X, it shall not be necessary. to give any notice other than such notice as may be required in this Article X.

Section 10.07 Retention of the Issuer's Rights Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Indenture, or anything else to the contrary contained herein, the Issuer shall have the right upon the occurrence of an Event of Default to take any action, including, without limitation, bringing an action against the Borrower at law or in equity, as the Issuer may, in its discretion, deem necessary to enforce the obligations of the Borrower to the Issuer pursuant to Section 10.04.

ARTICLE XI

EXCESS FUNDS

Section 11.01 Excess Funds

Any amounts remaining in the Trust Estate (as defined in the Indenture) after (a) full payment of the Bonds or provision for payment thereof so that no Bonds are deemed outstanding under the Indenture; (b) all amounts owed to the Bond Insurer under the Bond Insurance Policy have been paid; and (c) all fees, charges and expenses listed in Section 5.07 and 5.09 of the Indenture have been paid, shall, after being held for 124 days during which time no Bankruptcy Filing (as defined in the Indenture) has occurred, after such full payment or provision shall have been made and no claim shall have been made thereon, be rebated by the Trustee to the Issuer.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the parties at the following addresses:

The Issuer: Capital Trust Agency
92 Chanteclair Circle
Gulf Breeze, Florida 32561
Attn: Ed Gray
Telephone: (850) 484-3000
Facsimile: (850) 932-6287

The Borrower: The Town of Davie
6591 Orange Drive
Davie, Florida 33314-3399
Attn: Budget and Finance Director
Telephone: (954) 797-1050
Facsimile: (954) 797-1049

The Administrator: Gulf Breeze Financial Services, Inc.
92 Chanteclair Circle
Gulf Breeze, Florida 32561
Attn: Ed Gray
Telephone: (850) 484-3000
Facsimile: (850) 932-6287

The Trustee: SunTrust Bank
225 East Robinson Street
Suite 250
Orlando, Florida 32801
Attn: Lisa Derryberry
Telephone: (407) 237-4791
Facsimile: (407) 237-5299

S&P: Standard & Poor's Ratings Group
Municipal Finance Department
25 Broadway
New York, New York 10004
Attention: Rating Desk

Moody's: Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007
Attention:

Bond Insurer: MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attn: Larry Levitz

Telephone: (914) 765-3513
Facsimile: (914) 756-3410

Insurance Paying Agent: _____

Underwriters: J.P. Morgan Securities, Inc.
390 North Orange Avenue, Suite 1850
Orlando, Florida 32801

Gardnyr Michael Capital
1110 Montlimar Drive, Suite 510
Mobile, Alabama 36609

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.02 Binding Effect

This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Bond Insurer and the Borrower and their respective successors and assigns.

Section 12.03 Severability

In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.04 Amendments, Changes And Modifications

This Loan Agreement and the Participant Note may be amended by the Issuer and the Borrower as provided in Article XIII of the Indenture but only with the consent of the Bond Insurer.

Section 12.05 Execution in Counterparts

This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.06 Applicable Law

This Loan Agreement shall be governed by and construed in accordance with the law of the State of Florida.

Section 12.07 Benefit of Bondholders And The Bond Insurer; Compliance With Indenture

This Loan Agreement is executed in part to induce the purchase by others of the Bonds and the

issuance by the Bond Insurer of the Bond Insurance Policy and the execution of the Swap Agreement by the Swap Counterparty. Accordingly, all covenants, agreements and representations on the part of the Borrower and the Issuer, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the holders from time to time of the Bonds, and for the benefit of the Bond Insurer and the Swap Counterparty, each as a third party beneficiary hereunder. The Borrower covenants and agrees to do all things within its power in order to comply with and to enable the Issuer to comply with all requirements and to fulfill and to enable the Issuer to fulfill all covenants of the Indenture.

Section 12.08 Consents And Approvals

Whenever the written consent or approval of the Issuer shall be required under the provisions of this Loan Agreement, such consent or approval may be given by the Chairman or Vice Chairman of the Issuer or such other additional person provided by law or by rules or regulations of the Issuer.

Section 12.09 Immunity of Officers, Employees And Members of Issuer And Borrower

No recourse shall be had for the payment of the principal of or premium or interest on the Participant Note or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement against any past, present or future officer, member, employee, director or agent of the Issuer or the Borrower, respectively, of any successor public or private corporation thereto, as such, either directly or through the Issuer or the Borrower, respectively, any successor public or private corporation thereto under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement and the issuance of the Participant Note.

Section 12.10 Captions

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

Section 12.11 Pecuniary Liability of Issuer

No provision, covenant or agreement contained in this Loan Agreement on behalf of the Issuer, or any obligation herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness or liability of the State or any governmental entities of the State or any public corporation or governmental agency existing under the laws thereof other than the Issuer. In making the agreements, provisions and covenants set forth in this Loan Agreement, the Issuer has not obligated itself except with respect to the application of the revenues, income and all other property as derived herefrom, as hereinabove provided.

Section 12.12 Payments Due on Holidays

If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, shall be a day other than a Business Day, such payments may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement.

Section 12.13 Right of Others to Perform Borrower's Covenants

In the event the Borrower shall fail to make any payment or perform any act required to be

performed hereunder, then and in each such case the Issuer, the Trustee or the Bond Insurer may (but shall not be obligated to) remedy such default for the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced by the Issuer, the Trustee or the Bond Insurer shall bear interest from the date of the advance until repaid as provided herein. The Administrator, the Bond Insurer, or the Trustee shall have the right to enter the Borrower's premises in order to effectuate the purposes of this Section.

Section 12.14 Defaults of Bond Insurer

If at any time the Bond Insurer shall be in default of its payment obligations under its Bond Insurance Policy, then all rights herein expressed on behalf of the Bond Insurer to consent to or authorize actions to be taken shall automatically vest in the Issuer rather than the Bond Insurer until such default is cured.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the **Capital Trust Agency** has caused this Loan Agreement to be executed in its name with its seal hereunto affixed and attested by its duly authorized officers, and the Town of Davie, Florida, has caused this Loan Agreement to be executed in its name with its seal hereunto affixed and attested by its duly authorized officers. All of the above occurred as of the date first above written.

**CAPITAL TRUST AGENCY,
As Issuer**

By: _____ Name: J. Lance Reese_
Attest: _____
Title: Chairman

By: _____
Name: Harrison Wilder _____
Title: Secretary

As Borrower

By: _____
Name: _____
Title: _____

EXHIBIT A

PROJECT DESCRIPTION

EXHIBIT B

FORM OF NOTE

[Date of Closing]

FOR VALUE RECEIVED, the undersigned, the Town of Davie, Florida, (the "Borrower") promises to pay to the order of the **Capital Trust Agency** (the "Issuer"), or its successors and assigns, solely from the sources hereinafter described a principal sum equal to the Initial Amount set forth above, with interest on the principal sum solely from such sources at the Participant Rate defined in the Loan Agreement and determined pursuant to Section 6.04 of the Indenture on the unpaid balance until paid, all in accordance with, and subject to, the provisions of Article V of the Loan Agreement dated as of _____, 2000 (the "Loan Agreement") by and between the Issuer and the Borrower. All loan payments shall be payable in immediately available funds at the principal corporate trust office of _____, _____, _____ (the "Trustee"). Principal installments and interest shall be paid () Business Day prior to each _____ 1, _____ 1, _____ 1, and _____ 1, with the initial payment due _____ 1, 200_ (each a "Loan Repayment Date"). All capitalized terms used but not defined herein shall have the definition given them in the Loan Agreement.

The principal of this Note shall be payable in quarterly installments in the amounts and on the dates as set forth on Schedule II (the "Schedule of Principal Installments") attached hereto. The Trustee shall notify the Borrower seven (7) days prior to the Loan Repayment Date for such quarter of the amount of interest owed hereunder to but excluding such Loan Repayment Date. Such amount shall be calculated by the Trustee as set forth in Section 6.04(h) of the Indenture. As provided in Section 5.01 (d) of the Loan Agreement, all payments of interest shall be deposited by the Trustee into the Interest Account of the Bond Fund established under the Indenture and all payments of principal shall be deposited by the Trustee in the funds and accounts as provided in the Indenture, to be used by the Borrower or otherwise applied, all in accordance with the Indenture. Payments or prepayments of the principal amount of this Note shall be held and applied, and shall be given the effect, only as provided in the Indenture and the Loan Agreement. Borrower hereby acknowledges that the Initial Amount has been funded on behalf of the Borrower by the issuance of the Capital Trust Agency Revenue Bonds (Municipal Loan Program), Series 2000 (the "Bonds"), and further acknowledges that until certain conditions are satisfied as provided in the Indenture with respect to the Bonds, Principal Repayments and any prepayments of principal shall not relieve the Borrower of responsibility for all obligations relating to the Initial Amount of this Note unless the same shall have been reloaned to another borrower or used to redeem the Bonds, as provided in the Indenture..

An amount equal to the entire Initial Amount, to the extent such Repayments have not already been made by the Borrower, shall be fully due and payable on one (1) Business Day prior to the first day of _____, 20___. Unpaid interest which shall have accrued through the last day of a Loan Payment Period (as defined in the Loan Agreement) preceding the Loan

Repayment Date shall be calculated at the Participant Rate defined in the Loan Agreement, unless otherwise provided in the next succeeding sentence. Notwithstanding the foregoing sentence, if (i) any payment of principal and interest (a "Principal and Interest Payments") due hereunder shall not be paid within ten (10) calendar days of the Loan Repayment Date, accrued but unpaid interest on the principal portion of said Principal and Interest Payments shall be calculated at the Default Rate (as defined in the Loan Agreement) or (ii) if all Principal and Interest Payments are declared to be immediately due and payable, accrued but unpaid interest on the outstanding principal amount of this Note shall be calculated at the Default Rate.

The Borrower shall have the right to prepay the principal amount hereof, in accordance with the terms and conditions set forth in Section 8.01 of the Loan Agreement and upon payment of interest due on the amount prepaid.

All payments hereon shall be applied first to accrued interest then payable and then to the installments of principal due hereunder in inverse order of maturity, unless the Bond Insurer shall specify a different application, as provided in the Loan Agreement.

This Note is a limited obligation of the Borrower issued pursuant to, payable solely from the Non-Ad Valorem Revenues as provided in, and subject to the limitations of, the Loan Agreement, the terms and provisions of which, including those in connection with default by the Borrower, are incorporated herein by reference. The obligations of the Borrower hereunder are set forth in the Loan Agreement. Pursuant to the Loan Agreement, the Borrower has covenanted to budget and appropriate funds from certain Non-Ad Valorem Revenues sufficient to pay such amounts due hereon, all in the manner, and subject to the limitations, provided in the Loan Agreement. The acceptance of this Note by the holder from time to time hereof shall be deemed an agreement between the Borrower and such holder that the obligation to pay the amounts due hereunder, including without limitation all additional amounts due under the Loan Agreement, shall not constitute a lien upon any property, funds or revenues of the Borrower or a pledge of the faith, credit or taxing power of the Borrower, but shall instead be a limited and special obligation of the Borrower payable only from the sources, and in the manner, provided in the Loan Agreement.

The Borrower hereby waives presentment for payment, demand, protest, notice & protest and notice of dishonor.

This Note and all instruments securing the same are to be construed according to the law of the State of Florida.

Signed and sealed this ____ day of _____, 2000.

Borrower

(SEAL)

By: _____
Attest: _____
Title: _____

Name: _____

By: _____
Name: _____
Title: _____

ENDORSEMENT

FOR VALUE RECEIVED, the Capital Trust Agency (the "Issuer") hereby sells, assigns and transfers this Note unto SunTrust Bank (the "Trustee"), as trustee under that certain Supplemental Indenture of Trust No. 1 dated as of November 1, 2000 and by and between the Issuer and the Trustee, this Note to be held by the Trustee under the terms and conditions set forth in the Indenture and constitute a part of the Trust Estate, as defined therein.

**CAPITAL TRUST AGENCY,
As Issuer**

By: _____

Name: _____

Title: Chairman

SCHEDULE I

SCHEDULE OF DISBURSEMENTS

SCHEDULE II

SCHEDULE OF PRINCIPAL INSTALLMENTS

EXHIBIT C

RESOLUTION OF BORROWER

[to come]

EXHIBIT D

CERTIFICATE OF BORROWER

IN CONNECTION WITH LOAN TO FINANCE PROJECT

I, the undersigned _____ of _____ (the "Borrower") and the undersigned _____ of the Borrower do hereby certify and covenant as follows:

1. The undersigned, _____, is the duly appointed, qualified and acting of the Borrower and the undersigned, _____, is the duly appointed, qualified and acting _____ of the Borrower and such officials are familiar with and have access to the books and corporate records of the Borrower.

2. The persons named below are the duly appointed and qualified _____ of the Borrower and are presently serving the terms which commenced and which will expire as indicated to the right of their respective names:

Name of	Date of Commencement of Term	Date of Expiration of Term
---------	---------------------------------	-------------------------------

3. The persons set forth in Exhibit A attached hereto are the duly elected and qualified officers of the Borrower holding the office stated opposite their respective names and the signatures appearing on said Exhibit A are genuine signatures of said officers.

4. The _____ and _____ of the Borrower by their manual signatures duly executed and attested the execution of the Loan Agreement (the "Loan Agreement") dated as of _____, by and between Borrower and the Capital Trust Agency (the "Issuer").

[5. The information in the Preliminary Official Statement and the Official Statement relative to the Borrower does not contain any untrue statement or a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading;]

6. The _____ is the regular meeting date of the Borrower, said meetings to commence at _____. All meetings of the _____ of the Borrower, including meetings at which action was taken with respect to the Loan Agreement, have been open to the public in accordance with the provisions of _____.

7. All approvals required to be obtained by the Borrower in connection with the execution of the Loan Agreement have been obtained and are in full force and effect as of the date hereof.

8. Any certificate signed by any officer of the Borrower delivered to the Issuer shall be deemed a representation of the Borrower to the Issuer as to the statements made therein.

9. The seal affixed to this certificate and the Loan Agreement is the official seal of the Borrower.

IN WITNESS WHEREOF, the undersigned have hereunto set the official seal of the Borrower and their signatures as of ____ day of _____, ____.

By: _____
Name: _____ Title: _____
(SEAL)

By: _____
Name: _____
Title: _____

EXHIBIT A TO THE CERTIFICATE OF BORROWER

OFFICERS OF

NAMEOFFICE

SIGNATURE

EXHIBIT E

INSURANCE COVERAGE PROVISIONS

Borrower must provide, maintain and pay for broad form all risk blanket property damage insurance against the loss or damage to any portion of the Project in an amount not less than the repair or replacement cost thereof. A Self-insurance program may be used to satisfy the requirements hereof if approved by the Issuer.

Borrower must also provide, maintain, and pay for public liability and property damage insurance naming the Issuer and its assigns as an additional insured as regards the negligence of Borrower. Such policy must cover liability for personal injury and property damage and provide coverage in an amount not less than that customarily carried by the Borrower for other assets similar to the Project. Each policy required pursuant hereto must contain the insurer's agreement to give thirty (30) days written notice to the Issuer or its assigns before any cancellation of, or material change to, any required policy.

Borrower agrees to provide certificates of insurance or copies of the policies to the Issuer. The proceeds of the insurance covering the Project must be applied toward the replacement, restoration, or repair of the Project. Borrower appoints the Issuer as Borrowers attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks, or drafts for loss or damage to the Project under any insurance policy required pursuant hereto.

EXHIBIT F

REQUEST FOR ADVANCE

The undersigned, the duly authorized of (the "Borrower"), submits this Request for Advance on behalf of the Borrower for \$ pursuant to Section 3.02 of that certain Loan Agreement by and between the Capital Trust Agency (the "Issuer") and the Borrower dated as of 1, 2000 (the "Loan Agreement") and relating to the Issuer's Municipal Loan Program (the "Program"). The Trustee shall disburse the amount requested herein to [list parties, including Borrower] for the following purpose[s]:

(the "Equipment").

Attached hereto as composite Exhibit A are certain documents which, among other things, verifies that the amount requested herein does not exceed the Cost (as defined in the Loan Agreement) paid or incurred by the Borrower for such Equipment prior to the disbursement of

the funds requested herein and, when disbursed, the total amount disbursed to such Borrower

pursuant to Section 3.02 of the Loan Agreement does not exceed the Borrower's Loan amount set forth in Section 3.01 of the Loan Agreement unless a writing has been attached hereto signed by the Administrator and the Bond Insurer stating that the Borrower is eligible for such amount.

The undersigned, on behalf of the Borrower, hereby certify that:

1. The Project (as described herein and in Exhibit A) has been purchased, constructed or installed by the Borrower and payment therefore is due and owing or has been previously paid by Borrower.
2. To the extent amounts, if any, requested herein are being used to reimburse the Borrower for Equipment previously purchased, such Equipment was purchased by the Borrower no earlier than _____, 2000 and evidence of the purchase thereof is contained in Exhibit A attached hereto.
3. The Borrower is a governmental entity validly existing and in good standing under the laws of the State of Florida, with full power and authority to own its properties and conduct its business as presently owned and conducted and, to the best of our knowledge, after due inquiry, is not in violation of any laws material to the transactions contemplated by the Loan Agreement, this Request for Advance, or any provisions of law material to the transactions contemplated by the Loan Agreement and this Request for Advance, and has all requisite power and authority to execute and deliver this Request for Advance.
4. The Borrower has obtained all necessary permits, licenses and certifications to continue the conduct of its operations and to undertake the actions which will be financed from the funds to be disbursed hereunder.
5. The Loan Agreement and the Participant Note (as defined in the Loan Agreement) are in full force and effect and continue to be valid, enforceable and legally binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and the Borrower has received all consents, approvals and authorizations of governmental authorities or agencies required for incurring the debt represented by such documents, including amounts which will become outstanding pursuant to this Request for Advance, and/or the continued performance of such documents.
6. There is no litigation or legal or governmental action, proceeding, inquiry or investigation pending or, to the best knowledge of the undersigned after due inquiry, threatened by governmental authorities to which the Borrower is a party or of which any property of the Borrower is subject which, if determined adversely to the Borrower, individually or in aggregate (i) affect the validity or enforceability of the Loan Agreement or the Participant Note (as defined in the Loan Agreement) or (ii) otherwise materially and adversely affect the ability of the Borrower to comply with its obligations under the Loan Agreement or the Participant Note (as defined in the Loan Agreement).
7. The representations and warranties of the Borrower set forth in the Loan Agreement are true and correct on the date hereof; and the Borrower is in compliance with all terms, covenants and conditions of the Loan Agreement on the date hereof.
8. The Borrower does not plan to use, or permit the use of, the Project except as permitted by the Loan Agreement.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and affixed the seal of the Borrower, duly attested this _____ day of _____, 2000.

[NAME OF BORROWER]

[SEAL]

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

cc: Administrator
Bond Insurer
- **EXHIBIT G**

OPINION OF BORROWER'S COUNSEL

[Letterhead of Counsel to Borrower]

_____, 2000

Capital Trust Agency
92 Chanteclair Circle
Gulf Breeze, Florida 32561

Sun Trust Bank
225 East Robinson Street
Suite 250
Orlando, Florida 32801

Miller, Canfield, Paddock and Stone, P.L.C.
25 West Cedar Street
Suite 500
Pensacola, Florida 32501

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Ladies and Gentlemen:

We are counsel to [Name of Borrower], Florida (the "Borrower"), and have been requested by the Borrower to give this opinion in connection with the loan by the Capital Trust Agency (the "Issuer") to the Borrower of funds to finance or refinance or reimburse the Borrower for all or a portion of the cost of a certain Project (the "Project") as defined in, and as described in Exhibit A of, the Loan Agreement, dated as of _____, 2000 (the "Loan Agreement"), between the Issuer and the Borrower.

In this connection, we have reviewed such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including applicable laws,