

LOAN AGREEMENT

By and Among

PINNACLE PUBLIC FINANCE, INC.

FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION

and

CITY OF HOLLYWOOD, FLORIDA

Dated as of June 12, 2014

\$7,965,000

First Florida Governmental Financing Commission  
Refunding Revenue Bond, Series 2014

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## LOAN AGREEMENT

This Loan Agreement (the "Loan Agreement" or the "Agreement") dated as of June 12, 2014, and entered into among PINNACLE PUBLIC FINANCE, INC., a Delaware corporation (the "Bank"), FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION (the "Commission"), a separate legal entity and public body corporate and politic duly created and existing under the Constitution and laws of the State of Florida, and the CITY OF HOLLYWOOD, FLORIDA (the "Borrower"), a duly constituted municipality under the laws of the State of Florida.

### WITNESSETH:

WHEREAS, pursuant to the authority of the hereinafter defined Act, the Commission desires to issue bonds and to loan to the Borrower the amount necessary to enable the Borrower to finance, refinance and/or reimburse the cost of the Projects, as hereinafter defined, and the Borrower desires to borrow such amount from the Commission subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, the Commission is a public body corporate and politic duly created, organized and existing under and by virtue of the Interlocal Agreement, as hereinafter defined, such Interlocal Agreement constituting an interlocal agreement in accordance with Chapter 163, Part I, Florida Statutes, as amended (the "Interlocal Act"); and

WHEREAS, the Commission has determined that there is substantial need within the State for a financing program (the "Program") which will provide funds for qualifying Projects (as such term is defined herein) for the participating borrowers; and

WHEREAS, the Commission is authorized under the Interlocal Act to issue its revenue bonds to provide funds for such purposes; and

WHEREAS, the Commission has by resolutions adopted on November 27, 1985 and December 16, 1985 authorized the issuance of its First Florida Governmental Financing Commission Revenue Bonds, in various series, in the aggregate principal amount of not exceeding \$500,000,000 to provide funds to finance and refinance the cost of qualified Projects of the participating Borrowers, of which \$2,065,000 in aggregate principal amount remains unissued; and

WHEREAS, the Commission has by subsequent resolution adopted January 23, 1998 authorized the issuance of an additional aggregate principal amount of its First Florida Governmental Financing Commission Revenue Bonds, in various series, of not exceeding \$500,000,000 for the same purposes, of which \$249,575,000 in aggregate principal amount

remains unissued following the issuance of the "First Florida Governmental Financing Commission Refunding Revenue Bond, Series 2014" (the "Bond") hereinafter authorized;

WHEREAS, the Commission has now determined to issue the Bond at this time pursuant to this Agreement for the purposes more fully described herein; and

WHEREAS, the Commission has determined that the public interest will best be served and that the purposes of the Interlocal Act can be more advantageously obtained by the Commission's issuance of the Bond in order to loan funds to the Borrower to refinance prior loans made by the Commission to the Borrower; and

WHEREAS, the Borrower is authorized under and pursuant to the Act to enter into this Loan Agreement for the purposes set forth herein; and

WHEREAS, the Commission and the Borrower have determined that the lending of funds by the Commission to the Borrower pursuant to the terms of this Agreement, will assist in the development and maintenance of the public welfare of the residents of the State and the areas served by the Borrower, and shall serve a public purpose by improving the health and living conditions, and providing adequate governmental services, facilities and programs and will promote the most efficient and economical development of such services, facilities and programs in the State; and

WHEREAS, neither the Commission nor any of its members (other than the Borrower to the extent of its obligations hereunder) nor the State or any political subdivision thereof, shall in any way be obligated to pay the principal of, premium, if any, or interest on the Bond as the same shall become due, and the issuance of the Bond hereunder shall not directly, indirectly or contingently obligate the Borrower, the State or any political subdivision or municipal corporation thereof to levy or pledge any form of ad valorem taxation for its payment, except that the Bond shall be payable by the Commission solely from the funds and revenues pledged under and pursuant to this Agreement; and

WHEREAS, the Bank is willing to purchase the Bond from the Commission as set forth herein in order to provide the funds to finance the Loan (as hereinafter defined).

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

## ARTICLE I

### 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 hereinafter defined, shall have the meanings as therein defined.

"Act" means, collectively, the Interlocal Act, Chapter 166, Part II, Florida Statutes, if applicable, Chapter 125, Part I, Florida Statutes, if applicable, each as amended, and all other applicable provisions of law.

"Additional Payments" means payments required by Section 5.02 hereof.

"Authorized Representative" means, when used pertaining to the Commission, the Chairman of the Commission and such other designated members, agents or representatives as may hereafter be selected by Commission resolution; and, when used pertaining to the Borrower, means the person performing the functions of the Mayor or Deputy, Acting or Vice Mayor thereof or other officer authorized to exercise the powers and perform the duties of the Mayor; and, when used with reference to an act or document, also means any other person authorized by resolution to perform such act or sign such document.

"Basic Payments" means the payments denominated as such in Section 5.01 hereof.

"Board" means the governing body of the Borrower.

"Bond Counsel" means Bryant Miller Olive P.A., or any other nationally recognized bond counsel acceptable to the Commission.

"Bondholder" or "Holder" or "holder of Bond" or "Owner" or "owner of Bond" whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

"Bond" means the \$7,965,000 First Florida Governmental Financing Commission Refunding Revenue Bond, Series 2014.

"Bond Year" means a 12-month period beginning on July 2 and ending on and including the following July 1 except for the first period which begins on the date hereof.

"Business Day" means any day of the year which is not a Saturday or Sunday or a day on which banking institutions located in New York City or the State are required or authorized to remain closed or on which the New York Stock Exchange is closed.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the Commission means, respectively, a written certificate, statement, request, requisition or order signed in the name of the Commission by its Chairman, Secretary-Treasurer, Executive Director or such other person as may be designated and authorized to sign for the Commission. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Closing" means the closing of the Loan pursuant to this Agreement.

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

"Commencement Date" means the date when the term of this Agreement begins and the obligation of the Borrower to make Loan Payments accrues.

"Commission" means the First Florida Governmental Financing Commission.

"Cost" means "Cost" as defined in the Act.

"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 Commission or the Borrower.

"Default" means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Event of Default" shall have the meaning ascribed to such term in Section 7.01 of this Agreement.

"Financial Newspaper" or "Journal" means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language, customarily published on each Business Day and circulated in New York, New York, and selected by the Bank, whose decision shall be final and conclusive.

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

"Governmental Obligations" means (i) non-callable direct and general obligations of the United States of America, or those obligations which are unconditionally guaranteed as to the timely payment of principal and interest by the same, including interest on obligations of the Resolution Funding Corporation and (ii) pre-refunded municipal obligations meeting the following criteria:

(a) the municipal obligations may not be callable prior to maturity or, alternatively, the trustee has received irrevocable instructions concerning their calling and redemption;

(b) the municipal obligations are secured by cash or securities described in subparagraph (i) above (the "Defeasance Obligations"), which cash or Defeasance Obligations may be applied only to interest, principal, and premium payments of such municipal obligations;

(c) the principal and interest of the Defeasance Obligations (plus any cash in the fund) are sufficient to meet the liabilities of the municipal obligations;

(d) the Defeasance Obligations serving as security for the municipal obligations must be held by an escrow agent or a trustee; and

(e) the Defeasance Obligations are not available to satisfy any other claims, including those against the escrow agent.

Additionally, evidences of ownership of proportionate interests in future interest and principal payments of Defeasance Obligations are permissible. Investments in these proportionate interests are limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) the underlying obligations are held in a special account separate and apart from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Governmental Units" means the counties and municipalities within the State of Florida which are party to the Interlocal Agreement from time to time. As of the date hereof, the Governmental Units consist of the Cities of Hollywood, Florida, Boca Raton, Florida, St. Petersburg, Florida, Sarasota, Florida and Gainesville, Florida, and Broward County, Florida.

"Interest Payment Date" means January 1 and July 1 of each year commencing January 1, 2015.

"Interest Period" means the semi-annual period between Interest Payment Dates.

"Interlocal Act" means Chapter 163, Part I, Florida Statutes.

"Interlocal Agreement" means that certain Interlocal Agreement originally dated November 26, 1985, as amended from time to time, creating the Commission among the various Governmental Units executing it from time to time.



"Loan" means the Loan made to the Borrower from Bond proceeds to refinance a portion of the costs of the Project in the amount specified in Section 3.01 herein.

"Loan Agreement" means this Loan Agreement and any amendments and supplements hereto.

"Loan Payments" means the Basic Payments.

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

"Maturity Date" means July 1, 2024.

"Maximum Rate" means the maximum rate of interest permitted for non-rated governmental bonds as set forth in Section 215.84(3), Florida Statutes, as may be amended from time to time.

"Non-Ad Valorem Revenues" means all revenues of the Borrower derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the Borrower of Loan Payments.

"Opinion of Bond Counsel" means an opinion by Bond Counsel which is selected by the Commission.

"Opinion of Counsel" means an opinion in writing of a legal counsel, who may, but need not be, counsel to the Commission, the Borrower or the Bank.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization including a government or political subdivision or an agency or instrumentality thereof.

"Principal Payment Date" means July 1 of each year, commencing July 1, 2015.

"Program" means the Commission's program of making Loans under the Act for financing a qualifying project.

"Program Administrator" means the GAMS Group, Inc. and its successor and assigns permitted by the Commission.

"Project" means a governmental undertaking approved by the governing body of the Borrower for a public purpose, including the refinancing of any indebtedness relating to such undertaking, which shall for purposes of this Loan Agreement mean the Project set forth in Exhibit A hereto..

"State" means the State of Florida.

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## ARTICLE II

### REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER AND COMMISSION

**SECTION 2.01. Representations, Warranties and Covenants.** The Borrower and the Commission (but only with respect to Section 2.01(j) hereof as to the Commission) represent, warrant and covenant on the date hereof for the benefit of the Bank, as follows:

(a) Organization and Authority. The Borrower:

(1) is a duly organized and validly existing municipality of the State, and is a member of the Commission; and

(2) has all requisite power and authority to own and operate its properties and to carry on its activities as now conducted and as presently proposed to be conducted.

(b) Full Disclosure. There is no fact that the Borrower knows of which has not been specifically disclosed in writing to the Commission and the Bank that materially and adversely affects or, except for pending or proposed legislation or regulations that are a matter of general public information affecting Florida municipalities generally, that will materially affect adversely the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Agreement.

The financial statements, including balance sheets, and any other written statement furnished by the Borrower to the Commission and the Bank 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.

(c) Pending Litigation. There are no proceedings pending, or to the knowledge of the Borrower after due inquiry, threatened, against or affecting the Borrower, except as specifically described in writing to the Commission and the Bank in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the ability of the Borrower to make the Basic Payments and Additional Payments hereunder, or the existence or powers or ability of the Borrower to enter into and perform its obligations under this Agreement.

(d) Borrowing Legal and Authorized. The execution and delivery of this Agreement and the consummation of the transactions provided for in this Agreement and compliance by the Borrower with the provisions of this Agreement:

(1) are within the powers of the Borrower and have been duly and effectively authorized by all necessary action on the part of the Borrower; and

(2) do not and will not (i) 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 Agreement) or restriction to which the Borrower is a party or by which the Borrower, its properties or operations are bound as of the date of this Agreement or (ii) with the giving of notice or the passage of time or both, 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 (described in (i) or (ii)) could materially and adversely affect the validity or the enforceability of this Agreement or the Borrower's ability to perform fully its obligations under this Agreement; nor does such action result in any violation of the provisions of the Act, or any laws, ordinances, governmental rules or regulations or court orders to which the Borrower, its properties or operations may be bound.

(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 Agreement 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 violation (except such violations as (i) heretofore have been specifically disclosed in writing to, and have been in writing specifically consented to by the Commission and the Bank 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), 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, which may materially adversely affect the ability of the Borrower to perform hereunder.

(f) Governmental Consent. The Borrower has obtained, or will obtain when required, all permits, approvals and findings of non-reviewability required as of the date hereof by any governmental body or officer for the acquisition and/or installation of the Project, including acquisition, construction, reconstruction, improving and equipping thereof, the financing or refinancing thereof or the reimbursement of the Borrower therefor, or the use of such Project, and, prior to the making of the Loan, the Borrower will obtain all other such permits, approvals and findings as may be necessary for the foregoing and for such Loan and the proper application thereof; the Borrower has complied with or will comply with all applicable provisions of law requiring any notification, declaration, filing or registration with any agency or other governmental body or officer in connection with the acquisition or installation of the Project, including acquisition, construction, reconstruction, improving and equipping thereof necessary for such acquisition or installation, financing or refinancing thereof or reimbursement of the Borrower therefor; and any such action contemplated in this Loan Agreement is consistent with, and does not violate or conflict with, the terms of any such agency or other governmental consent, order or other action which is applicable thereto. No

further 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 this Loan Agreement, or to amounts becoming outstanding hereunder.

(g) Compliance with Law. The Borrower is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, and which are material to its properties, operations, finances or status as a municipal corporation or subdivision of the State, as applicable, and this Loan Agreement is a legal and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except to the extent that the enforceability hereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity, and to the sovereign police powers of the State of Florida and the constitutional powers of the United States of America.

(h) Use of Proceeds.

(1) The Borrower will apply the proceeds of the Loan from the Commission solely for the refinancing of a portion of the cost of the Project as set forth in Exhibit A attached hereto, and to pay transaction costs related thereto.

(2) The Borrower will be responsible for repaying, through its Basic Payments, the Bond issued to fund the Loan, including the portion of the Bond issued to fund any related transaction costs.

(3) The Borrower covenants that it will make no use of the proceeds of the Loan which are in its control at any time during the term of the Bond which would cause such Bond to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(4) The Borrower covenants that the Borrower shall neither take any action nor fail to take any action within its power and control, and to the extent that it may do so, permit any other party to take any action which, if either taken or not taken, would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bond.

(i) Project. All items constituting the Projects being refinanced are permitted to be refinanced with the proceeds of the Bond and the Loan pursuant to the Act, and all proceeds of the original loans, including investment earnings thereon, have been fully expended.

(j) Compliance with Interlocal Act and Interlocal Agreement. All agreements and transactions provided for herein or contemplated hereby are in full compliance with the terms of the Interlocal Agreement and the Interlocal Act.

**SECTION 2.02. Covenants of Borrower.** The Borrower makes the following covenants and representations as of the date first above written and such covenants shall continue in full force and effect during the Loan Term:

(a) Security for the Loan and Loan Payments. Subject to the provisions of Section 2.02(l) hereof, the Borrower covenants and agrees to appropriate in its annual budget, by amendment, if required, and to pay when due under this Loan Agreement as promptly as money becomes available directly to the Bank, amounts of Non-Ad Valorem Revenues of the Borrower sufficient to satisfy the Loan Payment as required under this Loan Agreement. Such covenant is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into. Such covenant and agreement on the part of the Borrower to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all required Loan Payments, including delinquent Loan Payments, shall have been budgeted, appropriated and actually paid to the Bank. The Borrower further acknowledges and agrees that the obligations of the Borrower to include the amount of any deficiency in Loan Payments in each of its annual budgets and to pay such deficiencies from Non-Ad Valorem Revenues may be enforced in a court of competent jurisdiction in accordance with the remedies set forth herein. Notwithstanding the foregoing or any provision of this Loan Agreement to the contrary, the Borrower does not covenant to maintain any services or programs now maintained by the Borrower which generate Non-Ad Valorem Revenues or to maintain the charges it presently collects for any such services or programs.

The Borrower agrees that its covenant to budget and appropriate Non-Ad Valorem Revenues shall be deemed entered into for the benefit of the Bank.

(b) Delivery of Information to the Bank. The Borrower shall deliver to the Bank and the Commission as soon as available and in any event within two hundred forty (240) days after the end of each Fiscal Year a copy of its audited financial statements as of the end of such Fiscal Year, all reported by an independent certified public accountant, and a copy of its annual budget within thirty (30) days after adoption. The Borrower shall provide the Bank with financial information reasonably requested by the Bank unless such documents or material are protected or privileged from disclosure under applicable Florida law.

(c) Delivery of Information to the Commission. The Borrower agrees to provide to the Commission and the Bank, not later than December 31<sup>st</sup> of each year, a certificate of its chief financial officer stating that to the best of its knowledge to the effect that the Borrower is in compliance with the terms and conditions of this Loan Agreement, or, specifying the nature of any noncompliance and the remedial action taken or proposed to be taken to cure such noncompliance.

(d) Indemnity. To the extent set forth below, the Borrower shall defend, indemnify and hold harmless (collectively the indemnification) the Commission and the Bank, each member, officer, commissioner, employee and agent of any of the Commission and the Bank 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 Commission or the Bank, 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 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 (by way of the Borrower, its successors and assigns, or directly or indirectly through the agents, contractors, employees, licensees or otherwise of the Borrower or its successors and assigns) arising or resulting from, out of, or in connection with, the Project, this Loan Agreement as a result of the breach or violation of any agreement, covenant, representation or warranty by the Borrower set forth in this Loan Agreement or any document delivered pursuant hereto or thereto or in connection herewith or therewith, but not including an action arising from the alleged invalidity of the Bond, except to the extent that such invalidity is caused by an act or omission of the Borrower or is caused by the invalidity of this Loan Agreement with respect to the Borrower. In connection therewith, the Commission and the Bank each agree to use counsel reasonably acceptable to the Borrower. The Commission or the Bank shall each give to the Borrower and the other party hereto prompt notice of any such suits or claims. The rights of the Commission under this indemnification provision are permissive and cumulative to the Bank's rights, and the Commission shall not be obligated to the Bank to exercise any such right or liable to the Bank for failure to do so.

This indemnification shall be construed to limit recovery by the indemnified party against the Borrower to only those damages that are found to result from the sole negligence of the Borrower, its governing body, or its employees. This indemnification shall not be construed to be an indemnification for the acts, or omissions of third parties, independent contractors or third party agents of the Borrower. This indemnification shall not be construed as a waiver of the Borrower's sovereign immunity, and shall be interpreted as limited to only such traditional liabilities for which the Borrower could be liable under the common law interpreting the limited waiver of sovereign immunity. An action may not be instituted on an indemnification claim against the Borrower unless the claimant presents the claim in writing to the Borrower's Risk Manager within 3 years after such claim accrues or the Borrower's Risk Manager denies the claim in writing. For purposes of this paragraph (d), the requirements of notice to the Borrower's Risk Manager and denial of the claim are conditions precedent to maintaining an action but shall not be deemed to be elements of the cause of action and shall not affect the date on which the cause of action accrues. Notwithstanding any other provisions of this paragraph (d), the value of this indemnification, including attorneys fees and costs associated therewith, is limited to the maximum sum of \$200,000 as the result of all claims and judgments arising out of the same incident or occurrence, not to exceed the sum of \$100,000 for any claim or judgment or portions thereof, except with respect to an action arising from the invalidity of the Bond to the extent that such invalidity is caused by an act or omission of the Borrower or is caused by the invalidity of this Loan Agreement with respect to the Borrower.

The foregoing notwithstanding, nothing herein contained shall be construed and neither the Commission, nor the Bondholder shall have the right to compel the exercise of the taxing power of the Borrower in any form for the payment by the Borrower of its obligations, if any, hereunder. Furthermore, notwithstanding anything herein to the contrary, the Borrower shall in no manner so indemnify and save harmless the Commission or the Bank.

The provisions of this paragraph (d) shall survive the termination of this Loan Agreement.

(e) Special Covenants and Financial Ratios of the Borrower. The Borrower covenants that in each Fiscal Year of the Borrower, it will not issue non-self-supporting revenue debt if after the issuance of such debt, maximum annual debt service resulting from the total outstanding non-self-supporting revenue debt service of the Borrower exceeds 50% of total general purpose Non-Ad Valorem Revenues of the Borrower received in the immediately preceding Fiscal Year of the Borrower. As used above, the term "non-self-supporting revenue debt" shall not include any debt payable from revenues of a utility system. The Borrower covenants not to incur any indebtedness payable from Non-Ad Valorem Revenues unless (a) it has received the written consent of the Bank (which consent shall not be unreasonably withheld) or (b) the Non-Ad Valorem Revenues (including investment income) of the Borrower for the preceding Fiscal Year were at least 2.00 times average annual debt service of all indebtedness of the Borrower payable from such sources. For the purpose of calculating "maximum annual debt service" or "annual debt service" on any indebtedness which bears interest at a variable rate, such indebtedness shall be deemed to bear interest at the greater of (i) 1.25 times the most recently published Bond Buyer Revenue Bond 30 Year Index or (ii) 1.25 times actual average interest rate during the prior Fiscal Year of such Borrower.

(f) Further Assurance. The Borrower shall execute and deliver to the Bank and the Commission all such documents and instruments and do all such other acts and things as may be reasonably necessary to enable the Bank to exercise and enforce its rights under this Loan Agreement and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be reasonably necessary or required by the Bank to validate, preserve and protect the Bank's security under this Loan Agreement.

(g) 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.

(h) Payment of Taxes, Etc. The Borrower shall pay all legally contracted obligations when due and shall pay all taxes, assessments and governmental charges or levies imposed



upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims, which, if unpaid, might become a lien or charge upon any of its properties, provided that it shall not be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by appropriate proceedings, which shall operate to stay the enforcement thereof.

(i) Compliance with Laws, Etc. The Borrower shall comply with the requirements of all applicable laws, the terms of all grants, rules, regulations and lawful orders of any governmental authority, non-compliance with which would, singularly or in the aggregate, materially adversely affect its business, properties, earnings, prospects or credit, unless the same shall be contested by it in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(j) Tax-Exempt Status of Bond. The Commission and the Borrower understand that it is the intention hereof that the interest on the Bond not be included within the gross income of the Holders thereof for federal income tax purposes. In furtherance thereof, the Borrower and the Commission each agree that they will take all action within their control which is necessary in order for the interest on the Bond or this Loan to remain excluded from gross income for federal income taxation purposes and shall refrain from taking any action which results in such interest becoming included in gross income. The Borrower and the Commission further covenant that, to the extent they have control over the proceeds of the Bond, they will not take any action or fail to take any action with respect to the investment of the proceeds of any Bond, with respect to the payments derived from the Bond or hereunder or with respect to the issuance of other Commission obligations, which action or failure to act may cause the Bond to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder. In furtherance of the covenants contained in this paragraph (j), the Borrower and the Commission agree to comply with the Tax Certificate as to Arbitrage and the provisions of Section 141 through 150 of the Internal Revenue Code of 1986, as amended, including the letter of instruction attached as an exhibit to the Tax Certificate, delivered by Bond Counsel to the Borrower and the Commission simultaneously with the issuance of the Bond, as such letter may be amended from time to time, as a source of guidelines for achieving compliance with the Code.

(k) Information Reports. The Borrower covenants to provide the Commission with all material and information it possesses or has the ability to possess necessary to enable the Commission to file all reports required under Section 149(e) of the Code to assure that interest paid by the Commission on the Bond shall, for purposes of the federal income tax, be excluded from gross income.

(l) Limited Obligations. 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 tax revenues or to

permit or constitute a mortgage or lien upon any assets or property owned by the Borrower and no Bondholder or any other person, including the Commission, 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 Commission nor the Bondholder nor 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 Non-Ad Valorem Revenues or any revenues or taxes of the Borrower for other legally permissible purposes. Notwithstanding any provisions of this Agreement or the Bond 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 or the rates for such services or regulatory fees. 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 in Section 2.02(a) hereof 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.

The Commission and the Bank understand that the amounts available to be budgeted and appropriated to make Loan Payments hereunder are subject to the obligation of the Borrower to provide essential governmental services; however, such obligation to make Loan Payments is cumulative and would carry over from Fiscal Year to Fiscal Year.

Moreover, the covenant to budget and appropriate for the purposes and in the manner and to the extent stated herein shall have the effect of making available for the payment of the Bond, in the manner described herein, Loan Payments, and placing on the Borrower a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 166.241, Florida Statutes and other restrictions set forth this subsection.

[Remainder of page intentionally left blank]

## ARTICLE III

### THE LOAN AND THE BOND

**SECTION 3.01. Bond Issuance and the Loan.** The Commission hereby agrees to lend to the Borrower and the Borrower hereby agrees to borrow from the Commission the sum of \$7,965,000. This amount includes amounts which the Borrower will use for the cost of the initial issuance of the Bond subject to the terms and conditions contained in this Loan Agreement. The amounts advanced net of the cost of the initial issuance are to be used by the Borrower for the purposes of financing or refinancing the cost of, or receiving reimbursement for the cost of, the Project in accordance with the provisions of this Loan Agreement. The Commission hereby approves the form of the Bond attached hereto as Exhibit D and agrees to hereby issue the Bond to the Bank as set forth herein.

**SECTION 3.02. Evidence of Loan.** The Borrower's obligation hereunder to repay amounts advanced pursuant to Section 3.01, together with interest thereon, and other payments required under this Loan Agreement, shall be evidenced by this Loan Agreement.

**SECTION 3.03. Purchase of Bond.** The Bank agrees to purchase the Bond from the Commission for the amount of \$7,965,000, which amount is hereby used to fund the Loan to the Borrower.

**SECTION 3.04. Description of the Bond.** The Bond shall be dated as of the date of Closing; shall mature on the Maturity Date and shall be in registered form. The Bond shall bear interest from the date of Closing until payment of the entire outstanding principal amount due thereon. The rate of interest shall be 2.37% (subject to adjustment as provided in the Bond). Interest on the Bond shall be paid on each Interest Payment Date, commencing January 1, 2015. Principal shall be paid annually on July 1 each year until the Maturity Date.

The Bond shall have the further terms set forth in Exhibit D. The Commission hereby pledges and assigns all amounts payable by the Borrower as Loan Payments to the Bank as security for the payment of the Bond.

[Remainder of page intentionally left blank]

## ARTICLE IV

### LOAN TERM AND LOAN CLOSING REQUIREMENTS

**SECTION 4.01. Commencement of Loan Term.** The Borrower's obligations under this Loan Agreement shall commence on the date hereof unless otherwise provided in this Loan Agreement.

**SECTION 4.02. Termination of Loan Term.** The Borrower's obligations under this Loan Agreement shall terminate after payment in full of all amounts due under this Loan Agreement and all amounts not theretofore paid shall be due and payable at the times and in the amounts set forth in Exhibit C attached hereto plus accrued interest; provided, however, that all covenants and all obligations provided hereunder specified to so survive (including the obligation of the Borrower to pay off the rebate obligations of the Commission owed on the Bond) shall survive the termination of this Loan Agreement and the payment in full of principal and interest hereunder. Upon termination of the Loan Term as provided above, the Commission and the Bank shall deliver, or cause to be delivered, to the Borrower an acknowledgment thereof.

**SECTION 4.03. Loan Closing Submissions.** Concurrently with the execution and delivery of this Loan Agreement, the Borrower is providing to the Bank the following documents each dated the date of such execution and delivery unless otherwise provided below:

- (a) A certified resolution or ordinance of the Borrower authorizing the Loan and this Agreement;
- (b) An opinion of the Borrower's Counsel in the form attached hereto as Exhibit B;
- (c) A certificate of the officials of the Borrower who sign this Loan Agreement to the effect that the representations and warranties of the Borrower herein are true and correct;
- (d) This executed Loan Agreement;
- (e) An opinion (addressed to the Commission, the Bank and the Borrower) of Bond Counsel to the effect that such financing, refinancing or reimbursement with Loan proceeds is permitted under the Act and the resolution authorizing this Loan Agreement, the interest on the Bond is not included in gross income for purposes of federal income taxation, and the Bond has been duly authorized and is a legal and valid obligation of the Commission; and
- (f) Such other certificates, documents, opinions and information as the Commission, the Bank or Bond Counsel may require.

All opinions and certificates shall be dated the date of the Closing.

[Remainder of page intentionally left blank]

## ARTICLE V

### LOAN PAYMENTS

**SECTION 5.01. Payment of Loan Payments, Including Basic Payments.** The Borrower shall have the exclusive obligation to pay all Loan Payments in lawful money of the United States of America to the Bank on behalf of the Commission, as payment on the Bond. No such Loan Payment shall be in an amount such that interest on the Loan is in excess of the Maximum Rate allowed by the laws of the State of Florida or of the United States of America. The Loan shall be repaid in Basic Payments, consisting of:

(a) principal in the amounts and on the dates set forth in Exhibit C (provided, however, that presentment of the Bond shall only be required with respect to the final payment of principal); plus

(b) interest calculated at the rate and on the dates set forth herein and in Exhibit C, as adjusted from time to time pursuant to the terms of the Bond.

**SECTION 5.02. Payment of Additional Payments.** In addition to Basic Payments, Borrower agrees to pay on demand of the Commission and directly to the Commission the following Additional Payments:

(a) The annual fees or expenses of the Commission, if any, including the fees of any provider of arbitrage rebate calculations; the fees of the Program Administrator;

(b) All reasonable fees and expenses of the Commission relating to this Loan Agreement, including, but not limited to:

(1) the cost of reproducing this Loan Agreement;

(2) the reasonable fees and disbursements of Counsel utilized by the Commission in connection with the Loan, this Loan Agreement and the enforcement thereof;

(3) reasonable extraordinary fees and reasonable out of pocket expenses of the Commission following an Event of Default hereunder or in connection with enforcement of this Agreement;

(4) all taxes (including any recording and filing fees) in connection with the execution and delivery of this Loan Agreement and the pledge and assignment of the Commission's right, title and interest in and to the Loan, the Loan Payments and this Loan Agreement, and all expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof; and

(5) the fees of any provider of arbitrage rebate services and any amounts owed to the United States of America as rebate obligations on the Bond, including late penalties or interest deriving thereon, which obligation shall survive the termination of this Loan Agreement.

(c) Any Additional Amount (as defined in the Bond) imposed as a result of a Determination of Taxability (as defined in the Bond).

**SECTION 5.03. Obligations of Borrower Unconditional.** Subject in all respects to the provisions of this Loan Agreement, including but not limited to Section 2.02(a) and (l) hereof, the obligations of Borrower to make the Loan Payments required hereunder and to perform and observe the other agreements on its part contained herein, shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while the Bond remains outstanding or any Loan Payments remain unpaid, regardless of any contingency, act of God, event or cause whatsoever. The Borrower shall pay in full the Loan Payments and all other payments required hereunder, regardless of any rights of set-off, recoupment, abatement or counterclaim that Borrower might otherwise have against the Commission, the Bank or any other party or parties.

**SECTION 5.04. Prepayment.** The Loan may be prepaid in whole but not in part by the Borrower on the same terms as set forth in the form of the Bond attached hereto as Exhibit D. The Commission agrees to prepay the Bond if the Borrower determines to prepay the Loan, in the same manner and to the same extent. The Commission shall not prepay the Bond without the written consent of the Borrower.

[Remainder of page intentionally left blank]

## ARTICLE VI

### ASSIGNMENT AND PAYMENT BY THIRD PARTIES

**SECTION 6.01. Assignment by Commission to Bank.** This Loan Agreement and the obligations of the Borrower to make Basic Payments hereunder, are pledged and assigned to the Bank as security for the Bond, and the Bank shall be entitled to act hereunder and thereunder in the place and stead of the Commission if the Bond is in default. The Borrower hereby expressly acknowledges and consents to such assignment.

**SECTION 6.02. Assignment by Borrower.** This Loan Agreement may not be assigned by the Borrower for any reason without the express prior written consent of the Commission and the Bank.

**SECTION 6.03. Assignment by Bank.** The Bank's or any subsequent Owner's right, title, and interest in and to this Loan Agreement, the Loan Repayments and any other amounts payable by the Borrower hereunder (the "Bond Security") may be assigned and reassigned in whole by the Bank or any subsequent Owner, without the necessity of obtaining the consent of the Borrower or the Commission; provided, that any such assignment, transfer or conveyance shall be made only to investors each of whom the Bank or subsequent Owner reasonably believes is (A) an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended, or (B) a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1993, as amended.

The Bank will transfer the Bond simultaneously with the transfer of the Bond Security, subject to the provisions of this Section.

Notice of any assignment hereunder shall be provided to the Issuer and the Borrower so that registration books can be updated.

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## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**SECTION 7.01. 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 Payment so long as the Bond is outstanding and such failure to pay is not cured within 10 days;

(b) Failure by the Borrower to timely pay any other payment required to be paid hereunder on the date on which it is due and payable, provided the Borrower has prior written notice of any such payments being due;

(c) Failure by the Borrower to observe and perform any covenant, condition or agreement other than a failure under (a), on its part to be observed or performed under this Loan Agreement, for a period of thirty (30) days after notice of the failure, unless the Commission and the Bank 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 Commission or the Bank, but cannot be cured within the applicable 30-day period, the Commission and the Bank 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;

(d) Any warranty, representation or other statement by the Borrower or by an officer or agent of the Borrower contained in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement, is false or misleading in any material respect when made;

(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 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 60 days;

(h) Default under any agreement to which the Borrower is a party evidencing, securing or otherwise respecting any indebtedness of the Borrower outstanding in the amount of \$500,000 or more if, as a result thereof, such indebtedness may be declared immediately due and payable or other remedies are exercised with respect thereto;

(i) Any material provision of this Loan Agreement 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 this Loan Agreement shall be contested by the Borrower, or if the Borrower shall deny any further liability or obligation under this Loan Agreement;

(j) Final judgment for the payment of money in the amount of \$500,000 or more is rendered against the Borrower, the payment of which would materially adversely affect the Borrower's ability to meet its obligations hereunder (it being agreed that, if insurance or adequate reserves are available to make such payment, such judgment would not materially affect the Borrower's ability to meet its obligations hereunder) and at any time after 90 days from the entry thereof, unless otherwise provided in the final judgment, (i) such judgment shall not have been discharged, and (ii) the Borrower shall not have taken and be diligently prosecuting an appeal therefrom and, to the extent that any final process or proceeding supplementary to enforce such judgment is lawfully available, such process or proceeding has not been stayed pending determination of such appeal, liable to pay such judgment pursuant to the provisions of Chapter 768, Florida Statutes or other applicable law.

**SECTION 7.02. Notice of Default.** The Borrower agrees to give the Bank and the Commission prompt written notice if any petition, assignment, appointment or possession referred to in Section 7.01(e), 7.01(f) and 7.01(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 would constitute an Event of Default, immediately upon becoming aware of the existence thereof.

**SECTION 7.03. Remedies on Default.**

(a) If an Event of Default exists under Section 7.01(a), the Bank may declare the principal of the Bond and the Loan and the interest (calculated in accordance with the provisions of the Bond) accrued thereon to be due and payable immediately, by a notice in writing to the Borrower and the Commission, and upon any such declaration such principal

and the interest (calculated in accordance with the provisions of the Bond) accrued thereon to the date of declaration shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Bank, by written notice to the Borrower and the Commission, may rescind and annul such declaration.

(c) Whenever any Event of Default referred to in Section 7.01 hereof shall have happened and be continuing, the Commission or the Bank 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, to take whatever other action at law or in equity which may appear necessary or desirable to collect amounts then due and thereafter to become due hereunder or to enforce any other of its or their rights hereunder. Notwithstanding any other provisions hereof, in an Event of Default referenced to in Section 7.01(a), the Bank shall have the sole authority to determine whether to exercise any remedies provided herein or by law and in what matter.

**SECTION 7.04. No Remedy Exclusive; Waiver, Notice.** No remedy herein conferred upon or reserved to the Commission or the Bank 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 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 Commission or the Bank to exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice other than such notice as may be required in this Article VII.

**SECTION 7.05. Application of Moneys.** Any moneys collected by the Commission or the Bank pursuant to Section 7.03 hereof shall be applied (a) first, to pay any attorney's fees or other expenses owed by the Borrower pursuant to Section 5.02(b)(3) and (4) hereof, (b) second, to pay interest due on the Loan, (c) third, to pay principal due on the Loan, (d) fourth, to pay any other amounts due hereunder, and (e) fifth, to pay interest and principal on the Loan 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 7.05).

[Remainder of page intentionally left blank]

## ARTICLE VIII

### MISCELLANEOUS

**SECTION 8.01. Notices.** All notices, certificates or other communication 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:

Commission: First Florida Governmental Financing Commission  
c/o The GAMS Group, Inc. – Program Administrator  
2308 Tour Eiffel Drive  
Tallahassee, Florida 32308-5932

Bank: Pinnacle Public Finance, Inc.  
8377 East Hartford Drive, Suite 115  
Scottsdale, Arizona 85255  
Attention: Cathleen Jimenez

Borrower: City of Hollywood, Florida  
2600 Hollywood Boulevard, Room 120  
Hollywood, Florida 33114  
Attention: Finance Director

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 8.02. Binding Effect.** This Loan Agreement shall inure to the benefit of the Bank, the Commission and the Borrower, and shall be binding upon the Bank, the Commission and the Borrower and their respective successors and assigns.

**SECTION 8.03. 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 8.04. Amendments, Changes and Modifications.** This Loan Agreement may be amended by the Commission and the Borrower; provided, however, that no such amendment shall be effective unless it shall have been consented to in writing by the Bank.

**SECTION 8.05. Execution in Counterparts.** This Loan Agreement may be simultaneously executed in several counterparts, each of which, when so executed and delivered, shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 8.06. Applicable Law; Jurisdiction; Waiver of Jury Trial.** This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Florida. The parties hereto consent to Florida jurisdiction and agree to waive trial by jury.

**SECTION 8.07. Benefit of Bondholders.** This Loan Agreement is executed in part to induce the purchase by the Bank of the Bond. Accordingly, all covenants, agreements and representations on the part of the Borrower and the Commission, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the holders from time to time of the Bond.

**SECTION 8.08. Consents and Approvals.** Whenever the written consent or approval of the Commission shall be required under the provisions of this Loan Agreement, such consent or approval may be given by an Authorized Representative of the Commission or such other additional persons provided by law or by rules, regulations or resolutions of the Commission.

**SECTION 8.09. Immunity of Officers, Employees and Members of Commission and Borrower.** No recourse shall be had for the payment of the principal of or premium or interest hereunder or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement against any past, present or future official, officer, member, counsel, employee, director or agent, as such, of the Commission or the Borrower, either directly or through the Commission or the Borrower, or 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, counsels, 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.

**SECTION 8.10. 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 of sections of this Loan Agreement.

**SECTION 8.11. No Pecuniary Liability of Commission.** No provision, covenant or agreement contained in this Loan Agreement, or any obligation herein imposed upon the Commission, or the breach thereof, shall constitute an indebtedness or liability of the State or any political subdivision or municipal corporation of the State or any public corporation or governmental agency existing under the laws thereof other than the Commission. In making the agreements, provisions and covenants set forth in this Loan Agreement, the Commission has not obligated itself except with respect to the application of the proceeds of the Bond, revenues, income and all other property as derived herefrom, as hereinabove provided.

Anything in this Loan Agreement to the contrary notwithstanding, except from amounts received from the Borrower hereunder, the Commission shall not in any way be obligated to pay the principal of, premium, if any, or interest on the Bond as the same shall become due.

**SECTION 8.12. 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 other than on a Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement.

**SECTION 8.13. Calculations.** Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

**SECTION 8.14. Time of Payment.** Any Loan Payment or other payment hereunder which is received by the Bank after 2:00 p.m. (New York time) on any day shall be deemed received on the following Business Day.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the First Florida Governmental Financing Commission has caused this Loan Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers and the City of Hollywood, Florida, has caused this Loan Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attached by its duly authorized officers and Pinnacle Public Finance, Inc. has caused this Loan Agreement to be executed in its corporate name by a duly authorized officer. All of the above occurred as of the date first above written.

FIRST FLORIDA GOVERNMENTAL  
FINANCING COMMISSION

(SEAL)

By: \_\_\_\_\_  
Title: Chairman

ATTEST:

By: \_\_\_\_\_  
Title: Assistant Secretary-Treasurer

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(SEAL)

CITY OF HOLLYWOOD, FLORIDA

By:\_\_\_\_\_

Name: Peter J. M. Bober

Title: Mayor

ATTEST:

By:\_\_\_\_\_

Name: Patricia A. Cerny, MMC

Title: City Clerk

Approved as to form and legality  
for the use and reliance of the City  
of Hollywood, Florida, only.

By:\_\_\_\_\_

Name: Jeffrey P. Sheffel

Title: City Attorney

[Remainder of page intentionally left blank]



PINNACLE PUBLIC FINANCE, INC.

By:\_\_\_\_\_

Name: Cathleen Jimenez

Title: Managing Director and  
Senior Vice President

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EXHIBIT A

CITY OF HOLLYWOOD, FLORIDA  
USE OF LOAN PROCEEDS

DESCRIPTION OF PROJECTS TO BE REFINANCED

Project to be refinanced includes:

| <u>PROJECT</u>   | <u>TOTAL AMOUNT<br/>TO BE REFINANCED</u> |
|--|--|
| (A) Various capital projects financed pursuant to that certain Loan Agreement dated June 1, 2004 between the Borrower and the Commission, including, without limitation rights-of-way, public building improvements, parks and recreational facilities improvements, neighborhood redevelopment projects and other miscellaneous capital projects; and (B) various capital projects financed pursuant to that certain Loan Agreement dated March 1, 2005 between the Borrower and the Commission, including without limitation installation of sanitary sewer and water transmission lines, a new street along with associated markings, landscaping, sidewalk and lighting, a new park along with associated landscaping, irrigation and equipment acquisition. |  |
| The amount of the Project to be refinanced (such funds to be deposited pursuant to the Escrow Deposit Agreement dated June 12, 2014 among the Commission, the Borrower and U.S. Bank National Association):  | \$7,904,390.35                           |
| The transactions costs to be financed:   | <u>60,609.65</u>                         |
| TOTAL:   | \$7,965,000.00                           |

EXHIBIT B

OPINION OF BORROWER'S COUNSEL

[Letterhead of Counsel to Borrower]

June 12, 2014

First Florida Governmental Financing Commission  
Tallahassee, Florida

Bryant Miller Olive P.A.  
Tampa, Florida

Pinnacle Public Finance, Inc.  
Scottsdale, Arizona

Gentlemen:

I am counsel to the City of Hollywood, Florida (the "Borrower"), and have been requested by the Borrower to give this opinion in connection with the loan by the First Florida Governmental Financing Commission (the "Commission") 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 June 12, 2014 (the "Loan Agreement"), between Pinnacle Public Finance, Inc. (the "Bank"), the Commission and the Borrower, and the Interlocal Agreement originally dated November 26, 1985, as amended from time to time, creating the Commission among the various Governmental Units executing it from time to time. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Loan Agreement.

In this connection, I have reviewed such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including applicable laws, and ordinances enacted by the City Commission of the Borrower, the Loan Agreement, the Interlocal Agreement, the Escrow Deposit Agreement, dated as of June 12, 2014 (the "Escrow Deposit Agreement") among the Commission, the Borrower and U.S. Bank National Association, as Escrow Holder thereunder, and Resolution No. R-14-\_\_ adopted by the City Commission of the Borrower on June 4, 2014 (the "Resolution"). Based on such review, and such other considerations of law and fact as we believe to be relevant, I am of the opinion that:

(a) The Borrower is a municipal corporation duly organized and validly existing under the Constitution and laws of the State of Florida and under the provisions of the Constitution and laws of the State of Florida. The Borrower has the legal right and all requisite power and authority to enter into the Interlocal Agreement, the Loan Agreement and the Escrow Deposit Agreement, to adopt the Resolution and to consummate the transactions contemplated thereby, including the refinancing of the Project, and otherwise to carry on its activities and own its property.

(b) The Borrower has duly adopted the Resolution and authorized, executed and delivered each of the Interlocal Agreement, the Resolution, the Escrow Deposit Agreement and the Loan Agreement, and such instruments are each legal and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except to the extent that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity, and to the sovereign police powers of the State of Florida and the constitutional powers of the United States of America. The Loan is a special limited obligation of the Borrower payable solely from the security made available by the Borrower pursuant to the Loan Agreement. Neither the general credit nor the taxing power of the Borrower nor the State of Florida or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Loan.

(c) The execution and delivery of the Interlocal Agreement, the Resolution, the Escrow Deposit Agreement and the Loan Agreement, the consummation of the transactions contemplated thereby, the refinancing of the Project and the fulfillment of or compliance with the terms and conditions of the Interlocal Agreement, the Escrow Deposit Agreement and the Loan Agreement, to the best of my knowledge after due inquiry, do not and will not conflict with or result in a material breach of or default under any of the terms, conditions or provisions of any agreement, contract or other instrument, or law, ordinance, regulation, or judicial or other governmental order, to which the Borrower is now a party or it or its properties are otherwise subject or bound, and, to the best of my knowledge after due inquiry, the Borrower is not otherwise in violation of any of the foregoing in a manner material to the transactions contemplated by such agreements.

(d) There is no litigation or legal or governmental action, proceeding, inquiry or investigation pending against the Borrower or, to the best of my knowledge after due inquiry, threatened against the Borrower, or to which the Borrower is a party or of which any property of the Borrower is subject, which has not been disclosed in writing to the Commission and the Bank and which, if determined adversely to the Borrower, would individually or in the aggregate materially and adversely affect the validity or the enforceability of the Loan Agreement, the Escrow Deposit Agreement or the Interlocal Agreement, or the properties or conditions (financial or otherwise) of the Borrower, or the ability of the Borrower to enter into

and perform its obligations under the Loan Agreement, the Escrow Deposit Agreement or the Interlocal Agreement.

(e) Any indebtedness being refinanced, directly or indirectly, with the proceeds of the Loan was initially incurred by the Borrower, and the proceeds of such indebtedness have been fully expended, to finance the cost of the Project.

I am an attorney admitted to practice law only in the State of Florida and express no opinion as to the laws of any other state and further express no opinion as to the status of interest on the Bond under either Federal laws or the laws of the State of Florida.

My opinion is limited in all respects to the laws in existence on the date hereof. By providing this opinion to you, I do not undertake to advise you of any changes in the law which may occur after the date hereof.

This letter is furnished to you solely in connection with the transaction described herein, and may not be quoted, furnished to or relied upon by any other person in any manner or for any purpose.

Very truly yours,

# EXHIBIT C

## PRINCIPAL AMORTIZATION AND DEBT SERVICE SCHEDULE

| <u>Payment Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Debt<br/>Service</u> |
|---------------------|------------------|-----------------|-------------------------|
| 01/01/2015          |                  | \$104,348.14    | \$104,348.14            |
| 07/01/2015          | \$645,000        | 94,385.25       | 739,385.25              |
| 01/01/2016          |                  | 86,742.00       | 86,742.00               |
| 07/01/2016          | 805,000          | 86,742.00       | 891,742.00              |
| 01/01/2017          |                  | 77,202.75       | 77,202.75               |
| 07/01/2017          | 830,000          | 77,202.75       | 907,202.75              |
| 01/01/2018          |                  | 67,367.25       | 67,367.25               |
| 07/01/2018          | 845,000          | 67,367.25       | 912,367.25              |
| 01/01/2019          |                  | 57,354.00       | 57,354.00               |
| 07/01/2019          | 865,000          | 57,354.00       | 922,354.00              |
| 01/01/2020          |                  | 47,103.75       | 47,103.75               |
| 07/01/2020          | 885,000          | 47,103.75       | 932,103.75              |
| 01/01/2021          |                  | 36,616.50       | 36,616.50               |
| 07/01/2021          | 745,000          | 36,616.50       | 781,616.50              |
| 01/01/2022          |                  | 27,788.25       | 27,788.25               |
| 07/01/2022          | 765,000          | 27,788.25       | 792,788.25              |
| 01/01/2023          |                  | 18,723.00       | 18,723.00               |
| 07/01/2023          | 780,000          | 18,723.00       | 798,723.00              |
| 01/01/2024          |                  | 9,480.00        | 9,480.00                |
| 07/01/2024          | <u>800,000</u>   | <u>9,480.00</u> | <u>809,480.00</u>       |
| TOTAL               | \$7,965,000      | \$1,055,488.39  | \$9,020,488.39          |

EXHIBIT D

FORM OF BOND

\$7,965,000

FIRST FLORIDA GOVERNMENTAL FINANCING COMMISSION  
REFUNDING REVENUE BOND, SERIES 2014

| <u>RATE OF INTEREST</u>                              | <u>MATURITY DATE</u>   | <u>DATE OF ISSUE</u> |
|--|--|----------------------|
| 2.37% (subject to adjustment<br>as described herein) | July 1, 2024   | June 12, 2014        |
| REGISTERED OWNER:                                    | PINNACLE PUBLIC FINANCE, INC.  |                      |
| PRINCIPAL AMOUNT:                                    | SEVEN MILLION NINE HUNDRED SIXTY-FIVE THOUSAND<br>AND NO/100 DOLLARS |                      |

KNOW ALL MEN BY THESE PRESENTS, that the First Florida Governmental Financing Commission (the "Issuer"), for value received, hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the special funds hereinafter mentioned, on January 1, 2015, and on each July 1 thereafter, to and including the Maturity Date specified above, the installments of the above Principal Amount as shown on Schedule 2 attached hereto and forming a part hereof (the "Schedule") and not previously repaid, and to pay solely from such funds interest on the outstanding Principal Amount hereof from the date of this Bond or from the most recent date to which interest has been paid, whichever is applicable, at the Rate of Interest shown above, subject to adjustment as set forth in Schedule I attached hereto, such interest being payable semi-annually on each January 1 and July 1 (an "Interest Payment Date") commencing July 1, 2015, with all unpaid interest being due on the Maturity Date or upon the earlier payment of principal hereunder, by wire transfer in accordance with written instructions delivered by the Registered Owner to the Issuer or by such other medium acceptable to the Issuer and to such Registered Owner. Anything provided herein or in this Bond to the contrary notwithstanding, in no event shall this Bond bear interest in excess of the Maximum Rate.

The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Interest due hereon shall be calculated on the basis of a 360-day year of twelve 30-day months.

Prior to July 1, 2020, this Bond shall not be subject to prepayment. On or after July 1, 2020, this Bond shall be subject to prepayment at the option of the Issuer in whole but not in part on any date at a price equal to the principal amount thereof to be prepaid, plus accrued interest to the date fixed for prepayment, without penalty.

This Bond is issued to refinance the costs of the acquisition and construction of the Project, as described in the Loan Agreement, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 163, Part I, Florida Statutes, Chapter 166, Part II, Florida Statutes, if applicable, Chapter 125, Part I, Florida Statutes, if applicable, and other applicable provisions of law, and Resolution No. 14-01 duly adopted by the Issuer on June 4, 2014 (the "Resolution"), and pursuant to a Loan Agreement among Pinnacle Public Finance, Inc., the Issuer and the City of Hollywood, Florida, dated June 12, 2014 (the "Loan Agreement") which secures the Bond, to which reference should be made to ascertain those terms and conditions.

This Bond is payable from and secured solely by a lien upon and pledge of the Loan Payments, as defined and described in the Loan Agreement, all in the manner provided in, and subject to the terms and conditions of the Resolution and the Loan Agreement.

The principal of and interest on this Bond do not constitute a general obligation or indebtedness of the Issuer or the Borrower, and the Registered Owner shall never have the right to require or compel the levy of taxes on any property of or in the Issuer or the Borrower for the payment of the principal of and interest on this Bond. The issuance of this Bond shall not directly, indirectly or contingently obligate the Borrower, the State or any political subdivision or municipal corporation thereof to levy or pledge any form of ad valorem taxation for its payment but shall be payable solely from the funds and revenues pledged under and pursuant to the Loan Agreement.

This Bond may be transferred only in accordance with the requirements set forth in Section 6.03 of the Loan Agreement.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to be performed, to exist and to happen precedent to and in the issuance of this Bond, have been performed, exist and have happened in regular and due form and time as so required.



IN WITNESS WHEREOF, the First Florida Governmental Financing Commission has caused this Bond to be executed by the Chairman, and attested by the Secretary-Treasurer, either manually or with their facsimile signatures, and its seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the Date of Issue above.

FIRST FLORIDA GOVERNMENTAL  
FINANCING COMMISSION

(SEAL)

By: \_\_\_\_\_  
Chairman

ATTEST:

By: \_\_\_\_\_  
Assistant Secretary-Treasurer

#### VALIDATION CERTIFICATE

This Bond is one of a series of Bonds which were validated and confirmed by judgment of the Circuit Court for Leon County, Florida, rendered on January 23, 1998.

By: \_\_\_\_\_  
Chairman

## Schedule I

### Rate of Interest Adjustment

In the event of a Determination of Taxability, the Rate of Interest shall be increased to the rate of 3.65% per annum (the "Taxable Rate"), effective retroactively to the date on which such Determination of Taxability was made. In addition, upon a Determination of Taxability, the Borrower agrees to pay to the Registered Owner subject to such Determination of Taxability the Additional Amount upon demand. "Additional Amount" means (i) the difference between (a) interest on the Bond for the period commencing on the date on which the interest on the Bond ceased to be excludable from gross income for federal income tax purposes and ending on the earlier of the date the Bond ceased to be outstanding or such adjustment is no longer applicable to the Bond (the "Taxable Period") at a rate per annum equal to the Taxable Rate, and (b) the aggregate amount of interest paid on the Bond for the Taxable Period under the provisions of the Bond without considering the Determination of Taxability, plus (ii) any penalties and interest paid or payable by such Registered Owner to the Internal Revenue Service by reason of such Determination of Taxability. As used herein, "Determination of Taxability" shall mean (a) the receipt by the Borrower or Registered Owner of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency or other written correspondence from the Internal Revenue Service which legally holds that the interest on the Bond is includable in the gross income of the Registered Owner thereof; (b) the issuance of any public or private ruling of the Internal Revenue Service that the interest on the Bond is includable in the gross income of the Registered Owner thereof; or (c) receipt by the Borrower or Registered Owner of a written opinion of Bond Counsel to the effect that the interest on the Bond has become includable in the gross income of the Registered Owner thereof for federal income tax purposes. For all purposes of this definition, an Event of Taxability shall be deemed to occur on the date as of which the interest on the Bond is deemed includable in the gross income of the Registered Owner thereof for federal income tax purposes.

During the occurrence and continuance of an Event of Default pursuant to Section 7.01(a) pertaining to the failure to make a Loan Payment when due which is not timely cured, the Rate of Interest shall be increased to 4.00% per annum, or 6.00% per annum of the Taxable Rate is in effect, effective from the due date for such Loan Payment until payment is made.

## Schedule 2

### Principal Payment Schedule

| Payment Dates<br><u>(July 1)</u> | Principal<br><u>Amounts</u> |
|----------------------------------|-----------------------------|
| 2015                             | \$645,000                   |
| 2016                             | 805,000                     |
| 2017                             | 830,000                     |
| 2018                             | 845,000                     |
| 2019                             | 865,000                     |
| 2020                             | 885,000                     |
| 2021                             | 745,000                     |
| 2022                             | 765,000                     |
| 2023                             | 780,000                     |
| 2024                             | <u>800,000</u>              |
| TOTAL                            | \$7,965,000                 |