RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF LEESBURG, FLORIDA, AUTHORIZING THE ISSUANCE OF ITS NOT EXCEEDING $5.0 MILLION CITY OF LEESBURG, FLORIDA CAPITAL IMPROVEMENT REVENUE BONDS; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $5.0 MILLION CITY OF LEESBURG, FLORIDA SUBORDINATE CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2007 AS INTERIM FINANCING PRIOR TO THE ISSUANCE OF SUCH BONDS; DETERMINING THE NEED FOR A NEGOTIATED SALE OF SUCH NOTE AND AWARDING THE SALE OF SUCH NOTE TO WACHOVIA BANK, NATIONAL ASSOCIATION; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH SAID BANK; PROVIDING FOR THE PAYMENT OF SUCH NOTE FROM THE FIRST PROCEEDS OF SUCH CAPITAL IMPROVEMENT REVENUE BONDS AND FROM THE CITY'S PUBLIC SERVICE TAX, HALF-CENT SALES TAX REVENUES AND GUARANTEED ENTITLEMENT AFTER PAYMENT OF CERTAIN OUTSTANDING DEBT OF THE CITY ALL AS PROVIDED IN THE LOAN AGREEMENT; AUTHORIZING THE PROPER OFFICIALS OF THE CITY TO DO ANY OTHER ADDITIONAL THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE EXECUTION OF THE LOAN AGREEMENT, THE NOTE, AND THE SECURITY THEREFORE; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS IN CONNECTION WITH SAID LOAN; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA THAT:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Section 159.11, Florida Statutes, Chapter 166, Florida Statutes, Article VIII Section 2 of the Florida Constitution and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby ascertained, determined and declared:

(A) The City of Leesburg, Florida (the "City"), deems it necessary, desirable and in the best interests of the City that the City provide a funding source for the City's costs of capital projects (the "Project"), all as more particularly described in the Loan Agreement (as defined herein).

(B) Pursuant to Section 2(b), Article VIII of the Florida Constitution, and Section 166.021, Florida Statutes, municipalities have the governmental, corporate and proprietary powers to enable them to conduct municipal government, perform municipal functions, and render municipal services, and may exercise any power for municipal purposes, except when expressly prohibited by law. The issuance of the 2007 Note (hereinafter defined) and the execution and delivery of the Loan Agreement for the purposes of financing the Project is not prohibited by law.

(C) Wachovia Bank, National Association (the "Bank") has submitted a proposal dated October 1, 2007 to make a loan, which loan shall be in the principal amount of not exceeding $5.0 million as provided in the 2007 Note (the "Loan") to the City, for the purpose of providing the City a source to finance the cost of the Project.

(D) The Loan will be secured by the Loan Agreement pursuant to which the City will at the time of the initial borrowing thereunder issue its Subordinate Capital Improvement Revenue Note, Series 2007 (the "2007 Note") to secure the repayment of the Loan.

(E) On the advise of the City's Financial Advisor, the City has determined that it is in the best interest of the City to enter into the Loan Agreement with the Bank, rather than pursuant to a competitive bid process.

SECTION 3. AUTHORIZATION OF BONDS. In accordance with Florida law the City hereby authorizes the issuance of its capital improvement revenue bonds (the "Bonds") in the principal amount of $5.0 million.

SECTION 4. AUTHORIZATION OF FINANCING OF PROJECT. The City hereby authorizes the financing of the Project as more particularly described in the Loan Agreement.

SECTION 5. ACCEPTANCE OF PROPOSAL. The City hereby accepts the proposal of the Bank to provide the City with the Loan.

SECTION 6. AUTHORIZATION OF LOAN AGREEMENT AND EXECUTION OF LOAN AGREEMENT AND 2007 NOTE. The Loan and the repayment of the Loan as evidenced by the 2007 Note shall be pursuant to the terms and provisions of the Loan Agreement and the 2007 Note. The City hereby authorizes the Mayor or the Mayor Pro-Tem of the City (collectively, the "Mayor") and the City Clerk or any deputy or assistant City Clerk of the City (collectively, the "City Clerk") to execute and deliver on behalf of the City in connection with the initial borrowing thereunder, the Loan Agreement by and between the City and the Bank

substantially in the form attached hereto as **Attachment A** (the "Loan Agreement") and at the time of said initial borrowing pursuant to the Loan Agreement, the 2007 Note in substantially the form attached to the Loan Agreement, with such changes, insertions and additions as they may approve, their execution thereof being evidence of such approval.

SECTION 7. PAYMENT OF DEBT SERVICE ON 2007 NOTE. Pursuant to the Loan Agreement, the 2007 Note will be payable from and secured by the first proceeds of the Bonds when and if issued and from the Public Service Tax, the Sales Tax and the Guaranteed Entitlement (all as defined in City Resolution No. 7162) (collectively, the "Pledged Revenues") junior and subordinate in all respects to the lien thereon of the City's Capital Improvement Revenue Bonds, Series 2004 and which lien on the Sales Tax and Guaranteed Entitlement is also subordinate to the lien thereon of the City's Refunding and Capital Improvement Revenue Bonds, Series 1999.

SECTION 8. AUTHORIZATION OF OTHER DOCUMENTS TO EFFECT TRANSACTION. To the extent that other documents, certificates, opinions, or items are needed to effect any of the transactions referenced in this Resolution, the Loan Agreement or the 2007 Note and the security therefore, the Mayor, the City Clerk, the City Manager, the City Finance Director and the City Attorney are hereby authorized to execute and deliver such documents, certificates, opinions, or other items and to take such other actions as are necessary for the full, punctual, and complete performance of the covenants, agreements, provisions, and other terms as are contained herein and in the documents included herein by reference.

SECTION 9. PAYING AGENT AND REGISTRAR. The City hereby accepts the duties to serve as Registrar and Paying Agent for the 2007 Note.

SECTION 10. LIMITED OBLIGATION. The obligation of the City to repay amounts under the Loan Agreement and the 2007 Note are limited and special obligations, payable solely from the sources and in the manner set forth in the Loan Agreement and shall not be deemed a pledge of the faith and credit or taxing power of the City or of any ad valorem tax revenues of the City. The 2007 Note is "Subordinate Debt" within the meaning of City Resolution No. 7162.

SECTION 11. EFFECT OF PARTIAL INVALIDITY. If any one or more provisions of this Resolution, the Loan Agreement or the 2007 Note shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not effect any other provision of this Resolution or the 2007 Note, but this Resolution, the Loan Agreement and the 2007 Note shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The 2007 Note and Loan Agreement shall be issued and this Resolution is adopted with the intent that the laws of the State of Florida shall govern their construction.

SECTION 12. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 22nd day of October, 2007.

CITY OF LEESBURG, FLORIDA

(OFFICIAL SEAL)

By_____
Mayor

ATTEST:

_____
City Clerk

Approved as to form and correctness:

_____
City Attorney

{O1193336;4}

ATTACHMENT A

LOAN AGREEMENT

EXHIBIT A

LOAN AGREEMENT

Dated as of _____, 200__

By and Between

THE CITY OF LEESBURG, FLORIDA
(the "City")

and

WACHOVIA BANK N.A.
(the "Bank")

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement"), made and entered into this ____ day of _____, 200__, by and between THE CITY OF LEESBURG, FLORIDA (the "City"), a municipal corporation of the State of Florida and its successors and assigns, and WACHOVIA BANK, N.A., a national banking association authorized to do business in Florida, and its successors and assigns (the "Bank").

W I T N E S S E T H:

WHEREAS, capitalized terms used in these recitals and not otherwise defined shall have the meanings specified in Article I of this Agreement;

WHEREAS, the City, pursuant to the provisions of the Florida Constitution, Chapter 166, Florida Statutes, the Florida Constitution, and other applicable provisions of law (all of the foregoing, collectively, the "Act"), and Resolution No. _____, adopted by the City on October 22, 2007, is authorized to borrow money, and more particularly issue the Note described below for the City's public purpose; and

WHEREAS, in response to a request for proposal by the City regarding an intended borrowing to finance the City's cost of capital projects (the "Project"), and related costs of issuance, the Bank submitted its commitment, dated October 1, 2007, to the City (the "Commitment"); and

WHEREAS, the City has accepted the Commitment and the Bank is willing to purchase the Note (as hereinafter defined), but only upon the terms and conditions of this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITION OF TERMS

Section 1.01. Definitions. Capitalized terms used in this Agreement and not otherwise defined shall have the respective meanings as follows:

"Act" shall have the meaning assigned to that term in the recitals hereof.

"Advance" shall mean the principal amount of each payment in the minimum amount of $100,000.00 made by the Bank to or on the order of the City pursuant to a Draw Certificate made by the City pursuant to Section 3.02(a) hereof.

"Agreement" shall mean this Loan Agreement and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Authorized Denomination" shall mean, with respect to the Note, the Outstanding Principal Balance of the Note.

"Available Balance" shall mean $5,000,000, reduced by the aggregate amount of Advances previously made to the City.

"Bank" shall mean Wachovia Bank, N.A., and its successors.

"Bond Counsel" shall mean, Akerman Senterfitt, Orlando, Florida, or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions hired by the City to render an opinion on such matters with regard to the Note.

"Bonds" shall mean the first debt of the City issued subsequent to the issuance of the Note secured by any of the Pledged Revenues.

"Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which the office of the Bank at which payments on the Note are due is lawfully closed.

"City" shall mean the City of Leesburg, Florida, a municipal corporation.

"City Clerk" shall mean the City Clerk of the City and such other person as may be duly authorized to act on his or her behalf.

"City Manager" shall mean the City Manager of the City and such other person as may be duly authorized to act on his or her behalf.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the applicable rules and regulations promulgated thereunder.

"Debt Service" means principal and interest, and other debt-related costs, due in connection with the Note, as applicable.

"Default Rate" shall mean the Prime Rate plus two percent (2.0%) provided such rate shall not exceed the highest rate of interest allowed by applicable law.

"Determination of Taxability" shall mean, with respect to the Note, the circumstance of the interest on the Note becoming includable for federal income tax purposes in the gross income of the Bank, or if the Note is issued as a "qualified tax-exempt obligation" the Note not being a "qualified tax-exempt obligation" under Section 265(b)(3)(B) of the Internal Revenue Code, regardless of whether caused by or within the control of the City. A Determination of Taxability will be deemed to have occurred upon (i) the receipt by the City or the Bank of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency; (ii) the issuance of any public or private ruling of the Internal Revenue Service; or (iii) receipt by the City or Bank of an opinion of counsel experienced in tax matters relating to municipal bonds, in each case to the effect that the interest on the Note is not excluded from the gross income of the Bank for federal income tax purposes or the Note is not a "qualified tax-exempt obligation".

"Event of Default" shall mean an Event of Default as defined in Section 5.01 of this Agreement.

"Final Maturity Date" shall mean the date on which all principal and all unpaid interest accrued on the Note shall be due and payable in full, which date shall be, if not sooner due to acceleration or prepayment, October 1, 2020.

"Fiscal Year" shall mean the 12-month period commencing October 1 of each year and ending on the succeeding September 30, or such other 12-month period as the City may designate as its "fiscal year" as permitted by law.

"Index Rate" shall mean the one-month LIBOR as shown on the Telerate System page 3750.

"Interest Payment Date" shall mean each April 1 and October 1, commencing the first April 1 or October 1 after the initial Advance has been made.

"Loan" shall refer to an amount equal to the Outstanding Principal Advance of the Note, which shall not exceed $5,000,000 together with unpaid interest which has accrued.

"Net Revenues" shall have the meaning assigned to such term in City Resolution No. 7143 as amended and supplemented in accordance with its terms.

"Note" shall mean the City of Leesburg, Florida Subordinate Capital Improvement Revenue Note, Series 2007 issued by the City under this Agreement.

"Note Rate" shall mean the Tax-Exempt Rate (as modified by any Adjustments as described in 3.03 hereof). The Note Rate shall be calculated on the basis of a 360-day year of 12, 30-day months.

"Noteholder" or "Holder" shall mean the Bank as the holder of the Note and any subsequent registered holder of the Note.

"Outstanding Principal Balance" shall mean, with respect to the Note, the sum of all Advances under the Note, less the sum of all principal payments, whether scheduled or by earlier redemption, on the Note.

"Pledged Revenues" shall mean the first proceeds of the Bonds when and if issued and Public Service Tax, Sales Tax and Guaranteed Entitlement (all as defined in City Resolution No. 7162) after providing for all due payments and deposits due in regard to the Prior Debt. The 1999 Bonds as defined under Prior Debt are secured just by the sales tax and guaranteed entitlement.

"Prime Rate" shall mean the rate announced from time to time by Wachovia Bank, N.A., or by its corporate successor, as the Prime Rate (which interest rate is only a benchmark, is purely discretionary and is not necessarily the best or lowest interest rate charged borrowing customers in any subsidiary bank of Wachovia Bank, N.A.).

"Prior Debt" shall mean the City's Outstanding Capital Improvement Revenue Bonds, Series 2004 and the City's Outstanding Refinancing and Capital Improvement Revenue Bonds, Series 1999 (the "1999 Bonds").

"Project" shall have the meaning set forth in the "Whereas" clauses to this Agreement.

"Resolution" shall mean Resolution No. _____, adopted at a meeting of the City Commission on October 22, 2007 which, among other things, authorized and confirmed the borrowing of the Loan and execution and delivery of this Agreement and the issuance of the Note.

"Tax Exempt Rate" shall mean through and including September 30, 2010 if the City has designated the Note as a "qualified tax-exempt obligation" under Section 265(b)(3)(B) of the Code. 82.18% of the Index Rate adjusted monthly or if the Note is not designated as "qualified tax-exempt obligation" 98% of the Index Rate adjusted monthly. The Tax-Exempt Rate effective October 1, 2010 shall be, 74% of the most recent weekly average for the seven year U.S. Dollar Swap Offering Rate, as determined by the Federal Reserve at www. federalreserve.gov/releases/h15/update, plus 75 Basis Points if the Note is a "qualified tax-exempt obligation" or if the Note is not a "qualified tax-exempt qualification", 88% of the most recent weekly average for the seven year U.S. Dollar Swap Offering Rate, as determined by the Federal Reserve at www.federalreserve.gov/releases/h15/update, plus 89 Basis Points.

Section 1.02. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. Any capitalized terms used in this Agreement not herein defined shall have the meaning ascribed to such terms in the Resolution. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

Section 1.03. Titles and Headings. The titles and headings of the Articles and Sections of this Agreement, which have been inserted for convenience of reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Section 2.01. Representations and Warranties of City. The City represents and warrants to the Bank as follows:

(a) Existence. The City is a municipal corporation of the State of Florida, duly created and validly existing under the laws of the State of Florida, with full power to enter into this Agreement, to perform its obligations hereunder and to issue and deliver the Note to the Bank. The making, execution and performance of this Agreement on the part of the City and the issuance and delivery of the Note have been duly authorized by all necessary action on the part of the City and will not violate or conflict with the Act, or any agreement, indenture or other instrument by which the City or any of its material properties is bound.

(b) Validity, Etc. This Agreement, the Note and the Resolution are or will be valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium or similar laws relating to or from time to time affecting the enforcement of creditors' rights and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c) No Financial Material Adverse Change. No material adverse change in the financial condition of the City or its System has occurred since the most recent audited financial statements of the City.

(d) Powers of City. The City has the legal power and authority to pledge the Pledged Revenues to the repayment of the Loan as described herein.

(e) Authorizations, etc. No authorization, consent, approval, license, exemption of or registration or filing with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, has been or will be necessary for the valid execution, delivery and performance by the City of this Agreement, the Note and the related documents, except such as have been obtained, given or accomplished.

(f) Application of Proceeds of Bonds The City does hereby irrevocably pledge to the Note the first proceeds derived from any sale of the Bonds and hereby agrees to apply the first proceeds from the sale of Bonds to payment of the outstanding Note.

(g) Outstanding Debt. The only outstanding debt of the City payable from any of Pledged Revenues is the Prior Debt.

Section 2.02. Covenants of the City. The City covenants as follows:

The City will furnish to the Bank (i) within 270 days or if earlier when available following the end of each Fiscal Year, the comprehensive annual financial report of the City for such Fiscal Year, which shall include a balance sheet and income statement as of the end of such Fiscal Year, and an audit report of an independent CPA and (ii) by November 15 of each year the current annual budget of the City and the City's Capital Improvement Plan.

Section 2.03. Representations and Warranties of Bank. The Bank represents and warrants to the City as follows:

(a) Existence. The Bank is a national banking association, authorized to do business in the State of Florida, with full power to enter into this Agreement, to perform its obligations hereunder and to make the Loan. The performance of this Agreement on the part of the Bank and the making of the Loan have been duly authorized by all necessary action on the part of the Bank and will not violate or conflict with applicable law or any material agreement, indenture or other instrument by which the Bank or any of its material properties is bound.

(b) Validity. This Agreement is a valid and binding obligation of the Bank enforceable against the Bank in accordance with its terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium

or similar laws relating to or from time to time affecting the enforcement of creditors' rights (and specifically creditors' rights as the same relate to banks) and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c) Knowledge and Experience. The Bank (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of making the Loan and investing in the Note, (ii) has received and reviewed such financial information concerning the City and the System as it has needed in order to fairly evaluate the merits and risks of making the Loan and investing in the Note; and (iii) is purchasing the Note as an investment for its own account and not with a view toward resale to the public.

(d) Commitment Letter Superceded. The Bank's Commitment Letter to the City dated October 1, 2007 is superseded by this Agreement.

ARTICLE III

THE NOTE

Section 3.01. Purpose and Use. On the date of this Agreement, the Bank shall make available to the City the Loan in the total principal amount of the Loan shall not exceed Five Million Dollars ($5,000,000). The proceeds available under this Agreement shall be used to finance the Project and to pay costs of issuing the Note.

Section 3.02. The Note. The Note shall be substantially in the form set forth as Exhibit "A" to this Agreement. The general terms of the Note shall be as follows:

(a) Amount of Note. The aggregate principal amount of the Note is expressly limited to not exceeding Five Million Dollars ($5,000,000). The Bank shall not be required to make more than one Advance per month and the minimum amount of each Advance shall equal $100,000.00. No Advances shall be made subsequent to September 30, 2010. Each Advance shall constitute proceeds of the Note. Each Advance shall be provided by the Bank upon receipt of a Draw Certificate in substantially the form of **Exhibit C** hereto executed by the City Manager or other authorized staff of the City ("Draw Certificate"). Upon receipt of a Draw Certificate, the Bank shall, unless an Event of Default exists hereunder, fund the Advance requested prior to noon not later than the third (fifth in case of the initial Advance) day after receipt of the Draw Certificate or such later date as is specified in the Draw Certificate. On the date the Advance is to be funded, the Bank shall make available the amount of the Advance requested in federal or other immediately available funds for the account of the City specified in the Draw Certificate. A Draw Certificate may be revoked by the City upon delivery of a written notice revoking such Draw Certificate to the Bank not later than 9:00 a.m. on the date the proposed Advance is to be funded.

(b) Interest. The Note shall bear interest at the Note Rate. The City shall make interest payments to the Bank until the Final Maturity Date and interest on the Note shall be calculated and shall accrue at the Note Rate only on the Outstanding Principal Balance of the Note (prior to October 1, 2010 with respect to each Advance, from the date of such Advance) and shall be payable on each Interest Payment Date from the most recent date to which interest has been paid, or from the date of the initial Advance in the case of the first interest payment, in arrears. Upon the occurrence of one or more of the events specified in Section 3.03 of this Agreement, the Note Rate shall be adjusted as therein provided. Interest on the Note shall be computed on the basis of 12, 30-day months and a 360-day year.

(c) Prepayments. The Note shall prior to October 1, 2010 be subject to prepayment at the option of the City, in whole or in part, from any legally available monies at a prepayment price of 100% of the principal amount to be redeemed, plus accrued interest to the prepayment date on the principal being prepaid. On or after October 1, 2010 any prepayment whether voluntary, mandatory or upon acceleration) of the Note shall be in an amount equal to the principal amount to be redeemed, plus accrued interest on the principal being prepaid plus the Breakage Fee described below.

Breakage Fee = the Present value of ((A-B)xC) + LIBOR Breakage, where:

A = The rate per annum equal to the sum of (i) the bond equivalent yield (bid side) of the U.S. Treasury security with a maturity closest to the Final Maturity Date as reported by the Wall Street Journal (or other published source) on October 1, 2010 ("Lock in Date"), plus (ii) the corresponding swap spread of Bank on the Lock in Date for a fixed rate payor to pay Bank the fixed rate side of an interest rate swap of that maturity, plus (iii) .25%.

B = A rate per annum equal to the sum of (i) the bond equivalent yield (bid side) of the U.S. Treasury security with a maturity closest to the Final Maturity Date as reported by the Wall Street Journal (or other published source) on the prepayment date (the "Break Date"), plus (ii) [the corresponding swap spread that Bank determines another swap dealer would quote to Bank on the Break Date] for paying to Bank the fixed rate side of an interest rate swap of the maturity.

C = The sum of the products of (i) each Affected Principal Amount for each Affected Principal Period, times (ii) the number of days in that Affected Principal Period divided by 360.

"Affected Principal Amount" for an Affected Principal Period is the principal amount of this Note scheduled to be outstanding during that Affected Principal Period determined as of the relevant Break Date before giving effect to the Break Event on that Break Date, and for any prepayment, multiplying each such principal amount times the Prepayment Fraction.

"Affected Principal Period" is each period from and including a Scheduled Due Date to but excluding the next succeeding Scheduled Due Date, provided that the first such period shall begin on and includes the Break Date.

"LIBOR Breakage" is any additional loss, cost or expense that Bank may incur with respect to any hedge for the fixed rate of this Note based on the difference between the London interbank offered rate (for U.S. dollar deposits of the relevant maturity) available in the London interbank market at the beginning of the interest period in which the Break Date occurs and that which is available in that market on the Break Date.

"Prepayment Fraction" is a fraction equal to the principal amount being prepaid over the principal amount of this Note outstanding immediately prior to that prepayment on the Break Date.

"Present Value" is determined as of the Break Date using "B" above as the discount rate.

In addition, to any prepayment of the principal of the Note on or after October 1, 2010, a Break Event shall also be deemed to occur if, on any date ("Borrowing Date") after the date hereof but prior to any acceleration of the Note, any Advance under this Note is scheduled to be made and that Advance fails to be made on that Borrowing Date (whether due to City's default, City's failure to borrow, the termination of any loan commitment, any unsatisfied condition precedent, or otherwise), in which case that Borrowing Date shall be a Break Date, the Affected Principal Amount for that Break Event shall be based on the amount of the failed Advance, and the City shall on demand pay to the Bank any Breakage Fee due hereunder for that Break Event.

Breakage fees are payable as liquidated damages, are a reasonable pre-estimate of the losses, costs and expenses Bank would incur in the event of any prepayment or acceleration of this Note, are not a penalty, will not require claim for, or proof of, actual damages, and Bank's determination thereof shall be conclusive and binding in the absence of manifest error. For any Break Event hereunder, the foregoing Breakage Fee provisions supersede any breakage compensation agreement that the City and Bank may have executed with respect to this Note.

Any prepayments shall be applied first to accrued interest, then to other amounts owed the Bank and finally to principal last maturing under the Note.

(d) Principal Payments. The principal of the Note shall be paid in annual installments on each October 1, commencing October 1, 2011 (each a "Scheduled Due Date"). The schedule of principal and interest payments due on each Scheduled Due Date shall be determined by the Bank and provided to the City on October 1, 2010 of as soon thereafter as practicable. The schedule shall be determined based upon the fixed interest rate in effect as of October 1, 2010, and an amortization schedule of substantially level payments of principal and interest in each year, with payments of principal and interest sufficient to fully amortize so much of the principal amount of the Note as has been Advanced hereunder, with the final payment due and payable on the Final Maturity Date.

Section 3.03. Adjustments to Note Rate. The Note Rate shall be subject to adjustment by the Holder as hereinafter described.

Should the Note be issued as a "qualified tax-exempt obligation" and subsequent but currently unforeseen events cause any borrowing under the Note to be determined to be a non-qualified" obligation pursuant to Section 265(b)(3)(B) Internal Revenue Code of 1986, as

amended, the Note Rate shall be adjusted to the rate for a non "qualified tax-exempt obligation" as set forth herein under the definition of "Tax-Exempt Note".

If (i) a "Determination of Taxability" shall occur or (ii) state or federal tax laws or regulations are amended to cause the interest on the Note to otherwise decrease the after tax yield on the Note to the Bank (directly or indirectly, in whole or in part), then the interest on the Note shall be adjusted to cause the yield on the Note after payment of any increase in tax, to equal what the yield on the Note would have been in the absence of such Determination of Taxability or change or amendment in tax laws or regulations.

The above adjustments shall be cumulative, but in no event shall the interest on the Note exceed the maximum permitted by law. The above adjustments to the interest rate on the Note shall be effective for all periods during which tax treatment of the interest on the Note by the Bank is then affected (the "Taxable Period"). Proper partial adjustment shall be made if the tax law change is effective after the first day of the Bank's tax year or if the interest on the Note does not accrue for the entire tax year of the Bank. Adjustments which create a circular calculation because the interest on the Note is affected by the calculation shall be carried out sequentially, increasing the interest on the Note accordingly in each successive calculation using as the new value the increase in the Interest Rate on the Note, until the change on the interest rate on the Note causes by the next successive calculation of the adjustment is de minimus.

Section 3.04. Conditions Precedent to Issuance of Initial Advance Under Note. Prior to or simultaneously with the initial Advance under the Note, there shall be filed with the Bank the following, each in form and substance reasonably acceptable to the Bank:

(a) an opinion of counsel to the City substantially to the effect that (i) the Resolution has been duly adopted and this Agreement and the Note has been duly authorized, executed and delivered by the City and each constitutes a valid, binding and enforceable agreement of the City in accordance with their respective terms, except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency, financial emergency or other laws affecting creditors' rights generally or by usual equity principles; (ii) the City's execution, delivery and performance of this Agreement and execution and issuance of the Note are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not heretofore obtained or effected; (iii) the execution, issuance and delivery of the Note has been duly and validly authorized by the City, and the Note constitutes a valid and binding special obligation of the City enforceable in accordance with its terms; (iv) the City (A) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, and (B) has power and authority to adopt the Resolution, to execute and deliver this Agreement, to execute and deliver the Note, and to consummate the transactions contemplated by such instruments; (v) the execution, delivery and performance of the Note and this Agreement, and compliance with the terms thereof and hereof, under the circumstances contemplated hereby, do not and will not in any material respect conflict with, or constitute on the part of the City a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which the City or to which its properties are subject or conflict with, violate or result in a breach of any existing law, administrative rule or regulation, judgment, court order or consent decree to which the City or its properties are subject; (vi) to the best of such counsel's knowledge, there is no claim, action, suit, proceeding, inquiry, investigation,

litigation or other proceeding, at law or in equity, pending or threatened in any court or other tribunal, state or federal (W) restraining or enjoining, or seeking to restrain or enjoin, the issuance, sale, execution or delivery of the Note, (X) in any way questioning or affecting the validity or enforceability of any provision of this Agreement, the Note, or the Resolution, (Y) in any way questioning or affecting the validity of any of the proceedings or authority for the authorization, sale, execution or delivery of the Note, or of any provision made or authorized for the payment thereof, or (Z) questioning or affecting the organization or existence of the City or the right of any of its officers to their respective offices; (vii) the City has the legal power to make the capital improvements that comprise the Project and to pay associated costs of issuance, to impose and collect the Pledged Revenues and to grant a lien on the Pledged Revenues as described herein and in the Resolution; and (viii) all conditions contained in the ordinances and resolutions of the City precedent to the issuance of the Note have been complied with.

(b) an opinion of Bond Counsel (who may rely on opinion of counsel to the City), substantially to such effect that such counsel is of the opinion that: (i) this Loan Agreement constitutes a valid and binding obligation of the City enforceable upon the City in accordance with its terms; (ii) the Note is a valid and binding special obligation of the City enforceable in accordance with its terms, payable solely from the sources provided therefor in this Loan Agreement; (iii) assuming compliance by the City with certain covenants relating to requirements contained in the Code interest on the Note is excluded from gross income for purposes of federal income taxation, and (iv) if applicable, the Note is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

(c) a copy of a completed and executed Form 8038-G to be filed with the Internal Revenue Service by the City;

(d) the original executed Note and Agreement; and

(e) an executed Draw Certificate in substantially the form attached hereto as Exhibit C; and

(f) such other documents as the Bank reasonably may request (including, without limitation, appropriate executed Florida Division of Bond Finance forms).

When the documents and items mentioned in clauses (a) through (e), inclusive, of this Section shall have been filed with the Bank, and when the Note shall have been executed as required by this Agreement, and all conditions of the Resolution have been met, the City shall be entitled to make Advances on the Note

Section 3.05. Registration of Transfer; Assignment of Rights of Bank. The City shall keep at the office of the City Clerk in the City's records the registration of the Note and the registration of transfers of the Note as provided in this Agreement. The transfer of the Note may be registered only upon the books kept for the registration of the Note and registration of transfer thereof upon surrender thereof to the City together with an assignment duly executed by the Bank or its attorney or legal representative in the form of the assignment set forth on the form of the Note attached as Exhibit A to this Agreement; provided, however, that the Note may be transferred only in whole and not in part. In the case of any such registration of transfer, the City

shall execute and deliver in exchange for the Note a new Note registered in the name of the transferee. In all cases in which the Note shall be transferred hereunder, the City shall execute and deliver at the earliest practicable time a new Note in accordance with the provisions of this Agreement. The City may make a charge for every such registration of transfer of a Note sufficient to reimburse it for any tax or other governmental charges required to be paid with respect to such registration of transfer, but no other charge shall be made for registering the transfer hereinabove granted. The Note shall be issued in fully registered form and shall be payable in any lawful coin or currency of the United States.

The registration of transfer of the Note on the registration books of the City shall be deemed to effect a transfer of the rights and obligations of the Bank under this Agreement to the transferee. Thereafter, such transferee shall be deemed to be the Bank under this Agreement and shall be bound by all provisions of this Agreement that are binding upon the Bank. The City and the transferor shall execute and record such instruments and take such other actions as the City and such transferee may reasonably request in order to confirm that such transferee has succeeded to the capacity of Bank under this Agreement and the Note.

The registered owner of the Note is hereby granted power to transfer absolute title thereof by assignment thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against such owner's assignor or any person in the chain of title and before the maturity of the Note; provided, however, that the Note may be transferred only in whole and not in part and provided further, that no transfer shall be permitted absent the City's (and the Bank's) receipt of a certificate in form and substance similar to the one included as part of Exhibit A hereto from such proposed transferee. Every prior registered owner of the Note shall be deemed to have waived and renounced all of such owner's equities or rights therein in favor of every such bona fide purchaser, and every such bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby.

In the event any Note is mutilated, lost, stolen, or destroyed, the City shall execute a new Note of like date and denomination as that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Note, such mutilated Note shall first be surrendered to the City, and in the case of any lost, stolen, or destroyed Note, there first shall be furnished to the City evidence of such loss, theft or destruction together with an indemnity satisfactory to it.

Section 3.06. Ownership of the Note. The person in whose name the Note is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the Note shall be made only to the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note, and interest thereon, to the extent of the sum or sums so paid.

Section 3.07. Use of Proceeds of Note Permitted Under Applicable Law. The City represents, warrants and covenants that the proceeds of the Note will be used solely for the Project and costs of issuance of the Note, and that such use is permitted by applicable law.

Section 3.08. Authentication. Until the Note shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A, duly executed by the manual signature of the registrar as authenticating agent, it shall not be entitled to any benefit or security

under this Agreement. The Note shall not be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly adopted by the registrar, and such certificate of the registrar upon the Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Loan Agreement.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.01. Performance of Covenants. The City covenants that it will perform faithfully at all times its covenants, undertakings and agreements contained in this Agreement and the Note or in any proceedings of the City relating to the Loan, that it will take all necessary steps to receive the Pledged Revenues, and that it will do nothing to jeopardize its ability to receive the Pledged Revenues.

Section 4.02. Payment of Note.

(a) The City covenants that it will promptly pay the principal of and interest on the Note and other costs and expenses due and payable to the Bank under this Agreement at the place, on the dates and in the manner provided herein and in the Note, in accordance with the terms thereof. The City does hereby irrevocably pledge (until repayment) the Pledged Revenues as security for the repayment of the Note.

(b) The Note will be a special obligation of the City secured solely by the Pledged Revenues as provided in the definition thereof. The Note will not constitute a general debt, liability or obligation of the City or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision. Neither the faith and credit nor the taxing power nor any ad valorem tax revenues of the City or of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of or interest on the Note and the Noteholder shall never have the right to compel any exercise of any ad valorem taxing power or the pledge of any ad valorem tax revenues of the City or of the State of Florida or any political subdivision thereof, directly or indirectly to enforce such payment. The Note shall not constitute a lien upon any property of the City except upon the Pledged Revenues.

Section 4.03. Tax Covenant. The City covenants to the purchasers of the Note provided for in this Agreement that the City will not make any use of the proceeds of the Note at any time during the respective terms of such Note which, if such use had been reasonably expected on the date the Note was issued, would have caused such Note to be an "arbitrage bond" within the meaning of the Code. The City will comply with the requirements of the Code and any valid and applicable rules and regulations promulgated thereunder necessary to insure the exclusion of interest on the Note from the gross income of the holders thereof for purposes of federal income taxation.

Section 4.04. Financial Covenants. The City will not while the Note is Outstanding, without the prior approval of the Bank, issue any debt payable from the Pledged Revenues which debt would have a lien on the Pledged Revenues senior to the lien thereon of the Note. Additionally, the City shall not issue any debt payable on parity with the Note from the Net

Revenues unless the Net Revenues cover maximum annual debt service on the Note, any other existing debt and the prospective debt by 1.05 x. Maximum annual debt service on the Note will be calculated based on the Outstanding Principal Balance plus any unfunded amounts amortizing over a 10-year period and during the variable rate period the Note will be assumed to bear interest at the higher of 7% or the actual rate borne by the Note during the month immediately preceding the date of calculation. Upon conversion to a fixed rate, the rate used to calculate maximum annual debt service on the Note will be the actual rate borne by the Note.

Section 4.05. Compliance with Laws and Regulations. The City shall maintain compliance with all federal, state and local laws and regulations regarding the acquisition, construction and maintenance of the Project.

Section 4.06. Coverage Covenant. The City agrees to use its best efforts so that the ratio of (i) Pledged Revenues secured by or payable from such Pledged Revenues for each Fiscal Year to (ii) debt service on all Debt for such Fiscal Year shall be no less than 1.05 to 1. For such purposes in determining debt service on Bonds (as defined in City Resolution No. 7162) the definition of Bond Service Requirement in said Resolution shall be determinative.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following is hereby declared an "Event of Default:"

(a) payment of the principal of the Note shall not be made when the same shall become due and payable;

(b) payment of any installment of interest on the Note shall not be made when the same shall become due and payable; or

(c) the City shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Note or in this Agreement and such default shall continue for 30 days after written notice shall have been given to the City by the Noteholder specifying such default and requiring the same to be remedied; provided, however, that if, in the reasonable judgment of the Noteholder, the City shall proceed to take such curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 30 days, then such period shall be increased to such extent as shall be necessary to enable the City to diligently complete such curative action; or

(d) any representation or warranty of the City contained in this Agreement or in any certificate or other closing document executed and delivered by the City in connection with the closing of the Loan shall prove to have been untrue in any material respect when executed and delivered, thereby adversely impairing the security for the Note; or

(e) any proceedings are instituted with the consent or acquiescence of the City, for the purpose of effecting a compromise between the City and its creditors or for the purpose of

adjusting the claims of such creditors, pursuant to any federal or state statute now or hereinafter enacted; or

(f) the City admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors, declares a financial emergency or consents to the appointment of a receiver or trustee for itself or shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(g) the City is adjudged insolvent by a court of competent jurisdiction or is adjudged bankrupt on a petition of bankruptcy filed against the City, or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the City, a receiver or trustee of the City or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(h) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property and such custody or control shall not be terminated within 90 days from the date of assumption of such custody or control; or

(i) the City defaults in the due and punctual payment of any other obligation or evidence of indebtedness which is secured in whole or in part by a pledge of or payable from the Pledged Revenues or that is a general obligation of the City.

Section 5.02. Exercise of Remedies. Upon the occurrence and during the continuance of an Event of Default, the Note shall bear interest at the Default Rate and all payments made on the Note during any such period shall be applied first to interest and then to principal. Upon the occurrence and during the continuance of an Event of Default, a Noteholder may proceed to protect and enforce its rights under the laws of the State of Florida or under this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as a Noteholder shall deem most effective to protect and enforce such rights. Without limiting the generality of the foregoing, the Noteholder shall have the right to bring a mandamus action to require the City to perform its obligations under this Agreement.

In the enforcement of any remedy under this Agreement, to the extent permitted by law, a Noteholder shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City for principal, interest or otherwise under any of the provisions of this Agreement or of the Note then unpaid, within interest on overdue payments of principal and interest (to the extent permitted by law) at the Default Rate, together with any and all costs and expenses of collection and of all proceedings hereunder and under the Note (including, without limitation, reasonable legal fees in all proceedings, including administrative, appellate and bankruptcy proceedings), but payable

from the Pledged Revenues, without prejudice to any other right or remedy of the Noteholder, and to recover and enforce any judgment or decree against the City, but solely as provided herein and in a Note, for any portion of such amounts remaining unpaid and interest, costs, and expenses as above provided, and to collect (but only from the Pledged Revenues) in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 5.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to a Noteholder is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

Section 5.04. Waivers, Etc. No delay or omission of a Noteholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by this Agreement to a Noteholder may be exercised from time to time and as often as may be deemed expedient.

A Noteholder may waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Agreement or before the completion of the enforcement of any other remedy under this Agreement, but no such waiver shall be effective unless in writing and no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01. Covenants of City, Etc.; Successors. All of the covenants, stipulations, obligations and agreements contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Section 6.02. Term of Agreement. This Agreement shall be in full force and effect from the date hereof until the Note and all other sums payable to the Bank hereunder have been paid in full.

Section 6.03. Amendments and Supplements. This Agreement may be amended or supplemented from time to time only by a writing duly executed by each of the City and the Noteholders.

Section 6.04. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the City or the Bank, shall

be deemed to have been sufficiently given or filed for all purposes of this Agreement if and when sent by certified mail, return receipt requested:

(a) As to the City:

City of Leesburg, Florida
501 Meadow Street
Leesburg, FL 34748
Attention: City Manager

(b) As to the Bank:

Wachovia Bank, N.A.
Governmental Banking
1791 State Road 44
New Smyrna Beach, Florida 32168

or at such other address as shall be furnished in writing by any such party to the other, and shall be deemed to have been given as of the date so delivered or deposited in the United States mail.

Either party may, by notice sent to the other, designate a different or additional address to which notices under this Agreement are to be sent.

Section 6.05. Benefits Exclusive. Except as herein otherwise provided, nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the City and the Noteholder, any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the City and the Noteholder.

Section 6.06. Severability. In case any one or more of the provisions of this Agreement, any amendment or supplement hereto or of the Note shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, any amendment or supplement hereto or the Note, but this Agreement, any amendment or supplement hereto and the Note shall be construed and enforced at the time as if such illegal or invalid provisions had not been contained therein, nor shall such illegality or invalidity or any application thereof affect any legal and valid application thereof from time to time. In case any covenant, stipulation, obligation or agreement contained in the Note or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation, or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the City to the full extent from time to time permitted by law.

Section 6.07. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Note or the date fixed for prepayment of the Note shall not be a Business Day, then payment of such interest or principal shall be made on the

next succeeding Business Day with the same force and effect as if paid on the date of maturity or the date fixed for prepayment, and no interest on any such principal amount shall accrue for the period after such date of maturity or such date fixed for prepayment.

Section 6.08. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 6.09. Applicable Law. This Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Florida.

Section 6.10. No Personal Liability. Notwithstanding anything to the contrary contained herein or in the Note, or in any other instrument or document executed by or on behalf of the City in connection herewith, no stipulation, covenant, agreement or obligation of any present or future member of the City Council, officer, employee or agent of the City, officer, employee or agent of a successor to the City, in any such person's individual capacity, and no such person, in his or her individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of or interest on the Note or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his or her individual capacity, either directly or through the City or any successor to the City, under any rule or law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise and all such liability of any such person, in his or her individual capacity, is hereby expressly waived and released.

Section 6.11. Waiver of Jury Trial. THE BANK AND THE CITY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE RESOLUTION, THIS AGREEMENT, THE NOTE OR ANY OTHER AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF EITHER PARTY.

Section 6.12. Incorporation by Reference. All of the terms and obligations of the Resolution and the Exhibits hereto are hereby incorporated herein by reference as if all of the foregoing were fully set forth in this Agreement. All recitals appearing at the beginning of this Agreement are hereby incorporated herein by reference.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

(SEAL)

CITY OF LEESBURG, FLORIDA

By:_____
Mayor

ATTEST:

_____
City Clerk

Approved as to form and correctness:

_____
City Attorney

WACHOVIA BANK, N.A.

By:_____
Title: Authorized Officer

EXHIBIT A

FORM OF NOTE

ANY HOLDER SHALL, PRIOR TO BECOMING A HOLDER, EXECUTE A PURCHASER'S CERTIFICATE IN THE FORM ATTACHED HERETO CERTIFYING, AMONG OTHER THINGS, THAT SUCH HOLDER IS AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN THE SECURITIES ACT OF 1933, AS AMENDED, AND REGULATION D THEREUNDER.

CITY OF LEESBURG, FLORIDA
SUBORDINATE CAPITAL IMPROVEMENT REVENUE
BOND ANTICIPATION NOTE
SERIES 2007

Principal	Maturity Date	Note Rate	Dated Date
Not Exceeding $5,000,000	October 1, 2020	Adjustable, as described below	_____, 200__

The CITY OF LEESBURG, FLORIDA (the "City"), for value received, hereby promises to pay, solely from the Pledged Revenues described in the within mentioned Agreement, to the order of Wachovia Bank, N.A., a national banking association, or its successors or assigns (the "Holder"), at _____, Florida _____, or at such other place as the Holder may from time to time designate in writing, all Advances of Principal pursuant to this Note, together with interest thereon as hereinafter provided until the Maturity Date stated above or the date the principal amount of this Note is paid in the manner hereinafter set forth in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, which payments shall be made to the Holder hereof by check mailed to the Holder at the address designated in writing by the Holder for purposes of payment or by bank wire or bank transfer as such Holder may specify in writing to the City or otherwise as the City and the Holder may agree.

Interest on this Note shall be calculated and shall accrue at the Note Rate only on the Outstanding Principal Balance of the Note (and prior to October 1, 2010 with respect to each Advance, from the date of such Advance) and shall be payable on each Interest Payment Date from the most recent date to which interest has been paid, or from the Dated Date in the case of the first interest payment date, in arrears. The aggregate Advances that are permitted under this Note are expressly limited in amount not to exceed Five Million Dollars ($5,000,000). The Note Rate may be adjusted in accordance with Section 3.03 of that certain Loan Agreement by and between the Holder and the City, dated as of _____, 200__ (the "Agreement"). All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

The Holder shall provide to the City such documentation to evidence any adjustment to the Note Rate and the calculations made in connection therewith. Following the occurrence and during the continuance of any Event of Default, as defined in the Agreement, this Note shall bear

interest at the Default Rate, as defined in the Agreement. Interest on this Note shall be computed on the basis of a 360 day year of 12, 30-day months.

The Note may be prepaid by the City in whole or in part at any time in such manner as shall be determined by the City from any legally available monies and as otherwise provided in Section 3.02(c) of the Agreement. Any prepayments shall be applied as provided in the Agreement to the sums last maturing hereunder. The City shall not be permitted to reborrow amounts that have been prepaid.

Notice having been given as aforesaid, the principal amount stated in such notice or the whole thereof, as the case may be, shall become due and payable on the prepayment date stated in such notice, together with interest accrued and unpaid to the prepayment date on the principal amount then being paid and the amount of principal and interest then due and payable shall be paid. If, on the prepayment date, funds for the payment of the principal amount to be prepaid, together with interest to the prepayment date on such principal amount, shall have been given to the Holder, as above provided, then from and after the prepayment date interest on such principal amount of this Note shall cease to accrue. If said funds shall not have been so paid on the prepayment date, the principal amount of this Note shall continue to bear interest until payment thereof at the applicable Note Rate provided for herein and in the Agreement.

All payments made by the City hereon shall apply first to accrued interest, then to other charges due the Holder, and the balance thereof shall apply to the principal amount then due on this Note as provided in the Agreement.

This Note is authorized to be issued under the authority of and in full compliance with the Constitution and statutes of the State of Florida, including, particularly, Chapter 166, Florida Statutes, the Florida Constitution, Resolution No. _____ of the City (the "Resolution"), and other applicable provisions of law, and is subject to all terms and conditions of the Agreement and the Resolution. Any capitalized term used in this Note and not otherwise defined shall have the meaning ascribed to such term in the Resolution or the Agreement, as the case may be.

Notwithstanding any provision in this Note to the contrary, in no event shall the interest contracted for, charged or received in connection with this Note (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of nonsurious interest allowed under the State of Florida as presently in effect and to the extent an increase is allowable by such laws, but in no event shall any amount ever be paid or payable by the City greater than the amount contracted for herein. In the event the maturity of this Note is accelerated or prepaid in accordance with the provisions hereof, then such amounts that constitute payments of interest, together with any costs or considerations which constitute interest under the laws of the State of Florida, may never exceed an amount which would result in payment of interest at a rate in excess of that permitted by Section 215.84(3), Florida Statutes, as presently in effect and to the extent an increase is allowable by such laws; and excess interest, if any, shall be cancelled automatically as of the date of such acceleration, or, if theretofore paid, shall be credited on the principal amount of this Note unpaid, but such crediting shall not cure or waive any default under the Agreement or Resolution.

THIS NOTE, WHEN DELIVERED BY THE CITY PURSUANT TO THE TERMS OF THE AGREEMENT AND THE RESOLUTION, SHALL NOT BE OR CONSTITUTE AN INDEBTEDNESS OF THE CITY OR THE STATE OF FLORIDA (THE "STATE"), WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATIONS OF INDEBTEDNESS, BUT SHALL BE PAYABLE SOLELY FROM THE PLEDGED REVENUES AND PROVIDED IN THE AGREEMENT AND THE RESOLUTION. THE HOLDER SHALL NEVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR THE STATE, OR TAXATION IN ANY FORM OF ANY PROPERTY THEREIN TO PAY THIS NOTE OR THE INTEREST THEREON.

Upon the occurrence of an Event of Default the principal of this Note may become or be declared immediately due and payable before the Maturity Date in the manner, with the effect and subject to the conditions set forth in the Agreement and Resolution. The Holder shall also have such other remedies as described in the Agreement.

The City hereby waives presentment, demand, protest and notice of dishonor. This Note is governed and controlled by the Agreement and reference is hereby made thereto regarding interest rate adjustments, acceleration, and other matters.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City has caused this Note to be signed by its Mayor, either manually or with facsimile signature, and the seal of the City to be affixed hereto or imprinted or reproduced hereon, and attested by the City Clerk, either manually or with facsimile signature, and this Note to be dated the Dated Date set forth above.

(SEAL)

CITY OF LEESBURG, FLORIDA

By:_____
Mayor

ATTEST:

_____
City Clerk

Approved as to form and correctness:

_____
City Attorney

FORM OF CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Note is being delivered pursuant to the within mentioned Agreement.

CITY OF LEESBURG, FLORIDA
as Registrar

By:_____
City Clerk

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____ (please print or typewrite name, address and tax identification number of assignee) _____ the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Name of Noteholder:_____

By:_____

PURCHASER'S CERTIFICATE

_____

Akerman Senterfitt
Orlando, Florida

McLin & Burnsed, P.A.
Leesburg, Florida

City of Leesburg, Florida (the "City")

Ladies and Gentlemen:

The undersigned, as a purchaser of the not exceeding $5,000,000 City of Leesburg, Florida Subordinate Capital Improvement Revenue Note, Series 2007 (the "Note") dated _____, 200__, consisting of one typewritten Note, hereby certifies that we have been provided (a) a copy of City of Leesburg Resolution No. _____, adopted by the City on October 22, 2007, authorizing the issuance of the Note and (the "Resolution"), (b) the Loan Agreement dated as of _____, 200__ between the City and Wachovia Bank, N.A. (the "Agreement"), (c) the legal opinions of Akerman Senterfitt ("Bond Counsel") and McLin & Burnsed ("City Attorney") of even date, and (d) such financial and general information respecting the Pledged Revenues (as such term is defined in the Agreement) and the City, and the Note described above as we deem necessary to enable us to make an informed investment judgment with respect to the purchase of said Note and no inference should be drawn that we are relying on Bond Counsel or the City Attorney as to any such matters other than their respective legal opinions.

We hereby make the following representations, which representations may be relied upon by the City, the City Attorney, and by Bond Counsel:

A. We are aware:

(i) that investment in the Note involves various risks;

(ii) that the Note is not a general obligation of the City; and

(iii) that the principal or premium, if any, and interest on the Note is payable solely from the sources specified in the Resolution and in the Agreement.

B. We understand that no official statement, offering memorandum or other form of offering document has been prepared or is being used in connection with the offering or sale of the Note (collectively, "Disclosure Documents"), but we have been afforded

access to all information we have requested in making our decision to purchase the Note and have had sufficient opportunity to discuss the business of the City with its officers, employees and others. We have not requested any Disclosure Documents in connection with the sale of the Note. We do not require any further information or data incident to our purchase of the Note.

C. In purchasing the Note, we have relied solely upon our own investigation, examination, and evaluation of the City, the Pledged Revenues and other relevant matters.

D. We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Note and have determined that we can bear the economic risk of our investment in the Note.

E. We acknowledge the understanding that the Note is not being registered under the Securities Act of 1933, as amended or Chapter 517, Florida Statutes, and that the Resolution and Agreement are not being qualified under the Trust Indenture Act of 1939, as amended, and that the City shall have no obligation to effect any such registration or qualification. We also acknowledge that we are an "accredited investor" within the meaning of Chapter 517, Florida Statutes and Regulation D of the 1933 Act.

F. We are not acting as a bond house, broker or other intermediary, and are purchasing the Note as an investment for our own account and not with a present view to a resale or other distribution to the public. Although we retain the right to transfer the Note in the future, we understand that the Note may not be readily tradable.

G. The terms of the Note, as forth in the Note and the Agreement accurately reflect the terms of the Note we have agreed to purchase.

H. We acknowledge that Bond Counsel and the City Attorney have not represented us on this transaction and that we are relying on them solely for the matters stated in their respective legal opinions of even date.

I. We have received all documents requested by us incident to our purchase of the Note.

Signed as of the _____ day of _____, _____.

By: _____
Authorized Officer

DRAW CERTIFICATE

DRAW NO. ___

The undersigned officer of the City of Leesburg, Florida (the "City") DOES HEREBY CERTIFY THAT:

1. This certificate is being provided to Wachovia Bank, N.A. ("Wachovia") in accordance with Section 3.02(a) of that certain Loan Agreement dated _____, 200__ between the City and Wachovia (the "Agreement"), in order to permit the City to make a draw on its Subordinate Capital Improvement Revenue Note, Series 2007 in favor of Wachovia dated _____ (the "Note").

2. The City hereby requests a draw on the Note in the amount of $_____. The proceeds of the draw will be used to pay for _____

_____

3. If this is the first draw on the Note, attached hereto are the following:

(i) Resolution
(ii) Loan Agreement
(iii) Incumbency Certificate
(iv) Federal Tax Certificate
(v) Certificate as to Specimen Note
(vi) Closing Certificate of City
(vii) Internal Revenue Service Form 8038-G
(viii) Certificate of City Regarding Outstanding Utility Debt
(ix) Acceptance of Duties of Registrar and Paying Agent
(x) Signature Certificate
(xi) Opinion and Reliance Letter of Bond Counsel
(xii) Opinion of City Attorney
(xiii) [Bank Qualified Certificate]
(xiv) Purchaser's Letter
(xv) Executed Draw Certificate

Each of the above documents is in the form previously presented to and approved by Wachovia and its counsel, and by Akerman Senterfitt, bond counsel to the City.

4. Based on the opinion of said bond counsel, the Note [is / is not] a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, the undersigned acknowledges that the Note will bear interest at the [Bank Qualified Rate / Non Bank Qualified Rate] specified in the Note.

5. As of the date of this certificate, the undersigned is the duly appointed, qualified and serving City Manager of the City, and as such is authorized to execute this certificate on behalf of the City.

WITNESS my hands and the corporate seal of the City of Leesburg, Florida this _____ day of _____, 20___.

CITY OF LEESBURG

By:_____

Name: _____
Title: City Manager

[SEAL]