

AS FURTHER DESCRIBED HEREIN, THIS NOTE IS NONTRANSFERABLE EXCEPT WITH THE CONSENT OF THE CITY. THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE STATE SECURITIES OR "BLUE SKY" LAW OF ANY STATE IN THE UNITED STATES OF AMERICA.

\$8,000,000

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF LEESBURG
SEPARATE UTILITY SYSTEM REVENUE BOND
SUBSTITUTE ANTICIPATION NOTE
(PLANTATION ACQUISITION PROJECT),
SERIES 2006

Interest Rate through Oct. 1, 2009:

3.000%

Original Maturity Date:

October 1, 2009

Original Date:

July 31, 2006

Interest Rate From Oct. 1, 2009:

4.5%

Substitute Maturity Date:

October 1, 2012

Substitute Date:

_____, 2008

Registered Owner: H. Smith Richardson Testamentary Trust

Principal Amount: EIGHT MILLION DOLLARS (\$8,000,000.00)

This Substitute Note (the "Substitute Note") replaces that certain Note dated July 31, 2006 (the "Note"), where the City of Leesburg, Florida (the "City"), for value received, promised to pay, solely from Bond Proceeds and Pledged Revenues, to the Registered Owner on the Maturity Date specified in the Note, upon the presentation and surrender thereof at the office of the City, as paying agent, the Principal Amount stated thereon, and to pay, solely from the Bond Proceeds and Pledged Revenues, thereafter mentioned, interest on the Principal Amount from the date thereof (or from the most recent interest payment date next preceding the date thereof to which interest had been paid) at the Interest Rate per annum stated in the Note, such interest being payable semiannually on the first day of each April and October, commencing October 1, 2006, and on the Maturity Date or earlier redemption date.

In executing this Substitute Note, the City agrees that the definitions in the Note shall also

apply to this Substitute Note. The City further agrees and promises to pay, solely from Bond Proceeds and Pledged Revenues, to the Registered Owner on the Substitute Maturity Date specified in this Substitute Note, upon the presentation and surrender thereof at the office of the City, as paying agent, the Principal Amount stated hereon, and to pay, solely from the Bond Proceeds and Pledged Revenues, hereafter mentioned, interest on the Principal Amount from the date hereof (or from the most recent interest payment date next preceding the date thereof to which interest has been paid) at the Interest Rate per annum stated in this Substitute Note, such interest being payable semiannually on the first day of each April and October, commencing October 1, 2009, and on the Maturity Date or earlier redemption date. Interest on this Substitute Note will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be paid by check or draft made payable to the Registered Owner and mailed to the address of the Registered Owner as such name and address shall appear on the registration books of the City maintained by the City, as registrar (the City, in such capacity, and any successor acting as registrar being herein called the “Registrar”) at the close of business on the fifteenth day of the calendar month preceding each Interest Payment Date; provided, however, that if such fifteenth day is not a Business Day, then to the Registered Owner and at the registered address shown on the registration books of the City maintained by the Registrar at the close of business on the day next preceding such fifteenth day of the month which is not a Business Day (the “Record Date”); provided further, however, that payment of interest on this Substitute Note may, at the option and expense of the Registered Owner, be transmitted by wire transfer to the Registered Owner to the domestic bank account number on file with the Paying Agent as of the Record Date. Notwithstanding the foregoing, if and to the extent there is a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose name this Substitute Note is registered on the registration books of the City maintained by the Registrar at the close of business on the fifteenth day prior to a subsequent interest payment date established by notice mailed by the Registrar to the Registered Owner not less than the tenth day preceding such subsequent interest payment date. The Principal Amount and accrued interest thereon is payable in any coin or currency of the United States of America, which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

This Substitute Note is subject to redemption, in whole or in part, at par, plus accrued interest, and without premium, at the option of the City, on any Business Day, without the need for any notice to the Registered Owner.

This Substitute Note is an authorized note of the City designated as its Separate Utility System Revenue Bond Substitute Anticipation Note (Plantation Acquisition Project), Series 2006, in the aggregate Principal Amount of \$8,000,000.00 issued for the purpose of financing the Project under the authority of and in full compliance with the Constitution, the City Charter, as amended and supplemented, and Statutes of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended and supplemented and other applicable provisions of law, and a resolution duly adopted by the City Commission of the City on July 24, 2006 (herein referred to as the “Resolution”), which was modified on _____, 2008, to substitute the Note for this Substitute Note. This Substitute Note is governed by the laws of the State of Florida without reference to choice of law doctrine.

This Substitute Note is a special obligation of the City and is payable solely in the manner and to the extent set forth herein. There are hereby pledged for the payment of the principal of, and interest on, this Substitute Note in accordance with the terms and provisions hereof, the Bond Proceeds and the Pledged Revenues as defined in the Note.

Neither this Substitute Note nor any obligation of the City hereunder shall be or constitute a general obligation of the City within the meaning of the Constitution of the State of Florida but shall be payable solely from and secured by a lien upon the Bond Proceeds and the Pledged Revenues in the manner and to the extent provided herein. The Registered Owner or any other holder shall never have the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form on any real or personal property to pay this Substitute Note or the interest thereon, nor shall the Registered Owner or any other holder be entitled to payment of such principal or interest from any other funds of the City other than as provided herein. Neither the Registered Owner nor any other holder shall ever have a lien on the Project or any portion thereof.

This Substitute Note has not been issued under Resolution No. 7143, adopted by the City on June 14, 2004 (as amended or supplemented from time to time, the “Master Resolution”). This Substitute Note is not secured under or pursuant to the Master Resolution. For purposes of the Master Resolution, the Project hereunder shall constitute a “Separately Financed Project”.

The City and the Registered Owner and any other holder of this Substitute Note shall be conclusively deemed to have agreed and consented to the following terms and conditions:

(1) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN THE SALE AGREEMENT OR IN THE RESOLUTION, THIS SUBSTITUTE NOTE SHALL NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED WITHOUT THE PRIOR WRITTEN CONSENT OF THE CITY. ANY SUCH TRANSFER, ASSIGNMENT, PLEDGE OR HYPOTHECATION OF THIS SUBSTITUTE NOTE IN VIOLATION OF THE FOREGOING SHALL BE NULL AND VOID AND OF NO EFFECT. ANY SUCH TRANSFER, ASSIGNMENT, PLEDGE OR HYPOTHECATION OF THIS SUBSTITUTE NOTE CONSENTED TO BY THE CITY SHALL BE TO A SINGLE OWNER OR PLEDGEE, AS THE CASE MAY BE, AND THERE SHALL BE ONLY ONE REGISTERED OWNER OF THIS SUBSTITUTE NOTE AT ALL TIMES.

(2) The Registrar shall maintain the books of the City for the registration of this Substitute Note and for the registration of transfers of this Substitute Note to the extent permitted by the City pursuant hereto.

(3) The City, the Paying Agent and the Registrar shall deem and treat the person or entity in whose name this Substitute Note shall be registered upon the books kept by the Registrar as the absolute owner of such Substitute Note, whether such Substitute Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Substitute Note as the same becomes due, and for all other purposes. All such payments so made to any such registered Owner or upon his or its order shall be valid and effectual to satisfy and

discharge the liability upon such Substitute Note to the extent of the sum or sums so paid, and neither the City, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

(4) In all cases in which the privilege of transferring this Substitute Note is exercised in accordance with the terms hereof, the City shall execute and the Registrar shall deliver a new Substitute Note in accordance with the provisions hereof. There shall be no charge for any such transfer of this Substitute Note, but the City or the Registrar may require payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such permitted transfer. Neither the City nor the Registrar shall be required (a) to transfer this Substitute Note for a period from a Record Date to the next succeeding interest payment date on such Substitute Note or (b) to transfer this Substitute Note if then called for redemption in whole or part. However, if less than all of this Substitute Note is redeemed, the City shall, at the Registered Owner's request, execute and deliver, upon the surrender of such partially redeemed Substitute Note, without charge to the Registered Owner, for the unpaid balance of the Principal Amount of such Substitute Note so surrendered, a new registered Substitute Note in the appropriate remaining unpaid Principal Amount.

(5) Commencing on a date at least thirty (30) days prior to the first interest payment date under this Substitute Note for which interest has not been fully funded from other legally available funds of the City and subject to then applicable law, the City will adopt (unless the existing rate ordinance or resolution is sufficient for the purposes hereof) and cause to be in effect a rate ordinance or resolution, and the City covenants with the Registered Owner to fix, establish, revise from time to time whenever necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities constituting the Separate Utility System that will always provide Gross Revenues in each fiscal year, which together with other legally available funds budgeted by the City for such purpose, will not be less than the sum of (x) one hundred percent (100%) of the Cost of Operation and Maintenance in such fiscal year, plus (y) one hundred and ten percent (110%) of the stated interest due under this Substitute Note for such fiscal year.

Notwithstanding the foregoing, failure of the City to comply with the foregoing provision shall not constitute a default hereunder if funds are otherwise legally available to pay and the City pays stated interest when due under this Substitute Note and promptly performs a rate study recommending the rate levels necessary to comply with the foregoing provisions in the next succeeding fiscal year. Such study must be completed within ninety (90) days after the City becomes aware of its non-compliance with this section, and the City shall adopt the recommendations of such study within thirty (30) days after the completion of the study.

(6) The City will on or prior to the Substituted Maturity Date of this Substitute Note issue Bonds in order to generate Bond Proceeds sufficient (in combination with funds of the City otherwise lawfully available) to pay this Substitute Note at maturity or, at the City's election, upon early redemption in accordance with the terms hereof.

(7) The City will keep financial books, records and data concerning the operation of the Separate Utility System, its Cost of Operation and Maintenance and the receipt and disbursement of Gross Revenues related thereto. Upon five (5) Business Days' prior written notice from the

Registered Owner (or its duly designated representative) during the City's regular business hours on any Business Day. Nothing herein shall entitle the Registered Owner (or its representative) to access the information not described in the first sentence of this paragraph (7).

(8) Notwithstanding anything to the contrary herein or in the Sale Agreement, in the event that any payment, action or notice required of the City is required or scheduled for a day which is not a Business Day, such payment, action or notice shall take place on the next succeeding Business Day with the same effect as if made on the required or scheduled date, and no default shall exist solely because of the failure to make such payment, take such action or give such notice on such required or scheduled date.

(9) In the event that payment of principal, or any installment of interest, under this Substitute Note shall not be made by the City when the same shall become due and payable hereunder, the Registered Owner may proceed to protect and enforce its rights under this Substitute Note pursuant to the laws of the State of Florida. In the enforcement of its rights against the City under this Substitute Note, the Registered Owner shall be entitled to sue for any and all amounts then due and unpaid from the City under this Substitute Note in respect of principal and interest, with interest on overdue payments of principal and, to the extent permitted by law, on interest at the rate of interest specified in this Substitute Note, and to recover, enforce and collect any judgment or decree against the City (but solely from Pledged Revenues and any Bond Proceeds) pursuant to writ of mandamus issued by a court of competent jurisdiction, the moneys adjudged or decreed to be payable. Notwithstanding the foregoing, however, nothing herein shall permit an acceleration of this Substitute Note.

(10) By accepting this Substitute Note, the Registered Owner and any other holder hereof is hereby deemed to represent and warrant to the City as follows:

- (A) It has accepted this Substitute Note from the City as partial compensation for its sale of the Separate Utility System to the City pursuant to terms of the Sale Agreement. It has made its own inquiry and analysis with respect to the City, this Substitute Note, the security therefor and other material factors affecting and limiting the security for payment of this Substitute Note. The City is making no representation or warranty, whatsoever, concerning the adequacy of the Pledged Revenues or the Bond Proceeds to pay principal and interest on this Substitute Note when and as due, nor is the City providing any promise or guarantee to it that the Bonds can ultimately be issued, pursuant to the terms and conditions of the Master Resolution, in order to generate sufficient Bond Proceeds to pay the same. The foregoing shall not be interpreted or construed to alter the covenants of the City under paragraphs (5) and (6) above.
- (B) It has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt bonds and other investment securities, to be able to evaluate the risks and merits of

the investment represented by this Substitute Note. It has had access to all the information it has deemed necessary in order to make an informed decision concerning acquisition of this Substitute Note.

- C) It understands that this Substitute Note (1) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the “Blue Sky” law of any state, (2) will not be listed on any stock or other securities exchange, (3) will carry no rating from any rating service, and (4) will not be readily marketable.
- (D) It has acquired this Substitute Note in connection with the Sale Agreement and for its own investment portfolio and has no present intention of selling or otherwise disposing of this Substitute Note.

11. It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Substitute Note exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Substitute Note is in full compliance with all constitutional or statutory limitations or provisions.

IN WITNESS WHEREOF, the City of Leesburg, Florida, has issued this Substitute Note and has caused the same to be executed by the manual signature of its Mayor or Mayor Pro Tem and the official seal of the City to be affixed hereto or lithographed or imprinted or reproduced hereon, all as of the Dated Date.

CITY OF LEESBURG, FLORIDA

(OFFICIAL SEAL)

By: _____
Mayor or Mayor Pro Tem

ATTESTED AND COUNTERSIGNED:

City Clerk

APPROVED AS TO FORM AND
CORRECTNESS:

City Attorney