RESOLUTION

of the

ORANGE COUNTY LIBRARY DISTRICT GOVERNING BOARD

regarding

LOAN TO FINANCE BRANCH LIBRARIES

Resolution No. 98-M-26

BE IT RESOLVED BY THE GOVERNING BOARD OF THE ORANGE COUNTY LIBRARY DISTRICT:

WHEREAS, certain participating counties and cities (the “Members”) have created the Sunshine State Governmental Financing Commission (the “Commission”) pursuant to a certain Interlocal Agreement and Chapter 163, Part I, Florida Statutes, for the purpose of issuing its revenue bonds to make loans to governmental units for qualified projects; and

WHEREAS, the Orange County Library District, a public agency of the State of Florida (the “Governmental Unit”), desires to make such a loan; and

WHEREAS, the Commission will issue its Sunshine State Governmental Financing Commission Tax-Exempt Commercial Paper Revenue Notes (Governmental Financing Program) (the “Notes”), and has agreed to make a loan (the “Loan”) to the Governmental Unit; and

WHEREAS, the Governmental Unit will apply the proceeds of the Loan to finance the costs of various capital improvements; and

WHEREAS, the Governmental Unit has conducted a public meeting at which interested persons have been given the opportunity to comment.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE ORANGE COUNTY LIBRARY DISTRICT, as follows:

Section 1. The Chairman and the Clerk are hereby authorized and directed to execute and deliver a Loan Agreement, to be entered into by and between the Governmental Unit and the Commission in substantially the form attached hereto as Exhibit A with such changes, insertions and
omissions as may be approved by the Chairman, the execution thereof being conclusive evidence of such approval. Such Loan Agreement shall be secured in the manner set forth therein.

Section 2. The Chairman and the Clerk are hereby authorized and directed to execute and deliver a Tax Regulatory Agreement in substantially the form attached hereto as Exhibit B, with such changes, insertions and omissions as may be approved by the Chairman, the execution thereof being conclusive evidence of such approval.

Section 3. The amount of the Loan to the Governmental Unit evidenced by the Loan Agreement shall not exceed $5,000,000. Such Loan shall be made at a discount which shall include the Governmental Unit's Initial Excess Interest Amount (as defined in the Loan Agreement) and the costs of issuance incurred by the Commission and the Governmental Unit and shall bear interest and shall be repayable according to the terms and conditions set forth in the Loan Agreement authorized pursuant to Section 1 hereof with such changes, insertions and omissions as may be approved by the Chairman.

Section 4. The Chairman and the Secretary or any other appropriate officers of the Governmental Unit are hereby authorized and directed to execute any and all certifications or other instruments or documents required by this Resolution, the Loan Agreement or any other document required by the Commission as a prerequisite or precondition to making the Loan, and any such representation made therein shall be deemed to be made on behalf of the Governmental Unit. All action taken to date by the officers of the Governmental Unit in furtherance of the issuance of the Notes and the making of the Loan is hereby approved, confirmed and ratified.

Section 5. No such Loan Agreement shall be executed until the Governmental Unit shall have received all disclosure information required by Chapter 218, Florida Statutes.

Section 6. In accordance with the provisions of Section 218.385, Florida Statutes, the Governmental Unit hereby determines that a negotiated sale is in the best interest of the Governmental Unit and hereby approves the negotiation of the loan with the Commission. Negotiation of the loan will allow the Governmental Unit to access markets not otherwise accessible to the Governmental Unit for borrowing less than $5,000,000 at total costs and rates favorable to the Governmental Unit.

Section 7. This Resolution shall take effect immediately upon its adoption.

ORANGE COUNTY LIBRARY DISTRICT
By: Governing Board

By: ________________________________
     Linda W. Chapin
     Chairman

Attest: Martha O. Haynie, Orange County Comptroller
as Clerk to the Governing Board

By: ________________________________
     Deputy Clerk
EXHIBIT A TO THE RESOLUTION

DRAFT OF LOAN AGREEMENT
LOAN AGREEMENT

By and Between

SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION

and

ORANGE COUNTY LIBRARY DISTRICT

SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION COMMERCIAL PAPER REVENUE NOTES (GOVERNMENTAL FINANCING PROGRAM)

This Instrument Prepared By:

Bryant, Miller and Olive, P.A.
201 South Monroe Street, Suite 500
Tallahassee, Florida 32301
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LOAN AGREEMENT

This Loan Agreement (the "Agreement" or the "Loan Agreement") dated as of December 1998 and entered into between the SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION (the "Commission"), a public body corporate and politic created pursuant to that certain interlocal agreement by and among various governmental units executing it from time to time and the Orange County Library District (the "Governmental Unit"), a public agency of the State of Florida.

WITNESSETH:

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

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

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

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

WHEREAS, the Commission has determined that the public interest will best be served and that the purposes of the Interlocal Act can be more advantageously obtained by the Commission's issuance of revenue bonds and commercial paper in order to loan funds to the Governmental Units to finance or refinance Projects; and
WHEREAS, the Governmental Unit is authorized under and pursuant to the Act, as amended, to enter into this Agreement for the purposes set forth herein; and

WHEREAS, the Commission and the Governmental Unit have determined that the lending of funds by the Commission to the Governmental Unit pursuant to the terms of this Agreement and that certain Amended and Restated Trust Indenture dated as of February 1, 1998, between the Commission and the Trustee (as defined herein), including any amendments and supplements thereto (the "Indenture"), will assist in the development and maintenance of the public welfare of the residents of the State and the areas served by the Governmental Unit, and shall serve a public purpose by improving the health and living conditions, and providing adequate governmental services, facilities and programs and will promote the most efficient and economical development of such services, facilities and programs in the State; and

WHEREAS, neither the Governmental Unit nor the State or any political subdivision thereof (other than the Governmental Units to the extent of their obligations under their respective Agreements and except for the Commission to the extent provided in the Indenture), shall in any way be obligated to pay the principal of, premium, if any, or interest on those certain revenue obligations of the Commission designated "Sunshine State Governmental Financing Commission Commercial Paper Revenue Notes (Governmental Financing Program) (the "Notes") as the same shall become due, and the issuance of the Notes shall not directly, indirectly or contingently obligate the Governmental Unit, the State or any political sub-division thereof to levy or pledge any form of ad valorem taxation for their payment but shall be payable solely from the funds and revenues payable pursuant to this Agreement and the Indenture.

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

[Remainder of page intentionally left blank.]
ARTICLE I

DEFINITIONS

Unless the context or use indicates another meaning or intent, the following words and terms as used in this Loan Agreement shall have the following meanings, and any other words and terms not otherwise defined herein which are defined in the Indenture, as hereinafter defined, shall have the meanings as therein defined.

"Accountant" or "Accountants" means an independent certified public accountant or a firm of independent certified public accountants.

"Accounts" mean the accounts created pursuant to Section 3.02 of the Indenture.

"Act" means, collectively, to the extent applicable, Chapter 159, Part I, Florida Statutes, Chapter 166, Part II, Florida Statutes, Chapter 125, Part I, Florida Statutes, as amended, and all other applicable provisions of law.

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by the Governmental Unit or the Commission under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

"Additional Payments" mean payments required by Section 5.03 hereof.

"Alternate Credit Facility" means an alternate credit facility securing this Loan provided pursuant to Section 4.01 of the Indenture.

"Authorized Representative" means, when used pertaining to the Commission, the Chairman of the Commission and such other designated members, agent or representative as may hereafter be selected by Commission resolution and, when used with reference to a Governmental Unit means the Person or Persons performing the functions of the _________ or Finance Director thereof and when used with reference to the Insurer shall mean any officer and, when used with reference to an act or document, also means any Person authorized by resolution to perform such act or sign such document.
"Basic Payments" shall have the same meaning as set forth in the third sentence of the first paragraph of Section 5.01 hereof.

"Board" means the Governing Board of the Orange County Library District.

"Bond Counsel" means Bryant, Miller and Olive, P.A., Tallahassee, Florida or any other nationally recognized bond counsel.

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in the City of New York, New York, or the city in which either the principal corporate trust offices of the Trustee or the Issuing and Paying Agent or the offices of the Dealer or the Liquidity Provider are located, are authorized or obligated by law or executive order to be closed.

"City" or "Cities" shall mean municipal corporations created under the laws of the State of Florida which are participating in the Program.

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

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated or proposed thereunder. All references herein to the "Code" shall, to the extent applicable, include the successor provisions of any federal income tax law relating specifically to the exemption from federal income taxes of interest on obligations of governmental units.

"Commencement Date" means the date when the term of this Agreement begins and the obligation of the Governmental Unit to make Loan Payments begins to accrue.

"Commission" means the Sunshine State Governmental Financing Commission.

"County" or "Counties" shall mean those political subdivisions of the State of Florida participating in the Program.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the Commission or the Governmental Unit.
"Credit Facility" means the bond insurance policy or surety bond issued by the Insurer providing for payment of Basic Payments when due under this Loan Agreement. The term shall also include any Alternate Credit Facility.

"Event of Default" shall have the meaning ascribed to such term in Section 8.01 of this Agreement.

"Expiration Date" means the date specified in the Liquidity Facility as the expiration date thereof.

"Fiscal Year" means the fiscal year of the Governmental Unit.

"Funds" mean the funds created pursuant to the Indenture.

"Governmental Unit" or "Borrower" means the entity which is designated in the first paragraph and on the cover page of this Loan Agreement and which is borrowing and using the Loan proceeds to finance, refinance or be reimbursed for, all or a portion of the costs of one or more Projects.

"Governmental Units" mean the Governmental Unit and the other entities which have received loans from the Commission made from the proceeds of the Notes.

"Indenture" means the Amended and Restated Trust Indenture dated as of February 1, 1998 between the Commission and the Trustee, including any amendments and supplements thereto.

"Initial Excess Interest Amount" shall have the meaning ascribed thereto in Section 5.01 hereof.

"Insurer" means [Insurance Company], and any successors thereof, including any entity which issues an Alternate Credit Facility.

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

"Interlocal Agreement" means that certain Amended and Restated Interlocal Agreement creating the Commission among the various Governmental Units executing it from time to time.

"Liquidity Event" shall have the meaning ascribed thereto in the Liquidity Facility.
"Liquidity Facility" means the Commercial Paper Purchase Agreement dated as of February 1, 1998 between the Commission and the Liquidity Provider, and any Alternate Liquidity Facility.


"Loan" means a loan to a Governmental Unit from Note proceeds to finance, refinance or reimburse the cost of a Project or Projects pursuant to a Loan Agreement.

"Loan Agreement" or "Agreement" means this Loan Agreement between the Commission and the Governmental Unit, including the Exhibits attached hereto (the terms and provisions of which are incorporated by reference as if fully set forth at length), and any amendments, changes and modifications thereto which are executed for the purpose of securing repayment of the Loan made by the Commission to the Governmental Unit and establishing the terms and conditions upon which such Loans are to be made.

"Loan Payment Date" means the fifteenth calendar day of the month or if such day is not a Business Day, the next succeeding Business Day.

"Loan Payment Period" means a period beginning on the first day of a month and ending on and including the last day of such month.

"Loan Payments" mean the payments of principal and interest and accrued Discount and other payments payable by the Governmental Unit pursuant to the provisions of this Loan Agreement.

"Loan Rate" shall have the same meaning as set forth in Section 5.01 hereof.

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

"Maximum Rate" means the lesser of (i) 15% per annum or (ii) the maximum rate of interest on the relevant obligation permitted by applicable law.

"Municipality" or "Municipalities" means a duly constituted municipality in the State.
“Non-Ad Valorem Revenues” means all legally available revenues and taxes of the Governmental Unit derived from any source whatsoever other than ad valorem taxation on real and personal property, which are legally available for payment of Loan Payments.

“Noteholder” or “Holder” or “Holder of Notes” or “Owner” or “holder” means the registered Owner of any Note.

“Notes” means, collectively, the Taxable Notes and Tax-Exempt Notes designated as the Sunshine State Governmental Financing Commission Commercial Paper Revenue Notes (Governmental Financing Program) issued from time to time pursuant to the Indenture and the Issuing and Paying Agency Agreement.

“180 Day Date” shall have the meaning ascribed thereto in Section 2.4(a) of the Liquidity Facility.

“Optional Prepayment Price” means the amount which a Governmental Unit may, in its discretion, pay the Trustee in order to prepay the Loan in full, which amount shall be equal to (i) the amount of any past-due or currently due Loan Payments together with interest on such past-due Loan Payments to the date of such payment in full at the rate or rates provided in the Loan Agreements; (ii) the unpaid accrued interest at the current Loan Rate on the outstanding principal amount of the Loan since the end of the previous Loan Payment Period to the date on which such payment will be applied to the payment of Notes on the maturity dates thereof; (iii) the unmatured principal of the Loan; (iv) any amounts owed by such Governmental Unit pursuant to the provisions of Section 5.02(a); and (v) any other amounts owing to the Commission under the Loan Agreement, including without limitation, Section 5.03 hereof.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Program” means the program financed, refinanced or reimbursed with the proceeds of the Notes.

“Project” or “Projects” means a “capital project” within the meaning of Section 163.01(7)(d), Florida Statutes with a useful life of not less than five (5) years, approved by the Board for a
public purpose, including, but not limited to, the refunding of any bonded indebtedness and those projects listed on Exhibit A.

"Proportionate Share" means as of the date of calculation the outstanding principal amount of this Loan divided by the outstanding principal amount of all Loans.

"Public Agency" shall have the same meaning as set forth in Section 163.01(3)(b), Florida Statutes, as amended from time to time.

"State" means the State of Florida.

"360 Day Date" shall have the meaning ascribed thereto in Section 2.4(a) of the Liquidity Facility.

"Trustee" means Bankers Trust Company, as Trustee, or any successor thereto under the Indenture.
ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS OF GOVERNMENTAL UNIT

SECTION 2.01. REPRESENTATIONS AND WARRANTIES. The Governmental Unit makes the following representations and warranties for the benefit of the Commission, the Trustee, the Noteholders, the Liquidity Provider and the Insurer:

(a) ORGANIZATION AND AUTHORITY. The Governmental Unit:

(1) is located in the State and is a duly organized and validly existing Governmental Unit;

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

(b) FULL DISCLOSURE. There is no fact known to the Governmental Unit which the Governmental Unit has not specifically disclosed in writing to the Commission and the Insurer which materially affects adversely or is likely to materially affect adversely the financial condition of the Governmental Unit, in a manner that will materially adversely affect its ability to make the payments under this Agreement when and as the same become due and payable.

The financial statements, including balance sheets and any other written statement furnished by the Governmental Unit to the Commission and the Insurer do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading, in light of the circumstances under which they were made. There is no fact known to the Governmental Unit which the Governmental Unit has not disclosed to the Commission and the Insurer in writing which materially affects adversely or is likely to materially affect adversely the financial condition of the Governmental Unit, or its ability to make the payments under this Agreement when and as the same become due and payable.

(c) PENDING LITIGATION. There are no proceedings pending, or to the knowledge of the Governmental Unit threatened, against or affecting the Governmental Unit, except as specifically described
in writing to the Commission and the Insurer, in any court or before any governmental authority or arbitration board or tribunal (i) with respect to any of the transactions contemplated hereby or (ii) that, if adversely determined, would materially and adversely affect the properties, prospects or condition (financial or otherwise) of the Governmental Unit in a manner that will materially adversely affect the ability of the Governmental Unit to make the payments under this Agreement when and as the same become due and payable or would materially and adversely affect the existence or powers or ability of the Governmental Unit to enter into and perform its obligations under this Agreement.

(d) BORROWING LEGAL AND AUTHORIZED. The execution and delivery of this Agreement and the consummation of the transactions provided for in this Agreement and compliance by the Governmental Unit with the provisions of this Agreement:

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

(2) do not and will not (i) conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Governmental Unit pursuant to any indenture, loan agreement or other agreement or instrument (other than this Agreement), or restriction to which the Governmental Unit is a party or by which the Governmental Unit, its properties or operations may be bound or (ii) with the giving of notice or the passage of time or both, constitute a breach or default or so result in the creation or imposition of any lien, charge, or encumbrance, which breach, default, lien, charge or encumbrance (described in (i) or (ii)) could materially and adversely affect the validity or the enforceability of this Agreement or the Governmental Unit's ability to perform fully its obligations under this Agreement; nor will such action result in any violation of the provisions of the Act, or any laws, ordinances, governmental rules or regulations or court orders to which the Governmental Unit, its properties or operations may be bound;

(e) NO DEFAULTS. No event has occurred and no condition exists that constitutes an Event of Default, or which, upon the execution and delivery of this Agreement and/or the passage of time or giving of notice or both, would constitute an Event of Default.
The Governmental Unit is not in violation in any material respect, and has not received notice of any claimed violation (except such violations as (i) heretofore have been specifically disclosed in writing to, and have been in writing specifically consented to by the Commission and the Insurer and (ii) do not, and shall not, have any material adverse effect on the ability of the Governmental Unit to perform its obligations hereunder) of any terms of any agreement or other instrument to which it is a party or by which it, its properties or operations may be bound. Furthermore, except with respect to actions taken by the Commission or the other Governmental Units as to which no representation or warranties are made by the Governmental Units, no event has occurred and no condition exists, to the best of the knowledge of the Governmental Unit, which would adversely affect in any manner, either directly or indirectly, the exclusion from gross income for federal tax purposes of interest on the Notes (other than Taxable Notes).

(f) GOVERNMENTAL CONSENT. The Governmental Unit has obtained, or will obtain all permits, approvals and findings of nonreviewability required by any governmental body or officer for the acquisition and/or installation of the Projects, including construction and renovation work, the financing or refinancing thereof or the reimbursement of the Governmental Unit therefor, or the use of such Projects, and the Governmental Unit will obtain all other such permits, approvals and findings as may be necessary for the foregoing and for such Loan and the proper application thereof; the Governmental Unit has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any agency or other governmental body or officer in connection with the acquisition or installation of the Projects, including construction and renovation work necessary for such installation, financing or refinancing thereof or reimbursement of the Governmental Unit therefor; and any such acquisition, construction, installation, financing, refinancing or reimbursement contemplated in this Loan Agreement is consistent with, and does not violate or conflict with, the terms of any such agency or other governmental consent, order or other action which is applicable thereto. No further consent, approval or authorization of, or filing, registration or qualification with, any governmental authority is required on the part of the Governmental Unit as a condition to the execution and delivery of this Loan Agreement.

(g) COMPLIANCE WITH LAW. The Governmental Unit is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and which are material to the
execution of this Loan Agreement and the performance by the Governmental Unit of its obligations hereunder, except as has been specifically disclosed in writing to the Commission and the Insurer.

(h) USE OF PROCEEDS.

(1) The Governmental Unit will apply the proceeds of the Loan from the Commission solely for the financing, refinancing or reimbursing of itself for the cost of those Projects as set forth in Exhibit A hereto. The Governmental Unit may modify or amend Exhibit A, without the consent of the Commission, to provide for the financing, refinancing or reimbursement of the cost of a different or additional Project if the Governmental Unit, after the date hereof, deems it to not be in the interest of the Governmental Unit to acquire or construct any item of such Project from the proceeds of the Loan or the cost of the Project proves to be less than the amounts listed on Exhibit A and the investment earnings thereon. If the Notes issued to fund the Loan are Tax-Exempt Notes, no such amendment will be made unless and until the Governmental Unit shall have given written notice thereof to the Insurer and shall have received an opinion of Bond Counsel that such change or modification will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Notes.

(2) Items of cost of the Projects which may be financed, refinanced or reimbursed include all or any reasonable or necessary direct or indirect costs of or incidental to the acquisition, construction or installation of the Projects, including the incidental costs of placing the same in use and financing expenses but not operating expenses. In addition, in the case of refinancings, accrued interest and any prepayment penalty on the obligation to be refinanced may be included.

(i) NOTICE FROM IRS. The Governmental Unit has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Governmental Unit is an issuer of obligations whose arbitrage certifications may not be relied upon.

(j) PROJECT. All items constituting the Project are as such term is defined in the Act.

(k) COMPLIANCE WITH INTERLOCAL REQUIREMENTS AND INTERLOCAL AGREEMENT. All agreements and transactions provided for herein or
contemplated hereby are in full compliance with the terms of the
Interlocal Agreement and the Interlocal Act.

(1) ENFORCEABILITY. This Agreement constitutes a legal,
valid and binding obligation of the Governmental Unit enforceable
in accordance with its terms, except as such enforceability may be
limited by bankruptcy, reorganization, insolvency and other similar
laws affecting enforceability of creditors' rights generally and to
the application of equitable principles if equitable remedies are
sought.

(m) ADDITIONAL COVENANTS. At least one hundred and eighty
days prior (or as soon as practicable thereafter) to the date that
all outstanding amounts of the Loan are due and payable under this
Agreement, as described below (the "Final Payment Date"), the
Governmental Unit agrees to provide the Trustee and the Insurer
with a report of its authorized officer indicating (i) the amounts,
other than amounts obtained by incurrence of indebtedness, that
will be available for payment of the Loan on the Final Payment
Date, and (ii) if such amounts available are insufficient, a plan
for obtaining financing for any deficiency. The Final Payment Date
with respect to this Loan shall be the last date on which the
Governmental Unit is required to make a scheduled Loan Payment
hereunder. If financing is so required, arrangements for such
financing reasonably satisfactory to the Insurer shall be made by
a date no later than 60 days prior to the Final Due Date. If, for
any reason, such arrangements are not made, the Insurer shall have
the right, to the extent permitted by law, to direct the
Governmental Unit to refinance its obligations through any legally
available means, including refinancing through issuance of fixed
rate refunding bonds of the Commission payable from a loan
agreement of the Governmental Unit on parity herewith and in
accordance with the Forward Commitment of the Insurer to the
Commission dated _________. The Governmental Unit and the
Commission agree to fully cooperate and use their best efforts to
accomplish any such refinancing.

SECTION 2.02. COVENANTS OF GOVERNMENTAL UNIT. The
Governmental Unit makes the following covenants and representations
as of the date first above written and such covenants shall
continue in full force and effect during the Loan Term:

(a) SECURITY FOR LOAN REPAYMENT. The Governmental Unit
covenants and agrees to appropriate in its annual budget, by
amendment, if required and to the extent permitted and in
accordance with budgetary procedures provided by the laws of the State, and to pay when due directly into the appropriate Fund or Account created in the Indenture, sufficient amounts of Non-Ad Valorem Revenues of the Governmental Unit sufficient to satisfy the Loan Payment as required under this Loan Agreement. Such covenant and agreement on the part of the Governmental Unit to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make all required payments as and when due shall have been budgeted, appropriated and actually paid into the appropriate Fund or Account. Provided however, that the Governmental Unit reserves the right, in its discretion, to pay its obligations under this Loan Agreement with any legally available funds of the Governmental Unit. As additional security for this Loan, the Governmental Unit further covenants that pursuant to the Interlocal Agreement Regarding Loan to Finance Satellite Branches, attached hereto as Exhibit I (the "Orange County Library District Interlocal Agreement"), it shall pay to the Commission as Loan Payments all funds budgeted and appropriated by Orange County, Florida to the "Payment Account" to pay "Account Deficiencies" as defined in and under the terms of the Orange County Library District Interlocal Agreement.

The Governmental Unit further covenants that the Indenture and this Loan Agreement shall be deemed to be entered into for the benefit of the Holders of any of the Notes, the Insurer and the Liquidity Provider and that the obligations of the Governmental Unit to include the amount of any deficiency in each of its annual budgets and to pay such deficiencies from Non-Ad Valorem Revenues may be enforced in a court of competent jurisdiction in accordance with the remedies set forth herein. The obligations of the Governmental Unit pursuant to this Loan Agreement will not constitute a general indebtedness of the Governmental Unit within the meaning of any constitutional or statutory provision or limitation and the Governmental Unit is not obligated to levy any ad valorem taxes for payment therefor. Neither the full faith and credit nor the taxing power of the Governmental Unit, the State of Florida or any political subdivision thereof is pledged to such payment. Such appropriation for interest due under this Loan Agreement shall be based upon an assumed interest rate determined as set forth in Exhibit E hereto.

Prior to the refinancing of the Loan through the issuance of fixed rate refunding bonds in accordance with Section 6.02 hereof, the Governmental Unit shall maintain a balance of cash and
investments of Non-Ad Valorem Revenues of less than one year maturity at least equal to 15% of the outstanding principal balance of the Loan. Verification of such balance shall be provided to the Insurer on a semi-annual basis. Verification of such balance by an independent accountant shall be provided to the Insurer on an annual basis and may be a part of the Governmental Unit's Comprehensive Annual Financial Report.

In the event that such balance is not maintained, the Governmental Unit shall be required to fund a reserve fund for the Loan in an amount (the "Reserve Requirement") equal to the lesser of (a) 10% of the principal amount of the Loan at the time such reserve fund is funded, (b) maximum annual debt service on the Loan, or (c) 125% of average annual debt service, assuming for purposes of the computations in clauses (b) and (c) above, a fixed Loan Rate of 9.2%. Such reserve fund shall be held in a separate account by the Trustee for the benefit of the Commission and shall meet the criteria set forth in Exhibit H attached hereto.

Moneys held for the credit of such reserve fund shall be used for the purpose of paying Basic Payments whenever and to the extent that the Basic Payments made by the Governmental Unit pursuant to Section 5.01 hereof, if any, shall be insufficient for such purposes. The Trustee shall give written notice to the Insurer of any such withdrawal from the reserve fund. Any withdrawals from the reserve fund shall be subsequently restored in full within 180 days of such withdrawal. Moneys in the reserve fund in excess of the Reserve Requirement shall be withdrawn and applied on the next succeeding Loan Payment Date by the Trustee as a credit against the amount due and owing pursuant to Section 5.02(a) hereof. Moneys on deposit in the reserve fund if any, shall be valued at market, exclusive of accrued interest, on the last day of each Fiscal Year. To the extent such valuation shows that the amounts on deposit therein shall be less than the Reserve Requirement, such amount shall be restored in full within one year of such valuation in twelve substantially equal installments.

(b) LIENS. The Governmental Unit will not create, incur or suffer to exist any lien, charge or encumbrance on the Non-Ad Valorem Revenues, except as permitted hereunder.

(c) INFORMATION. The chief financial officer of the Governmental Unit shall, at the reasonable request of the Insurer, discuss the Governmental Unit's financial matters with the Insurer
or its respective designee and provide the Insurer with copies of any documents reasonably requested by the Insurer or its designee.

(d) EXPENSES. In addition to the payment obligations otherwise provided for in this Loan Agreement, the Governmental Unit will, upon demand by the Commission, pay all claims for all reasonable costs and expenses whatsoever that the Commission may incur incident to the preparation, execution and delivery of this Loan Agreement, including, but not limited to:

(1) the cost of reproducing this Loan Agreement and other related documents;

(2) the reasonable fees and disbursements of counsel utilized by the Commission, the Insurer and Bond Counsel;

(3) all other reasonable fees and out-of-pocket expenses of the Trustee (including the reasonable fees and disbursements of counsel retained by the Trustee), the Insurer, the Liquidity Provider, the Issuing and Paying Agent, the Dealer and the Commission in connection with the Loan and the enforcement thereof; and

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

The provisions of this paragraph (d) shall survive the termination of this Loan Agreement and the payment in full of the obligations of the Governmental Unit hereunder.

(e) INDEMNITY. To the full extent permitted under the laws of the State, the Governmental Unit will pay, and will protect, indemnify, save and hold harmless, the Commission, the Insurer, the Liquidity Provider, the Dealer, the Issuing and Paying Agent, the Trustee, each member, officer, commissioner, employee and agent of any of the Commission, the Insurer, the Liquidity Provider, the Dealer, the Issuing and Paying Agent, the Trustee and each other person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the
Commission, harmless from and against, any and all liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and expenses), suits, claims and judgments of whatsoever kind and nature (including those in any manner directly or indirectly arising or resulting from, out of, or in connection with, any injury to, or death of, any person or any damage to property resulting from the use or operation of any Project) in any manner arising out of action or failure to act of the Governmental Unit, its successors and assigns, or the agents, contractors, employees, licensees or otherwise of the Governmental Unit or its successors and assigns in connection with, the Projects financed with the proceeds of the Loan, this Loan Agreement, the Program Documents or the breach or violation of any agreement, covenant, representation or warranty of the Governmental Unit set forth in this Loan Agreement, the Program Documents or any document delivered pursuant hereto or thereto or in connection herewith or therewith. Such indemnification shall not apply to any actions caused by the negligence or willful misconduct of the party seeking such indemnification.

Such indemnity shall not be restricted in any way by any limitation on the amount or type of damages, compensation or benefits payable under any Workers' Compensation Acts, Disability Benefit Acts, or other employee benefits acts or any other similar laws but may be limited by State law relating to the ability of Governmental Units to indemnify parties for the actions of such Governmental Units, including but not limited to Section 768.28, Florida Statutes.

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

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

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

(f) AMOUNTS OWING TO INSURER. The Governmental Unit agrees to the fullest extent permitted under the laws of the State, to pay on demand all amounts owed by it to the Insurer with respect to the Credit Facility. The provisions of this subparagraph (f) shall survive the termination of this Loan Agreement and the payment in full of the obligations of the Governmental Unit hereunder. The Insurer shall, to the extent it makes payment of the Basic Payment, become subrogated to the rights of the Commission and the Trustee in accordance with the terms and conditions of the Credit Facility.

(g) AMOUNTS OWING UNDER LIQUIDITY FACILITY. The Governmental Unit agrees to the fullest extent permitted under the laws of the State, to pay to the Trustee on demand its Proportionate Share of all amounts owed by the Commission under the Liquidity Facility with respect to any indemnification or other obligation of the Commission under Sections 2.4, 2.7 and 8.2 of the Liquidity Facility or the corresponding provisions of any Alternate Liquidity Facility. The provisions of this subparagraph (g) shall survive the termination of this Loan Agreement and the payment in full of the obligations of the Governmental Unit hereunder.

(h) SPECIAL COVENANTS AND FINANCIAL RATIOS. The Governmental Unit shall comply with all special covenants and financial ratios set forth in Exhibit E hereto, at the times and upon the conditions as more fully described in Exhibit E hereto, the terms and provisions of which are incorporated by reference as if fully set forth at length.

(i) FURTHER ASSURANCE. The Governmental Unit shall execute and deliver to the Commission, the Insurer, the Liquidity Provider and the Trustee all such documents and instruments and do all such other acts and things as may be reasonably necessary or required by the Commission, the Insurer, the Liquidity Provider, and the Trustee to enable each of them to exercise and enforce its rights under this Loan Agreement and to realize thereon, and record and
file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be reasonably necessary or required by any of them to validate, preserve and protect its position under this Loan Agreement.

(j) KEEPING OF RECORDS AND BOOKS OF ACCOUNT. The Governmental Unit shall keep or cause to be kept proper records and books of account, in which correct and complete entries will be made in accordance with generally accepted accounting principles, consistently applied (except for changes concurred in by the Governmental Unit's independent auditors) reflecting all of its financial transactions.

(k) PAYMENT OF TAXES, ETC. The Governmental Unit shall pay all taxes, assessments, and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims, which, if unpaid, might become a lien or charge upon any of its properties, provided that it shall not be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(l) COMPLIANCE WITH LAWS, ETC. The Governmental Unit shall comply with the requirements of all applicable laws, including the Act, the terms of all grants, rules, regulations and orders of any governmental authority and the terms of this Agreement and the Interlocal Agreement, non-compliance with which would, singly or in the aggregate, materially adversely affect its business, properties, earnings, prospects or credit in a manner which would materially adversely affect its ability to make the payments under this Agreement when and as the same become due and payable, unless the same shall be contested by it in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(m) INFORMATION REPORTS. The Governmental Unit covenants to provide the Commission with all material and information necessary to enable the Commission to file all reports required under the Code (including, if required, Form 8038) to assure that interest paid by the Commission on the Tax-Exempt Notes shall, for purposes of the federal income tax, be excluded from gross income for federal income tax purposes.
(n) LIMITED OBLIGATIONS. Anything in this Loan Agreement to
the contrary notwithstanding, it is understood and agreed that all
obligations of the Governmental Unit hereunder shall be payable
only from Non-Ad Valorem Revenues required to be budgeted and
appropriated hereunder and nothing herein shall be deemed to pledge
ad valorem taxation revenues or to permit or constitute a mortgage
or lien upon any assets owned by the Governmental Unit and no
Person may compel the levy of ad valorem taxes on real or personal
property within the boundaries of the Governmental Unit. The
obligations hereunder do not constitute general indebtedness of the
Governmental Unit within the meaning of any constitutional, statu-
tory or charter provision or limitation, and neither the Trustee,
the Commission, the Insurer or the Owners shall have the right to
compel the exercise of the ad valorem taxing power of the Govern-
mental Unit or taxation of any real or personal property therein
for the payment by the Governmental Units of its obligations
hereunder. Notwithstanding any provision of this Loan Agreement to
the contrary, this Loan Agreement and the obligations of the
Governmental Unit hereunder shall not, except to the extent set
forth in Exhibit E to this Loan Agreement, be construed as a limi-
tation on the ability of the Governmental Unit to pledge or cove-
nant to pledge or use all or any portion of said Non-Ad Valorem
Revenues for other legally permissible purposes; provided that Non-
Ad Valorem Revenues shall be available as required hereunder.
Notwithstanding any provisions of this Agreement, the Indenture or
the Notes to the contrary, the Governmental Unit shall never be
obligated to and neither the Commission, the Trustee, the Liquidity
Provider or the Insurer may compel the Governmental Unit to
exercise ad valorem taxing power for any purpose, including without
limitation, to maintain or continue any of the activities of the
Governmental Unit which generate user service charges, regulatory
fees or any Non-Ad Valorem Revenues. Neither this Loan Agreement
nor the obligations of the Governmental Unit hereunder shall be
construed as a pledge of all or any legally available Non-Ad Valorem
Revenues of the Governmental Unit, but shall be payable
solely as provided in this Loan Agreement and is subject in all
respects to the provisions of Section 166.241, Florida Statutes.
It is the intent of the parties hereto, and they do hereby covenant
and agree, that the liability of the Governmental Unit hereunder is
a several liability of the Governmental Unit expressly limited to
the Loan Payments and the Governmental Unit shall have no joint
liability with any other Governmental Units or the Commission for
any of their respective liabilities, except to the extent expressly
provided hereunder.
(o) LITIGATION. The Governmental Unit covenants to provide to the Commission and the Insurer notice as soon as is reasonably possible of any litigation pending, or to the knowledge of the Governmental Unit threatened, against or affecting the Governmental Unit, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, prospects or condition (financial or otherwise) of the Governmental Unit in a manner which would adversely affect its ability to make the payments under this Agreement when and as the same become due and payable, or the existence or powers or ability of the Governmental Unit to perform its duties and obligations hereunder.
ARTICLE III

THE LOAN

The Commission hereby agrees to loan to the Governmental Unit and the Governmental Unit hereby agrees to borrow from the Commission the sum of the lesser of (i) $5,000,000 or (ii) such amount advanced from time to time from the Commission to the Governmental Unit in accordance with the provisions of the draw schedule set forth on Exhibit F attached hereto. The Governmental Unit understands that it will receive, as proceeds of the Loan, _____% of the stated principal amount of the Loan, i.e., as a result, the amount of the Loan proceeds received by the Governmental Unit will be smaller than the principal amount of such Loan. The discount is equal to the Governmental Unit's Initial Excess Interest Amount (as defined in Section 5.01 hereof) and the Governmental Unit's costs incurred in connection with this Loan to be paid by the Trustee, including the premium paid to the Insurer, subject to the terms and conditions contained in this Loan Agreement and in the Indenture to the extent such amount is (i) approved by the Commission, and (ii) approved in writing by the Insurer and the Trustee, such advanced amounts to be used by the Governmental Unit for the purposes of financing or refinancing the cost of, or receiving reimbursement for costs of the Project in accordance with the provisions of this Loan Agreement.

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ARTICLE IV

LOAN TERM AND LOAN CLOSING REQUIREMENTS

SECTION 4.01. COMMENCEMENT OF LOAN TERM. The Governmental Unit's obligations under this Loan Agreement shall commence on the date hereof unless otherwise provided in this Loan Agreement.

SECTION 4.02. TERMINATION OF LOAN TERM. The Loan Term shall begin as of the date of this Agreement and shall terminate upon the date on which the Governmental Unit's obligations under this Loan Agreement terminate upon (i) payment in full of all amounts due under this Loan Agreement and (ii) payment in full of all amounts due to the Insurer and the Liquidity Provider; provided, however, that all covenants and all obligations provided hereunder specified to so survive shall survive the termination of this Loan Agreement and the payment in full of principal and interest hereunder. Upon termination of the Loan Term as provided above, the Commission and the Trustee and the Insurer shall deliver, or cause to be delivered, to the Governmental Unit, an acknowledgment thereof.

The schedule of Loan Payments attached hereto as Exhibit D may be amended with the prior written consent of the Insurer and the provider of any Liquidity Facility then outstanding; provided, however, any amendment shall not become effective until the Trustee receives written evidence from S&P that the rating currently assigned to the Notes will not be withdrawn or reduced as the result of the amendment. The Governmental Unit may exercise a one-time option to re-amortize the Loan within the parameters set forth in Exhibit G attached hereto prior to or on the effective date of the refinancing of this Loan through the issuance of fixed rate refunding bonds pursuant to Section 6.02 hereof, but in no event later than the tenth year from the date hereof or upon reaching the mid-point of the original Loan Term; provided, however, any amendment shall not become effective until the Trustee receives written evidence from S&P that the rating currently assigned to the Notes will not be withdrawn or reduced as the result of the amendment. In no event shall the scheduled Loan Term exceed 25 years from the date hereof.

SECTION 4.03. LOAN CLOSING SUBMISSIONS. Concurrently with the execution and delivery of this Loan Agreement, the Governmental Unit is providing to the Trustee the following documents each dated the date of such execution and delivery unless otherwise provided
below or unless waived by the Commission, the Trustee and the
Insurer:

(a) Certified resolutions of the Governmental Unit in the
form of Exhibit B attached hereto.

(b) An opinion of the Governmental Unit's Counsel in the form
of Exhibit C hereto to the effect that the Loan Agreement is duly
authorized and executed, and is a valid, binding and enforceable
obligation of the Governmental Unit and opining to such other
matters as may be reasonably required by Bond Counsel and by the
Insurer;

(c) A certificate of the Chairman of the Governmental Unit to
the effect that the representations and warranties of the
Governmental Unit are true and correct;

(d) The audited financial statements of the Governmental Unit
for the past three fiscal years;

(e) [Reserved]

(f) This executed Loan Agreement;

(h) An opinion (addressed to, and in form and substance
acceptable to, the Commission, the Insurer and the Trustee) of Bond
Counsel, to the effect that such financing, refinancing or reim-
bursement with Loan proceeds (1) is permitted under the Act, the
Indenture and the resolution authorizing this Loan Agreement, (2)
if the Notes being issued to fund the Loan are Tax-Exempt Notes,
will not cause the interest on the Tax-Exempt Notes to be included
in gross income for federal income tax purposes, and (3) will not
adversely affect the validity, due authorization for or legality of
the Notes;

(i) An incumbency certificate and a signature certificate in
form and substance acceptable to the Insurer and Bond Counsel;

(j) the Credit Facility; and

(k) such other certificates, documents and information as the
Commission, the Insurer, the Trustee, the Liquidity Provider or
Bond Counsel may require.
All opinions and certificates shall be dated the date of the Closing.
ARTICLE V

LOAN PAYMENTS

SECTION 5.01. PAYMENT OF LOAN PAYMENTS. The Governmental Unit shall pay to the order of the Commission all Loan Payments in lawful money of the United States of America to the Trustee. No such Loan Payment shall be in an amount such that the Loan Rate is in excess of the Maximum Rate. The Loan shall be repaid in Basic Payments consisting of (a) principal in the amounts and on the dates set forth in Exhibit D, and (b) interest calculated at the rate (the "Loan Rate") as provided in Section 5.02 hereof. In addition, an interest payment in an amount equal to 52 days of interest at the Maximum Rate on the original principal amount of the Loan shall be payable at Closing (the "Initial Excess Interest Amount"). The schedule of Loan Payments attached hereto as Exhibit D may be amended with the prior written consent of the Insurer and the provider of any Liquidity Facility then outstanding; provided, however, any amendment shall not become effective until the Trustee receives written evidence from S&P that the rating currently assigned to the Notes will not be withdrawn or reduced as the result of the amendment.

Loan Payments shall begin on the first Loan Payment Date for the first Loan Payment Period following the Closing.

No later than the fifth Business Day of each month, the Trustee shall give the Governmental Unit notice in writing of the total amount of the Loan Payment then due and payable. Any past due Basic Payment which has not been paid by the Loan Payment Date shall be paid, together with interest thereon, at a rate equal to the Loan Rate from time to time plus 2% for the period for which such Basic Payment has not been paid, but not in excess of the Maximum Rate. The Basic Payments and Additional Payments shall be due on each Loan Payment Date, unless the principal amount of the Loan is prepaid, accelerated or forgiven in accordance with the Indenture and in accordance with the provisions hereof.

To the extent that any Loan Payment is made in an amount which is less than the total amount then due and payable, the amount of the Loan Payment made shall be applied first to the payment of Basic Payments and then to the payment of Additional Payments.
SECTION 5.02. CALCULATION OF LOAN RATE. The Commission shall set and from time to time reset the Loan Rate, provided that such Loan Rate shall for each Loan Payment Period be a rate which produces an amount of interest at least equal to the amount described in paragraphs (a) and (b) below:

(a) The Governmental Unit's Proportionate Share of the interest and/or Discount, as the case may be, accrued on the Tax-Exempt Notes or Taxable Notes (including Notes held by the Liquidity Provider), as the case may be, for the immediately preceding Loan Payment Period;

(b) To the extent not provided for in paragraph (a) above, any amount necessary to replenish the Initial Excess Interest Amount;

(c) On the Loan Payment Date in July of each year following the Closing, the Trustee shall apply any portion of the Initial Excess Interest Amount in excess of an amount equal to 52 days of interest at the Maximum Rate on the then outstanding principal amount of the Loan as a credit against the amount due and owing pursuant to paragraph (a) of this Section 5.02; and

(d) To the extent that any of the Initial Excess Interest Amount is applied to pay interest or Discount on the Notes, the Initial Excess Interest Amount shall be replenished from amounts paid pursuant to paragraph (a) or (b) of this Section 5.02 on the immediately succeeding Loan Payment Date.

(e) Interest at the Loan Rate shall be calculated on the same basis as the Note Rate or Discount then in effect.

SECTION 5.03. PAYMENT OF ADDITIONAL PAYMENTS. By execution of this Agreement, the Governmental Unit understands that payments hereunder will include payments in addition to the Basic Payments. Such costs include, but are not limited to certain fees, costs and expenses of the Insurer and the Liquidity Provider and interest on any amounts due the Insurer and the Liquidity Provider. Reference is made to the Liquidity Facility for provisions relating to fees, cost and expenses of the Commission, the provisions of which are incorporated by reference as if fully set forth at length. In addition to Basic Payments, the Governmental Unit agrees to pay on the Loan Payment Date and on demand of the Trustee in the case of a permitted acceleration of the Loan pursuant to the provisions
hereof, as the case may be, one-twelfth (or one divided by the number of months in the payment period, in the case of fees calculated on the basis of a period other than annual) of the Governmental Unit's Proportionate Share of the following fees relating to the Notes and the Program to the extent that such items are not costs of issuance paid from the Loan Fund or paid as provided in Sections 2.02(d) and (g):

(1) the fees and expenses of the Trustee and its counsel owed to it under the Indenture;

(2) the fees and expenses of the Issuing and Paying Agent and its counsel owed to it under the Indenture and the Issuing and Paying Agency Agreement;

(3) the fees and expenses of the Dealer owed to it under the Dealer Agreement;

(4) the fees and expenses of the Liquidity Provider and its counsel owed to it under the Liquidity Facility and any other reasonable fees and expenses in connection with the Liquidity Facility and, to the extent not provided for in Section 5.02(a), the Governmental Unit's Proportionate Share of any amounts due and owing by the Commission under the Liquidity Facility for that Loan Payment Period;

(5) the expenses of the Commission, including legal fees;

(6) the rating fees of Moody's, S&P and/or Fitch when necessary;

(7) such other reasonable fees and expenses in connection with the Notes or this Loan Agreement, all as determined by the Trustee;

(8) unless the Loan is funded with the proceeds of Taxable Notes, any amounts due and owing with respect to rebate.

In calculating the amounts to be paid under this Section 5.03 which are dependent upon the principal amount or Face Amount of Notes outstanding, the principal amount or Face Amount of Notes outstanding for purposes of the calculation shall be that amount outstanding on the first day of each calculation period.
Notwithstanding any other provision of Section 5.02 or this Section 5.03, in the event that the Loan is refinanced through the issuance of refunding bonds bearing a fixed interest rate in accordance with Section 6.02 hereof, the Governmental Unit shall not be obligated to pay any of the fees, expenses and costs specified in (2), (3) or (4) above; provided, however, that the Governmental Unit shall remain obligated to pay such fees, expenses and costs to the extent such fees, expenses and costs accrued prior to the date that the Loan was paid in full.

The Governmental Unit agrees to pay interest at the Loan Rate in effect from time to time plus 2% on any Additional Payments not received by the Trustee on the Loan Payment Date or on the date the principal amount of the Loan is prepaid or accelerated in accordance with the Indenture and this Loan Agreement.

SECTION 5.04. CREDIT FOR INTEREST EARNINGS. Any investment earnings deposited in the subaccount within the General Account created for the deposit of the Governmental Unit's Loan Payments shall be credited on the immediately succeeding Loan Payment Date against the Governmental Unit's obligation to pay interest or Discount on the Notes pursuant to Section 5.02(a) hereof.

SECTION 5.05. LOAN PAYMENTS. The obligation of the Governmental Unit to make payment of Loan Payments or any other amounts required by this Article V, other Sections hereof and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as otherwise expressly provided in this Loan Agreement. Notwithstanding any dispute between the Governmental Unit and the Commission, the Trustee, the Insurer, the Liquidity Provider, the Issuing and Paying Agent, any Owner or any other Person, the Governmental Unit shall make all payments of Loan Payments or any other amounts when due and shall not withhold any Loan Payments or any other amounts pending final resolution of such dispute nor shall the Governmental Unit assert any right of setoff or counterclaim against its obligation to make such payments required under this Loan Agreement. The Governmental Unit's obligation to make payment of Loan Payments or any other amounts during the Loan Term shall not be abated through accident or unforeseen circumstances or because of payment under the Credit Facility securing the Loan. The Commission and the Governmental Unit agree that the Governmental Unit shall bear all risk of damage or destruction in whole or in part to any Project or any part thereof, including without limitation any loss, complete or partial, or interruption in the
use, occupancy or operation of such Project, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use or occupancy of the Project or the compliance by the Governmental Unit with any of the terms of this Loan Agreement. Notwithstanding the foregoing, nothing herein shall limit the rights of the Governmental Unit to recover amounts owing to it, except as specifically set forth herein.

SECTION 5.06. INSURER. The Governmental Unit shall pay the premium for the Credit Facility and all other amounts due and owing to the Insurer directly to the Insurer.

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ARTICLE VI

PREPAYMENT OF LOAN PAYMENTS

SECTION 6.01. OPTIONAL PREPAYMENT OF LOAN PAYMENTS. At the option of the Governmental Unit and after giving at least 30 days' written notice by certified or registered mail to the Commission, the Trustee and the Dealer, the Governmental Unit may, at its option, prepay the Loan Payments in whole by paying the then applicable Optional Prepayment Price or in part in integral principal multiples of $100,000, on any date, not less than 30 and not more than 270 days from the receipt of such notice. Any partial prepayment shall be applied against future principal installments of the Governmental Unit under this Loan Agreement. After the date on which such prepayment in whole is applied to the payment of Notes, this Loan Agreement shall terminate, except for the obligations and covenants expressed herein to survive. Except as described in Section 6.02 hereof, the Loan may not otherwise be prepaid in whole or in part.

The Loan shall not be deemed to be prepaid in full if for any reason the Optional Prepayment Price cannot be determined.

SECTION 6.02. MANDATORY PREPAYMENT IN CONNECTION WITH LIQUIDITY FACILITY. In the event that the Liquidity Provider has determined not to extend the term of the Liquidity Facility and the Governmental Unit and the Commission are unable to provide an Alternate Liquidity Facility, the Governmental Unit shall prepay the Loan in full by paying the then applicable Optional Prepayment Price on or before a date 60 days prior to the Expiration Date.

In the event that the Commission has not paid Notes held by the Liquidity Provider in full on or before the 180 Day Date, the Governmental Unit agrees to prepay the Loan in full by paying the then applicable Optional Prepayment Price before the 360 Day Date. If the Loan has not been prepaid in full by the date which is 270 days after the related Liquidity Event or an Alternate Liquidity Facility has not been obtained, the Commission and the Governmental Unit shall present to the Insurer a plan to issue fixed rate refunding bonds, the proceeds of which would be loaned to a Governmental Unit and used to prepay the Loan Agreement and retire the related Notes. If the Loan has not been prepaid in full by the date which is 300 days after the related Liquidity Event, to the extent permitted by law, the Commission shall issue at the
direction of the Insurer such fixed rate refunding bonds and, at the direction of the Insurer, the Governmental Unit shall enter, to the extent permitted by law, into a loan agreement with the Commission to secure such fixed rate refunding bonds.

In either case, failure to prepay the Loan in full within the relevant time period shall not constitute an Event of Default hereunder; provided, however, that the Commission, the Insurer or Liquidity Provider shall have the right to pursue any and all remedies, other than acceleration of the Loan, provided by law to which either the Commission, the Insurer or the Liquidity Provider is entitled in order to enforce performance by the Governmental Unit of this provision.

SECTION 6.03. APPLICATION OF INITIAL EXCESS INTEREST AMOUNT.

If following a prepayment and prior to the date such prepayment is used to pay Notes, the amount of the Optional Prepayment Price and the investment earnings thereon are insufficient to pay any amounts to become due and owing hereunder until the date this Loan Agreement terminates, the Trustee shall apply the Initial Excess Interest Amount as needed to pay interest or Discount on the Notes. If the Optional Prepayment Price and the investment earnings thereon are in excess of such amount, any excess amount and any remaining portion of the Initial Excess Interest Amount shall be credited to the Governmental Unit following termination of this Loan Agreement.

SECTION 6.04. MANDATORY PREPAYMENT IN CONNECTION WITH UNEXPENDED PROCEEDS. Any proceeds borrowed by a Governmental Unit for a Project and not expended by such Governmental Unit within five (5) years must be used to prepay the Loan Payments in full.
ARTICLE VII
ASSIGNMENT AND PAYMENT BY THIRD PARTIES

SECTION 7.01. ASSIGNMENT BY COMMISSION.

(a) This Loan Agreement and the obligations of the Governmental Unit to make payments hereunder, may be assigned and reassigned in whole or in part to one or more assignees or subassignees at any time subsequent to its execution without the necessity of obtaining the consent of the Governmental Unit. The Governmental Unit expressly acknowledges that this Loan Agreement and the obligations of the Governmental Unit to make payments hereunder (with the exception of certain of the Commission rights to indemnification, fees and expenses), have been pledged and assigned to the Trustee as security for the Notes and for amounts which may be due and owing to the Insurer and the Liquidity Provider, and that the Trustee or the Insurer shall be entitled to act hereunder and thereunder in the place and stead of the Commission whether or not the Notes are in default. Notwithstanding the foregoing, no such assignment or reassignment may be made except to a successor Trustee and the provider of any Alternate Credit Facility.

(b) The Commission hereby agrees that, following the occurrence of an Event of Default under this Loan Agreement, acceleration of the amounts due hereunder and payment by the Insurer of the accelerated amount, the Commission will cause the Trustee to assign to the Insurer all of the Trustee’s rights under this Loan Agreement.

SECTION 7.02. ASSIGNMENT BY GOVERNMENTAL UNIT. This Loan Agreement may not be assigned by the Governmental Unit for any reason without the express prior written consent of the Commission, the Liquidity Provider, the Insurer and the Trustee.

SECTION 7.03. PAYMENTS BY INSURER. The Governmental Unit acknowledges that payment under this Loan Agreement from funds received by the Trustee from the Insurer does not constitute payment under this Loan Agreement for the purposes hereof or fulfillment of its obligations hereunder.

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ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. EVENTS OF DEFAULT DEFINED. The following shall be "Events of Default" under this Loan Agreement and the terms "Event of Default" and "Default" shall mean (except where the context clearly indicates otherwise), whenever they are used in this Loan Agreement, any one or more of the following events.

(a) (1) With the exception of amounts required to be paid under Section 5.03(4) hereof, failure by the Governmental Unit to timely pay any Loan Payment or any other payment required to be paid hereunder on the date on which it is due and payable; and (2) failure by the Governmental Unit to timely pay amounts required to be paid under Section 5.03(4) hereof on the date on which it is due and payable;

(b) Failure by the Governmental Unit to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Loan Agreement for a period of not less than thirty (30) days, after notice thereof to the Governmental Unit by the Trustee, the Commission or the Insurer, unless the Trustee, the Commission and the Insurer shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Commission, the Trustee or the Insurer, the Commission, the Trustee and the Insurer will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Governmental Unit within the applicable period and diligently pursued until the failure is corrected;

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

(d) The Governmental Unit or the Legislature of the State shall terminate the corporate existence of the Governmental Unit unless, in the opinion of the Commission, adequate provision is made by law for the obligations of the Governmental Unit hereunder;
(e) Any provision of this Agreement material to the performance of the obligations of the Governmental Unit hereunder shall at any time for any reason cease to be valid and binding on the Governmental Unit or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Governmental Unit (provided nothing herein shall be construed to limit the right of the Governmental Unit to judicially determine if it is permitted by law to make indemnity arising under subsection 2.02(e) hereof) or the Governmental Unit shall deny that it has any or further liability or obligation hereunder;

(f) A petition is filed against the Governmental Unit under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days of such filing;

(g) The Governmental Unit files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

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

(i) An "Event of Default" of the Commission under the Indenture shall have occurred. As used in this subparagraph (i), an "Event of Default" shall only include Events of Default of the Commission not caused solely by a default of another Governmental Unit;

(j) The Governmental Unit shall be in default in the payment of any principal of or interest on any obligation for borrowed money or for the deferred purchase price of any property or asset (unless the failure to make payment of such deferred purchase price is consequent upon a contest or negotiation being diligently pursued) or on any obligation guaranteed by the Governmental Unit.
or in respect of which it is otherwise contingently liable beyond any period of grace stated with respect thereto in any such obligation or in any agreement under which any such obligation is created, or shall default in the performance of any agreement under which any such obligation is created if the effect of such default is to cause such obligation to become, or to permit any holder or beneficiary thereof, or a trustee or trustee on behalf thereof, with notice if required, to declare such obligation to be, due prior to its normal maturity, and any of the foregoing may (in the reasonable judgment of the Commission, the Trustee or the Insurer) have a material adverse effect on the ability of the Governmental Unit to perform its obligations hereunder. Notwithstanding the foregoing sentence, in order to constitute an "Event of Default" hereunder, any such amount must be for an amount in excess of $1,000,000 or the debt or the obligation of the Governmental Unit must have been accelerated and be considered due and payable.

SECTION 8.02. NOTICE OF DEFAULT. The Governmental Unit agrees to give the Trustee, the Insurer and the Commission prompt written notice if any petition, assignment, appointment or possession referred to in Section 8.01(c), 8.01(f) and 8.01(g) is filed by or against the Governmental Unit or of the occurrence of any other event or condition which constitutes a Default or an Event of Default, or with the passage of time or the giving of notice would constitute an Event of Default, immediately upon becoming aware of the existence thereof. The Trustee shall also give immediate notice to the Insurer of an Event of Default hereunder.

SECTION 8.03. REMEDIES ON DEFAULT. Whenever any Event of Default referred to in Section 8.01 hereof (other than an Event of Default described in Section 8.01(a)(2) hereof) shall have happened and be continuing, (i) the Commission or the Trustee, but only with the written consent of the Insurer, or (ii) the Insurer shall, in addition to any other remedies herein or by law provided, have the right, at its or their option without any further demand or notice, to take such steps and exercise such remedies as provided in Section 7.02 of the Indenture, and, without limitation, one or more of the following:

(a) Declare all Loan Payments of the Governmental Unit, in an amount equal to the Optional Prepayment Price applicable on the date of payment, and all other amounts due hereunder, to be immediately due and payable, and upon notice to the Governmental Unit the same shall become immediately due and payable by the Governmental Unit without further notice or demand. No such
acceleration shall occur without the prior written consent of the Bond Insurer.

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

Whenever any Event of Default referred to in Section 8.01(a)(2) hereof shall have happened and be continuing, the Liquidity Provider shall, in addition to any other remedies herein or by law provided, have the right, at its option without any further demand or notice, to take whatever other action at law or in equity may appear necessary or desirable to collect amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder. The foregoing provisions shall not be construed to limit any right of the Liquidity Provider to exercise any other rights it may have under this Agreement or at law or in equity; provided, however, that the Liquidity Provider shall have no right to accelerate the Loan.

SECTION 8.04. ATTORNEYS' FEES AND OTHER EXPENSES. The Governmental Unit shall on demand pay to the Commission, the Trustee, the Liquidity Provider, and the Insurer, the reasonable fees and expenses of attorneys and other reasonable expenses incurred by any of them in the collection of Loan Payments or any other sums due or the enforcement of performance of any other obligations of the Governmental Unit hereunder upon an Event of Default. The provisions of this Section 8.04 shall survive the termination of this Loan Agreement and the payment in full of the Governmental Unit's obligations hereunder.

SECTION 8.05. NO REMEDY EXCLUSIVE; WAIVER, NOTICE. No remedy herein conferred upon or reserved to the Commission, the Insurer or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Commission, the Insurer or the Trustee to exercise any remedy reserved to it in this Article VIII, it shall not be necessary to give any notice other than such notice as may be required in this Article VIII.
SECTION 8.06. BOND INSURANCE GENERALLY. Payments with respect to Basic Payments disbursed by the Insurer from proceeds of the Credit Facility shall not be considered to discharge the obligation of the Governmental Unit as set forth in Section 5.02 hereof, and the Insurer shall become the subrogated to the rights of the Commission and the Trustee in accordance with the tenor of the assignment made to it under the provisions of this Section or otherwise. Irrespective of whether any such assignment is executed and delivered, the Commission and the Trustee hereby agree for the benefit of the Insurer that they recognize that to the extent the Insurer makes payments on account of Basic Payments, the Insurer will be subrogated to the rights of the Commission and the Trustee to receive the amount of such Basic Payments from the Governmental Unit, with interest thereon as provided in Section 5.01 hereof, and will otherwise treat the Insurer as the owner thereof of such rights to receive the amount of such Basic Payments.

All amounts received under the Credit Facility shall be used solely for the payment of Basic Payments.

Notwithstanding any other provision hereof, so long as the Insurer is not in default under the Credit Facility, the Trustee shall not exercise any power hereunder, which is otherwise wholly within its discretion, to advance the normal maturity of the Loan or to exercise any other remedy available to it hereunder following an Event of Default without the prior written approval of the Insurer. The Trustee shall waive an Event of Default hereunder only upon the written direction of the Insurer.
ARTICLE IX

MISCELLANEOUS

SECTION 9.01. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by first-class mail, registered or certified mail, postage prepaid, to the parties at the following addresses:

The Commission: Sunshine State Governmental Financing Commission
P.O. Box 14923
Tallahassee, FL 32317
Attention: Program Administrator
Telephone: (904) 878-1874
Teletype: (904) 878-2053

The Governmental Unit: Orange County Library District
201 South Rosalind Avenue
Orlando, Florida 32802
Attention:
Telephone: (407) 896-7390
Teletype: (407)

The Trustee: Bankers Trust Company
Four Albany Street
New York, NY 10006
Telephone:
Teletype:

The Insurer: [To come]

The Liquidity Provider: [To come]
Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 9.02. BINDING EFFECT. This Loan Agreement shall inure to the benefit of and shall be binding upon the Commission and the Governmental Unit and their respective successors and assigns.

SECTION 9.03. SEVERABILITY. In the event any provision of the Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 9.04. AMENDMENTS, CHANGES AND MODIFICATIONS. This Loan Agreement may be amended by the Commission and the Governmental Unit as provided in the Indenture; provided, however, that no such amendment shall be effective unless it shall have been consented to in writing by the Trustee, the Insurer, and, to the extent provided in Sections 10.04 and 10.05 of the Indenture, the Liquidity Provider.

SECTION 9.05. EXECUTION IN COUNTERPARTS. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.06. APPLICABLE LAW. This Loan Agreement shall be governed by and construed in accordance with the law of the State of Florida.

SECTION 9.07. BENEFIT OF OWNERS; INSURER AND LIQUIDITY PROVIDER; COMPLIANCE WITH INDENTURE. This Loan Agreement is executed in part to induce the purchase by others of the Notes, the issuance by the Insurer of the Credit Facility and the issuance by the Liquidity Provider of the Liquidity Facility. Accordingly, all covenants, agreements and representations on the part of the Governmental Unit and the Commission, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the Owners from time to time of the Notes, the Insurer and the Liquidity Provider. The Governmental Unit covenants and agrees to do all things within its power in order to comply with and to enable the Commission to comply with all requirements and to fulfill and to enable the Commission to fulfill all covenants of the Indenture.
SECTION 9.08. CONSENTS AND APPROVALS. Whenever the written consent or approval of the Commission shall be required under the provisions of this Loan Agreement, such consent or approval may be given by an Authorized Representative of the Commission or such other additional persons provided by law or by rules, regulations or resolutions of the Commission.

SECTION 9.09. IMMUNITY OF OFFICERS, EMPLOYEES AND MEMBERS OF COMMISSION, GOVERNMENTAL UNIT, AND LIQUIDITY PROVIDER. No recourse shall be had for the payment of the principal of or premium or interest hereunder or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement against any past, present or future officer, member, employee, director or agent of the Commission, the Governmental Unit or the Liquidity Provider as such, either directly or through the Commission, the Governmental Unit, the Liquidity Provider, or respectively, any successor public or private corporation thereto under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement.

SECTION 9.10. CAPTIONS. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of sections of this Loan Agreement.

SECTION 9.11. NO PECUNIARY LIABILITY OF COMMISSION OR GOVERNMENTAL UNIT. No provision, covenant or agreement contained in this Loan Agreement, or any obligation herein imposed upon the Commission or the Governmental Unit, or the breach thereof, shall constitute an indebtedness or liability of the State or any political subdivision of the State or any public corporation or governmental agency existing under the laws thereof other than the Commission and the Governmental Unit. In making the agreements, provisions and covenants set forth in this Loan Agreement, the Commission has not obligated itself except with respect to the application of the revenues, income and all other property as derived herefrom, as hereinabove provided.

SECTION 9.12. PAYMENTS DUE ON HOLIDAYS. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, shall be other than on a Business Day such payments shall be made
or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement.
IN WITNESS WHEREOF, the Sunshine State Governmental Financing Commission has caused this Loan Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers and the Orange County Library District has caused this Loan Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attached by its duly authorized officers. All of the above occurred as of the date first above written.

SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION

ATTEST:

By_______________________ By_______________________
Secretary Chairman
ORANGE COUNTY LIBRARY DISTRICT

[SEAL]

By__________________________
Title:

ATTESTED BY:

______________________________

Approved as to form and legality this ___ day of ____, 1998.

By:_____________________________
   Attorney
EXHIBIT A

USE OF LOAN PROCEEDS

DIVISION I

DESCRIPTION OF PROJECT TO BE ACQUIRED OR CONSTRUCTED

<table>
<thead>
<tr>
<th>Description of Items</th>
<th>Allocated Loan Amount</th>
</tr>
</thead>
</table>

Improvements to Library
DIVISION II

DESCRIPTION OF PROJECT ACQUIRED OR CONSTRUCTED FOR WHICH GOVERNMENTAL UNIT WILL BE REIMBURSED

<table>
<thead>
<tr>
<th>Description of Item</th>
<th>Dated Acquired</th>
<th>Allocated Loan Amount</th>
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</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DIVISION III

DESCRIPTION OF PROJECT FINANCED WITH INDEBTEDNESS BEING RETIRED OR REFINANCED

<table>
<thead>
<tr>
<th>Description of Item</th>
<th>Type of Debt</th>
<th>Allocated Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A-2
EXHIBIT B
FORM OF CERTIFIED RESOLUTION
EXTRACT OF MINUTES

At a duly called meeting of the [Insert name of Governing Board] (the "Board") of [Insert name of Governmental Unit] held on the ___ day of ____________, _______ at ____________, there were at, all times present the following members constituting a quorum of the Board ____________

At said meeting ________________ introduced and moved the adoption of the following Resolution:

NO. _______

A RESOLUTION OF [INSERT NAME OF GOVERNMENTAL UNIT] AUTHORIZING THE NEGOTIATION OF ONE OR MORE LOANS IN AN AGGREGATE AMOUNT NOT TO EXCEED [$00,000,000] FROM THE SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION; APPROVING THE EXECUTION AND DELIVERY OF ONE OR MORE LOAN AGREEMENTS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH THE MAKING OF SUCH LOANS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, [Insert Name of Governmental Unit] (the "Governmental Unit") together with other participating counties and cities (the "Members") have created the Sunshine State Governmental Financing Commission (the "Commission") pursuant to a certain Interlocal Agreement and Chapter 163, Part I, Florida Statutes, for the purpose of issuing its revenue bonds and commercial paper to make loans to participating members for qualified projects; and

WHEREAS, the Commission will issue its $000,000,000 Sunshine State Governmental Financing Commission Taxable Commercial Paper Revenue Notes (Governmental Financing Program) (the "Notes"), and has agreed to make a loan (the "Loan") to the Governmental Unit; and

WHEREAS, the Governmental Unit will apply the proceeds of the Loan to [insert description].
NOW, THEREFORE, BE IT RESOLVED BY [INSERT NAME OF GOVERNING BODY OF GOVERNMENTAL UNIT], as follows:

SECTION 1. The Chairman and Secretary are hereby authorized and directed to execute and deliver a Loan Agreement, to be entered into by and between the Governmental Unit and the Commission in substantially the form attached hereto as Exhibit A with such changes, insertions and omissions as may be approved by the Chairman and the Secretary, the execution thereof being conclusive evidence of such approval.

SECTION 2. The amount of the Loan to the Governmental Unit evidenced by the Loan Agreement shall not exceed [$00,000,000]. Such Loan shall be made at a discount which shall include the Governmental Unit's Initial Excess Interest Amount (as defined in the Loan Agreement) and the costs of issuance incurred by the Commission and the Governmental Unit and shall bear interest and shall be repayable according to the terms and conditions set forth in the Loan Agreement authorized pursuant to Section 1 hereof with such changes, insertions and omissions as may be approved by the Chairman and the Secretary.

SECTION 3. The Chairman and the Secretary or any other appropriate officers of the Governmental Unit are hereby authorized and directed to execute any and all certifications or other instruments or documents required by this Resolution, the Loan Agreement or any other document required by the Commission as a prerequisite or precondition to making the Loan, and any such representation made therein shall be deemed to be made on behalf of the Governmental Unit. All action taken to date by the officers of the Governmental Unit in furtherance of the issuance of the Notes and the making of the Loan is hereby approved, confirmed and ratified.

SECTION 4. No such Loan Agreement shall be executed until the Governmental Unit shall have received all disclosure information required by Chapter 218, Florida Statutes.

SECTION 5. In accordance with the provisions of Section 218.385, Florida Statutes, the Governmental Unit hereby determines that a negotiated sale is in the best interest of the Governmental Unit and hereby approves the negotiation of the loan with the Commission. Negotiation of the loan will allow the Governmental Unit of access markets not otherwise accessible to the Governmental
Unit for borrowing less than $_______ million at total costs and rates favorable to the Governmental Unit.

SECTION 6. This Resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED by the [Insert Name of Governing Body] of the [Insert Name of Governmental Unit] at a meeting held on the ___ day of __________, 199__.

By:__________________________

(SEAL)

ATTEST:

__________________________
Motion to adopt the foregoing Resolution was seconded by ________________, put to a vote and carried. The members of the Board voted as follows:

AYE:  

NAY:  

Thereupon the Chairman declared the motion carried and the Resolution adopted. The Secretary was instructed to enter the following proceedings upon the minutes of the Board.

The undersigned further certifies that the above Resolution has not been repealed or amended and remains in full force and effect.

WITNESS my hand and seal of the [Governing Board] of ______ ______ this ____ day of ________________, ______.

________________________
Secretary

[SEAL]

EXHIBIT A - DRAFT OF LOAN AGREEMENT
EXHIBIT C

FORM OF OPINION OF GOVERNMENTAL UNIT'S COUNSEL

[Letterhead of Counsel to Governmental Unit]

[Date of the Closing]

Sunshine State Governmental Financing
Commission
Tallahassee, Florida

Bankers Trust Company
New York, New York

[Insurer]

Gentlemen:

We are counsel to the Orange County Library District, Florida (the "Governmental Unit"), and have been requested by the Governmental Unit to give this opinion in connection with the loan by the Sunshine State Governmental Financing Commission (the "Commission") to the Governmental Unit of funds to finance all or a portion of the cost of certain projects (the "Projects") as defined in, and as described in Exhibit A of the Loan Agreement, dated as of the date hereof (the "Loan Agreement"), between the Commission and the Governmental Unit.

In this connection, we have reviewed such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including applicable laws, and resolutions adopted by the Governmental Unit, the Loan Agreement, and an Amended and Restated Trust Indenture dated as of February 1, 1998 (the "Indenture") between the Commission and Bankers Trust Company, as trustee (the "Trustee"). Based on such review, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

(a) The Governmental Unit is a special district duly organized and existing under the laws of the State of Florida. The Governmental Unit has the legal right and all requisite power and
authority to enter into the Loan Agreement and to consummate the transactions contemplated thereby and otherwise to carry on its activities and own its property.

(b) The Governmental Unit has power to enter into the Loan Agreement and to purchase or construct the Project and/or receive reimbursement for the costs of the acquisition or construction thereof and/or refinance the indebtedness to be refinanced with the proceeds of the loan and has been duly authorized to execute and deliver the Loan Agreement and to purchase or construct the Project and/or receive reimbursement for the costs of the acquisition or construction thereof and/or refinance the indebtedness to be refinanced with the proceeds of the loan under the terms and provisions of a resolution of the Governmental Unit.

(c) The Governmental Unit has duly authorized, executed and delivered the Loan Agreement and the Loan Agreement (including, but not limited to the terms and provisions of Section 2.02(a) thereof) constitutes a legal, valid and binding obligation of the Governmental Unit enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, reorganization, insolvency and other similar laws affecting enforceability of creditors' rights generally and to the application of equitable principles if equitable remedies are sought. The foregoing notwithstanding, the covenant to budget and appropriate as contained in Section 2.02(a) of the Loan Agreement (but not including any pledge of Additional Security) does not create any lien upon or pledge of the Non-Ad Valorem Revenues superior to claims of general creditors of the Governmental Unit determined and liquidated as to amount prior to the time an appropriated amount is deposited in the Funds and Accounts created pursuant to the Indenture nor does it preclude the Governmental Unit from pledging in the future its Non-Ad Valorem Revenues, to the extent the Governmental Unit is in compliance with the provisions of Exhibit E to the Loan Agreement, nor does it require the Governmental Unit to levy and collect any particular Non-Ad Valorem Revenues. However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated in the Loan Agreement, has the effect of making available for the payment of the obligations of the Governmental Unit the Non-Ad Valorem Revenues of the Governmental Unit placed in such Funds and Accounts and placing on the Governmental Unit a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations under its Loan Agreement; subject, however, in all respects to the restrictions of Section 166.241, Florida Statutes,
which makes it unlawful for any municipality to expend moneys not appropriated and in excess of such municipality's current budgeted revenues. The obligation of the Governmental Unit to make such payments from its Non-Ad Valorem Revenues is subject to the availability of money in the treasury of the Governmental Unit and funding requirements for essential services of the Governmental Unit; however, such obligation is cumulative and would carry over from Fiscal Year to Fiscal Year.

(d) Neither the execution and delivery of the Loan Agreement, the consummation of the transactions contemplated thereby, the purchase or construction of the Project or the reimbursement for costs of the acquisition or construction thereof or the refinancing of the indebtedness to be refinanced with the proceeds of the loan nor the fulfillment of or compliance with the terms and conditions of the Loan Agreement conflicts with or results in a breach of or default under any of the terms, conditions or provisions of any agreement, contract or other instrument, or law, ordinance, regulation, or judicial or other governmental order, to which the Governmental Unit is now a party or it or its properties is otherwise subject or bound, and the Governmental Unit is not otherwise in violation of any of the foregoing in a manner material to the transactions contemplated by the Loan Agreement.

(e) There is no litigation or legal or governmental action, proceeding, inquiry or investigation pending or, to the best of our knowledge, threatened by governmental authorities or to which the Governmental Unit is a party or of which any property of the Governmental Unit is subject, which has not been disclosed in writing to the Commission, or to [the Insurer] which would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Loan Agreement or (ii) otherwise materially adversely affect the ability of the Governmental Unit to comply with its obligations under the Loan Agreement or the transactions contemplated by such documents or (iii) materially and adversely affect the properties, prospects or condition (financial or otherwise) of the Governmental Unit or the corporate existence of the Governmental Unit.

Very truly yours,
EXHIBIT D

SCHEDULE OF LOAN PAYMENTS

Sunshine State Governmental Financing Commission
Orange County Library District
Commercial Paper Revenue Notes
$5,000,000 Loan Amount

Interest shall be due and payable at the times and in amounts set forth in Section 5.01 and 5.02 of the Loan Agreement.
EXHIBIT E

SPECIAL COVENANTS AND FINANCIAL RATIOS

Pursuant to Section 2.02(a) hereof, the Governmental Unit has covenanted and agreed to budget and appropriate in its annual budget, by amendment, if required, and to pay when due directly into the appropriate Fund or Account created in the Indenture, sufficient amounts of Non-Ad Valorem Revenues of the Governmental Unit or other legally available funds sufficient to satisfy the Loan Payment as required hereunder. The amount budgeted and appropriated for interest due hereunder shall be based upon an assumed interest rate equal to (i) the greater of 120% of (a) the average rate of interest for the 12-month period ending May 31 (or if such Loan has not been outstanding for such period, for such period as the Loan has been outstanding) or (b) the interest rate for the Interest Period (calculated on a monthly basis) ending in May of such year or (ii) such lower rate as may be approved in writing by the Insurer and filed with the Commission and the Governmental Unit.

The obligation of the Governmental Unit pursuant to Section 2.02(a) includes an obligation to make amendments to the budget of the Governmental Unit to assure compliance with the terms and provisions thereof. If during any Interest Period (calculated on a monthly basis) the Loan Rate (if continued until the end of the Fiscal Year) would cause the total remaining Loan Payments to exceed the amounts budgeted for such purposes, the Government Unit covenants and agrees to analyze the estimated average Loan Rate for the next four (4) weeks. If by the end of such four-week period, the Loan Rate (if continued until the end of the Fiscal Year) would cause the total remaining Loan Payments to exceed the amounts budgeted for such purposes the Governmental Unit will initiate all necessary procedures to amend its budget. The assumed interest rate used in such budget amendment will be based upon 120% of the highest average monthly Loan Rate during the past three Loan Payment Periods.

As additional security for this Loan, the Governmental Unit further covenants that pursuant to the Interlocal Agreement Regarding Loan to Finance Satellite Branches, attached hereto as Exhibit I (the “Orange County Library District Interlocal Agreement”), it shall pay to the Commission as Loan Payments all funds budgeted and appropriated by Orange County, Florida to the “Payment Account” to pay “Account Deficiencies” as defined in and
under the terms of the Orange County Library District Interlocal Agreement.

ADDITIONAL DEBT

The Governmental Unit may incur additional debt secured by all or a portion of the Non-Ad Valorem Revenues only if the total amount of Non-Ad Valorem Revenues for the prior fiscal year were at least 2.00 times the maximum annual debt service of all debt (including all long-term financial obligations appearing on the Governmental Unit's most recent audited financial statements and the debt proposed to be incurred) to be paid from Non-Ad Valorem Revenues (collectively, "Debt"), including any Debt payable from one or several specific revenue sources.

For purposes of calculating maximum annual debt service if the terms of the Debt are such that interest thereon for any future period of time is to be calculated at a rate which is not then susceptible of precise determination ("Variable Rate Debt"), interest on such Variable Rate Debt shall be computed as follows:

(a) if the principal amount of Variable Rate Debt (including any Variable Rate Debt proposed to be incurred) is less than or equal to 25% of the principal amount of all Debt (including the Debt proposed to be incurred), an interest rate equal to the higher of 12% per annum or The Bond Buyer 40 Index shall be assumed; or

(b) if the principal amount of Variable Rate Debt (including any Variable Rate Debt proposed to be incurred) is more than 25% of the principal amount of all Debt (including the Debt proposed to be incurred), the maximum rate which could be borne by such Variable Rate Debt shall be assumed.

For purposes of calculating maximum annual debt service, this Loan shall be assumed to amortize in up to 20 years on a level debt service basis. In the event that the Governmental Unit is required to fund a reserve fund, the funding of such reserve fund shall be included in the calculation of debt service.

E-2
EXHIBIT F

DRAW SCHEDULE

_____, 1998 $5,000,0000
EXHIBIT G

INSURANCE COMMITMENT

[Attach commitment letter signed by Insurer and Governmental Unit]
EXHIBIT H

INVESTMENT SECURITIES

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(2) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA"; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation Securities;

(3) Direct obligations of any State of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation;
(4) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;

(5) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;

(6) Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than $3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(7) Investments in money-market funds rated "AAAm" or AAAm-G" by Standard & Poor's Corporation;

(8) Repurchase agreements collateralized by Direct Obligations, GNMAs, FNMAs or FHLMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:

a. a master repurchase agreement or specific written repurchase agreement governs the transaction; and

b. the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $50 million or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance
Company, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the trustee; and

d. the repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

e. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%. 

H-3
EXHIBIT B TO THE RESOLUTION

DRAFT OF TAX REGULATORY AGREEMENT
TAX REGULATORY AGREEMENT

Among

SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION,
ORANGE COUNTY LIBRARY DISTRICT
and
BANKERS TRUST COMPANY,
as Trustee

Dated as of _______, 1998

Executed as Part of the Proceedings for the
Authorization and Issuance of:

$5,000,000
Sunshine State Governmental Financing Commission
Tax-Exempt Commercial Paper Revenue Notes
(Governmental Financing Program)
# TAX REGULATORY AGREEMENT

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**APPENDIX I**

EXCEPTIONS TO REBATE
TAX REGULATORY AGREEMENT

THIS TAX REGULATORY AGREEMENT is made and dated as of ______, 1998 (this "Tax Regulatory Agreement") by and among the SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION (the "Issuer"), the ORANGE COUNTY LIBRARY DISTRICT (the "Governmental Unit") and BANKERS TRUST COMPANY, as trustee, and its successors or assigns (the "Trustee") (Any capitalized term used in these recitals and the preamble shall have the same meaning assigned thereto in Article I hereof);

W I T N E S S E T H:

WHEREAS, the Issuer has authorized the issuance of $7,500,000 aggregate principal amount of its Sunshine State Governmental Financing Commission Commercial Paper Revenue Notes (Governmental Financing Program) (the "Notes") for the purpose of making a loan to the Governmental Unit (the "Loan"); and

WHEREAS, the Issuer and the Governmental Unit have entered into a Loan Agreement dated as of ______, 1998 (the "Loan Agreement") pursuant to which the Issuer will lend the proceeds of the Notes to the Governmental Unit for the following purposes:

(i) to pay the cost of acquiring certain capital equipment and constructing certain capital facilities for use by the Governmental Unit, as further described in Exhibit A to the Loan Agreement (the "Project");

(ii) to pay the premium for a bond insurance policy which will guarantee the Governmental Unit's payment obligations under the Loan Agreement;

(iii) to pay the Initial Excess Interest Amount; and

(iv) to pay the costs of issuing the Notes and Loan.

WHEREAS, the Issuer and the Governmental Unit have determined that the issuance, sale and delivery of the Notes and the execution and delivery of the Loan Agreement are necessary to finance the Project; and

WHEREAS, this Tax Regulatory Agreement has been entered into by the Issuer, the Governmental Unit and the Trustee to ensure compliance with the provisions of the Internal Revenue Code of
1986, as amended (the "Code"), and the regulations promulgated thereunder; and

WHEREAS, to ensure that interest on the Notes and the Loan will be and remain excludable from gross income under the Code, the restrictions contained in this Tax Regulatory Agreement must be satisfied;

NOW THEREFORE, the Issuer, the Governmental Unit and the Trustee hereby agree as follows:
ARTICLE I
DEFINITIONS

Section 1.1 Definitions. The following words and phrases shall have the following meanings. Any capitalized word or term used herein but not defined herein shall have the same meaning given in the hereinafter defined Indenture or the Loan Agreement.

"Average Economic Life" means the average reasonably expected economic life of the assets to be financed with the proceeds of the Loan as defined in Section 147(b) of the Code.

"Average Maturity" means the average maturity of the Loan as defined in Section 147(b) of the Code.

"Bond Counsel" means the law firm or firms with expertise in public finance delivering their approving opinions with respect to the issuance of and for the exclusion from federal income taxation of interest on the Notes.

"Bond Year" means the one year period that ends at the close of business on the day in the calendar year that is selected by the Governmental Unit. The first and last Bond Years may be short periods.

"Computation Date" means the last day of any Bond Year ending on or before the first Installment Computation Date, and, after the first Installment Computation Date, either the last day of each subsequent Bond Year or each fifth Bond Year must be consistently treated as a Computation Date. The Final Computation Date is the date that the Loan is discharged.

"Computation Period" means the period between Computation Dates. The first Computation Period begins on the Delivery Date and ends on the first Computation Date. Each subsequent Computation Period begins on the date immediately following the Computation Date and ends on the next Computation Date.

"Costs of Issuance" means all costs incurred in connection with the issuance of the Notes and the Loan.
"Credit Enhancement" means bond insurance, a bond purchase agreement or a letter of credit with respect to the Notes or the Loan.

"Credit Enhancer" means the party providing the Credit Enhancement.

"Delivery Date" means ______, 1998.

"Fair Market Value" shall have the meaning set forth in the Regulations.

"Gross Proceeds of the Loan" shall mean any proceeds of the Loan and any funds (other than the proceeds of the Loan) that are a part of a reserve or replacement fund for the Loan, which amounts include amounts which are (A) actually or constructively received by the Governmental Unit from the issuance of the Loan; (B) treated as transferred proceeds (as defined in Section 1.148-9(b) of the Regulations); (C) treated as Replacement Proceeds under Section 1.148-1(c) of the Regulations; (D) invested in a reasonably required reserve or replacement fund (as defined in Section 1.148-2(f) of the Regulations); (E) pledged by the Issuer or the Governmental Unit as security for payment of debt service on the Loan; (F) received with respect to obligations acquired with proceeds of the Loan; (G) used to pay debt service on the Loan; and (H) otherwise received as a result of investing any proceeds of the Loan. The determination of whether an amount is included within this definition shall be made without regard to whether the amount is credited to any fund or account established under the Loan Agreement or (except in the case of an amount described in (E) above) whether the amount is subject to the pledge of such instrument.

"Gross Proceeds of the Notes" shall mean any proceeds of the Notes and any funds (other than the proceeds of the Notes) that are a part of a reserve or replacement fund for the Notes, which amounts include amounts which are (A) actually or constructively received by the Issuer from the sale of the Notes; (B) treated as Transferred Proceeds (as defined in Section 1.148-9(b) of the Regulations); (C) treated as Replacement Proceeds under Section 1.148-1(c) of the Regulations; (D) invested in a reasonably required reserve or replacement fund (as defined in Section 1.148-2(f) of the Regulations); (E) pledged by the Issuer or the Governmental Unit as security for payment of debt service on the Notes; (F) received with respect to obligations acquired with
proceeds of the Notes; (G) used to pay debt service on the Notes; and (H) otherwise received as a result of investing any proceeds of the Notes. The determination of whether an amount is included within this definition shall be made without regard to whether the amount is credited to any fund or account established under the Indenture (as hereinafter defined) or (except in the case of an amount described in (E) above) whether the amount is subject to the pledge of such instrument.

"Indenture" means the Amended and Restated Trust Indenture dated as of February 1, 1998, between the Issuer and the Trustee, as amended or supplemented.

"Initial Excess Interest Amount" shall have the meaning ascribed thereto in Section 5.01 of the Loan Agreement.

"Installment Computation Date" shall mean a Computation Date that is not later than 5 years after the Delivery Date and subsequent Computation Dates which occur no later than 5 years after the immediately preceding Installment Computation Date.

"Loan Agreement" means the Loan Agreement between the Issuer and the Governmental Unit dated as of _____, 1998, as amended or supplemented.

"Loan Fund" means the trust fund created by that name under the Indenture.

"Non Arbitrage Certificate" means the Non Arbitrage Certificate executed by the Issuer and the Governmental Unit on the date hereof.

"Nongovernmental Person" means any person or entity other than a state or any local governmental unit of a state.

"Nonpurpose Investment" means any security or obligation defined in the Regulations applicable to the Loan and the Notes which becomes subject to the rebate provisions of Section 4 of this Tax Regulatory Agreement through operation of the Regulations.

"Note Fund" means the trust fund created by that name under the Indenture, within which is contained the General Account.

"Prohibited Payment Transaction" means any transaction to reduce the yield on the investment of Gross Proceeds of the Loan or
Gross Proceeds of the Notes in such a manner that the amount to be rebated to the Federal Government pursuant to Section 4.4 hereof is less than it would have been had the transaction been at arm's length and had the yield on the Loan and on the Notes not been relevant to either party.

"Rebate Amount" means, with respect to the Loan and the Notes, the rebate amount determined in accordance with Section 1.148-3 of the Regulations.

"Rebate Expert" means the entity chosen by the Issuer in accordance with Section 4.7 hereof to determine the amount of required deposits to the Rebate Fund, if any.

"Rebate Fund" means the trust fund created by that name hereunder.

"Regulation" or "Regulations" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury and applicable to the Loan and the Notes including Sections 1.148-0 through 1.148-11 relating to arbitrage compliance.

"Tax Regulatory Agreement" means this Tax Regulatory Agreement, as amended and supplemented.

"Yield" or "yield" means, except as specifically modified herein, the discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal, interest, and, in the case of a bond, fees paid and reasonably expected to be paid for a qualified guarantee, produces an amount equal to the present value of the aggregate issue price of the obligations as of the date of issue (for a bond) or the date of allocation to a bond issue (for an investment). For example, if an investment of $100 for one year results in a payment of $110.25 exactly one year later, then the Yield to maturity of the investment, based on semiannual compounding, is 10% because the future payment of $110.25 when discounted at 10% compounded semiannually equals the purchase price of $100.

Section 1.2 Reliance on Issuer and Governmental Unit Information. Bond Counsel and the Trustee shall be permitted to rely upon the contents of any certification, document or instructions provided pursuant to this Tax Regulatory Agreement and shall not be responsible or liable in any way for the accuracy of their contents or the failure of the Issuer or the Governmental Unit to deliver any required information.
ARTICLE II
CERTAIN REPRESENTATIONS BY THE Governmental Unit

Section 2.1 Description of the Project. The Governmental Unit hereby represents that the description of the Project set forth in Exhibit A to the Loan Agreement is true and accurate.

Section 2.2 Ownership and Use of Project. Except as may be permitted under Section 2.3, the Governmental Unit intends to own and operate the Project at all times during the term of the Notes. The Governmental Unit does not know of any reason why the Project will not be so used in the absence of (i) supervening circumstances not now anticipated by the Governmental Unit (ii) adverse circumstances beyond the Governmental Unit's control or (iii) obsolescence of such insubstantial parts or portions thereof as may occur as a result of normal use thereof. Except as may be permitted under Section 2.3 hereof, the Governmental Unit will not change the use, ownership or nature of any portion of the Project so long as any of the Notes are outstanding unless, in the written opinion of Bond Counsel, such change will not result in the inclusion of interest on the Notes in gross income of the owners for purposes of federal income taxation.

Section 2.3 Non-Private Activity Bonds.

(a) The Governmental Unit will not take or permit to be taken any action which would cause the Loan to be deemed a "private activity bond" under the Code. The Loan will be considered a "private activity bond" if more than 10% of the proceeds are used directly or indirectly in the business of a Nongovernmental Person (the "private business use test") and more than 10% of the debt service on the Loan is directly or indirectly (i) secured by any interest in property used in a private business or payments in respect of such property, or (ii) derived from payments with respect to property used in a private business. No more than 5% of any such private use and any such private security for the Loan may be unrelated to the Project. The Loan will also be considered a "private activity bond" if more than the lesser of 5% or $5,000,000 of the proceeds of the Loan are to be used (directly or indirectly) to make or finance loans to Nongovernmental Persons.

(b) As stated in paragraph (a) above, the Governmental Unit will not permit payment of the principal of or the interest on more
than 10% of the Loan (under the terms of the Loan or any underlying arrangement) to be directly or indirectly secured by any interest in property used or to be used for a private business use (or by any interest in payments in respect of such property), or to be derived from payments (whether or not to the Governmental Unit) in respect of property (or borrowed money) used or to be used for a private business use. In the event that proceeds of the Loan are to be used for any private business use that is not related (or is disproportionate) to any government use of such proceeds (and to payments, property, and borrowed money with respect to any such private business use) the preceding representation shall apply but not more than 5% (rather than 10%) of the Loan may be so secured. These requirements are referred to herein as the "private payment test."

(c) In determining whether the Loan meets the private payment test, the Governmental Unit will compare the present value of the payments taken into account to the present value of the debt service to be paid over the term of the Loan. Debt service will not include any amount to be paid from proceeds of the Loan. For example, debt service will not include accrued or capitalized interest or other amounts to be paid with proceeds of the Loan. The discount rate to be applied in such present value calculations shall be the Yield of the Loan as determined in accordance with Section 148 of the Code.

(d) Payments taken into account in determining whether the Loan meets the private payment test will include payments made for any private business use and payments in respect of property financed (directly or indirectly) with proceeds of the Loan. However, any payment that is properly allocable to the payment of ordinary or necessary expenses directly attributable to the operation and maintenance of the property financed with the proceeds of the Loan (other than general overhead or administrative expenses) will not be included as a payment taken into account. Similarly, payments by a person for use of proceeds will only be included to the extent that the present value of such payments does not exceed the present value of the debt service allocable to that person's use of proceeds. For example, if 10% of the proceeds of the Loan were used by a person, payments by such person would not be taken into account to the extent that the present value of such payments exceeded the present value of 10% of the debt service on the Loan.

(e) For purposes of the private payment test, certain incidental uses of a facility may be disregarded to the extent that
the proceeds of the Loan which result in the incidental use do not exceed 2-1/2% of the total proceeds of the Loan. The use of a facility by a person will be treated as an incidental use if such use does not involve the transfer to such person of possession and control in space that is separated physically from other areas of the facility and is not related to any other use of the facility by the same person. For example, use of space in common areas of an office building for coin-operated telephones, advertising displays, vending machines, or a newsstand or shoeshine stand may be disregarded.

(f) The Governmental Unit acknowledges that in determining whether all or any portion of the Project is used, directly or indirectly, in the trade or business of a Nongovernmental Person for purposes of the "private business use test," use of a portion of the Project by a Nongovernmental Person pursuant to a lease, management contract or other arrangement must be examined. A management contract or other arrangement between the Governmental Unit and a Nongovernmental Person with respect to the Project or any portion thereof will not result in the Project being used for federal income tax purposes in the trade or business of the Nongovernmental Person if the Governmental Unit complies with the guidelines set forth in I.R.S. Revenue Procedure 93-19.

Section 2.4. Federal Guarantee. The Loan is not and shall not become directly or indirectly "federally guaranteed." Unless otherwise excepted under Section 149(b) of the Code, the Loan will be considered "federally guaranteed" if (i) the payment of the principal and interest with respect to the Loan is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (ii) 5% or more of the proceeds of the Loan is (A) to be used in making loans, the payment of principal or interest on which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or (B) to be invested in federally insured deposits or accounts, or (iii) the payment of principal or interest on the Loan is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

Section 2.5 Economic Life of Project. The Average Maturity of the Loan does not exceed 120% of the Average Economic Life of the facilities comprising the Project within the meaning of Section 147(b) of the Code.
Section 2.6  **Representations by the Governmental Unit for Purposes of IRS Form 8038-G.** Section 149(e) of the Code requires as a condition to qualification for tax exemption that the Governmental Unit provide to the Secretary of the Treasury certain information with respect to the Loan and the application of the proceeds derived therefrom. The following representations of the Governmental Unit will be relied upon by Bond Counsel in assisting the Governmental Unit in satisfying this information reporting requirement. Accordingly, the Governmental Unit hereby certifies, to the best of its knowledge, to the truth and accuracy of (a) through (r) below:

<table>
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<th>Representation</th>
<th>Value</th>
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<tr>
<td>(a) Governmental Unit's employer identification number</td>
<td></td>
</tr>
<tr>
<td>(b) Number of 8038-G reports previously filed by the Governmental Unit this calendar year</td>
<td>-0-</td>
</tr>
<tr>
<td>(c) Issue price of the Loan</td>
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</tr>
<tr>
<td>(d) Proceeds used for Accrued Interest</td>
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</tr>
<tr>
<td>(e) Costs of Issuance, including costs paid by Governmental Unit</td>
<td>$________</td>
</tr>
<tr>
<td>(f) Reserve Fund deposits</td>
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<td>(g) Proceeds used for Credit Enhancement</td>
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<td>(h) Refunding Proceeds</td>
<td>-0-</td>
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<tr>
<td>(i) Nonrefunding Proceeds</td>
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<tr>
<td>(j) Date of final maturity of the Loan</td>
<td></td>
</tr>
<tr>
<td>(k) Interest Rate on the final maturity of the Loan</td>
<td>Variable rate</td>
</tr>
<tr>
<td>(l) Issue price of the final maturity of the Loan</td>
<td>$________</td>
</tr>
<tr>
<td>(m) Stated redemption price at maturity of the final maturity of the Loan</td>
<td>$________</td>
</tr>
<tr>
<td>(n) Stated redemption price at maturity of the entire issue of the Loan</td>
<td>$________</td>
</tr>
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</table>
(o) Weighted average maturity of the entire Loan

(p) Yield on the Loan

(q) Net interest cost for the Loan

(r) CUSIP Number of Loan

___ years

Variable rate

Variable rate

None

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ARTICLE III

USE OF LOAN PROCEEDS

Section 3.1 Anticipated Use of Proceeds. The Governmental Unit covenants, represents and warrants for the benefit of the Issuer and Trustee that the proceeds of the Loan will be used in the manner set forth in Paragraph 3(b) of the Non Arbitrage Certificate executed in connection with the issuance of the Loan.

Section 3.2 Certification as to Costs of the Project. The Governmental Unit hereby certifies, with respect to the amount shown in Paragraph 3(b)(v) of the Non Arbitrage Certificate, that such amount consists only of amounts which are directly related to and necessary for the Project and do not exceed the amount necessary to accomplish the Project by more than one percent (1%).

Section 3.3 Reimbursement. Except for preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs, proceeds of the Loan will not be used to reimburse the Governmental Unit for Project costs paid prior to the date that the Issuer approved the Loan to the Governmental Unit.
ARTICLE IV

ARBITRAGE

Section 4.1 Arbitrage Representations. Pursuant to the issuance of the Loan and the Notes, the Governmental Unit and the Issuer hereby represent, certify and warrant as follows:

(a) The Basic Payment component of the Governmental Unit's Loan Payment will be deposited in a separate subaccount of the General Account of the Note Fund and will be used to pay the principal of and interest on the Notes. The Basic Payment component of the Loan Payments will be spent within a 13-month period beginning on the date of deposit, and any amount received from investment of such amount held in the Note Fund will be spent within a 13-month period beginning on the date of receipt. The separate subaccount of the General Account of the Note Fund into which the Basic Payment component of the Governmental Unit's Loan Payment is deposited will be depleted at least once per year, except for a reasonable carryover amount not in excess of the greater of (A) the earnings on such subaccount for the immediately preceding Bond Year or (B) 1/12th of the debt service on the Notes for the immediately preceding Bond Year. The Issuer and Governmental Unit hereby direct the Trustee to take any and all actions provided for by the Indenture and this Tax Regulatory Agreement in order to effectuate this Section 4.1.(a).

(b) The Indenture creates a separate subaccount of the General Account of the Note Fund into which the Governmental Unit's Initial Excess Interest Amount will be deposited. The Initial Excess Interest Amount will be used to pay interest on the Notes in the event that other moneys in the Note Fund are insufficient therefor. To the extent that any of the Initial Excess Interest Amount is so used, the Governmental Unit shall replenish the balance on the immediately succeeding Loan Payment Date. As long as the amount of the Initial Excess Interest Amount does not exceed the least of (i) maximum annual debt service on the Notes; (ii) 125% of the average annual debt service on the Notes; or (iii) 10% of the proceeds of the Notes, such amount may be invested without regard to Yield limitation. Investments of the Initial Excess Interest Amount are subject to the rebate requirements described in this Article IV. If the Initial Excess Interest Amount exceeds the limit described above, such excess must be invested at no more than the Yield on the Notes.
(c) Proceeds of the Loan deposited in the Loan Fund will be used to pay costs of the Project and Costs of Issuance within three years of the Delivery Date. Within six months of the Delivery Date, the Governmental Unit will have incurred a substantially binding obligation to expend at least $1,000,000 toward the cost of the Project, and the Governmental Unit will proceed with due diligence to complete the construction and acquisition of the Project and to allocate the proceeds of the Loan to the costs of the Project. The Governmental Unit reasonably expects that at least 85% of the proceeds of the Loan (excluding the Initial Excess Interest Amount) will be allocated to Project expenditures within three years of the date hereof. During the three year period commencing on the Delivery Date, amounts deposited in the Loan Fund, including the earnings thereon, may be invested at an unrestricted yield. After such three year period, any amounts remaining on deposit in the Loan Fund will be invested in obligations that bear a yield not in excess of 1/8 of 1 percentage point over the yield of the Notes. All investments in the Loan Fund are subject to the rebate requirements of this Article IV.

(e) To the extent that any Loan proceeds or other amounts described in this Section 4.1 are not permitted to be invested at an unrestricted yield, the Governmental Unit and Issuer shall either cause the appropriate amount of yield reduction payments to be made to the United States (to the extent permitted by Section 1.148-5(c) of the Regulations) or direct the Trustee to invest such restricted yield amounts in tax-exempt obligations under Section 103(a) of the Code the interest on which is not an item of tax preference within the meaning of Section 57(a)(5) of the Code.

(f) In connection with the Loan, the Governmental Unit has not created or established and the Governmental Unit does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in the Indenture), including, without limitation, any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the Loan or the Notes or any contract securing the Loan or the Notes or any arrangement providing for compensating or minimum balances to be maintained by the Governmental Unit with any Owner of the Notes or with the Credit Enhancer for the Loan or the Notes.

(g) On the Delivery Date, the Governmental Unit and the Issuer will execute a Non Arbitrage Certificate which sets forth their reasonable expectations as to the investment of proceeds of the Loan and the Notes. The Governmental Unit and the Issuer will take all necessary actions to assure that the investment of the
Loan proceeds, Note proceeds and other amounts in the funds and accounts described herein will at all times comply with the investment limitations described in such Non-Arbitrage Certificate.

(h) With respect to the investment of any Gross Proceeds of the Loan and the Gross Proceeds of the Notes and the disposition of any such investment, the Governmental Unit and the Issuer will comply with the provisions of Section 1.148-5(d)(6) of the Regulations relating to Fair Market Value of investments, including those provisions related to investment contracts and certificates of deposit. The Governmental Unit will adopt a reasonable and consistently applied method of accounting for the investment and expenditure of Gross Proceeds of the Loan. The Issuer will adopt a reasonable and consistently applied method of accounting for the investment and expenditure of the Gross Proceeds of the Notes. In addition, the Governmental Unit and the Issuer agree not to engage in any Prohibited Payment Transaction with respect to the Gross Proceeds of the Loan or the Gross Proceeds of the Notes.

Section 4.2 Arbitrage Compliance. The Governmental Unit and the Issuer acknowledge that the continued exclusion of interest on the Notes from gross income of the owners thereof for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 4.4 below. The Governmental Unit and the Issuer hereby agree and covenant that they shall not permit at any time or times any of the proceeds of the Loan or the Notes or other funds of the Governmental Unit or the Issuer to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Loan or the Notes to be "arbitrage bonds" for purposes of Section 148 of the Code. The Governmental Unit and the Issuer further agree and covenant that they shall do and perform all acts and things necessary in order to ensure that the requirements of Section 148 of the Code are met. To that end, the Governmental Unit and the Issuer are hereby instructed to take the actions described in Sections 4.3 through 4.7 below with respect to Gross Proceeds of the Loan and Gross Proceeds of the Notes on deposit in the funds and accounts established under the Indenture. At the written direction of the Governmental Unit (with respect to Gross Proceeds of the Loan) or the Issuer (with respect to Gross Proceeds of the Notes), the Trustee shall make the required transfers and dispositions described in Section 4.5 below.

Section 4.3 Creation of Rebate Fund. The Governmental Unit and the Issuer hereby direct the Trustee to establish a separate
fund known as the Rebate Fund to receive the deposits of the Rebate Amount.

Section 4.4 Calculation of Rebate Amount. In order to meet the rebate requirement of Section 148(f) of the Code with respect to the Loan and the Notes, the Governmental Unit and the Issuer covenant to take the following actions:

(a) For each investment of amounts held with respect to the Loan and the Notes in (i) the Loan Fund, (ii) the Note Fund, and (iii) any other fund or account in which may be deposited Gross Proceeds of the Loan or Gross Proceeds of the Notes, the Governmental Unit, the Issuer or the Trustee shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date. The Rebate Expert described in Section 4.7 hereof shall determine the Yield for each such investment by using the method of computation set forth in the Regulations.

(b) For each Computation Period, the Rebate Expert is to compute the Yield on the Notes (which shall also be the yield on the Loan) as required by Section 1.148-4(c) of the Regulations based on the definition of issue price contained in Section 148(h) of the Code and Sections 1.148-1(b) and 1.148-4(c)(2)(iv) of the Regulations. For purposes of this Tax Regulatory Agreement, the issue price of the Notes is $5,000,000. Any reasonable amounts paid for Credit Enhancement may generally be treated as interest on the Notes for purposes of Yield computation to the extent permitted by the Regulations.

(c) Subject to the special rules set forth in (d) and (e) below, the Governmental Unit and the Issuer shall cause the Rebate Expert to determine the Rebate Amount with respect to all investments described in (a) above, other than investments in obligations described in Section 103(a) of the Code the interest on which is not an item of tax preference within the meaning of Section 57(a)(5) of the Code, as of each Installment Computation Date. In addition, where Nonpurpose Investments are retained by the Trustee, the Governmental Unit or the Issuer after retirement of the Loan and the Notes, any unrealized gains or losses as of the date of retirement of the Loan and the Notes must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.
(d) Notwithstanding anything in this Section 4.4 to the contrary, if the gross earnings from the investments held in the separate subaccount of the General Account of the Loan Fund into which the Basic Component of the Loan Payment is deposited for the Bond Year in question are less than the investment limit specified in Section 148(f)(4) of the Code, then any amount earned on such subaccount for such Bond Year shall not be taken into account in determining the Rebate Amount. For purposes of this subsection (d), the term "gross earnings" means the aggregate amount earned on the Nonpurpose Investments in which the Gross Proceeds deposited to such subaccount of the General Account of the Note Fund are invested, including amounts earned on such earnings. As of the date of this Tax Regulatory Agreement, Section 148(f)(4) of the Code sets $100,000 of "gross earnings" as the investment limit in order to be eligible for the exception described in this subsection (d).

(e) Notwithstanding anything in this Section 4.4 to the contrary, if one or more of the Spending Exceptions to Rebate described in Appendix I to this Agreement apply to all or a portion of the Gross Proceeds of the Loan or the Gross Proceeds of the Notes, such proceeds (or portion thereof) need not be taken into account in determining the Rebate Amount.

(f) As of each Installment Computation Date and the Final Computation Date, the Governmental Unit and the Issuer shall cause the Rebate Expert to calculate the Rebate Amount for the investments described in (a) and (c) above. The Rebate Amount shall be reduced by the future value as of the Computation Date of any amount which has previously been paid to the United States pursuant to Section 4.5 below.

(g) Within 30 days of each Installment Computation Date and the Final Computation Date, the Governmental Unit shall cause the Rebate Amount to be deposited with the Trustee for deposit in the Rebate Fund.

Section 4.5 Payment to United States of America.

(a) Within 60 days after each Installment Computation Date, the Trustee shall pay to the United States of America, an amount equal to not less than the excess of (i) 90% of the sum of the balance, if any, in the Rebate Fund at such time plus the future value as of the Computation Date of all previous payments made to the United States of America, over (ii) the future value as of the Computation Date of all previous payments made to the United States of America. The Trustee shall pay to the United States of America,
not later than 60 days after the Final Computation Date, 100% of the Rebate Amount as of such Final Computation Date less all previous payments made to the United States of America.

(b) Each payment of an installment shall be mailed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. Each payment shall be accompanied by a copy of the Form 8038-T.

(c) The Governmental Unit may direct that any overpayment of rebate may be recovered from any Rebate Amount previously paid to the United States of America under any procedure that may be permitted by the Code or the Regulations.

Section 4.6 Recordkeeping. In connection with the rebate requirement, the Trustee shall maintain the following records:

(a) The Trustee shall record all amounts paid to the United States of America pursuant to Section 4.5 hereof. The Trustee shall furnish to the Issuer and the Governmental Unit copies of any materials filed with the Internal Revenue Service pertaining thereto and shall provide the Issuer and the Governmental Unit with all records in its possession that the Issuer, the Governmental Unit or the Rebate Expert may request relating to the calculation of any Rebate Amount.

(b) The Trustee shall retain records of the rebate calculations until six years after the retirement of the last obligation of the Notes.

(c) The Trustee shall keep and record the data described in Section 4.4 hereof pertaining to the investment of the Gross Proceeds of the Loan and Gross Proceeds of the Notes.

Section 4.7 Rebate Expert.

(a) The Issuer shall appoint a Rebate Expert and any successor Rebate Expert for the Loan and the Notes, subject to the conditions set forth in this Section 4.7. The Rebate Expert and each successor Rebate Expert shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, under which such Rebate Expert will agree to discharge its duties pursuant to this Tax Regulatory Agreement in a manner consistent with prudent industry practice.

(b) The Rebate Expert may at any time resign and be discharged of the duties and obligations created by this Tax Regulatory Agreement by giving notice to the Issuer, the Governmental
Unit and the Trustee. The Rebate Expert may be removed at any time, by an instrument signed by the Issuer and filed with the Governmental Unit and the Trustee. If the Rebate Expert at any time resigns or is removed and the Trustee has not, within thirty (30) days following the Trustee's receipt of notice of such resignation or removal (or within ten (10) days of any date on which the Rebate Expert is to submit a report to the Trustee pursuant to this Tax Regulatory Agreement, if sooner), received notice of the appointment of a successor Rebate Expert, the Trustee shall immediately notify the Issuer and the Governmental Unit that no successor Rebate Expert has yet been appointed and the Trustee may, with notice to the Issuer and the Governmental Unit, appoint a successor Rebate Expert; provided, however, that the Trustee shall have no duty to make such an appointment.

(c) Each successor Rebate Expert appointed pursuant to this Section 4.7 shall be either a firm of independent certified public accountants, Bond Counsel or another entity experienced in calculating rebate payments required by Section 148(f) of the Code.

(d) The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the opinions, calculations, determinations, directions and advice of the Rebate Expert. The Governmental Unit hereby agrees to pay the fees of the Rebate Expert.
ARTICLE V

TERM OF TAX REGULATORY AGREEMENT

This Tax Regulatory Agreement shall be effective from the date of issuance of the Notes through the date that the last Note is redeemed or paid pursuant to the terms of the Indenture.
ARTICLE VI

AMENDMENTS

Notwithstanding any other provision hereof, any provision of this Tax Regulatory Agreement may be deleted or modified at any time at the option of the Governmental Unit, with the consent of the Issuer, if the Governmental Unit has provided to the Trustee and the Issuer an opinion, in form and substance satisfactory to the Trustee and the Issuer, of Bond Counsel that such deletion or modification will not adversely affect the exclusion of interest on the Notes from the gross income of the owners thereof for purposes of federal income taxation.
ARTICLE VII

MISCELLANEOUS

It is expressly understood that the arbitrage rebate requirements set forth in Article IV of this Tax Regulatory Agreement are based on the final regulations published by the Internal Revenue Service on June 18, 1993. Should the Internal Revenue Service amend or modify such regulations and such amendments or modifications were to apply to the Loan and the Notes, the Rebate Expert will compute the Rebate Amount pursuant to the regulations as amended or modified.
ARTICLE VIII

EVENTS OF DEFAULT, REMEDIES

Section 9.1 Events of Default. The failure of any party to this Tax Regulatory Agreement to perform any of its required duties under any provision hereof shall constitute an Event of Default under this Tax Regulatory Agreement and under the Indenture.

Section 9.2 Remedies for an Event of Default. Upon an occurrence of an Event of Default under Section 9.1 hereof, and the continuance of such failure for 30 days after notice from the Trustee, the Issuer or the Trustee may in its discretion, proceed to protect and enforce their rights and the rights of the owners of the Notes by pursuing any available remedy under the Indenture or the Loan Agreement or by pursuing any other available remedy, including, but not limited to, a suit at law or in equity.
IN WITNESS WHEREOF, the Issuer, the Governmental Unit and the Trustee have caused this Tax Regulatory Agreement to be executed in their respective names and by their proper officers thereunto duly authorized, all as of the day and year first written above.

[SEAL]

SUNSHINE STATE GOVERNMENTAL FINANCING COMMISSION

By________________________
Chairman

Attest:

________________________
Secretary

[Signatures Continued On Next Page]
GOVERNING BOARD OF THE ORANGE COUNTY LIBRARY DISTRICT

By __________________________
Chairman

Attest:

___________________________
Secretary

[Signatures Continued On Next Page]
BANKERS TRUST COMPANY, as Trustee

By: ______________________
   Title: __________________

Attest:

__________________________
Title: ____________________
Appendix I

Spending Exceptions to Rebate

(a) Generally. All, or certain discrete portions, of an issue are treated as meeting the Rebate Requirement of Section 148(f) of the Code if one or more of the spending exceptions set forth in this Appendix are satisfied. Use of the spending exceptions is not mandatory, except that where an issuer elects to apply the 1-1/2 percent penalty (as described below) the issuer must apply that penalty to the Construction Issue. An issuer may apply the Rebate Requirement to an issue that otherwise satisfies a spending exception. Special definitions relating to the spending exceptions are contained in section (h) of this Appendix.

Where several obligations that otherwise constitute a single issue are used to finance two or more separate governmental purposes, the issue constitutes a "multipurpose issue" and the bonds, as well as their respective proceeds, allocated to each separate purpose may be treated as separate issues for purposes of the spending exceptions. In allocating an issue among its several separate governmental purposes, "common costs" are generally not treated as separate governmental purposes and must be allocated ratably among the discrete separate purposes unless some other allocation method more accurately reflects the extent to which any particular separate discrete purpose enjoys the economic benefit (or bears the economic burden) of the certain common costs (e.g., a newly funded reserve for a parity issue that is partially new money and partially a refunding for savings on prior bonds).

Separate purposes include refunding a separate prior issue, financing a separate Purpose Investment (e.g., a separate loan), financing a Construction Issue, and any clearly discrete governmental purpose reasonably expected to be financed by the issue. In addition, as a general rule, all integrated or functionally related capital projects qualifying for the same initial temporary period (e.g., 3 years) are treated as having a single governmental purpose. Finally, separate purposes may be combined and treated as a single purpose if the proceeds are eligible for the same initial temporary period (e.g., advance refundings of several separate prior issues could be combined, or several non-integrated and functionally unrelated capital projects such as airport runway improvements and a water distribution system).
The spending exceptions described in this Appendix are applied separately to each separate issue component of a multipurpose issue unless otherwise specifically noted.

(b) Six-Month Exception. An issue is treated as meeting the Rebate Requirement under this exception if (i) the gross proceeds of the issue are allocated to expenditures for the governmental purposes of the issue within the six-month period beginning on the issue date (the "six-month spending period") and (ii) the Rebate Requirement is met for amounts not required to be spent within the six-month spending period (excluding earnings on a bona fide debt service fund). For purposes of the six-month exception, "gross proceeds" means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six-month spending period, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In the case of an issue no bond of which is a private activity bond (other than a qualified 501(c)(3) bond) or a tax or revenue anticipation bond, the six-month spending period is extended for an additional six months for the portion of the proceeds of the issue which are not expended within the six-month spending period if such portion does not exceed the lesser of five percent of the Proceeds of the issue or $100,000.

(c) 18-Month Exception. An issue is treated as meeting the Rebate Requirement under this exception if all of the following requirements are satisfied:

(i) the gross proceeds are allocated to expenditures for a governmental purpose of the issue in accordance with the following schedule (the "18-month expenditure schedule") measured from the issue date: (A) at least 15 percent within six months, (B) at least 60 percent within 12 months and (C) 100 percent within 18 months;

(ii) the Rebate Requirement is met for all amounts not required to be spent in accordance with the 18-month expenditure schedule (other than earnings on a bona fide debt service fund); and
(iii) all of the gross proceeds of the issue qualify for the initial temporary period under Treasury Regulation Section 1.148-2(e)(2).

For purposes of the 18-month exception, "gross proceeds" means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the 18-month expenditure schedule, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In addition, for purposes of determining compliance with the first two spending periods, the investment proceeds included in gross proceeds are based on the issuer's reasonable expectations as of the issue date rather than the actual Investment Proceeds; for the third, final period, actual Investment Proceeds earned to date are used in place of the reasonably expected earnings. An issue does not fail to satisfy the spending requirement for the third spending period above as a result of a Reasonable Retainage if the Reasonable Retainage is allocated to expenditures within 30 months of the issue date. The 18-month exception does not apply to an issue any portion of which is treated as meeting the Rebate Requirement as a result of satisfying the two-year exception.

(d) Two-Year Exception. A Construction Issue is treated as meeting the Rebate Requirement for Available Construction Proceeds under this exception if those proceeds are allocated to expenditures for governmental purposes of the issue in accordance with the following schedule (the "two-year expenditure schedule"), measured from the issue date:

(i) at least 10 percent within six months;

(ii) at least 45 percent within one year;

(iii) at least 75 percent within 18 months; and

(iv) 100 percent within two years.

An issue does not fail to satisfy the spending requirement for the fourth spending period above as a result of unspent amounts for Reasonable Retainage if those amounts are allocated to expenditures within three years of the issue date.
(e) Expenditures for Governmental Purposes of the Issue. For purposes of the spending exceptions, expenditures for the governmental purposes of an issue include payments for interest, but not principal, on the issue and for principal or interest on another issue of obligations. The preceding sentence does not apply for purposes of the 18-month and two-year exceptions if those payments cause the issue to be a refunding issue.

(f) De Minimis Rule. Any failure to satisfy the final spending requirement of the 18-month exception or the two-year exception is disregarded if the issuer exercises due diligence to complete the project financed and the amount of the failure does not exceed the lesser of three percent of the issue price of the issue or $250,000.

(g) Elections Applicable to the Two-Year Exception. An issuer may make one or more of the following elections with respect to the two-year spending exception:

1. Earnings on Reasonably Required Reserve or Replacement Fund. An issuer may elect on or before the issue date to exclude from Available Construction Proceeds the earnings on any reasonably required reserve or replacement fund. If the election is made, the Rebate Requirement applies to the excluded amounts from the issue date.

2. Actual Facts. For the provisions relating to the two-year exception that apply based on the issuer's reasonable expectations, an issuer may elect on or before the issue date to apply all of those provisions based on actual facts. This election does not apply for purposes of determining whether an issue is a Construction Issue and if the 1-1/2 percent penalty election is made.

3. Separate Issue. For purposes of the two-year exception, if any proceeds of any issue are to be used for Construction Expenditures, the issuer may elect on or before the issue date to treat the portion of the issue that is not a refunding issue as two, and only two, separate issues, if (i) one of the separate issues is a Construction Issue, (ii) the issuer reasonably expects, as of the issue date, that such Construction Issue will finance all of the Construction Expenditures to be financed by the issue and (iii) the issuer makes an election to apportion the issue in which it identifies the amount of the issue price of the issue allocable to the Construction Issue.
(4) Penalty in Lieu of Rebate. An issuer of a Construction Issue may irrevocably elect on or before the issue date to pay a penalty (the "1-1/2 percent penalty") to the United States in lieu of the obligation to pay the rebate amount on Available Construction Proceeds upon failure to satisfy the spending requirements of the two-year expenditure schedule. The 1-1/2 percent penalty is calculated separately for each spending period, including each semiannual period after the end of the fourth spending period, and is equal to 1.5 percent times the underexpended proceeds as of the end of the spending period. For each spending period, underexpended proceeds equal the amount of Available Construction Proceeds required to be spent by the end of the spending period, less the amount actually allocated to expenditures for the governmental purposes of the issue by that date. The 1-1/2 percent penalty must be paid to the United States no later than 90 days after the end of the spending period to which it relates. The 1-1/2 percent penalty continues to apply at the each of each spending period and each semiannual period thereafter until the earliest of the following: (i) the termination of the penalty under Treasury Regulation Section 1.148-7(1), (ii) the expenditure of all of the Available Construction Proceeds or (iii) the last stated final maturity date of bonds that are part of the issue and any bonds that refund those bonds. If an issue meets the exception for Reasonable Retainage except that all retainage is not spent within three years of the issue date, the issuer must pay the 1-1/2 percent penalty to the United States for any Reasonable Retainage that was not so spent as of the close of the three-year period and each later spending period.

(h) Special Definitions Relating to Spending Expenditures.

(1) Available Construction Proceeds shall mean, with respect to an issue, the amount equal to the sum of the issue price of the issue, earnings on such issue price, earnings on amounts in any reasonably required reserve or replacement fund not funded from the issue and earnings on all of the foregoing earnings, less the amount of such issue price in any reasonably required reserve or replacement fund and less the issuance costs financed by the issue. For purposes of this definition, earnings include earnings on any tax-exempt bond. For the first three spending periods of the two-year expenditure schedule described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the issue date. For the fourth spending period described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the actual earnings received. Earnings on any reasonably required reserve or replacement fund are Available Construction Proceeds.
only to the extent that those earnings accrue before the earlier of (i) the date construction is substantially completed or (ii) the date that is two years after the issue date. For this purpose, construction may be treated as substantially completed when the issuer abandons construction or when at least 90 percent of the total costs of the construction that the issuer reasonably expects as of such date will be financed with proceeds of the issue have been allocated to expenditures. If only a portion of the construction is abandoned, the date of substantial completion is the date the non-abandoned portion of the construction is substantially completed.

(2) Construction Expenditures shall mean capital expenditures (as defined in Treasury Regulation Section 1.150-1) that are allocable to the cost of Real Property or Constructed Personal Property. Construction Expenditures do not include expenditures for acquisitions of interest in land or other existing Real Property.

(3) Construction Issue shall mean any issue that is not a refunding issue if (i) the issuer reasonably expects, as of the issue date, that at least 75 percent of the Available Construction Proceeds of the issue will be allocated to Construction Expenditures for property owned by a governmental unit or a 501(c)(3) organization and (ii) any private activity bonds that are part of the issue are qualified 501(c)(3) bonds or private activity bonds issued to financed property to be owned by a governmental unit or a 501(c)(3) organization.

(4) Constructed Personal Property shall mean Tangible Personal Property or Specially Developed Computer Software if (i) a substantial portion of the property is completed more than six months after the earlier of the date construction or rehabilitation commenced and the date the issuer entered into an acquisition contract; (ii) based on the reasonable expectations of the issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the issuer) could not have occurred within that six-month period; and (iii) if the issuer itself builds or rehabilitates the property, not more than 75 percent of the capitalizable cost is attributable to property acquired by the issuer.

(5) Real Property shall mean land and improvements to land, such as buildings or other inherently permanent structures, including interests in real property. For example, Real Property includes wiring in a building, plumbing systems, central heating or
air-conditioning systems, pipes or ducts, elevators, escalators installed in a building, paved parking areas, roads, wharves and docks, bridges, and sewage lines.

(6) Reasonable Retainage shall mean an amount, not to exceed five percent of (i) Available Construction Proceeds as of the end of the two-year expenditure schedule (in the case of the two-year exception to the Rebate Requirement) or (ii) Net Sale Proceeds as of the end of the 18-month expenditure schedule (in the case of the 18-month exception to the Rebate Requirement), that is retained for reasonable business purposes relating to the property financed with the issue. For example, a Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the issuer reasonably determines that a dispute exists regarding completion or payment.

(7) Specially Developed Computer Software shall mean any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to Real Property or other Constructed Personal Property.

(8) Tangible Personal Property shall mean any tangible personal other than Real Property, including interests in tangible personal property. For example, Tangible Personal Property includes machinery that is not a structural component of a building, subway cars, fire trucks, automobiles, office equipment, testing equipment, and furnishings.

(i) Special Rules Relating to Refundings.

(1) Transferred Proceeds. In the event that a prior issue that might otherwise qualify for one of the spending exceptions is refunded, then for purposes of applying the spending exceptions to the prior issue, proceeds of the prior issue that become transferred proceeds of the refunding issue continue to be treated as unspent proceeds of the prior issue; if such unspent proceeds satisfy the requirements of one of the spending exceptions then they are not subject to rebate either as proceeds of the prior issue or of the refunding issue. Generally, the only spending exception applicable to refunding issues is the six-month exception. In applying the six-month exception to a refunding of a prior issue, only transferred proceeds of the refunding issue from a taxable prior issue and other amounts excluded from the definition of gross proceeds of the prior issue under the special
definition of gross proceeds contained in section (b) above are
treated as gross proceeds of the refunding issue and so are subject
to the six-month exception applicable to the refunding issue.

(2) Series of Refundings. In the event that an issuer
undertakes a series of refundings for a principal purpose of
exploiting the difference between taxable and tax-exempt interest
rates, the six-month spending exception is measured for all issues
in the series commencing on the date the first bond of the series
is issued.

(j) Elections Applicable to Pool Bonds. An issuer of a
pooled financing issue can elect to apply the spending exceptions
separately to each loan from the date such loan is made or, if
earlier, on the date one year after the date the pool bonds are
issued. In the event this election is made, no spending exceptions
are available and the normal Rebate Requirement applies to Gross
Proceeds prior to the date on which the applicable spending periods
begin. In the event this election is made, the issuer may also
elect to make all elections applicable to the two-year spending
exception, described in section (g) above, separately for each
loan; any such elections that must ordinarily be made prior to the
issue date must then be made by the issuer before the earlier of
the date the loan is made or one year after the issue date.