RESOLUTION

of the

ORANGE COUNTY LIBRARY DISTRICT GOVERNING BOARD

regarding the

LINE OF CREDIT NOTE TO FINANCE BRANCH LIBRARIES

Resolution No. 98-M-48

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

SECTION 1. FINDINGS, SALE OF 1998 NOTE, AND AUTHORIZATION OF PROJECT.

(A) The Orange County Library District (the "District"), pursuant to the provisions of the Florida Constitution; Chapter 80-555, Laws of Florida, as amended and supplemented by any other applicable provisions of law (all of the foregoing, collectively, the "Act"), is entitled to issue bonds, revenue bonds, tax or bond anticipation notes or other forms of indebtedness;

(B) In response to a request for letters of interest by the District regarding an intended borrowing in the approximate amount of Four Million Dollars ($4,000,000) to finance the acquisition and construction of various branch libraries throughout the District and to reimburse the District for certain building improvement costs previously incurred by the District (the "Project"), NationsBank, N.A. (the "Lender") has proposed a financing in accordance with the terms of the Lender's October 2, 1998 proposal and its commitment letter, attached hereto as Exhibit "A," (collectively, the "Proposal");

(C) In accordance with the Proposal, the Lender is willing to purchase the District's $4,000,000 LINE OF CREDIT NOTE (the "1998 Note") on the terms set forth in the Proposal and documented in the form of a Loan Agreement between the District and the Lender, attached hereto as Exhibit "B" (the "Loan Agreement") (inclusive of the form of 1998 Note attached thereto);
(D) The District hereby accepts the Lender's Proposal and the District has determined under Section 218.385, Florida Statutes, that it is in its best interest, taking all pricing factors of the transaction into consideration and given the size of the proposed borrowing, to sell the 1998 Note to the Lender in a negotiated-sale fashion;

(E) The Project is appropriately undertaken by the District under the Act and the District hereby authorizes the Project and the capital expenditures necessary to complete the Project;

(F) Unless otherwise defined herein, capitalized terms used in this Resolution shall have the meanings set forth in the Loan Agreement;

(G) In addition to the pledge of District non-ad valorem revenues provided under this Resolution, the Note shall be secured by a covenant to budget and appropriate non-ad valorem revenues of Orange County, Florida (the "County"), in accordance with and limited to the terms of the Interlocal Agreement to Finance Branch Libraries attached hereto as Exhibit "C" (the "Interlocal Agreement"); and

(H) On August 4th, 1998, the Governing Board approved Resolution 98-____ (the "Prior Resolution") and the "Interlocal Agreement Regarding Loan to Finance Branch Libraries" between the District and the County (the "Prior Interlocal Agreement"), authorizing the participation of the District in the commercial paper pool program of the Sunshine State Governmental Financing Commission (the "Commission") to finance the construction of branch libraries throughout the District. For reasons unrelated to the District's participation in the Commission's commercial paper pool program, the Commission was unable to obtain a judicial validation of the notes to be issued to provide loan proceeds to the District within the District's time requirements. Therefore, the District, with the consent of the Commission and Orange County, has elected to withdraw from participation in the Commission's commercial paper pool program by repudiation of the Prior Resolution and Prior Interlocal Agreement.

SECTION 2. AUTHORIZATION BY THE DISTRICT OF FORM OF LOAN AGREEMENT AND 1998 NOTE.

The District hereby authorizes the Chairman of the Governing Board of the District (the "Chairman") to execute and deliver and the District Clerk of the Governing Board of the District (the "Clerk") to attest, on behalf of the District, the Loan Agreement substantially in the form attached hereto as Exhibit "B" and the 1998 Note in the form attached to the Loan Agreement made by the District to the order of the Lender, with such changes, insertions and additions as they may approve, their execution thereof being evidence of such approval. The authorization of execution given herein includes the authorization of the District to allow the Chairman or her respective designees to execute and deliver, and the Clerk or her respective designees to attest, any requested documents on behalf of the District with respect to the issuance of the 1998 Note.
SECTION 3. COVENANT TO BUDGET AND APPROPRIATE TO SECURE THE 1998 NOTE.

Until the 1998 Note is paid or deemed paid pursuant to the provisions of the Loan Agreement, the District hereby covenants to appropriate in its annual budget, by amendment if necessary, from non-ad valorem revenues lawfully available in each fiscal year of the District, with the exception of such revenues that are designated by the District for services and programs which are for an essential public purpose affecting the health, welfare and safety of the inhabitants of the District or which are legally mandated by applicable laws (the "Non-Ad Valorem Revenues"), in which principal of or interest on the 1998 Note becomes due and payable, amounts sufficient, together with other available moneys, to pay the principal of and interest on the 1998 Note, as the same becomes due (whether by redemption, at maturity or otherwise). Such covenant and agreement on the part of the District to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments hereunder and under the 1998 Note shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the District, the District does not covenant to maintain any services or programs, now provided or maintained by the District, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the District from pledging in the future its Non-Ad Valorem Revenues, nor does it require the District to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Noteholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the District. Such covenant to appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available for the payment of the principal of and interest on the 1998 Note in the manner described herein Non-Ad Valorem Revenues and placing on the District a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder.

SECTION 4. ESTABLISHMENT OF PAYMENT ACCOUNT.

There is hereby created an account of the District which shall be designated the "Payment Account." The Payment Account shall be maintained by the District. No later than the tenth day prior to each Loan Payment Date (or the immediately succeeding Business Day if such date is not a Business Day), the District shall deposit into the Payment Account Non-Ad Valorem Revenues in an amount sufficient to pay the Loan Payment which is due and owing under the Loan Agreement on such Loan Payment Date. In addition to Non-Ad Valorem Revenues, the District may, in its sole discretion, deposit into the Payment Account any revenues other than Non-Ad Valorem Revenues legally available to pay Loan Payments. If, on the fifth day preceding the Loan Payment Date (or
the immediately succeeding Business Day if such date is not a Business Day), the amounts on deposit in the Payment Account are not sufficient to pay the Loan Payment which is due and owing on the next succeeding Loan Payment Date, the District shall provide the Lender and the County with written notice of such deficiency and request the County to deposit an amount equal to such deficiency into the Payment Account pursuant to the Interlocal Agreement. On each Loan Payment Date, the District shall disburse from the Payment Account to the Lender, by electronic wire transfer, an amount equal to the Loan Payment which is due on such Loan Payment Date. The Payment Account established herein is being created by the District for administrative purposes and the Non-Ad Valorem Revenues deposited into the Payment Account pursuant to this Resolution or the Interlocal Agreement shall secure the Loan Payments due and owing under the 1998 Note.

SECTION 5. AUTHORIZATION BY THE DISTRICT OF FORM OF AGREEMENT.

The District hereby authorizes the Chairman to execute and deliver and the Clerk to attest on behalf of the District, the Interlocal Agreement in substantially the form attached hereto as Exhibit "C," with such changes, insertions and additions as they may approve, their execution thereof being evidence of such approval.

SECTION 6. AUTHORIZATION OF OTHER DOCUMENTS TO EFFECTUATE TRANSACTION.

To the extent that other documents, certificates, opinions, or items are needed to effectuate any of the transactions referenced in this Resolution, the Loan Agreement or the 1998 Note and the security therefor, the Chairman (or her respective designee) is hereby authorized to execute and deliver and the Clerk (or her respective designee) is hereby authorized to attest on behalf of the District such documents, certificates, opinions, or other items and to take such other actions as are necessary for the full, punctual, and complete performance of the covenants, agreements, provisions, and other terms as are contained herein and in the documents included herein by reference.

SECTION 7. DESIGNATION OF 1998 NOTE AS BANK QUALIFIED.

The District has not issued in excess of $10,000,000 in tax-exempt debt during the 1998 calendar year nor does it expect to do so. The 1998 Note is hereby designated a "qualified tax-exempt obligation" as such term is defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

SECTION 8. LIMITED OBLIGATION.

The obligation of the District to repay amounts drawn under the Loan Agreement and 1998 Note is a limited and special obligation payable solely from the Non-Ad Valorem Revenues and in the manner set forth in the Loan Agreement and shall not be deemed a pledge of the faith and credit or taxing power of the District.
SECTION 9. REPEAL OF INCONSISTENT DOCUMENTS.

All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 10. EFFECT OF PARTIAL INVALIDITY.

If any one or more provisions of this Resolution or of the 1998 Note shall for any reason be held to the illegal or invalid, such illegality or invalidity shall not effect any other provision of this Resolution or of the 1998 Note, but this Resolution and the 1998 Note shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The 1998 Note shall be issued and this Resolution is adopted with the intent that the laws of the State of Florida shall govern their construction.

SECTION 11. REPEAL OF RESOLUTION AND REPUDIATION OF INSTRUMENTS CONCERNING LOAN FROM SUNSHINE STATE COMMERCIAL PAPER POOL PROGRAM.

The Governing Board hereby (i) repeals the Prior Resolution, (ii) repudiates and releases the County from the Prior Interlocal Agreement, and (iii) otherwise declares its intent to withdraw from participation in the Commission's commercial paper pool program and directs the Chairman, Clerk and staff to take all necessary actions to withdraw from such participation.

SECTION 12. EFFECTIVE DATE.

This Resolution shall take effect immediately upon its adoption; provided, however, to the extent that the Loan Agreement, the 1998 Note, or any other documents related to the matters set forth herein have been executed prior to the execution date of this Resolution, this Resolution shall be retroactive to the date of execution of such documents.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
PASSED AND ADOPTED this 20 day of October, 1998.

ORANGE COUNTY LIBRARY DISTRICT

By: Governing Board

By: [Signature]
Chairman

ATTEST: Martha O. Haynie, County Comptroller
As Clerk of the Governing Board

By: [Signature]
Deputy Clerk

October 16, 1998
EXHIBIT "A"

PROPOSAL OF LENDER
ORANGE COUNTY LIBRARY DISTRICT
PROPOSAL FOR FINANCING OF LIBRARY DISTRICT'S
BUILDING ACQUISITION
AND CONSTRUCTION PROGRAM

A. FIFTEEN YEAR TERM LOAN

1. Three (3) year line of credit

2. Fifteen (15) year term for each draw on line of credit

3. Are semi-annual payments (P&I) due on June 1, and December 1?

4. Is the proposal a firm commitment or not, if not explain.

This represents a commitment subject to include a loan
agreement with affirmative and negative covenants including
the receipt of annual audited financial statements 210
days after the fiscal year end, and a debt service coverage
ratio defined as follows: (excess revenues over expenses
including debt service over debt service) of at least 1.0:1.0 times.

5. Is a copy of loan documents included?

6. Can the loan be pre-paid without penalty, if not please explain?

7. Proposed interest rate (explain variable rate).

   Variable rate will be equal to LIBOR (30 days)
   times 79%, equivalent to an applicable rate as of 10/2/98
   of 4.25%

   Fixed rate for 30 days after credit agreement equal
to 4.0%. All draws hereafter to be priced at the 15 year
T-note minus 65 basis points
8. Are there any fees and expenses that are not included in the interest rate, if so please explain.

   Yes   No

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

9. Please list any contingencies.

   None

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

B. TEN YEAR TERM LOAN

1. Three (3) year line of credit

   X   __________

2. Ten (10) year term for each draw on line of credit.

   X   __________

3. Are semi-annual payments (P&I) due on June 1. and December 1?

   X   __________

4. Is the proposal a firm commitment or not, if not explain.
   Please reference question 4, part B, above.

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

   ____________________________________________________________________________

5. Is a copy of loan documents included?

   X

6. Can the loan be pre-paid without penalty, if not please explain?

   X
7. Proposed interest rate (explain variable rate).

Variable rate will be equal to 79% of 30 day LIBOR, currently the applicable rate equivalent to 4.25%.

Fixed rate equal to 4.0% for 30 days after execution of credit agreement and the 10 year T-note minus 65 basis points for remaining draws.

8. Are there any fees and expenses that are not included in the interest rate, If so please explain.

No

9. Please list any contingencies.

None

RESPONDENT:

NationsBank, N.A. 
Scott J. Wall
FIRM CONTACT PERSON

390 N. Orange Ave., Suite 7 Orlando, FL 32801-1640
ADDRESS

407-244-7069  407-620-2819 TELEPHONE FAX

Commercial Banking Officer

SIGNATURE TITLE
EXHIBIT "B"

LOAN AGREEMENT
LOAN AGREEMENT

Dated as of October__, 1998

By and Between

ORANGE COUNTY LIBRARY DISTRICT

(the "District")

and

NATIONS BANK, N.A.

(the "Lender")
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Exhibit "A" - Form of 1998 Note
LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Loan Agreement"), made and entered into this __ day of October, 1998, by and between ORANGE COUNTY LIBRARY DISTRICT, an independent special district created and established by the legislature of the State of Florida and its successors and assigns (the "District"), and NATIONSBANK, N.A., a national banking association, and its successors and assigns (the "Lender").

WITNESSETH:

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

WHEREAS, the District, pursuant to the provisions of the Florida Constitution, Chapter 80-555, Laws of Florida, as amended and supplemented, and any other applicable provisions of law (collectively, the "Act") and Resolution No. __________, passed by the Governing Board of the District on October __, 1998 is authorized to issue bonds, revenue bonds, tax or bond anticipation notes or other forms of indebtedness; and

WHEREAS, in response to a request for letters of interest by the District regarding an intended borrowing in the approximate amount of Four Million Dollars ($4,000,000) for the purpose of financing the acquisition and construction of various branch libraries throughout the District and to reimburse the District for certain building improvement costs previously incurred by the District, the Lender responded to the District's request for proposal on October 2, 1998; and

WHEREAS, the District has accepted the Lender's proposal and the Lender is willing to purchase the District's Revenue Line of Credit Note, Series 1998 in the aggregate principal amount of $4,000,000, but only upon the terms and conditions of this Loan Agreement;

NOW, THEREFORE, the parties hereto agree as follows:
ARTICLE I - DEFINITION OF TERMS

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

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

"Bond Counsel" shall mean, initially, Nabors, Giblin & Nickerson, P.A., Orlando, Florida, or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions which are retained by the District.

"Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which banks in Orlando, Florida are authorized or required to be closed.

"County" shall mean Orange County, Florida, a political subdivision of the State of Florida.

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

"Default Rate" shall mean the Prime Rate, provided that such rate shall not exceed the highest rate of interest allowed by applicable law.

"Determination of Taxability" shall mean, with respect to the 1998 Note, the circumstance that shall be deemed to have occurred if interest paid or payable on the 1998 Note becomes includable for federal income tax purposes in the gross income of the Noteholder as a consequence of any act, omission or event whatsoever, and regardless of whether the same was within or beyond the control of the District. A Determination of Taxability shall be deemed to have occurred upon: (a) the receipt by the District or a Noteholder of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency which holds that any interest payable on the 1998 Note is includable in the gross income of the Noteholder; (b) the issuance of any public or private ruling of the Internal Revenue Service that any interest payable on the 1998 Note is includable in the gross income of a Noteholder; or (c) receipt by the District or the Noteholder of an opinion of Bond Counsel to the effect that any interest on the 1998 Note has become includable in the gross income of the Noteholder for federal income tax purposes. For all purposes of this definition, a Determination of Taxability will be deemed to occur on the date as of which the interest on the 1998 Note is deemed includable in the gross income of the Noteholder. A Determination of Taxability shall not occur in the event such interest is taken into account in determining adjusted current earnings for the purpose of the alternative minimum tax imposed on corporations.

In the case of (a) and (b) above, no Determination of Taxability shall be deemed to occur unless the District has been given timely written notice that such a determination has been made by
the Internal Revenue Service and an opportunity to participate in and seek, at its own expense, a final administrative determination or determination by a court of competent jurisdiction (from which no further right of appeal exists) as to the existence of such event of taxability; provided that the District, at its own expense, delivers to the Lender an opinion of Bond Counsel acceptable to the Lender to the effect that such appeal or action for judicial or administrative review is not without merit and there is a reasonable possibility that the judgment, order, ruling or decision from which such appeal or action for judicial or administrative review is taken will be reversed, vacated or otherwise set aside.

"District" shall mean the Orange County Library District, a special independent district created by the legislature of the State of Florida.

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

"Final Maturity Date" shall mean the date on which all principal and all unpaid interest accrued on the 1998 Note shall be due and payable in full, which date shall be, if not sooner due as a result of the acceleration or prepayment of the 1998 Note, on August 1, 2010.

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

"Interlocal Agreement" shall mean that certain Interlocal Agreement Regarding Loan to Finance Branch Libraries between the County and the District, dated as of October __, 1998.

"Lender" shall mean NationsBank, N.A., and its successors and assigns.

"Loan" shall mean the aggregate outstanding principal amount of the 1998 Note and all accrued interest thereon.

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

"Loan Payment Date" shall mean February 1 and August 1 of each calendar year while the 1998 Note is outstanding, beginning on February 1, 1999.

"Loan Payments" means principal and interest, and other debt-related costs, due in connection with the 1998 Note.

"Maximum Corporate Tax Rate" shall mean (a) on the date of issuance of the 1998 Note, 35% and (b) thereafter, the maximum marginal rate of income tax imposed on corporations under Section 11 of the Code.
"1998 Note" shall mean the District’s $4,000,000 Orange County Library District Revenue Line of Credit Note, Series 1998.

"1998 Note Rate" shall mean the rate of interest to be borne by the 1998 Note, which shall be: (a) a fixed rate equal to 4.00% per annum from the date of issuance of the 1998 Note to the Final Maturity Date (unless (b) or (c) hereof apply), (b) following the occurrence and during the continuance of any Event of Default, the Default Rate; or (c) following a Determination of Taxability, the Taxable Rate; provided that such rate shall be subject to adjustment pursuant to Sections 3.03 and 3.04 hereof.

"Non-Ad Valorem Revenues" shall mean all legally available non-ad valorem revenues of the District which are deposited into the Payment Account, provided however, that such amount will not include such revenues that are designated by the District for services and programs which are for an essential public purpose affecting the health, welfare and safety of the inhabitants of the District or which are legally mandated by applicable laws.

"Noteholder" shall mean the Lender as the holder of the 1998 Note and any subsequent registered holder of the 1998 Note.

"Payment Account" shall mean that certain Payment Account created and established pursuant to the Resolution.

"Prime Rate" shall mean a rate of interest equal to the announced prime commercial lending rate per annum of the Lender. The Prime Rate is a reference rate for the information and use of the Lender in establishing the actual rate to be charged to the District. The Prime Rate is purely discretionary and is not necessarily the lowest or best rate charged any customer. The Prime Rate shall be adjusted from time to time without notice or demand as of the effective date of any announced change thereof.

"Project" shall mean, with respect to the 1998 Note, the financing of the acquisition and construction of various branch libraries throughout the District and to reimburse the District for certain building improvement costs previously incurred by the District.

"Resolution" shall mean Resolution No. __________, adopted at a meeting of the Governing Board of the District on October __, 1998 which, among other things, authorized and confirmed the borrowing of the Loan and execution and delivery of this Loan Agreement and the issuance of the 1998 Note and such supplementary or amending resolutions of the District as are satisfactory to the Lender.

"Taxable Rate" shall mean the Prime Rate less 0.5% per annum based upon a 360 day year of twelve (12) thirty (30) day months, or (if lower only) the maximum interest rate permitted by applicable law.
1.02 **Interpretation.** Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and *vice versa,* and words of the singular number shall be construed to include correlative words of the plural number and *vice versa.* Any capitalized terms used in this Loan Agreement not herein defined shall have the meaning ascribed to such terms in the Resolution. This Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

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

2.01  **Representations and Warranties of District.** The District represents and warrants to the Lender as follows:

(a)  **Existence.** The District is an independent special district created by the legislature of the State of Florida, duly created and validly existing under the laws of the State of Florida, with full power to enter into this Loan Agreement, to perform its obligations hereunder and to issue and deliver the 1998 Note to the Lender. The making, execution and performance of this Loan Agreement on the part of the District and the issuance and delivery of the 1998 Note have been duly authorized by all necessary action on the part of the District and will not violate or conflict with the Act, or any agreement, indenture or other instrument by which the District or any of its material properties is bound.

(b)  **Validity, Etc.** This Loan Agreement, the 1998 Note, the Interlocal Agreement and the Resolution is each a valid and binding obligation of the District enforceable against the District, in accordance with its terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium or similar laws relating to or from time to time affecting the enforcement of creditors' rights and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c)  **No Financial Material Adverse Change.** No financial material adverse change has occurred in the District since the last audited financial statement (for the fiscal year 1997) was prepared.

(d)  **Powers of District.** The District has the legal power and authority to covenant to budget and appropriate the Non-Ad Valorem Revenues.

(e)  **Bank Qualification.** The District has not issued in excess of $10,000,000 in tax-exempt debt during the 1998 calendar year nor does it expect to do so for the remainder of such period. The 1998 Note has been designated as a "qualified tax-exempt obligation" under Section 265(b)(3)(B) of the Code pursuant to the Resolution.

2.02  **Representations and Warranties of Lender.** The Lender represents and warrants to the District as follows:

(a)  **Existence, Etc.** The Lender is a national banking association, duly organized and validly existing under the laws of the United States of America, with full power to enter into this Loan Agreement, to perform its obligations hereunder and to make the Loan. The performance of this Loan Agreement on the part of the Lender and the making of the Loan have been duly authorized by all necessary action on the part of the Lender and will not
violate or conflict with applicable law or any material agreement, indenture or other instrument by which the Lender or any of its material properties is bound.

(b) **Validity.** This Loan Agreement is a valid and binding obligation of the Lender enforceable against the Lender in accordance with its terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium or similar laws relating to or from time to time affecting the enforcement of creditors' rights (and specifically creditors' rights as the same relate to national banks) and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c) **Knowledge and Experience.** The Lender (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of making the Loan and investing in the 1998 Note; (ii) has received and reviewed such financial information concerning the District as it has needed in order to fairly evaluate the merits and risks of making the Loan and investing in the 1998 Note; (iii) is an "accredited investor" as such term is defined in Regulation D to the Securities Act of 1933; and (iv) is purchasing the 1998 Note as an investment for its own account and not with a view toward resale to the public. The Lender will not transfer the 1998 Note except to other banks within its system.
ARTICLE III - THE NOTE AND THE LOAN

3.01 **The 1998 Note; Purpose and Use.** On the date of this Loan Agreement, the Lender shall purchase the 1998 Note for the principal amount of Four Million Dollars ($4,000,000). The proceeds of the 1998 Note shall be used for the Project and for such other purposes as set forth in the Resolution, if any.

3.02 **The 1998 Note.** The 1998 Note shall be substantially in the form set forth as Exhibit "A" to this Loan Agreement. The general terms of the 1998 Note shall be as follows:

(a) **Amount of 1998 Note.** The 1998 Note shall be for a principal amount equal to Four Million Dollars ($4,000,000).

(b) **Interest.** The 1998 Note shall bear interest at the applicable 1998 Note Rate. Upon the occurrence of one or more of the events specified in Sections 3.03 or 3.04 of this Loan Agreement, the 1998 Note Rate shall be adjusted as therein provided. Interest on the 1998 Note shall be computed on the basis of twelve (12) thirty (30) day months (i.e., a 360 day year).

(c) **Payments on the 1998 Note.** The repayment schedule (both principal and interest) for the 1998 Note shall be as set forth in the form of 1998 Note attached hereto as Exhibit “A.”

(d) **Prepayments.** The 1998 Note shall be subject to prepayment by the District prior to its maturity, without premium. Such prepayment shall be made on such date and in such principal amount as shall be specified by the District in a written notice delivered to the Noteholder not more than fifteen (15) and not less than five (5) days prior to the specified prepayment date. Any prepayments shall be applied to the sums last maturing under the 1998 Note.

3.03 **Adjustments to 1998 Note Rate.** In addition to the circumstance described in Section 3.04 of this Loan Agreement, the 1998 Note Rate shall be subject to adjustment by the Lender upon the occurrence each of the following events:

(a) **Loss of Federal Income Tax Deduction for State Income Taxes.** If the federal income tax deduction for state income taxes paid by the Lender on interest payments it receives under the 1998 Note, during any period such payments are received, is reduced because of any change in the tax laws or regulations and the Noteholder is then subject to payment of state income tax on the interest on the 1998 Note, then the 1998 Note Rate shall be increased during such period by an amount equal to A x B x C x D where:

(i) A equals the fraction (expressed as a decimal) of the total state income tax disallowed as a result of such tax law change;
(ii) B equals the rate of the applicable state income tax (expressed as a decimal);

(iii) C equals the maximum federal corporate tax rate then in effect for the Noteholder (expressed as a decimal); and

(iv) D equals the interest rate on the 1998 Note (expressed as a percentage).

(b) **Partial Taxability.** If, as a result of any change in the tax laws or regulations, the interest payments received by the Lender with respect to the 1998 Note during any period become partially taxable to the extent that such payments are not otherwise taxable on the date of issuance thereof, then the 1998 Note Rate shall be increased during such period by an amount equal to \((A - B) \times C\) where:

(i) A equals the Taxable Rate (expressed as a percentage);

(ii) B equals the interest rate on the 1998 Note (expressed as a percentage); and

(iii) C equals the fraction (expressed as a decimal) of the 1998 Note Rate which has become taxable as the result of such tax change.

(c) **Other Changes in Tax Laws.** If the tax laws or regulations are amended to cause the interest on the 1998 Note to become taxable to the extent not otherwise taxable on the date of issuance thereof, to be subject to a corporate tax, minimum tax or an alternative minimum tax or to otherwise decrease the after tax yield on the 1998 Note to the Noteholder (directly or indirectly, other than a change described in (a) through (b) above or because of a Determination of Taxability) then the 1998 Note Rate shall be adjusted to cause the yield on the 1998 Note, after payment of any increase in tax, to equal what the after-tax yield on the 1998 Note would have been in the absence of such change or amendment in the tax laws or regulations. If the tax laws or regulations are amended to increase the after-tax yield on the 1998 Note to the Lender (inclusive of a loss of the "qualified tax-exempt obligation" status under Section 265(b) of the Code), then the Lender shall adjust the 1998 Note Rate to cause the yield on the 1998 Note to equal what the yield on the 1998 Note would have been in the absence of such change or amendment in the tax laws or regulations. The Lender has granted to the District the rates set forth herein based upon the Maximum Corporate Tax Rate. To the extent that a change in the Maximum Corporate Tax Rate occurs which is not contemplated in the foregoing equations, the Lender may, at its option, adjust the 1998 Note Rate to maintain its yield on the 1998 Note.

The above adjustments shall be cumulative, but in no event shall the interest rate on the 1998 Note exceed the Prime Rate. The above adjustments to the 1998 Note Rate shall be effective on the
effective date of the applicable change in the tax laws or regulations, provided such adjustment shall not become effective until after written notice has been given in accordance with Section 6.05 hereof. Interest of the 1998 Note and all other tax rates and interest rates are expressed as annual rates. However, proper partial adjustment shall be made if the tax law change is effective after the first day of the Noteholder's tax year or if interest on the 1998 Note does not accrue for the entire tax year of the Noteholder. Adjustments which create a circular calculation because the interest rate on the 1998 Note is affected by the calculation shall be carried out sequentially, increasing the interest rate on the 1998 Note accordingly in each successive rate on the 1998 Note, until the change on the interest rate on the 1998 Note caused by the next successive calculation of the adjustment is de minimis. If more than one of paragraphs (a) through (c) above apply, then the 1998 Note Rate shall be adjusted in the order which is listed above.

In addition, to the extent an adjustment to the 1998 Note Rate is not effected within three (3) months of the event giving rise to such adjustment, the additional interest due as a result of such adjustment shall be paid with interest thereon compounded semiannually at the rate which is equal to the 1998 Note Rate, as adjusted. All unpaid amounts determined to be owing as a result of such calculation shall be due and payable on the Loan Payment Date following delivery of notice of the amount of such adjustment, and shall be paid to the Noteholders of record during the period to which the adjustment relates. This obligation shall survive the payment and cancellation of the 1998 Note.

3.04 Determination of Taxability. If a Determination of Taxability shall occur, the 1998 Note will bear interest from the effective date on which such Determination of Taxability is deemed to have occurred at an interest rate per annum equal to the Taxable Rate. The District will also pay the holder of the 1998 Note or its assigns, from Non-Ad Valorem Revenues, any penalties and any interest owed by the holder of the 1998 Note due to the failure of the holder of the 1998 Note to include interest on the 1998 Note in its gross income for federal income tax purposes and any arrears in interest resulting from a Determination of Taxability, and any penalties in the form of interest or otherwise shall be paid by the District on the next succeeding Loan Payment Date.

3.05 Conditions Precedent to the Loan. Prior to or simultaneously with the delivery of the 1998 Note by the District, there shall be filed with the Lender the following, each in form and substance reasonably acceptable to the Lender:

(a) a copy of the Resolution, certified by the District Clerk;

(b) an opinion of counsel to the District to the effect that:

(i) the District is a duly created and validly existing political subdivision of the State of Florida;

(ii) the Loan Agreement has been duly authorized, executed and delivered by the District, and assuming the due authorization, execution and delivery by
NationsBank, N.A., constitutes a valid and legally binding obligation of the District, enforceable in accordance with its terms; and

(iii) the District is duly authorized and entitled to issue the 1998 Note, and the 1998 Note has been duly and validly authorized and issued by the District in accordance with the Constitution and Laws of the State of Florida, the Resolution and the Loan Agreement. The 1998 Note constitutes a valid and binding special obligation of the District as provided in the Resolution and the Loan Agreement, is enforceable in accordance with its terms and the terms of the Resolution and the Loan Agreement and is entitled to the benefits of the Resolution and the Loan Agreement. The 1998 Note is payable from the moneys budgeted and appropriated therefor in the manner provided in the Resolution and the Loan Agreement and the District has the legal power to covenant to budget and appropriate and pay the Non-Ad Valorem Revenues;

The opinions expressed in subsections (ii) and (iii) above may be qualified to the extent that the enforceability of the Resolution, the Loan Agreement and the 1998 Note may be limited by any applicable bankruptcy, insolvency, financial emergency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(c) a fully executed counterpart of this Loan Agreement;

(d) an opinion of Bond Counsel (who may rely on opinion of Counsel to the District), stating that such counsel are of the opinion that: (i) the District is a political subdivision of the State of Florida duly organized and validly existing under the laws of the State of Florida; (ii) the Resolution has been duly adopted by the District is in full force and effect and has not been amended; (iii) the issuance of the 1998 Note and the execution of this Loan Agreement by the District have been duly and validly authorized; (iv) the 1998 Note and this Loan Agreement, when executed by the Lender, are valid, binding obligations of the District enforceable against the District in accordance with their terms, subject to appropriate qualifications for bankruptcy, insolvency, financial emergency or other laws affecting creditors' rights and equitable principles; (v) assuming continuing compliance by the District with certain covenants relating to requirements contained in the Code, under existing statutes, regulations, rulings and court decisions, interest on the 1998 Note is excludable from gross income of the owner thereof for federal income tax purposes; (vi) the 1998 Note is exempt from present intangible personal property taxes; (vii) the 1998 Note constitutes a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code; and (viii) the District has the legal power to covenant to budget and appropriate and pay the Non-Ad Valorem Revenues;

(e) an opinion of the Orange County Attorney's office to the effect that: the Interlocal Agreement has been duly authorized, executed and delivered by the County,
and assuming the due authorization, execution and delivery by the District, constitutes a valid and legally binding obligation of the County, enforceable in accordance with its terms, provided however that the enforceability of the Interlocal Agreement may be limited by any applicable bankruptcy, insolvency, financial emergency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity

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

(g) such other documents as the Lender reasonably may request (including, without limitation, the Interlocal Agreement and appropriate executed Florida Division of Bond Finance forms);

When the documents and items mentioned in clauses (a) through (f), inclusive, of this Section shall have been filed with or received by the Lender, and when the 1998 Note shall have been executed as required by this Loan Agreement, the District shall deliver the 1998 Note to or upon the order of the Lender, but only against the District's receipt of the proceeds of the Loan.

3.06 Registration of Transfer; Assignment of Rights of Lender. The District shall keep at the office of the District Clerk in the District's records the registration of the 1998 Note and the registration of transfers of the 1998 Note as provided in this Loan Agreement. Subject to the restriction set forth in the fourth paragraph of this Section, the transfer of the 1998 Note may be registered only upon the books kept for the registration of the 1998 Note and registration of transfer thereof upon surrender thereof to the District together with an assignment duly executed by the Lender or its attorney or legal representative in the form of the assignment set forth on the form of the 1998 Note attached as Exhibit A to this Loan Agreement; provided, however, that the 1998 Note may be transferred only in whole and not in part. In the case of any such registration of transfer, the District shall execute and deliver in exchange for the 1998 Note a new 1998 Note registered in the name of the transferee. In all cases in which the 1998 Note shall be transferred hereunder, the District shall execute and deliver at the earliest practicable time a new 1998 Note in accordance with the provisions of this Loan Agreement. The District may make a charge for every such registration of transfer of the 1998 Note sufficient to reimburse it for any tax or other governmental charges required to be paid with respect to such registration of transfer, but no other charge shall be made for registering the transfer hereinafove granted. The 1998 Note shall be issued in fully registered form and shall be payable in any coin or currency of the United States.

The registration of transfer of the 1998 Note on the registration books of the District shall be deemed to effect a transfer of the rights and obligations of the Lender under this Loan Agreement to the transferee. Thereafter, such transferee shall be deemed to be the Lender under this Loan Agreement and shall be bound by all provisions of this Loan Agreement that are binding upon the Lender. The District and the transferor shall execute and record such instruments and take such
other actions as the District and such transferee may reasonably request in order to confirm that such transferee has succeeded to the capacity of Lender under this Loan Agreement and the 1998 Note.

In the event the 1998 Note is mutilated, lost, stolen, or destroyed, the District shall execute a new 1998 Note of like date and denomination as that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated 1998 Note, such mutilated bond shall first be surrendered to the District, and in the case of any lost, stolen, or destroyed 1998 Note, there first shall be furnished to the District evidence of such loss, theft or destruction together with an indemnity satisfactory to it.

Nothing in this Loan Agreement or in the 1998 Note shall be construed to prohibit the Lender from granting a participation or participations in the 1998 Note to any other bank or banks within the Lender's internal banking system. No such bank participant shall, however, be a registered holder of the 1998 Note or any portion thereof.

3.07 Ownership of the 1998 Note. The party in whose name the 1998 Note is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the 1998 Note shall be made only to the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the 1998 Note, and interest thereon, to the extent of the sum or sums so paid.

The registered owner of the 1998 Note is hereby granted power to transfer absolute title thereof by assignment thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against such owner's assignor or any person in the chain of title and before the maturity of the 1998 Note; provided, however, that the 1998 Note may be transferred only in whole and not in part and provided further, that no transfer shall be permitted absent the District's (and the Lender's) receipt of a letter in form and substance similar to the one delivered by the Lender pursuant to Section 218.385, Florida Statutes from such proposed transferee. Every prior registered owner of the 1998 Note shall be deemed to have waived and renounced all of such owner's equities or rights therein in favor of every such bona fide purchaser, and every such bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby.

3.08 Use of Proceeds of 1998 Note Permitted under Applicable Law. The District represents, warrants and covenants that the proceeds of the 1998 Note will be used solely for the Project and that such use is permitted by applicable law.
ARTICLE IV - COVENANTS OF THE DISTRICT

4.01 Performance of Covenants. The District covenants that it will perform faithfully at all times its covenants, undertakings and agreements contained in this Loan Agreement, the Interlocal Agreement and the 1998 Note or in any proceedings of the District relating to the Loan.

4.02 Payment of 1998 Note.

(a) The District covenants that it will promptly pay the principal of and interest on the 1998 Note at the place, on the dates and in the manner provided herein and in the 1998 Note, in accordance with the terms thereof. Pursuant to Section 4.03 hereof, the District hereby irrevocably pledges (until repayment) the Non-Ad Valorem Revenues and any amounts deposited by the County into the Payment Account pursuant to the Interlocal Agreement as security for the repayment of the 1998 Note and the Loan evidenced thereby.


4.03 Covenant to Budget and Appropriate. Pursuant to the Resolution, the District has covenanted to budget and appropriate in its annual budget amounts sufficient to pay, when due, the principal and interest that is due and owing under the 1998 Note. Pursuant to the Interlocal Agreement, the County has covenanted to budget and appropriate from non-ad valorem revenues, sufficient amounts to cover any deficiency in the amounts deposited by the District into the Payment Account to pay debt service on the 1998 Note on each Loan Payment Date.
4.04 Preservation of Exclusion of Interest; Tax Matters.

(a) The District covenants that it will not knowingly take or omit to take any action which if taken or omitted would result in the loss of the exclusion of interest on the 1998 Note from the gross income of the Noteholder for federal income tax purposes under the Code, as enacted and construed on the date of this Loan Agreement, or which the District has reason to believe would affect adversely the continued validity of such exclusion under the Code as enacted and construed on the date of this Loan Agreement.

(b) In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the 1998 Note (and its "qualified tax-exempt obligation" status), the District shall comply with each requirement of the Code applicable to the 1998 Note.

(c) Notwithstanding any other provision of the Resolution or this Loan Agreement to the contrary, so long as necessary in order to maintain the exclusion from gross income of interest on the 1998 Note for federal income tax purposes (and its "qualified tax-exempt obligation" status), the covenants contained in this Section shall survive the payment of the 1998 Note and the interest thereon, including any payment or defeasance thereof.

(d) The District shall not knowingly take or permit any action or fail to take any action which would cause the 1998 Note to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(e) The District shall pay any rebate amounts, if any, which are due and owing from the investment of the proceeds of the 1998 Note pursuant to the applicable provisions of the Code.

4.05 Covenants Regarding Financial Information and Debt Service Coverage. The District shall:

(a) Within two hundred and ten (210) days following the end of each Fiscal Year of the District, provide the Noteholder with a copy of the District's audited statements for the preceding Fiscal Year; and
(b) maintain, during the term of the 1998 Note a debt service coverage ration of at least 1.0:1.0. The debt service coverage ratio shall be calculated as follows:

\[
\text{debt service on the 1998 Note} / \left( \text{non-ad valorem revenues of the District which are legally available for the payment of debt service on the 1998 Note} + \text{interest expense on the 1998 Note} \right)
\]

4.06 **Other Covenants.** The District shall:

(a) maintain its existence;

(b) maintain compliance with all federal, state and local laws and regulations regarding the acquisition, construction and maintenance of the Project; and

(c) maintain or cause to maintained its property and assets in good condition and will carry such insurance or maintain such self insurance on its facilities as is ordinarily carried or maintained by public or private entities which maintain facilities which are substantially similar to the facilities maintained by the District.
ARTICLE V - EVENTS OF DEFAULT AND REMEDIES

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

(a) payment of any installment of principal of and interest on the 1998 Note shall not be made when the same shall become due and payable; or

(b) the District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the 1998 Note or in this Loan Agreement other than as set forth in subsection 5.01(a) and such default shall continue for thirty (30) days after written notice shall have been given to the District by the Noteholder specifying such default and requiring the same to be remedied; provided, however, that if, in the reasonable judgment of the Noteholder, the District shall proceed to take such curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of thirty (30) days, then such period shall be increased to such extent as shall be necessary to enable the District to diligently complete such curative action; or

(c) the District defaults in the due and punctual payment of any other obligation or evidence of indebtedness which is secured in whole or in part by a pledge of or payable from the Non-Ad Valorem Revenues; or

(d) any representation or warranty of the District contained in this Loan Agreement or in any certificate or other closing document executed and delivered by the District in connection with the closing of this Loan shall prove to have been untrue in any material respect when executed and delivered, thereby adversely impairing the security for the 1998 Note; or

(e) any proceedings are instituted with the consent or acquiescence of the District, for the purpose of effecting a compromise between the District and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereinafter enacted; or

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

(g) the District is adjudged insolvent by a court of competent jurisdiction or is adjudged bankrupt on a petition of bankruptcy filed against the District, or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or
(h) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control.

5.02 Exercise of Remedies. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may, by a notice in writing to the District, declare the principal of the 1998 Note (if not then due and payable) to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable, anything contained in the 1998 Note or this Loan Agreement to the contrary notwithstanding. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may proceed to protect and enforce its rights under the laws of the State of Florida or under this Loan Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Noteholder shall deem most effective to protect and enforce such rights. Without limiting the generality of the foregoing, the Noteholder shall have the right to bring a mandamus action to require the District to perform its obligations under Article IV of this Loan Agreement.

In the enforcement of any remedy under this Loan Agreement, to the extent permitted by law, the Noteholder shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the District for principal, interest or otherwise under any of the provisions of this Loan Agreement or of the 1998 Note then unpaid, with interest on overdue payments of principal and interest (to the extent permitted by law) at the Default Rate, together with any and all costs and expenses of collection and of all proceedings hereunder and under the 1998 Note (including, without limitation, reasonable legal fees in all proceedings, including administrative, appellate and bankruptcy proceedings), but payable from the Non-Ad Valorem Revenues, without prejudice to any other right or remedy of the Noteholder, and to recover and enforce any judgment or decree against the District, but solely as provided herein and in the 1998 Note, for any portion of such amounts remaining unpaid and interest, costs, and expenses as above provided, and to collect (but only from the Non-Ad Valorem Revenues) in any manner provided by law, the monies adjudged or decreed to be payable.

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

5.04 Waivers, Etc. No delay or omission of the Noteholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by this Loan Agreement to the Noteholder may be exercised from time to time and as often as may be deemed expedient.
The Noteholder may waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Loan Agreement or before the completion of the enforcement of any other remedy under this Loan Agreement, but no such waiver shall be effective unless in writing and no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.
ARTICLE VI - MISCELLANEOUS PROVISIONS

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

6.02 Term of Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof until the 1998 Note and all other sums payable to the Lender hereunder have been paid in full and shall survive the termination of this Loan Agreement in relation to those provisions that deal with retroactive costs increases for the Lender in relation to the tax exempt status of the 1998 Note.

6.03 Notice of Changes in Fact. Promptly after the District becomes aware of the same, the District will notify the Lender of (a) any changes in any material fact or circumstance represented or warranted by the District in this Loan Agreement or in connection with the issuance of the 1998 Note, and (b) any default under this Loan Agreement, specifying in each case the nature thereof and what action the District has taken, is taking and/or proposes to take with respect thereto.

6.04 Amendments and Supplements. This Loan Agreement may be amended or supplemented from time to time only by a writing duly executed by each of the District and the Noteholder.

6.05 Notices. Any notice, demand, direction, request or other instrument authorized or required by this Loan Agreement to be given to or filed with the District or the Lender, shall be deemed to have been sufficiently given or filed for all purposes of this Loan Agreement if and when sent by certified mail, return receipt requested:

(a) As to the District:

Orange County Library District
101 East Central Boulevard
Orlando, Florida 32801
Attention: Comptroller
facsimile: (407) 648-0523
with a copy to:

Orange County Comptroller's Office
P.O. Box 38
Orlando, Florida 32801
Attention: Finance Department

(b) As to the Lender:

NationsBank, N.A.
390 North Orange Avenue, Suite 7
Orlando, Florida 32801-1640
Attention: Commercial Banking Department
Facsimile: (407) ___-_____

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

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

6.07 Severability. In case any one or more of the provisions of this Loan Agreement, any amendment or supplement hereto or of the 1998 Note shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Loan Agreement, any amendment or supplement hereto or the 1998 Note, but this Loan Agreement, any amendment or supplement hereto and the 1998 Note shall be construed and enforced at the time as if such illegal or invalid provisions had not been contained therein, nor shall such illegality or invalidity or any application thereof affect any legal and valid application thereof from time to time. In case any covenant, stipulation, obligation or agreement contained in the 1998 Note or in this Loan Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the District to the full extent from time to time permitted by law.

6.08 Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on and principal of the 1998 Note or the date fixed for prepayment of the 1998 Note shall be a Saturday, Sunday or a day on which the Lender is required, or authorized or not prohibited, by law (including executive orders) to close and is closed, then payment of such interest or principal shall be made on the next succeeding day on which the Lender is open for business with the same force and effect as if paid on the date of maturity or the date fixed for prepayment, and no
with a copy to:

Orange County Comptroller's Office
P.O. Box 38
Orlando, Florida 32801
Attention: Finance Department

(b) As to the Lender:

NationsBank, N.A.
390 North Orange Avenue, Suite 7
Orlando, Florida 32801-1640
Attention: Commercial Banking Department
Facsimile: (407) ___-_____

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

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

6.07 Severability. In case any one or more of the provisions of this Loan Agreement, any amendment or supplement hereto or of the 1998 Note shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Loan Agreement, any amendment or supplement hereto or the 1998 Note, but this Loan Agreement, any amendment or supplement hereto and the 1998 Note shall be construed and enforced at the time as if such illegal or invalid provisions had not been contained therein, nor shall such illegality or invalidity or any application thereof affect any legal and valid application thereof from time to time. In case any covenant, stipulation, obligation or agreement contained in the 1998 Note or in this Loan Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the District to the full extent from time to time permitted by law.

6.08 Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on and principal of the 1998 Note or the date fixed for prepayment of the 1998 Note shall be a Saturday, Sunday or a day on which the Lender is required, or authorized or not prohibited, by law (including executive orders) to close and is closed, then payment of such interest or principal shall be made on the next succeeding day on which the Lender is open for business with the same force and effect as if paid on the date of maturity or the date fixed for prepayment, and no
interest on any such principal amount shall accrue for the period after such date of maturity or such date fixed for prepayment.

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

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

6.11 **No Personal Liability.** Notwithstanding anything to the contrary contained herein or in the 1998 Note, or in any other instrument or document executed by or on behalf of the District in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member of the Governing Board of the District, officer, employee or agent of the District, officer, employee or agent of a successor to the District, in any such person's individual capacity, and no such person, in his or her individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of or interest on any 1998 Note or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his or her individual capacity, either directly or through the District or any successor to the District, 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 person, in his or her individual capacity, is hereby expressly waived and released.

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

6.13 **ARBITRATION.** ANY CONTROVERSY OR CLAIM BETWEEN OR AMONG THE PARTIES HERETO INCLUDING BUT NOT LIMITED TO THOSE ARISING OUT OF OR RELATING TO THIS LOAN AGREEMENT OR ANY RELATED INSTRUMENTS, AGREEMENTS OR DOCUMENTS, INCLUDING ANY CLAIM BASED ON OR ARISING FROM AN ALLEGED TORT, SHALL BE DETERMINED BY BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT (OR IF NOT APPLICABLE, THE APPLICABLE STATE LAW), THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OF J.A.M.S./ENDISPUTE AND ANY SUCCESSOR THEREOF (J.A.M.S.), AND THE "SPECIAL RULES" SET FORTH BELOW. IN THE EVENT OF ANY INCONSISTENCY, THE SPECIAL RULES SHALL CONTROL. JUDGEMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. ANY PARTY TO THIS AGREEMENT MAY BRING AN ACTION,
INCLUDING A SUMMARY OR EXPEDITED PROCEEDING, TO COMPEL ARBITRATION OF ANY CONTROVERSY OR CLAIM TO WHICH THIS AGREEMENT APPLIES IN ANY COURT HAVING JURISDICTION OVER SUCH ACTION.

(a) SPECIAL RULES. THE ARBITRATION SHALL BE CONDUCTED IN THE CITY OF THE BORROWER'S DOMICILE AT TIME OF THE EXECUTION OF THIS INSTRUMENT, AGREEMENT OR DOCUMENT AND ADMINISTERED BY J.A.M.S. WHO WILL APPOINT AN ARBITRATOR; IF J.A.M.S. IS UNABLE OR LEGALLY PRECLUDED FROM ADMINISTERING THE ARBITRATION, THEN THE AMERICAN ARBITRATION ASSOCIATION WILL SERVE. ALL ARBITRATION HEARINGS WILL BE COMMENCED WITHIN 90 DAYS OF THE DEMAND FOR ARBITRATION; FURTHER, THE ARBITRATOR SHALL ONLY, UPON A SHOWING OF CAUSE, BE PERMITTED TO EXTEND THE COMMENCEMENT OF SUCH HEARING FOR UP TO AN ADDITIONAL 60 DAYS.

(b) RESERVATION OF RIGHTS. NOTHING IN THIS INSTRUMENT, AGREEMENT OR DOCUMENT SHALL BE DEEMED TO (I) LIMIT THE APPLICABILITY OF ANY OTHERWISE APPLICABLE STATUTES OF LIMITATION OR REPOSE AND ANY WAIVERS CONTAINED IN THIS AGREEMENT; OR (II) BE A WAIVER BY THE LENDER OF THE PROTECTION AFFORDED TO IT BY 12 U.S.C. SEC. 91 OR ANY SUBSTANTIALLY EQUIVALENT STATE LAW; OR (III) LIMIT THE RIGHT OF THE LENDER HERETO (A) TO EXERCISE SELF HELP REMEDIES SUCH AS (BUT NOT LIMITED TO) SETOFF, OR (C) TO OBTAIN FROM A COURT PROVISIONAL OR ANCILLARY REMEDIES SUCH AS (BUT NOT LIMITED TO) INJUNCTIVE RELIEF, WRIT OF POSSESSION OR THE APPOINTMENT OF A RECEIVER. THE LENDER MAY EXERCISE SUCH SELF HELP RIGHTS, FORECLOSE UPON SUCH PROPERTY, OR OBTAIN SUCH PROVISIONAL OR ANCILLARY REMEDIES BEFORE, DURING OR AFTER THE PENDENCY OF ANY ARBITRATION PROCEEDING BROUGHT PURSUANT TO THIS INSTRUMENT, AGREEMENT OR DOCUMENT. NEITHER THIS EXERCISE OF SELF HELP REMEDIES NOR THE INSTITUTION OR MAINTENANCE OF AN ACTION FOR FORECLOSURE OR PROVISIONAL OR ANCILLARY REMEDIES SHALL CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE CLAIMANT IN ANY SUCH ACTION, TO ARBITRATE THE MERITS OF THE CONTROVERSY OR CLAIM OCCASIONING RESORT TO SUCH REMEDIES.
IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed as of the date first set forth herein.

"DISTRICT"

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

"LENDER"

NATIONSBANK, N.A.

By:________________________
   Name:____________________

   Corporate Lending Officer
EXHIBIT "A"

FORM OF 1998 Note

(See Attached)
ORANGE COUNTY, FLORIDA
ORANGE COUNTY LIBRARY DISTRICT
REVENUE LINE OF CREDIT NOTE, SERIES 1998

Principal Amount
$4,000,000

Date of Issuance
October __, 1998

Maturity Date
August 1, 2010

ORANGE COUNTY LIBRARY DISTRICT (the "District"), for value received, hereby promises to pay, solely from the Non-Ad Valorem Revenues described in the within mentioned Loan Agreement, to the order of NATIONSBANK, N.A., a national banking corporation, or its assigns (the "Holder"), at 390 North Orange Avenue, Suite 7, Orlando, Florida, or at such other place as the Holder may from time to time designate in writing, the Principal Sum stated above advanced pursuant to that certain Loan Agreement by and between the Holder and the District, dated as of October __, 1998 (the "Loan Agreement"), together with interest thereon as hereinafter provided until the Maturity Date (herein above defined) or the date the principal amount of this 1998 Note is paid in the manner hereinafter set forth in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, which payments shall be made to the Holder hereof by check mailed to the Holder at the address designated in writing by the Holder for purposes of payment or by bank wire or bank transfer as such Holder may specify in writing to the District or otherwise as the District and the Holder may agree.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

This 1998 Note shall bear interest at the applicable 1998 Note Rate (as such term is defined in the Loan Agreement). The 1998 Note Rate may be adjusted in accordance with Sections 3.03 and 3.04 of the Loan Agreement.

The Holder shall provide to the District such documentation to evidence any adjustment to the 1998 Note Rate and the calculations made in connection therewith. Upon the occurrence of any Determination of Taxability, as defined in the Loan Agreement, this 1998 Note shall bear interest (from the date when such Determination of Taxability is deemed to have occurred) at the Taxable Rate, as defined in the Loan Agreement. Following the occurrence and during the continuance of any Event of Default, as defined in the Loan Agreement, this 1998 Note shall bear interest at the Default Rate (as defined in the Loan Agreement). Interest on this 1998 Note shall be computed on the basis of a 360 day year.
The repayment schedule of principal and interest is set forth in Schedule I attached hereto and is hereby incorporated by reference into the body of this 1998 Note as if set forth herein.

The 1998 Note may be prepaid by the District prior to its maturity without premium. Each prepayment shall be made on such date and in such principal amount as shall be specified by the District in a written notice delivered to the Holder not more than fifteen (15) and not less than five (5) days prior to the specified prepayment date. Any prepayments shall be applied to the sums last maturing hereunder.

Notice having been given as aforesaid, the principal amount stated in such notice or the whole thereof, as the case may be, shall become due and payable on the prepayment date stated in such notice, together with interest accrued and unpaid to the prepayment date on the principal amount then being paid; and the amount of principal and interest then due and payable shall be paid (i) in case the entire unpaid balance of the principal of this 1998 Note is to be paid, upon presentation and surrender of this 1998 Note to the office of the Holder at 390 North Orange Avenue, Suite 7, Orlando, Florida, and (ii) in case only part of the unpaid balance of principal of this 1998 Note is to be paid, upon presentation of such 1998 Note at the office of the Holder at 390 North Orange Avenue, Suite 7, Orlando, Florida, for notation thereon of the amount of principal and interest on this 1998 Note then paid. If, on the prepayment date, funds for the payment of the principal amount to be prepaid, together with interest to the prepayment date on such principal amount, shall have been given to the Holder, as above provided, then from and after the prepayment date interest on such principal amount of this 1998 Note shall cease to accrue. If said funds shall not have been so paid on the prepayment date, the principal amount of this 1998 Note shall continue to bear interest until payment thereof at the rate or rates provided for herein.

All payments made by the District hereon shall apply first to accrued interest, then to other charges due the Holder, and the balance thereof shall apply to the principal amount then due on this 1998 Note in the order referenced in the preceding paragraph.

This 1998 Note is authorized to be issued in the outstanding aggregate principal amount of not exceeding $4,000,000 under the authority of and in full compliance with the Constitution and statutes of the State of Florida, including, particularly, Chapter 80-555, Laws of Florida, as amended and supplemented, and other applicable provisions of law, the District's Resolution No. _______ effective October ___, 1998, and is subject to all terms and conditions of said Resolution (the "Resolution"). Any term used in this 1998 Note and not otherwise defined shall have the meaning ascribed to such term in the Resolution or the Loan Agreement, as the case may be.

Notwithstanding any provision in this 1998 Note to the contrary, in no event shall the interest contracted for, charged or received in connection with this 1998 Note (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of nonusurious interest allowed under the laws of the State of Florida as presently in effect and to the extent an increase is allowable by such laws, but in
no event shall any amount ever be paid or payable by the District greater than the amount contracted for herein.


Upon the occurrence of an Event of Default the principal of this 1998 Note may become or be declared due and payable before the Maturity Date in the manner, with the effect and subject to the conditions set forth in the Loan Agreement and Resolution. The Holder shall also have such other remedies as described in the Loan Agreement.

The District hereby waives presentment, demand, protest and notice of dishonor. This 1998 Note is governed and controlled by the Loan Agreement and reference is hereby made thereto regarding interest rate adjustments, acceleration, and other matters.

IN WITNESS WHEREOF, the District has caused this 1998 Note to be signed by its Chairman, or other authorized officer on behalf of the Governing Board of the District, either manually or with facsimile signature, and the seal of the District to be affixed hereto or imprinted or reproduced hereon, and attested by the Clerk of the District, either manually or with facsimile signature, and this 1998 Note to be dated the Date of Issuance set forth above.

ORANGE COUNTY LIBRARY DISTRICT
By: Governing Board

By: ____________________________
     Linda Chapin
     Chairman

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

By: ____________________________
     Deputy Clerk
FORM OF CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This 1998 Note is being delivered pursuant to the within mentioned Resolution.

__________________________
Clerk of the District, as Registrar
ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto __________________________ (please print or typewrite name, address and tax identification number of assignee) ________________ ________________ the within 1998 Note and all rights thereunder, and hereby irrevocably constitutes and appoints ________________________ ________________ Attorney to transfer the within 1998 Note on the books kept for registration thereof, with full power of substitution in the premises.

Name of Noteholder: __________________________

By: __________________________
SCHEDULE I

NOTE LOAN PAYMENTS

<table>
<thead>
<tr>
<th>Period Ending</th>
<th>Principal</th>
<th>Coupon</th>
<th>Interest</th>
<th>Loan Payments</th>
<th>Annual Debt Service</th>
</tr>
</thead>
</table>

Schedule I to Exhibit A

Q:\35701\Loanagtmt3.wpd
October 16, 1998/gst
EXHIBIT "C"

INTERLOCAL AGREEMENT
INTERLOCAL AGREEMENT

regarding

LOAN TO FINANCE BRANCH LIBRARIES

Orange County, Florida

Orange County Library District

Approved by the Orange County Board of County Commissioners
October 20, 1998

Approved by the Orange County Library District Governing Board
October 20, 1998
INTERLOCAL AGREEMENT

regarding

LOAN TO FINANCE BRANCH LIBRARIES

ORANGE COUNTY, FLORIDA
ORANGE COUNTY LIBRARY DISTRICT

This Interlocal Agreement is made and entered into in triplicate as of the ___ day of ___, 1998, by and among Orange County, Florida (the "County"), a charter county and political subdivision existing under the laws and Constitution of the State of Florida and the Orange County Library District (the "District"), an independent special district and public agency of the State of Florida.

RECITALS

WHEREAS, the District is an independent special district created by the Legislature of the State of Florida to provide library services and facilities to the residents of Orange County (excluding the cities of Maitland and Winter Park), and wishes to finance the acquisition and construction of branch libraries throughout the District, and

WHEREAS, in order to finance the acquisition and construction of the branch libraries, the District has entered into an agreement (the "Loan Agreement") with Nationsbank, N.A. (the "Lender"), to borrow certain funds through the purchase of the District’s $4,000,000 Revenue Line of Credit Note, and

WHEREAS, in order to assure that the District receives the loan from the Lender and that the District may provide the residents of the District with the best possible library services and facilities, the County and the District wish to provide added security to the loan by entering into this Interlocal Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the County and the District agree as follows:

ARTICLE I
DEFINITIONS; PAYMENT ACCOUNT; ACCOUNT DEFICIENCY
1.1 **Definitions.** All terms not otherwise expressly defined herein shall have the same meaning as those terms expressly defined in the Loan Agreement, in the form as entered into between the District and the Lender on __________, 1998, and attached hereto as Exhibit “A”.

1.2 **Payment Account.** The District shall establish an account (the “Payment Account”) into which it shall deposit, no later than the tenth prior to each Loan Payment Date (or, if such date falls on a banking holiday, the first banking day thereafter), Non-Ad Valorem Revenues sufficient to pay all Loan Payments due under the Loan Agreement on the following Loan Payment Date, to the extent it is obligated to use such Non-Ad Valorem Revenues for Loan Payments under the Loan Agreement. The District, in addition to complying with the preceding provision, may in its sole discretion deposit into the Payment Account any revenues other than Non-Ad Valorem Revenues that are legally available to pay Loan Payments on the Loan Payment Date, but shall be under no obligation to do so. The Payment Account shall be established solely for the purpose of administering the covenant of Orange County expressed below, and shall not be a security for the Loan or Note, provided however, Non-Ad Valorem Revenues deposited therein may secure the Loan or Note under separate provisions of the Loan Agreement.

1.3 **Account Deficiency Defined.** An Account Deficiency shall occur if and only if, on the day five days prior to the Loan Payment Date (or, if such date falls on a banking holiday, the first banking day thereafter), revenues in the Payment Account are insufficient to pay all Loan Payments due and owing on the Loan Payment Date, and the District immediately notifies the Noteholder and Orange County of the insufficiency and the amount thereof, said amount which shall be deemed the Account Deficiency for the respective Loan Payment Period.

**ARTICLE II**

**COVENANT OF ORANGE COUNTY**

2.1 **Covenant to Budget and Appropriate for Payment Account Deficiencies.**

(a) The County hereby covenants that if an Account Deficiency occurs the County shall budget and appropriate from monies derived by the County from sources other than ad valorem taxation and legally available therefor (“Non-Ad Valorem Revenues”), and pay by electronic wire transfer, sufficient moneys to the Payment Account to enable the District to pay the Account Deficiency. The County’s covenant herein shall not be or constitute a general obligation or indebtedness of the County as “bonds” within the meaning of any State constitutional, statutory, charter or code provision or limitation and shall not be payable from the general funds of the County, but shall be a special and limited obligation of the County payable solely from legally available non-ad valorem revenues budgeted and appropriated by the County for the payment of Payment Account Deficiencies. Neither the District nor the Noteholder shall ever have the right to require or compel the exercise of the ad valorem taxing power of the County, or taxation in any form on any real or personal property of or in the County, to pay the obligation expressed herein. Provided, however,
that the County reserves the right, in its discretion, to pay its obligations under this Interlocal Agreement with any legally available funds of the County. Notwithstanding anything contained herein, the County does not covenant, and shall not be obligated, to maintain any services or programs, now provided or maintained by the County, which generate Non-Ad Valorem Revenues.

(b) Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it require the County to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the District or the Noteholder a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the County. The covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available for the payment of the Account Deficiencies in the manner described herein Non-Ad Valorem Revenues and placing on the County a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes, which provides, in part, that the board of county commissioners of each county make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County or which are legally mandated by applicable law.

2.2 Limitation of Obligations. So long as the County budgets and appropriates funds, and pays them to the Payment Account for Payment Account Deficiencies in accordance with the above Section 2.1, the County shall not be deemed in default of this Interlocal Agreement, regardless of whether the District shall be deemed in default of the Loan Agreement, Note or any other instruments or covenants entered into by the District in connection with the Loan or Project.

2.3 Other Obligations of County. The County has previously issued obligations and reserves the right to issue additional obligations payable from Non-Ad Valorem Revenues (or any portion thereof), or hereafter create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, having priority to, being on a parity with or being subordinate to the obligation of the County to budget and appropriate Non-Ad Valorem Revenues pursuant to this Interlocal Agreement. The covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues hereto fore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). Neither the covenant nor any other condition or obligation contained herein shall be read to in any way limit or restrict the County’s ability to, in its sole discretion and without notice to the District, the Noteholder, or any other affected party, issue future obligations secured by a covenant to budget and appropriate available funds or by any other covenant or pledge.

2.4 Continuing Obligation of the District. To the extent the County budgets and appropriates, and pays funds to the Payment Account under Section 2.1, such amounts shall become
debts of the District to the County (subordinate to the District’s obligations to the Lender in connection with the Loan) to repay the County from legally available Non-Ad Valorem Revenues of the District. Following the payment of County funds to the Payment Account, the District shall pay to the County any Non-Ad Valorem Revenues legally available to the District over and above those Non-Ad Valorem Revenues due the Noteholder or otherwise encumbered under the Loan Agreement, until such debt of the District is discharged. The District’s covenant herein shall not be or constitute a general obligation or indebtedness of the District as “bonds” within the meaning of any State constitutional, statutory, charter or code provision or limitation and shall not be payable from the general funds of the District, but shall be a special and limited obligation of the District payable solely from legally available Non-Ad Valorem revenues budgeted and appropriated by the District for the payment of its obligation contained herein. The County shall never have the right to require or compel the exercise of the ad valorem taxing power of the District, or taxation in any form on any real or personal property of or in the District, to pay the obligation expressed herein. Provided, however, that the District reserves the right, in its discretion, to pay its obligations under this Interlocal Agreement with any legally available funds of the District. Debts of the District incurred under this Section shall earn interest at a rate equal to the monthly participant return rate earned on the Florida State Board of Administration Local Government Surplus Fund Trust Fund.

ARTICLE III
PAYMENTS

3.1 Loan Payments. In accordance with the terms of the Loan Agreement, on or before the Loan Payment Date, the District shall use the revenues deposited in the Payment Account, including funds paid to the Payment Account by the County (if any) to make all Loan Payments due on the Loan Payment Date.

3.2 Notice of Payments. Upon making any Loan Payment from the Payment Account, the District shall immediately provide notice to Orange County of the Loan Payment and any amounts due that the District failed to pay.

ARTICLE IV
ENFORCEMENT, REMEDIES, NO WARRANTIES

4.1 Enforcement and Remedies. In the event either party fails to perform a material covenant or condition of this Interlocal Agreement, the other party shall be entitled to all remedies available in law and equity that are consistent with the terms hereof. The Noteholder shall have the right, as a third-party beneficiary to this Interlocal Agreement, to enforce the express obligations of either party to this Interlocal Agreement, in accordance with its terms, without the necessity of joining the other party hereto.

4.2 No Obligation or Warranties as to District or Loan. The County’s obligations
under this Agreement, and its execution hereof, are limited solely to those obligations expressly stated herein. The County shall not be in any way bound or obligated by any covenants, conditions or obligations expressly stated in or implicitly arising from the Loan Agreement or any other instruments, commitments or covenants made in connection with the Loan or Project. The County makes no representations as to the District’s ability to pay the Loan, or the creditworthiness or sufficiency of the revenues pledged by the District as security for the Loan.

ARTICLE V
MISCELLANEOUS PROVISIONS

5.1 Validity. After consultation with their respective legal counsel, the County and the District each represents and warrants to the other its respective authority and power under Florida law to enter into this Interlocal Agreement, acknowledges the validity and enforceability of this Interlocal Agreement, and waives any future right of defense based on claim of illegality, invalidity or unenforceability of any nature. The County and the District each hereby represents, warrants and covenants to and with the other (i) that this Interlocal Agreement has been validly approved by its respective governing body at a duly held public meeting, and (ii) that this Interlocal Agreement constitutes a legal, valid and binding contract enforceable against the respective party in accordance with the terms hereof (assuming the due authorization, execution and delivery hereof by the other parties hereto).

5.2 Ambiguities. Both parties have been allowed equal input regarding the terms and wording of this Interlocal Agreement and have had the benefit of consultation with legal counsel prior to its execution, such that all language herein shall be construed equally against the parties, and no language shall be construed strictly against its drafter.

5.3 Headings. The headings or captions of sections or paragraphs used in this Interlocal Agreement are for convenience of reference only and are not intended to define or limit their contents, nor are they to affect the construction of or to be taken into consideration in interpreting this Interlocal Agreement.

5.4 Severability. The provisions of this Interlocal Agreement are declared by the parties to be severable.

5.5 Governing Law; Venue. This Interlocal Agreement shall be governed by and construed in accordance with laws of the State of Florida. Venue for any action arising out of or related to this Interlocal Agreement shall be in the Circuit Court for the Ninth Judicial Circuit in Orange County, Florida.

5.6 Full Agreement; Filing with Comptroller. This Interlocal Agreement contains the entire agreement of the parties with respect to the Loan. Previous agreements and understandings of the parties with respect to such matters are null and void and of no effect. As required by
Subsection 163.01(11) of Florida Statutes, this Interlocal Agreement and all amendments thereto shall be filed with the Comptroller, as clerk to the Board of County Commissioners.

5.7 Notices. All notices, elections, requests and other communications hereunder shall be in writing and shall be deemed given in the following circumstances: when personally delivered; or three (3) business days after being deposited in the United States Mail, postage prepaid, certified or registered; or the next business day after being deposited with a recognized overnight mail or courier delivery service; or when transmitted by facsimile or telecopy transmission, with receipt acknowledged upon transmission; and addressed as follows (or to such other person or at such other address, of which any party hereto shall give written notice as provided herein):

If to County: Orange County Administrator
Orange County Administration Center
201 South Rosalind Avenue, Fifth Floor
Orlando, Florida 32801-4328
Facsimile: (407)836-7399

With copies to: Orange County Comptroller’s Office
Orange County Administration Center
201 South Rosalind Avenue, Fourth Floor
Orlando, Florida 32801-4328
Attention: Finance and Accounting
Facsimile: (407)836-5599

and

Orange County Attorney’s Office
Orange County Administration Center
201 South Rosalind Avenue, Fifth Floor
Orlando, Florida 32801-4328
Attention: County Attorney
Facsimile: (407)836-5888

If to District: Orange County Library District
101 East Central Blvd.
Orlando, Florida 32801
Attention: Comptroller
Facsimile: (407) 648-0523

In all cases, notices shall be deemed delivered to a party only upon delivery of copies to the persons indicated above in the same manner as for the party being notified.
WHEREFORE, the County and the District have executed this Interlocal Agreement as of the date and year first above written.

ORANGE COUNTY, FLORIDA
By: Board of County Commissioners

By:
Linda W. Chapin
County Chairman

ATTEST: Martha O. Haynie, County Comptroller
As Clerk of the Board of County Commissioners

By: PROPOSED
Deputy Clerk

(SEAL)

ORANGE COUNTY LIBRARY DISTRICT
By: Governing Board

By: PROPOSED
Chairman

ATTEST: Martha O. Haynie, County Comptroller
As Clerk of the Governing Board

By: PROPOSED
Deputy Clerk

we/agcnt/library4