

Capital Trust Authority, Inc.

Meeting of the Board of Directors

Thursday, January 12, 2022

9:00 A.M.

315 Fairpoint Drive
Gulf Breeze, FL 32561

Meeting called by: Denis A. McKinnon, III

Type of meeting: Regular

Facilitator: Chris Kemp
Chairman

Note Taker: Connie Beargie
Office Administrator

Attendees: Chris Kemp (Chairman), Gary Michaels (Vice Chairman) Bob Cleveland (Secretary/Treasurer), Deborah Roche (Asst. Secretary), Harry Wilder (Board Member), Burt Snooks (Board Member), Tom Naile (Board Member), Christy Larkins (Board Member), Bobby Potomski (Board Member), Kareem Spratling (General Counsel), Brooke Gonzalez (General Counsel), Isabella E. Sobel, BCS (General Counsel), Samantha Abell (City Manager), and Denis McKinnon, III (Executive Director).

Please bring: Attached supplements

Agenda

<u>Item:</u>	<u>Description:</u>	<u>Presenter:</u>
1.	Call to Order	Chris Kemp
2.	Approval of Minutes: 10-13-2022	Denis McKinnon, III
3.	Florida Sunshine Law Training	Isabella Sobel, BCS
4.	Resolution 01-23 – Approving Policies and Procedures	Denis McKinnon, III
5.	Inducement Resolution 02-23 – River City Charter School	Denis McKinnon, III
6.	Inducement Resolution 03-23 – Heritage Park, Sanford, FL	Denis McKinnon, III
7.	Adjourn	Chris Kemp

**MINUTES OF THE
CAPITAL TRUST AUTHORITY, INC.**

The 5th meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, October 13, 2022 at 8:00 a.m.

The following Board Members were present: Chris Kemp (Chairman), Gary Michaels (Vice-Chairman), Bob Cleveland (Secretary), Tom Naile (Board Member). Also attending was Denis McKinnon (Executive Director), Connie Beargie (Office Administrator) and Samantha Abell (City Manager). Attending via telephone was Deborah Roche (Board Member), Kareem Spratling (Bond Counsel) and Brooke Gonzalez (Bond Counsel).

AGENDA ITEM:

Approval of Minutes: 9/29/2022

DISCUSSION:

No discussion.

MOTION/ACTION:

Tom Naile made a motion to approve the 9/29/2022 minutes as presented. Burt Snooks seconded the motion. Vote for approval was 4-0 (Deborah Roche did not vote via telephone).

AGENDA ITEM:

Inducement Resolution 02-22 Affordable Housing Preservation Corporation

DISCUSSION:

The Affordable Housing Preservation project consists of 5 existing affordable housing communities located in Tallahassee, Pensacola, Mobile and Birmingham, AL. All five properties have been renovated within the past 12 months.

Denis McKinnon stated that CTA has worked successfully with the borrower in the past and looks forward to continuing this positive relationship. The previous project was Mission Springs in Jacksonville, FL.

Denis McKinnon stated the 5 projects will be under one master trust agreement and will be structured as capital appreciation bonds. Franklin Templeton will be the investor; Piper Sandler will underwrite the bonds.

Chris Kemp asked if all five properties were recently acquired. Denis stated that they were previously acquired and the rehab was completed in a timely manner.

Gary Michaels stated the HUD ratings look great and asked how they stay true to the low-income requirements. Denis stated the requirements are dictated within the LURA (Land Use Restriction Agreement).

Bob Cleveland asked why they previously used taxable bonds. Denis McKinnon stated they were pressed for time completing the TEFRA and intended to refinance to secure tax exempt bonds upon completion of the renovations. The TEFRA process is much smoother using a Florida issuer as only one approval is needed from the Governor, however, using the Public Finance Authority in Wisconsin, TEFRA approval was needed from all locations which greatly slowed down the project and added additional costs.

MOTION/ACTION:

Tom Naile made a motion to approve the resolution as presented. Burt Snooks seconded. Vote for approval was 4-0.

AGENDA ITEM:

FYE Financials 9/30/2022

DISCUSSION:

Denis McKinnon noted the \$50,000 initial deposit from CTA CDE with the remaining funds to be approved by City Council before transferring to the Authority.

MOTION/ACTION:

No Action Required.

AGENDA ITEM:

Bryant Miller Olive Invoice for 2022 Validation \$200,000

DISCUSSION:

Kareem Spratling stated the final invoice includes a courtesy discount of \$5,179.70 which brings to total cost down to the original estimate of \$200,000.

Burt Snooks asked what is a DTC blanket letter as referenced on the bottom of page 11 of the invoice. Kareem stated the DTC blanket letter of representations is an agreement between the Authority and the depository trust company in which the issuer agrees to comply with the requirements stated in the trust documents, as amended from time to time.

MOTION/ACTION:

Gary Michaels made a motion to approve the invoice as presented. Bob Cleveland seconded. Vote for approval was 4-0.

No other formal business of the board was taken and the meeting adjourned at approximately 9:00 am.

Minutes submitted by: _____ Connie Beargie, Office Administrator

Approved by: _____ Chris Kemp, Chairman

TO: Capital Trust Authority Board of Directors
FROM: Denis McKinnon, III
RE: Florida Sunshine Law Training
DATE: January 12, 2023

Authority Board Members have been asking for a refresher on the rules and requirements of Florida's Sunshine Law and how it pertains to the Board. Authority staff has asked Bryant Miller Olive to provide that training this morning. Isabella Sobell is a board certified attorney providing this morning's Sunshine Law training.



Isabella Sobell joined Bryant Miller Olive's Litigation Practice Group and State and Local Government Practice Group in 2017. Ms. Sobell represents BMO's local government clients in various local government and litigation matters. Ms. Sobell is board certified by The Florida Bar in City, County & Local Government Law and serves as general and special Counsel to local governments throughout the state.

Prior to joining BMO, Ms. Sobell was a senior associate with the Tampa law firm of Hightower, Stratton, Novigrod & Kantor where she focused her practice on insurance defense. While in law school, Ms. Sobell worked as a research assistant, served as a legal intern for the Manatee County Attorney's Office and worked as a law clerk for the National Labor Relations Board.

A native of Florida's gulf coast, Isabella graduated from St. Stephen's Episcopal School in Bradenton and received her Juris Doctor, Cum Laude, from Stetson University College of Law in 2014. Ms. Sobell received her Bachelor's degree in Philosophy from Muhlenberg College in Pennsylvania.

RESOLUTION 01-23

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITAL TRUST AUTHORITY TO RATIFY, ADOPT AND APPROVE CERTAIN POLICIES AND PROCEDURES OF THE ISSUER, INCLUDING, IN PARTICULAR THE AUTHORITY'S STANDARD PROVISIONS TO BE INCLUDED IN BOND DOCUMENTS, THE AUTHORITY'S STANDARD DISCLOSURE TO BE INCLUDED IN BOND OFFERING DOCUMENTS, THE AUTHORITY'S POLICY WITH RESPECT TO UNRATED AND NON-INVESTMENT GRADE BONDS AND WRITTEN PROCEDURES TO ENSURE POST-ISSUANCE COMPLIANCE WITH CERTAIN FEDERAL TAX LIMITATIONS IMPOSED ON THE AUTHORITY'S TAX-EXEMPT QUALIFIED PRIVATE ACTIVITY BONDS; PROVIDING CERTAIN OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR A SEVERABILITY CLAUSE AND A REPEALER CAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Capital Trust Authority (the "Authority") is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida (the "State") established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; Resolution No. 14-22, duly adopted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze"), on June 6, 2022, as amended by Resolution No. 46-22, duly adopted by the City Council of Gulf Breeze; Ordinance Number 04-00, enacted by the City Council of Gulf Breeze on May 15, 2000; Resolution No. 1424-2022, duly adopted by the City Commission of the City of Quincy, Florida ("Quincy"), on May 24, 2022; the City Charter of Gulf Breeze; the City Charter of Quincy; the Interlocal Agreement dated as of June 6, 2022, between Gulf Breeze and Quincy, as may be amended and supplemented from time-to-time; and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"), and is empowered pursuant to the Act to sell and deliver its revenue bonds for the purpose of financing or refinancing, including through reimbursement, and advancing the general welfare of the State and its people by providing for various capital projects, as defined by the Act;

WHEREAS, one of the Authority's powers is to borrow money and issue bonds for the purpose of providing funds for programs and projects; and

WHEREAS, the Authority serves as a conduit issuer of tax-exempt qualified private activity bonds; and

WHEREAS, the Authority desires to operate in accordance with best policies and procedures as it relates to conduit issuers of municipal bonds; and

WHEREAS, the Authority desires to provide written guidance to its Executive Director, its counsel, Bryant Miller Olive P.A. ("Issuer's Counsel"), and other market participants of its policies and procedures, including, in particular the Authority's standard provisions to be included in bond documents, the Authority's standard disclosure to be included in bond offering documents, the Authority's policy with respect to unrated and non-investment grade bonds and written procedures to ensure post-issuance compliance with certain federal tax limitations imposed on the Authority's tax-exempt qualified private activity bonds; and

WHEREAS, the "Capital Trust Authority Policies, Procedures, Standard Provisions and Disclosure Package" (the "Written Procedures"), in substantially the form attached hereto as Exhibit A and incorporated herein by reference, have been presented to the Board of Directors of the Authority.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE AUTHORITY THAT:

Section 1. Ratification, Adoption and Approval of Written Procedures.

The Written Procedures are hereby ratified, adopted and approved. The Executive Director of the Authority is hereby authorized to implement the Written Procedures with such changes as may be advised by Issuer's Counsel. Unless expressly prohibited by the Written Procedures, the Executive Director, upon the advice of Issuer's Counsel, is hereby authorized to amend and/or supplement the Written Procedures in order to take into account changes in applicable legal authority or best practices as it relates to the issuance of municipal conduit bonds.

Section 2. No Third Party Beneficiaries.

Unless specifically noted, nothing in this Resolution, express or implied, is intended or shall be construed to confer upon any person other than the Authority, any right, remedy or claim, legal or equitable, under and by reason of any provision of this Resolution. This Resolution is for the sole and exclusive benefit of the Authority.

Section 3. Severability.

In case any one or more of the provisions of this Resolution or the Written Procedures shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution or the Written Procedures, as the case may be, and they shall be construed and enforced without consideration of such illegal or invalid provisions.

Section 4. No Personal Liability.

No covenant, stipulation, obligation or agreement contained in this Resolution or any instrument contemplated hereby shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the Authority in his or her individual

capacity, and no member of the Authority executing documents related hereto, including those approved by this Resolution, shall be liable personally for such documents or the obligations under each, or be subject to any personal accountability by reason of his or her delivery or execution of such documents on behalf of the Authority.

Section 5. Effective Date.

This Resolution shall take effect immediately upon its adoption.

Adopted on January 12, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Its: Chairman

ATTEST:

By: _____
Its: Secretary

CERTIFICATE OF SECRETARY

I, Robert F. Cleveland, Secretary to the Capital Trust Authority, do hereby certify that the above and foregoing is a true and correct copy of Resolution No. 01-23 and supporting exhibits as the same were duly adopted and passed at a public meeting of the Capital Trust Authority on the 12th day of January, 2023, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of January, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Its: Secretary

EXHIBIT A

**CAPITAL TRUST AUTHORITY
POLICIES, PROCEDURES, STANDARD PROVISIONS AND DISCLOSURE PACKAGE**

RESOLUTION 01-23

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITAL TRUST AUTHORITY TO RATIFY, ADOPT AND APPROVE CERTAIN POLICIES AND PROCEDURES OF THE ISSUER, INCLUDING, IN PARTICULAR THE AUTHORITY'S STANDARD PROVISIONS TO BE INCLUDED IN BOND DOCUMENTS, THE AUTHORITY'S STANDARD DISCLOSURE TO BE INCLUDED IN BOND OFFERING DOCUMENTS, THE AUTHORITY'S POLICY WITH RESPECT TO UNRATED AND NON-INVESTMENT GRADE BONDS AND WRITTEN PROCEDURES TO ENSURE POST-ISSUANCE COMPLIANCE WITH CERTAIN FEDERAL TAX LIMITATIONS IMPOSED ON THE AUTHORITY'S TAX-EXEMPT QUALIFIED PRIVATE ACTIVITY BONDS; PROVIDING CERTAIN OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR A SEVERABILITY CLAUSE AND A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Capital Trust Authority (the "Authority") is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida (the "State") established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; Resolution No. 14-22, duly adopted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze"), on June 6, 2022, as amended by Resolution No. 46-22, duly adopted by the City Council of Gulf Breeze; Ordinance Number 04-00, enacted by the City Council of Gulf Breeze on May 15, 2000; Resolution No. 1424-2022, duly adopted by the City Commission of the City of Quincy, Florida ("Quincy"), on May 24, 2022; the City Charter of Gulf Breeze; the City Charter of Quincy; the Interlocal Agreement dated as of June 6, 2022, between Gulf Breeze and Quincy, as may be amended and supplemented from time-to-time; and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"), and is empowered pursuant to the Act to sell and deliver its revenue bonds for the purpose of financing or refinancing, including through reimbursement, and advancing the general welfare of the State and its people by providing for various capital projects, as defined by the Act;

WHEREAS, one of the Authority's powers is to borrow money and issue bonds for the purpose of providing funds for programs and projects; and

WHEREAS, the Authority serves as a conduit issuer of tax-exempt qualified private activity bonds; and

WHEREAS, the Authority desires to operate in accordance with best policies and procedures as it relates to conduit issuers of municipal bonds; and

WHEREAS, the Authority desires to provide written guidance to its Executive Director, its counsel, Bryant Miller Olive P.A. ("Issuer's Counsel"), and other market participants of its policies and procedures, including, in particular the Authority's standard provisions to be included in bond documents, the Authority's standard disclosure to be included in bond offering documents, the Authority's policy with respect to unrated and non-investment grade bonds and written procedures to ensure post-issuance compliance with certain federal tax limitations imposed on the Authority's tax-exempt qualified private activity bonds; and

WHEREAS, the "Capital Trust Authority Policies, Procedures, Standard Provisions and Disclosure Package" (the "Written Procedures"), in substantially the form attached hereto as Exhibit A and incorporated herein by reference, have been presented to the Board of Directors of the Authority.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE AUTHORITY THAT:

Section 1. Ratification, Adoption and Approval of Written Procedures.

The Written Procedures are hereby ratified, adopted and approved. The Executive Director of the Authority is hereby authorized to implement the Written Procedures with such changes as may be advised by Issuer's Counsel. Unless expressly prohibited by the Written Procedures, the Executive Director, upon the advice of Issuer's Counsel, is hereby authorized to amend and/or supplement the Written Procedures in order to take into account changes in applicable legal authority or best practices as it relates to the issuance of municipal conduit bonds.

Section 2. No Third Party Beneficiaries.

Unless specifically noted, nothing in this Resolution, express or implied, is intended or shall be construed to confer upon any person other than the Authority, any right, remedy or claim, legal or equitable, under and by reason of any provision of this Resolution. This Resolution is for the sole and exclusive benefit of the Authority.

Section 3. Severability.

In case any one or more of the provisions of this Resolution or the Written Procedures shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution or the Written Procedures, as the case may be, and they shall be construed and enforced without consideration of such illegal or invalid provisions.

Section 4. No Personal Liability.

No covenant, stipulation, obligation or agreement contained in this Resolution or any instrument contemplated hereby shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the Authority in his or her individual

capacity, and no member of the Authority executing documents related hereto, including those approved by this Resolution, shall be liable personally for such documents or the obligations under each, or be subject to any personal accountability by reason of his or her delivery or execution of such documents on behalf of the Authority.

Section 5. Effective Date.

This Resolution shall take effect immediately upon its adoption.

Adopted on January 12, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Its: Chairman

ATTEST:

By: _____
Its: Secretary

CERTIFICATE OF SECRETARY

I, Robert F. Cleveland, Secretary to the Capital Trust Authority, do hereby certify that the above and foregoing is a true and correct copy of Resolution No. 01-23 and supporting exhibits as the same were duly adopted and passed at a public meeting of the Capital Trust Authority on the 12th day of January, 2023, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of January, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____

Its: Secretary

EXHIBIT A

**CAPITAL TRUST AUTHORITY
POLICIES, PROCEDURES, STANDARD PROVISIONS AND DISCLOSURE PACKAGE**

CAPITAL TRUST AUTHORITY
POLICIES, PROCEDURES, STANDARD PROVISIONS AND DISCLOSURE PACKAGE

Enclosed are certain standard provisions and disclosure language required by the Capital Trust Authority, as issuer (the "Issuer"), to be incorporated in the financing documents ("Financing Documents") and offering document ("Offering Document") relating to the Issuer. Any requested organizational documents relating to the Issuer will be provided as a separate PDF file or files.

NOTE: Any departure from any of the Issuer's requirements described herein must be discussed with Issuer's Counsel prior to changes being incorporated into any of the herein described Financing Documents and Offering Document.

NOTE: Counsel is requested to revise the language referenced herein to ensure appropriate defined terms are contemplated and incorporated as addressed in the various Financing Documents and Offering Document.

1. Issuer Standard Provisions – Financing Documents:

- The provisions described in the attached Exhibit A are to be incorporated as follows:
 - (a) General
 - (b) Required Defined Terms
 - (c) Trust Indenture
 - (d) Loan Agreement
 - (e) Bond Purchase Agreement
 - (f) Tax Agreement
 - (g) Continuing Disclosure Agreement
 - (h) Closing Documents

2. Issuer Standard Disclosure Language - Offering Documents:

- The disclosure language provided in the attached Exhibit B shall be included in the Offering Document.

Upon completion of the financing, provide a transcript of the financing to the Issuer and Issuer's Counsel as soon as available in electronic format. Ensure the Issuer and Issuer's Counsel is fully apprised of any revision to any of its standard provisions or disclosure language herein described or any departure from the herein described requirements. The Issuer is able to provide previously approved documents relating to prior transactions for reference upon request. It is essential to the efficiency of the Issuer's review and approval of the Financing Documents and Offering Document that the provisions and the language provided herein be strictly adhered to.

If you have any questions or concerns, please call or email Kareem J. Spratling, Esq., Issuer's Counsel, at (813) 273-6677 or kspratling@bmolaw.com.

LIST OF EXHIBITS

Issuer Standard Provisions – Bond Documents	<u>Exhibit A</u>
Issuer Standard Disclosure Language - Offering Document	<u>Exhibit B</u>
Unrated or Non-Investment Grade Bonds Policy	<u>Exhibit C</u>
Post-Issuance Compliance Procedures	<u>Exhibit D</u>

EXHIBIT A
ISSUER STANDARD PROVISIONS

GENERAL

1. Start-up companies and other companies with limited historical financial records will require an affiliated company or individual to also provide indemnity and hold harmless coverage. Counsel should confer with the Issuer and Issuer's Counsel if the financial strength of the Borrower is in question.
2. The Issuer's legal description for all documents is: "a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida."
3. With respect to the Annual Issuer's Fee and Issuer's Fees and Expenses (see "Required Defined Terms" under the heading "TRUST INDENTURE"):
 - (a) Both the Annual Issuer's Fee and Issuer's Fees and Expenses are required to be placed in the (A) flow of funds for payment from revenues, (B) priority of payments in any Surplus Fund that addresses payment of deficiencies in the foregoing and (C) priority of payments in the event of a default, either (i) immediately after principal and interest on the bonds, or after principal and interest on any senior bonds, if subordinate bonds are issued, or (ii) immediately after the reserve requirement, if any. The payment priority should be confirmed with the Issuer and Issuer's Counsel and any deviation from the agreed upon priority in payment must be approved by the Issuer.
 - (b) Unless approved by the Issuer, payment of the Annual Issuer's Fee must be paid by the Borrower to the Trustee for subsequent payment to the Issuer and not directly from the Borrower to the Issuer;
 - (c) Payment of the Annual Issuer's Fee must be without requirement for an invoice and without a requirement for prior approval by the Borrower;
 - (d) Payment of remaining Issuer's Fees and Expenses must be without a requirement for prior Borrower approval;
 - (e) Unless approved by the Issuer, provision for payment of the Issuer's Fees and Expenses, including the Annual Issuer's Fee, is provided for during construction of a Project by requiring payment from any funded capitalized interest if otherwise unpaid; and
 - (f) Nonpayment of the Issuer's Fees and Expenses must be an Event of Default under the Loan Agreement or Financing Agreement (any reference to "Loan Agreement" herein shall also include reference to a Financing Agreement, as applicable), set forth as follows: "Unless waived, in writing, by the Issuer, failure of the Borrower to pay to the Trustee an amount sufficient to pay any

monthly installment of the Annual Issuer's Fee and any other Issuer's Fees and Expenses then due in accordance with Section ____ hereof within thirty (30) days of the due date of such installment of the Annual Issuer's Fee and any other Issuer's Fees and Expenses."

4. If the Bonds are unrated or will not receive an investment grade rating, there are requirements included in the Issuer's "Unrated or Non-Investment Grade Bonds Policy" of the Authority (the "Non-Investment Grade Bonds Policy"). The Non-Investment Grade Bonds Policy is attached hereto as Exhibit C). Requirements address sale to only qualified institutional buyers or accredited investors, minimum denomination of \$100,000, an initial investor letter, and a required legend on the Bonds. Any waiver of these terms will require approval by the Issuer.

5. Ensure any waivers allowed by a majority bondholder do not include an ability to waive any provision impacting the Issuer.

6. None of the Financing Documents may include "reasonable" as a qualifier for repayment of the Issuer's fees and expenses.

7. Ensure the Issuer is held to **only** "willful misconduct" and not "gross negligence" and never simple "negligence". Also, ensure the Trustee is held to simple "negligence" and not solely "gross negligence." **Any departure from these requirements must be expressly described to the Issuer and Issuer's Counsel and included in the Issuer's agenda package for Board approval.**

8. Bond counsel is responsible for all Florida specific requirements relating to the issuance of bonds in the State, including, but not limited to, Section 218.38, Florida Statutes, and Section 218.385, Florida Statutes.

TRUST INDENTURE

1. **Preambles.** Include as preambles:

WHEREAS, the Issuer is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida (the "State") established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; the Enabling Resolutions (as herein defined); Ordinance Number 04-00, enacted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze") on May 15, 2000; the City Charter of Gulf Breeze; the City Charter of the City of Quincy, Florida; the Interlocal Agreement (as herein defined) with power as a "local agency" under Chapter 159, Part II, Florida Statutes, and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"); and

WHEREAS, by the Enabling Resolutions, Resolution No. __-__ duly adopted by the Issuer on _____, 20__ (the "Inducement Resolution") and Resolution No. __-__ duly adopted by the Issuer on _____, 20__ (together with the Inducement Resolution, the "Bond Resolution"), approvals have been duly and validly provided pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance all or any part of the cost of the Project (as defined herein) which constitutes a "project" as defined in the Act; and

2. **Rules of Construction.** The following Rules of Construction should be added to the Indenture:

(a) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action under this Indenture by any party must be in writing and signed by a duly authorized representative of such party with a duly authorized signature.

(b) All references in this Indenture to "counsel fees," "attorneys' fees" or the like mean and include fees and disbursements allocable to in-house or outside counsel, whether or not suit is instituted, and including fees and disbursements preparatory to and during any proceedings of a governmental or regulatory body, judicial or administrative hearing, trial and appeal and in any bankruptcy or arbitration proceedings.

(c) Whenever the word "includes" or "including" is used, such word means "includes or including by way of example and not limitation."

(d) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the reasonable discretion of the party whose approval, consent or acceptance is required except to the extent otherwise specified herein.

(e) For purposes hereof, the Issuer shall not be deemed to have knowledge of any fact or the occurrence of any event unless and until its Authorized Officer has written notice thereof or actual knowledge thereof.

(f) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(g) Whenever the Issuer is named or referred to, it shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the Issuer contained in this Indenture shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, issuer, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Issuer, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

3. **Required Defined Terms.** The following defined terms shall be set forth in the Indenture:

"Act" shall mean Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; the Enabling Resolutions; Ordinance Number 04-00, enacted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze") on May 15, 2000; the City Charter of Gulf Breeze; the City Charter of the City of Quincy, Florida; the Interlocal Agreement, with powers as a "local agency" under Chapter 159, Part II, Florida Statutes, and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law.

"Annual Issuer's Fee" means the regular fee of the Issuer, due and payable in advance in monthly installments on the first Business Day of each month commencing [MONTH JUST AFTER CLOSING MONTH] [_____, 2023] (each, a "Monthly Issuer's Fee Payment"). For each of the four (4) annual periods commencing [_____, 2023] through and including [_____, 30/31, 2027], each Monthly Issuer's Fee Payment shall equal one-twelfth (1/12) of [_____] % of the aggregate principal amount of the Bonds Outstanding on such date; provided, however, that irrespective of the actual number of months in each annual period, the sum of the Monthly Issuer's Fee Payments due during each annual period shall equal not less than \$[15,000]. Thereafter, for each annual period commencing [_____, 2027] through and including the Maturity Date, each Monthly Issuer's Fee Payment shall equal one-twelfth (1/12) of [_____] % of the aggregate principal amount of the Bonds Outstanding on such date, prior to payment of principal; provided, however, that irrespective of the actual number of months in each annual period, the sum of the Monthly Issuer's Fee Payments due during each annual period, shall equal not less than \$[7,500]. Notwithstanding the foregoing, upon the defeasance of the Bonds, the sum of the Annual Issuer's Fees that would have been paid between the date of defeasance

to the date of optional redemption shall become immediately due and payable. [Obtain Annual Issuer Fee percentages and minimum amounts from the Issuer.]

"Arbitrage Rebate Monitor" means initially, Integrity Public Finance Consulting, LLC, a Florida limited liability company, and thereafter any certified public accountant, financial analyst or Bond Counsel or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to section 148(f) of the Code, selected by the Issuer and compensated by the Issuer to perform the duties required pursuant to Section ___ of the Loan Agreement.

["Continuing Disclosure Agreement"] ["Disclosure Dissemination Agent Agreement"] means the [_____] dated [_____ , 20__] between the Borrower and the Dissemination Agent, as in effect on the [Closing Date] and as it may thereafter be amended or supplemented from time to time in accordance with its terms.

"Dissemination Agent" means Digital Assurance Certification LLC, a Florida limited liability company, or any successor thereto, acting as Dissemination Agent under the Continuing Disclosure Agreement.

"Enabling Resolutions" means, collectively, the Gulf Breeze Resolution and the Quincy Resolution.

"Gulf Breeze Resolution" means Resolution No. 14-22, duly adopted by the City Council of the City of Gulf Breeze, Florida, on June 6, 2022, as amended by Resolution No. 46-22, duly adopted by the City Council of City of Gulf Breeze, Florida on November 21, 2022.

"Interlocal Agreement" means the Interlocal Agreement dated as of June 6, 2022, between the City of Gulf Breeze, Florida, and the City of Quincy, Florida, as may be amended and supplemented from time-to-time.

"Issuer" means the Capital Trust Authority, a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida, and any successor body to the duties or functions of the Issuer.

"Issuer Indemnified Party" or "Issuer Indemnified Parties" means the Issuer, the Sponsoring Political Subdivisions, the Local Agenc[y][ies], and each of their respective past, present, and future incorporators, directors, board members or commissioners, council members, governing members, trustees, commissioners, officers, elected or appointed officials, Authorized Officer, counsel, advisors, and agents and employees, together with their respective successors and assigns individually and collectively.

"Issuer's Fees and Expenses" means the fees and expenses, if any, payable to or incurred by the Issuer under or in connection with the Bonds or any of the other Bond Documents, and including, but not limited to, the Annual Issuer's Fee and any fees and expenses of counsel to the Issuer.

"Issuer's Reserved Rights" shall mean (a) all of the Issuer's right, title and interest in its reimbursement and indemnification pursuant to the Bond Documents and all enforcement remedies with respect to the foregoing, all of which shall survive any transfer, retirement or payment of the Bonds in full or in part and which shall also survive the termination of the Loan Agreement and this Indenture, (b) all the rights to receive the Issuer's Fees and Expenses, (c) the right to receive notices and to make any determination and to grant any approval or consent to anything in this Indenture, the Loan Agreement, [the Notes] and the Bonds requiring the determination, consent or approval of the Issuer, (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Loan Agreement and the Tax Agreement, (e) any and all limitations of liability of the Issuer set forth in the Bond Documents and related rights and remedies regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act and in this Indenture and the Bond Documents, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer, and (f) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Loan Agreement, [the Notes] and the Bonds.

"Local Agenc[y][ies]" means the [host jurisdiction(s) approving the Bonds]. **[NOTE: In the event host jurisdiction TEFRA approval is provided by the Governor, this defined term is not required and should be deleted in any language required hereunder.]**

"Quincy Resolution" means Resolution No. 1424-2022, duly adopted by the City Commission of the City of Quincy, Florida, on May 24, 2022.

"Rebate Analyst" means initially, [Integrity Public Finance Consulting, LLC, a Florida limited liability company], and thereafter any certified public accountant, financial analyst or Bond Counsel or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to section 148(f) of the Code, selected by the Borrower, acceptable to the Issuer and compensated by the Borrower, to make the computations and give the directions required pursuant to the Loan Agreement or this Indenture, in particular Section ____ hereof.

"Sponsoring Political Subdivisions" means, collectively, the City of Gulf Breeze, Florida and the City of Quincy, Florida.

4. **Limited Liability Section:** Insert the following limited liability section in the Indenture:

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, AND SHALL NOT

CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. NO COVENANT OR AGREEMENT CONTAINED IN THE BONDS OR THIS INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE GOVERNING BODY OF THE ISSUER NOR SHALL ANY OFFICIAL EXECUTING SUCH BONDS BE LIABLE PERSONALLY ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant or agreement contained in the [UPDATE AS REQUIRED BUT MUST INCLUDE BOTH TRADITIONAL BOND DOCUMENTS SIGNED BY THE ISSUER AND THE BORROWER DOCUMENTS: Bond Documents or the Borrower Documents], or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, or any claim based thereon or otherwise in respect thereof shall be had against the Sponsoring Political Subdivisions, the Local Agenc[y][ies] or the Issuer or any incorporator, member, director, officer, employee, agent or counsel as such, past, present or future of the Issuer, the Local Agenc[y][ies], or the Sponsoring Political Subdivisions, either directly or through the Issuer, the Trustee or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such incorporator, member, director, officer, employee, agent or counsel, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Owner of any Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured or any of them is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Notwithstanding anything to the contrary contained herein or in any of the Bonds, [the Bond Documents, the Borrower Documents] or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) the Issuer shall have no obligation to take action under the Loan Agreement, this Indenture, the Bonds or such other instruments or documents, unless the Issuer is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any indemnity to persons identified by the Issuer, and expenses (including attorneys' fees) in such action, (ii) neither the Issuer nor any member, director,

officer, employee, attorney or agent of the Issuer shall be personally liable to the Borrower, the Trustee, [ADD OTHER PARTIES SUCH AS CREDIT FACILITY PROVIDER, SERVICER, ETC., IF APPLICABLE] the holders of the Bonds or any other person for any action taken by the Issuer or by its officers, agents or employees or for any failure to take action under this Indenture, the Loan Agreement, the Bonds or such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance, and (iii) any judgment rendered against the Issuer for breach of its obligations under this Indenture, the Loan Agreement, the Bonds or such other instruments or documents, shall be payable solely from the revenues derived by the Issuer under the Loan Agreement and this Indenture, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

No agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except with respect to the application of revenues therefrom and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein shall subject the Issuer, its incorporators, members, directors, officers, employees, agents and counsel to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or proceeds of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein; *provided*, that (i) prior to the official filing of any petition or complaint against the Issuer, provision shall have been made in a manner satisfactory to the Issuer, for payment of its costs and expenses relating to any such petition or complaint and (ii) no costs, expenses, damages or other monetary relief shall be recoverable from the Issuer or its members, trustees, officers, directors, employees, agents and counsel except as may be payable from funds paid pursuant to or recovered in accordance with the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or the proceeds of the Bonds.

The Issuer shall be under no obligation to institute any suit or to take any remedial proceeding in the Event of a Default under this Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, including, without limitation, its acceptance or possession of a Project or any component thereof, until it shall be indemnified to its satisfaction against any and all costs, expenses, outlays and counsel fees and other disbursements, and against all liability. The Issuer nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Issuer, without

indemnity, and in such case the Issuer shall be entitled to reimbursement from any money under this Indenture and, subject to the prior rights of the Trustee, shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

The Issuer shall be entitled to advice of counsel concerning all matters under this Indenture and its duties under this Indenture, the other [Bond Documents and the Borrower Documents]. The Issuer may in all cases pay such compensation to such attorneys, agents and receivers and shall be entitled to reimbursement from the Borrower for all such compensation paid. The Issuer may act upon the opinion or advice of counsel, accountants, or such other professionals as the Issuer deems necessary and selected by it. The Issuer shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

The permissive right of the Issuer to do things enumerated in this Indenture or in the other [Bond Documents or Borrower Documents] to which the Issuer is a party shall not be construed as duties until specifically undertaken by the Issuer. The Issuer shall only be responsible for the performance of the duties expressly set forth in this Indenture and in the other [Bond Documents and Borrower Documents] to which it is a party and shall not be answerable for other than its willful misconduct in the performance of those express duties.

The Issuer shall be protected in acting upon any Opinion of Counsel, notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons and which is not contrary to the express terms of this Indenture, the other [Bond Documents or the Borrower Documents]. Any action taken by the Issuer pursuant thereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond as shown on the Bond Register will be conclusive and binding upon all future owners or holders of the same Bonds and upon Bonds issued in exchange therefor or in place of such Bonds.

5. **Annual Issuer's Fee:** See #3 under "GENERAL."

6. **Event of Default:** Nonpayment of the Issuer's Fees and Expenses is an Event of Default under the Loan Agreement (see "LOAN AGREEMENT – Event of Default" below). An Event of Default under the Indenture must include an Event of Default under the Loan Agreement. Any waiver allowed by a majority bondholder must not include an ability to waive the Issuer's rights under that provision.

7. **Designation of Trustee or Successor Trustee.** The Issuer reserves the right to approve the designation of the Trustee. The Indenture must provide that any successor Trustee is subject to prior written approval of the Issuer.

8. **Notice of Redemption.** Add language as follows in redemption provisions of the Indenture:

Except with respect to a sinking fund redemption pursuant to Section [____] hereof, in the event of any redemption of Bonds hereunder, the Trustee shall provide written notice to the Issuer of such redemption with the information specified in Section [____] [reference section of Indenture providing the content required for notices of redemption].

9. **Notice of Defeasance.** Add language as follows in defeasance/discharge provisions of the Indenture.

The Trustee shall provide written notice to the Issuer of any defeasance of Bonds hereunder.

10. **Notices.** Please ensure the following is included in the Notices heading:

To the Issuer: Capital Trust Authority
315 Fairpoint Drive
Gulf Breeze, Florida 32561
Attention: Executive Director
Phone: (850) 934-4046
Email: dmckinnon@muniad.com

With a copy to: Bryant Miller Olive P.A.
201 North Franklin Street, Suite 2700
Tampa, Florida 33602
Attention: Kareem J. Spratling, Esq.
Phone: (813) 273-6677
Email: kspratling@bmolaw.com

11. **Form of Bonds:**

(a) The following shall be included in the body of the Bonds:

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OR

ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. NO COVENANT OR AGREEMENT CONTAINED IN THE BONDS OR THE INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE GOVERNING BODY OF THE ISSUER NOR SHALL ANY OFFICIAL EXECUTING SUCH BONDS BE LIABLE PERSONALLY ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant or agreement contained in the [UPDATE AS REQUIRED BUT MUST INCLUDE BOTH TRADITIONAL BOND DOCUMENTS SIGNED BY THE ISSUER AND THE BORROWER DOCUMENTS: Bond Documents or the Borrower Documents], or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of the Indenture, or any claim based thereon or otherwise in respect thereof shall be had against the Sponsoring Political Subdivisions, the Local Agenc[y][ies] or the Issuer or any incorporator, member, director, officer, employee, agent or counsel as such, past, present or future of the Issuer, the Local Agenc[y][ies], or the Sponsoring Political Subdivisions, either directly or through the Issuer, the Trustee or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bond issued under the Indenture, or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such incorporator, member, director, officer, employee, agent or counsel, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Owner of any Bond issued under the Indenture or otherwise of any sum that may remain due and unpaid upon the Bond thereby secured or any of them is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

(b) **Validation Certification.** The following Validation Language shall be included in the form of the Bonds:

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which were validated by final judgment of the Circuit Court of the Second Judicial Circuit, Leon County, Florida rendered on [_____ 20__].

By: _____
Chairman

12. **Master Trust Indenture:** Establish an obligation issued under any Master Trust Indenture to evidence the obligation of the obligor to pay the fees and expenses, indemnities etc., owed

to the Issuer as a result of the financing. Ensure any flow of funds in the Master Trust Indenture is consistent with the flow of funds provided in the Bond Indenture. Make sure any provisions regarding any replacement Master Trust Indenture or substitution of Obligations provides that no such replacement or substitution shall impair the payment obligations relating to the Annual Issuer's Fee and Issuer's Fees and Expenses, including priority of payment.

13. **Rebate Reports.** Ensure rebate reports are not due every year.

14. **Unrated Bonds or Non-Investment Grade Bonds:**

i. For Bonds that are either unrated or Non-Investment Grade Bonds, ensure compliance with the Non-Investment Grade Bonds Policy.

ii. Add as an exhibit to the Indenture the standard investor letter of the Issuer, as well as the following condition precedent to the issuance of the Bonds. The standard investor letter is maintained by Issuer's Counsel and should be requested.

"Executed investor letters from the initial purchasers substantially in the form attached hereto as Exhibit [___], with such modifications as may be approved by the Issuer."

LOAN AGREEMENT

1. **Preambles.** Include the following preambles in the Loan Agreement:

WHEREAS, the Issuer is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida (the "State") established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; the Enabling Resolutions (as defined in the hereinafter defined Indenture); Ordinance Number 04-00, enacted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze") on May 15, 2000; the City Charter of Gulf Breeze; the City Charter of the City of Quincy, Florida; the Interlocal Agreement (as defined in the Indenture), with powers as a "local agency" under Chapter 159, Part II, Florida Statutes, and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"); and

WHEREAS, by the Enabling Resolutions, Resolution No. __-__ duly adopted by the Issuer on _____, 20__ (the "Inducement Resolution") and Resolution No. __-__, duly adopted by the Issuer on _____, 20__ (together with the Inducement Resolution, the "Bond Resolution"), approvals have been duly and validly provided pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance all or any part of the cost of the Project (as defined in the Indenture) which constitutes a "project" as defined in the Act; and

2. **Rules of Construction.** The following Rules of Construction are typically added to the Loan Agreement (ensure defined terms are as described in the Indenture or Loan Agreement):

(a) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action under this Loan Agreement by any party must be in writing and signed by a duly authorized representative of such party with a duly authorized signature.

(b) All references in this Loan Agreement to "counsel fees," "attorneys' fees" or the like mean and include fees and disbursements allocable to in-house or outside counsel, whether or not suit is instituted, and including fees and disbursements preparatory to and during any proceedings of a governmental or regulatory body, judicial or administrative hearing, trial and appeal and in any bankruptcy or arbitration proceedings.

(c) Whenever the word "includes" or "including" is used, such word means "includes or including by way of example and not limitation."

(d) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the reasonable discretion of the party whose approval, consent or acceptance is required except to the extent otherwise specified herein.

(e) For purposes hereof, the Issuer shall not be deemed to have knowledge of any fact or the occurrence of any event unless and until its Authorized Officer has written notice thereof or actual knowledge thereof.

(f) Any headings preceding the texts of the several Articles and Sections of this Loan Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Loan Agreement, nor shall they affect its meaning, construction or effect.

(g) Whenever the Issuer is named or referred to, it shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the Issuer contained in this Loan Agreement shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, issuer, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Issuer, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

3. **Event of Default.** Nonpayment of the Issuer's Fees and Expenses must be an Event of Default under the Loan Agreement, set forth as follows:

"Unless waived, in writing, by the Issuer, failure of the Borrower to pay to the Trustee an amount sufficient to pay any monthly installment of the Annual Issuer's Fee and any other Issuer's Fees and Expenses then due in accordance with Section ____ hereof within thirty (30) days of the due date of such installment of the Annual Issuer's Fee and any other Issuer's Fees and Expenses";

4. **Indemnification.** Insert as follows:

The Borrower and the [Sponsor, sole member, general partner, managing partner of the Borrower] shall pay and shall protect, indemnify and hold harmless, the Trustee and the Issuer Indemnified Parties (collectively, the "Indemnified Parties") from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees), causes of action, suits, claims, demands and judgments of any nature (collectively referred to herein as the "Liabilities") in any manner relating to and/or arising from or in connection with the Bonds (including the approval, issuance or non-issuance, and, if issued, the administration thereof) or: (i) any injury to or death of any person or damage to, in or upon the Project or growing out of or connected with the use, nonuse, condition or occupancy of the Project; (ii) violation or breach of any agreement or condition of this Loan Agreement or any of the Bond Documents or the Borrower Documents; (iii) a violation by the Borrower of any contract, agreement or restriction relating to the Project; (iv) any act, or failure to act, by the Borrower or negligence of the Borrower or any of its agents, contractors, servants, employees or licensees; (v) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project during the

period in which the Borrower is in possession or control of the Project; (vi) a violation by the Borrower of any law, ordinance or regulation affecting the Project or the ownership, occupancy or use thereof; (vii) any statement or information contained in the Indenture, this Loan Agreement, the Tax Agreement, any other [Bond Documents or Borrower Documents] or any other documents or agreements relating to the Bonds and the proceedings relating to their issuance and sale, or any documents in connection with the Continuing Disclosure Agreement, if any, which is misleading, untrue or incorrect in any material respect, other than information furnished by the Issuer; (viii) the financing, refinancing, construction, acquisition, equipping and installation of the Project or the failure to construct, acquire, equip or install the Project; (ix) any proceeding concerning the validity or enforceability of the Bonds [or the tax-exemption of the Bonds or the interest thereon]; (x) to the extent not previously mentioned, any claims whatsoever asserting any of the foregoing, regardless of the lack of merit thereof; and (xi) the costs incurred in connection with any claims, investigations, governmental or regulatory actions, proceedings or inquiries relating in any way to the Bonds or the transactions contemplated hereby or by the Indenture.

The Borrower also agrees to indemnify, protect, defend, and hold harmless the Indemnified Parties from and against the Liabilities (i) in any manner whatsoever arising from or relating to the Bonds (including the approval, issuance or non-issuance, and, if issued, the administration thereof), or any errors or omissions in information provided to the Issuer in connection with any legal proceedings or other official actions of the Issuer pertaining to the Bonds, (ii) in any manner whatsoever arising from or relating to any fraud or misrepresentations or omissions contained in information provided to the Issuer or the Trustee in connection with the proceedings of the Issuer relating to the issuance of the Bonds or the Continuing Disclosure Agreement, (iii) in any way arising from or relating to the execution or performance of this Loan Agreement or other [Bond Documents or Borrower Documents] by the Borrower, the issuance or sale of the Bonds, actions taken under the Indenture, actions taken under the Continuing Disclosure Agreement or any other cause whatsoever pertaining to the financing of the Project with the proceeds of the Bonds and the Issuer's approval under the Act, specifically including, but not limited to, the defense of the validity of the Bonds, compliance of securities laws, or tax exemption of the interest on the Bonds; or (iv) any statement or information relating to the Borrower, its business or properties contained in any final official statement or prospectus furnished to purchasers of any Bonds that is untrue or incorrect in any material respect and any omission relating to the Borrower, its business or properties from any official statement or prospectus of any statement or information which should be contained in it for the purpose for which it is to be used or which is necessary to make the statement in it not misleading in any material respect, if the final official statement or prospectus is approved in writing by the Borrower.

It is the intention of the parties hereto that the Indemnified Parties shall not incur pecuniary liability or expense (specifically including, but not limited to, expenses incurred in defending any claim, action, lawsuit, or administrative or other legal proceeding) by reason of, arising out of, or relating to the Bonds (including the approval, issuance or non-issuance, and, if

issued, the administration thereof) or (i) the terms of this Loan Agreement or other [Bond Documents or Borrower Documents], or (ii) by reason of, arising out of, or relating to the undertakings required of the Issuer, the Trustee, the Sponsoring Political Subdivisions, the Local Agenc[y][ies] and any of their officials, directors, commissioners, officers, agents and employees hereunder in connection with the issuance of the Bonds, the execution of the Indenture, the performance of any act required of the Issuer, the Trustee, the Sponsoring Political Subdivisions, the Local Agenc[y][ies] and any of their officials, directors, commissioners, officers, agents, attorneys and employees by this Loan Agreement or other [Bond Document or Borrower Document], as applicable, or the performance of any act requested of the Issuer, the Trustee, the Sponsoring Political Subdivisions, the Local Agenc[y][ies] and any of their officials, officers, directors, commissioners, agents, attorneys and employees by the Borrower or in any way arising from the transaction of which this Loan Agreement or any other [Bond Document or Borrower Document], as applicable, is a part or arising in any manner in connection with the [Project]; nevertheless, if the Issuer, the Trustee, the Sponsoring Political Subdivisions, the Local Agenc[y][ies] or any of their officials, officers, directors, commissioners, agents, attorneys and employees should incur any such pecuniary liability, then in such event the Borrower shall indemnify and hold harmless the Issuer, the Trustee, the Sponsoring Political Subdivisions, the Local Agenc[y][ies] or any of their officials, officers, directors, commissioners, agents, attorneys and employees against all claims by or on behalf of any Person, arising out of the same, and all fees, costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Trustee, the Sponsoring Political Subdivisions, the Local Agenc[y][ies] or any of their officials, officers, directors, commissioners, agents or employees, the Borrower shall defend such party, its officials, officers, directors, commissioners, agents or employees in any such action or proceeding.

Promptly after receipt by an Indemnified Party under this Section [] of notice of the existence of a claim in respect of which indemnity hereunder may be sought or of the commencement of any action against the Indemnified Party in respect of which indemnity hereunder may be sought, the Indemnified Party shall notify the Borrower in writing of the existence of such claim or commencement of such action (provided that a failure to so notify the Borrower will not excuse the Borrower from its obligations hereunder). In case any such action shall be brought against an Indemnified Party under this Section [], the Indemnified Party shall notify the Borrower of the commencement thereof and the Borrower shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party, with full power to litigate, compromise or settle the same; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement; provided, however, that if the Indemnified Party shall have been advised by independent counsel selected by the Indemnified Party that there may be legal defenses available to it which are adverse to or in conflict with those available to the Borrower or other Indemnified Parties which, in the opinion of such counsel or if any such claim involves possible criminal charges, should be handled by separate counsel, the Borrower shall not have the right to assume the defense of such action on behalf of the Indemnified Party, but shall be

responsible for the fees and expenses of the Indemnified Party in conducting its defense; and provided, further, that if the Borrower shall have failed to assume the defense of such action and shall have failed to employ counsel therefor reasonably satisfactory to the Indemnified Party within a reasonable time after notice of commencement of such action, such fees and expenses incurred by the Indemnified Party in conducting its own defense shall be borne by the Borrower.

The duty of the Borrower to defend each Indemnified Party under this Section [] shall commence from the time the claim is known of, and such duty shall exist and continue regardless of the merits of the claim, and shall survive the payment or defeasance of the Bonds and the termination of any other provisions of the Indenture and this Loan Agreement.

In addition, the Borrower agrees that if either party initiates any action, suit or other proceeding with respect to any claim, demand or request for relief, whether judicial, administrative, or other legal proceeding, in which the Issuer or any members of its board, its officers, attorneys, accountants, financial advisors or staff is named or joined as a party, the Borrower will pay to and reimburse to the Issuer the full amount of all fees and expenses incurred by the Issuer with respect to the Issuer's defense of or participation in such action, suit or other proceeding. All Indemnified Parties shall be deemed third party beneficiaries hereof, with full right to enforce the provisions hereof in respect of such Indemnified Party.

The provisions contained in this Section [] pertaining to indemnification of the Issuer Indemnified Parties shall be in addition to any other indemnification provided to such Indemnified Parties in any other agreement by the Borrower in connection with the issuance and sale of the Bonds and all matters relating thereto.

Notwithstanding any other provision of this Section [] to the contrary, the Borrower's indemnification obligations under this Section [] shall not extend to the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents to the extent of any Liabilities arising from the negligence or willful misconduct of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents.

(b) The Issuer makes no warranty, either express or implied, as to the Project or the condition thereof, or that the Project will be suitable for the purposes or needs of the Borrower. The Issuer makes no representation or warranty, express or implied, that the Borrower will have quiet and peaceful possession of the Project. The Issuer makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the Project or its suitability for the purposes of the Borrower.

(c) Notwithstanding anything to the contrary contained herein or in any of the Bonds, the Indenture, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) Issuer shall have no obligation to take action under this Loan Agreement, the Bonds, other [Bond Documents, Borrower Documents] or such other

instruments or documents, unless Issuer is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorneys' fees) in such action, (ii) neither Issuer nor any member of Issuer or any officer, agent relating to the Bonds or the Project, or employee of Issuer shall be personally liable to the Borrower, the Trustee or any other person for any action taken by Issuer or by its officers, agents relating to the Bonds or the Project, or employees or for any failure to take action under this Loan Agreement, the Bonds, the other [Bond Documents, Borrower Documents] or such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance; and (iii) any judgment rendered against the Issuer for breach of its obligations under this Loan Agreement, the Bonds, the other [Bond Documents, Borrower Documents] or such other instruments or documents, shall be payable solely from the revenues derived in accordance with this Loan Agreement, the Indenture or other [Bond Documents or Borrower Documents] as applicable, and no other personal liability, or charge payable directly or indirectly from the general funds of the Issuer, shall arise therefrom.

(d) Notwithstanding anything to the contrary contained herein or in any of the Bonds, or this Loan Agreement, the Indenture, other [Bond Documents, Borrower Documents] or in any other instrument or document executed by or on behalf of the Issuer 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, officer, employee or agent of the Issuer, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his 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, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement, or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, 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 individual capacity, is hereby expressly waived and released.

(e) In the Issuer accepting the provisions for the Borrower to indemnify the Issuer Indemnified Parties from claims of third parties, and in the Borrower agreeing to make such indemnities, as provided herein, the Issuer (and all applicable Indemnified Parties) intend to retain, and do not waive, the limits and scope of sovereign immunity enjoyed by the Issuer (or any applicable Indemnified Party) as provided pursuant to State law with respect to such claims, as well as all other immunities, defenses, and privileges the Issuer (or any applicable Indemnified Party) may enjoy with respect to such claims under State or federal law. By the same token, it is intended that the Borrower be able, and the Borrower may assert, with respect to claims for which indemnity is provided by the Borrower to the Issuer, the Issuer's sovereign

immunity under State law with respect to such claims, as well as all other immunities, defenses, and privileges the Issuer may enjoy with respect to such claims as may be provided under State or federal law.

5. **Exculpatory Language.** Insert the following:

In the exercise of the powers of the Issuer and its Indemnified Parties and the Trustee, under the Indenture, the Tax Agreement, the Continuing Disclosure Agreement, and this Loan Agreement or any other [Bond Documents or Borrower Documents], the Issuer Indemnified Parties and the Trustee shall not be accountable to the Borrower for any action taken or omitted by it or its officers in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred on them. The Issuer Indemnified Parties, the Trustee and their officers shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it and they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action.

6. **No Liability of Officers.** Insert the following:

No covenant or agreement contained in this Loan Agreement or the Indenture shall be deemed to be the covenant or agreement of any officer, director, member, official, employee or agent of the Issuer, in his or her individual capacity, and none of such persons shall be subject to any personal liability or accountability by reason of the execution hereof or thereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement or any assessment or penalty, or otherwise. No recourse shall be had against any commissioner, member, director, officer, employee, agent or counsel, past, present, or future of the Issuer, either directly or through the Issuer or otherwise for payment for or to the Issuer or any receiver thereof, or for or to any Holder of the Bonds, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds or under or upon any obligation, covenant or agreement contained in this Loan Agreement or in any other document executed in connection therewith. Neither shall any recourse be had against any of such Persons on account of the issuance and sale of the Bonds or on account of any representations in connection therewith. Any and all personal liability or obligation, whether in common law or in equity, or by reason of statute or constitution or by the enforcement of any assessment or otherwise, of such commissioner, member, director, officer, employee, agent or counsel to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, of for or to any Holder of the Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds or under any documents executed in connection with the issuance thereof is hereby expressly waived and released as a condition of and in consideration for the execution of this Loan Agreement and the issuance of the Bonds.

7. **Obligation of Borrower Unconditional.** Ensure the obligations of the borrower are unconditional.

8. **Usury.** Usury provision should read as follows:

In no event shall the aggregate amounts contracted for, demanded, charged, or collected in connection herewith which are deemed "interest" exceed the Lawful Rate. The term "Lawful Rate" shall mean the highest lawful rate of interest applicable to the Bonds pursuant to laws of the State. It is expressly stipulated and agreed to be the intent of the Borrower and the Issuer at all times to comply with the applicable law governing the Lawful Rate or amount of interest payable on or in connection with the Bonds (or applicable United States federal law to the extent that it permits the Issuer to contract for, demand, charge, take, reserve, or receive a greater amount of interest than under the laws of the State). If the applicable law, as judicially interpreted from time to time, shall ever render usurious any amount called for under this Loan Agreement, the Bonds, or under any of the other Bond Documents or contracted for, demanded, charged, taken, reserved, or received with respect to the Bonds, or if acceleration of the maturity of the Bonds or if any prepayment by the Borrower results in the Borrower having paid any interest in excess of that permitted by law, then it is the Borrower's and the Issuer's express intent that all excess amounts theretofore collected by the Issuer be credited on the principal balance of the Bonds (or, if the Bonds have been or would thereby be paid in full, the excess refunded to the Borrower), and the provisions of the Bonds and the other Bond Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder. The right to accelerate maturity of the Bonds does not include the right to accelerate any interest which has not otherwise accrued on the date of acceleration, and the Issuer does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to the Issuer for the use, forbearance, or detention of the [Indebtedness] evidenced hereby shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such [Indebtedness] until payment in full so that the rate or amount of interest on the account of such [Indebtedness] does not exceed the applicable usury ceiling. Notwithstanding any provision contained in the Bonds or in any other Bond Documents that permit the compounding of interest, including, without limitation, any provision by which any accrued interest is added to the principal amount of the Bonds, the total amount of interest that the Borrower is obligated to pay and the Issuer is entitled to receive with respect to the Bonds shall not exceed the amount calculated on a simple (i.e., noncompounded) interest basis at the Lawful Rate on principal amounts actually advanced to or for the account of the Borrower, so long as such advances remain outstanding, including all current and prior advances and any advances made pursuant to the Bond Documents (such as the payment of taxes, insurance premiums, and similar expenses or costs). This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

9. Insert the following regarding the Post-Issuance Compliance Policies & Procedures of the Issuer. The current Post-Issuance Compliance Policies & Procedures of the Issuer are attached hereto as Exhibit D.

() The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Post-Issuance Compliance Policies and Procedures of Capital Trust Authority as attached hereto as Exhibit "___".

10. Ensure the following language is in the Loan Agreement, including, in particular, that it includes the bold, underlined language.

The Borrower hereby covenants to engage the Dissemination Agent [which shall be defined in the Indenture as DAC] and execute and deliver the Continuing Disclosure Agreement, as the continuing disclosure undertaking required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c2-12), contemporaneously with the issuance of the Bonds. **The Borrower shall not terminate the Continuing Disclosure Agreement or the Dissemination Agent without the prior written consent of the Issuer.** The Continuing Disclosure Agreement shall be for the benefit of the Bondholders, and each Bondholder shall be an intended beneficiary of this Section 5.07 and the Continuing Disclosure Agreement with the right to enforce this Section 5.07 and the Continuing Disclosure Agreement directly against the Borrower. Notwithstanding any other provision of this Loan Agreement or the Indenture, failure of the Borrower or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Indenture.

11. Ensure the following language is in the Loan Agreement:

The Issuer has engaged the Arbitrage Rebate Monitor [which shall be defined in the Indenture as Integrity Public Finance Consulting, LLC] for the primary purposes of maintaining the records of: (i) the applicable arbitrage computation dates, as identified in the Indenture and Tax Agreement, (ii) the Borrower's designation of a Rebate Analyst, and (iii) copies of Rebate Reports provided to the Arbitrage Rebate Monitor by the Rebate Analyst or the Borrower related to the Bonds. The Borrower shall comply with written requests from the Arbitrage Rebate Monitor for any documentation related to the foregoing (i) - (iii). The Rebate Analyst shall review the transcript for the Bonds with respect to the rebate and yield restriction calculations required pursuant to Section 148 of the Code. In the event the Borrower's selected Rebate Analyst does not perform such functions in a timely manner, at the Borrower's expense, the Arbitrage Rebate Monitor shall serve as the Rebate Analyst. In the event the Borrower owes arbitrage rebate or has accrued a yield reduction payment liability to the Internal Revenue Service, the Borrower will coordinate with the Issuer for timely signature of IRS Form 8038-T, Arbitrage Yield Reduction and Penalty in Lieu of Arbitrage Rebate, to be prepared by the Rebate Analyst, together with payment to the Internal Revenue Service in the amount equal to the arbitrage rebate or yield reduction payment liability, as applicable, calculated in accordance

with the Tax Agreement for timely submission to the Internal Revenue Service in accordance with Section 148 of the Code. Provided further, the Borrower shall submit all required rebate calculations to the Arbitrage Rebate Monitor within seven (7) days of completion. The provisions of this Section ____ shall be for the benefit of the Bondholders, and each Bondholder shall be an intended beneficiary of this Section ____ with the right to enforce this Section ____ directly against the Borrower. Notwithstanding any other provision of this Loan Agreement or the Indenture, failure of the Borrower or the Arbitrage Rebate Monitor to comply with the provisions of this Section ____ shall not be considered an Event of Default hereunder or under the Indenture.

BOND PURCHASE AGREEMENT

1. Note that the Division of Bond Finance requires a Notice of Sale to be filed prior to the execution and delivery of the Bond Purchase Agreement. Check the requirements at this website: <https://www.sbafla.com/issue/>.

2. Make sure representations and warranties of the Issuer are accurate and appropriate for the Issuer, including ensuring any representations or warranties regarding the Offering Document are limited to the Issuer sections.

2. Ensure the Issuer does not approve the use and distribution of an Offering Document; the Issuer only acknowledges the use and distribution.

3. Look for any obligation of the Issuer and ensure it looks back to the Borrower for compliance (i.e., "The Issuer will, upon receipt of _____ from the Borrower, etc.).

5. Ensure closing requirements referring to opinions reference the Issuer as an addressee and check any form of an opinion attached to the Bond Purchase Agreement to ensure the Issuer is an addressee.

6. Ensure there is a Negotiated Sale Disclosure Statement included as an exhibit to the Bond Purchase Agreement; including:

- (a) Deletion of the words "Form of" if included as a part of the name of the exhibit,
- (b) Ensuring the statement complies with Florida Statutes Section 218.385,
- (c) Ensuring it is completed and signed by the Underwriter/Representative at the time the Bond Purchase Agreement is executed, and
- (d) Ensuring the statement remains an integral part of the Bond Purchase Agreement (not separately provided).

7. Use this language with respect to the Issuer's participation in the Offering Document:

The Underwriter and the Borrower acknowledge that the Issuer has not participated in the preparation of the Preliminary [Offering Document] or the [Offering Document] and has made no independent investigation and has furnished no information contained in the Preliminary [Offering Document] or [Offering Document], except the information contained under the headings ["THE ISSUER" and "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS" and subheadings "INTRODUCTION – The Issuer" and "LITIGATION – The Issuer."] The Issuer assumes no responsibility with respect to the sufficiency, accuracy, or completeness of any of the information contained in the Preliminary [Offering Document] or [Offering Document] or any other document used in connection with the offer and sale of the Bonds.

7. In the representation of the Issuer relating to breach or default under any agreement, law, etc., ensure the following language is added:

"; provided, however, that the Issuer makes no representation or warranty with respect to compliance with applicable federal or state securities law or Blue Sky laws of any jurisdiction in connection with the issuance and sale of the Bonds."

8. Ensure the following language is added to the indemnification section of the Bond Purchase Agreement (or similar document):

Notwithstanding anything herein to the contrary, with respect to the Issuer and the Issuer Indemnified Parties (as defined in the Loan Agreement), the provisions of this Section ___ are supplemental to any other indemnification given by the Borrower to the Issuer and the Issuer Indemnified Parties and to the extent of a conflict between the provisions thereof and hereof, the provisions thereof shall control.

10. Add the following "Covenants and Indemnification to the Benefit of the Issuer.

(a) The Issuer hereby states, and the Underwriter and the Borrower hereby acknowledge and agree, that except for the Issuer Portion, the Issuer has not been requested to participate in the preparation of or to review the [Offering Document] and the Issuer has not done so and will not do so and that the Issuer has made no independent investigation of the facts and statements provided therein, and the Issuer assumes (and the Underwriter and the Borrower covenant and agree that the Issuer shall have) no liability with respect thereto, including without limitation matters relating to the accuracy, fairness, completeness, or sufficiency of the [Offering Document].

(b) The Borrower and the Underwriter hereby consent and agree that the Issuer's execution and delivery of this Bond Purchase Agreement, and any action taken by the Issuer hereunder and any failure or alleged failure on the part of the Issuer to abide by such terms hereof as may be applicable to the Issuer, shall not give rise to any pecuniary liability of the Issuer.

(d) The Underwriter and the Borrower acknowledge and agree that under Rule 15c2-12(b)(5) the Issuer is not an "obligated person" with respect to the Bonds, that neither the Underwriter nor the Borrower has requested the Issuer to participate in the preparation or delivery of any disclosure agreement respecting the Bonds, and that the Issuer shall have no responsibility or liability, and is hereby held harmless and indemnified therefrom by the Underwriter and the Borrower, from any continuing disclosure respecting the Bonds.

(e) All indemnification of the Issuer and other agreements respecting payment of costs of the Issuer provided in this Bond Purchase Agreement shall not be subject to limitation and shall survive expiration or termination of this Bond Purchase Agreement, notwithstanding any provision in this Bond Purchase Agreement to the contrary.

TAX AGREEMENT

1. Ensure the following sentence is added to the paragraph relating to representations of the Issuer: "The representations of the Issuer in this Agreement are based on representations made by the Borrower in this Agreement and in the Bond Documents related to the Bonds."
2. Ensure all representations, expectations, compliance statements, covenants, etc., are qualified with the phrase, "to the extent within its control" except where such qualifier would not be applicable.
3. Ensure the description of the TEFRA proceedings is accurate.
4. Ensure any reference to the Offering Document does not reference approval or execution of the same by the Issuer. The Issuer does not approve use and distribution.
5. Include the following in the arbitrage compliance section of the Tax Agreement and include the related Exhibit as shown below:

The Borrower acknowledges its responsibility to comply with the arbitrage limitations imposed by Section 148 of the Code in its certificate attached as Exhibit _____.

EXHIBIT _____

RESPONSIBILITY FOR IRS ARBITRAGE REBATE REQUIREMENTS

[Date]

[Borrower] (the "Borrower") acknowledges that it has reviewed Article ____ – [Arbitrage Rebate and Yield Restriction of the Tax Certificate and Agreement] between the Borrower and Capital Trust Authority (the "Issuer") entered into in connection with the issuance by the Issuer of its [NAME OF TAX-EXEMPT BONDS] (collectively, the "Bonds").

In order to effectuate compliance with the arbitrage rebate requirement described therein, the Borrower has determined to undertake its arbitrage compliance as follows:

The Borrower has initially retained or intends to retain the firm of Integrity Public Finance Consulting LLC as Rebate Expert with respect to the Bonds.

The Borrower has initially retained or intends to retain the firm of _____ as Rebate Expert with respect to the Bonds.

Dated the day and year first written above.

[BORROWER]

By: _____

Name:

Title:

CONTINUING DISCLOSURE AGREEMENT

1. Any continuing disclosure undertaking is solely the obligation of the Borrower, and not the Issuer.
2. The Issuer must not be a party to the Continuing Disclosure Agreement.
3. Add language to the effect of the following if not already included:

The Borrower and the Disclosure Dissemination Agent acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

4. Check the "Duties, Immunities and Liabilities of the Dissemination Agent" section of the Continuing Disclosure Agreement to ensure it reads: "but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct" i.e., make sure it does not reference gross negligence.

CLOSING DOCUMENTS

1. Ensure description of the Act is accurate.
2. Ensure references to the Issuer, City of Gulf Breeze and City of Quincy documents are accurate, including the Interlocal Agreement.
3. Ensure the Chairman, Secretary and Executive Director are named in any incumbency certificate.
4. Ensure the Chairman and Secretary sign the Bond and any Promissory Note.
5. Ensure there is no language referring to the Bond Purchase Agreement ("BPA") as being presented to the Board at a meeting. The BPA is not an exhibit to the Bond Resolution.
6. Ensure no language contemplates approval of the Offering Document. The Issuer only acknowledges use and distribution of the Offering Document. It will approve the specific Issuer sections, i.e., "SHORT STATEMENT/INTRODUCTION – The Issuer", "THE ISSUER", "THE ISSUER – Litigation" and "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS" (adjusted to reference the specific sections of the related Offering Document).
7. Ensure representations in the certificate do not contemplate execution of the Offering Document.

Generally, ensure the Issuer is not making any representation or certification not appropriate to a conduit issuer.

EXHIBIT B
OFFERING DOCUMENT

1. **Note that the Bond Resolution only authorizes the Issuer to acknowledge the use and distribution of the Offering Document and that the Issuer does not sign the Offering Document.** The Offering Document may not reference approval by the Issuer under any heading or subheading.

2. In the inside cover language add the following:

The Issuer neither has nor assumes responsibility for any information in this [OFFERING DOCUMENT], except for the information under the captions ["THE ISSUER"], ["DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS,"] and "LITIGATION – The Issuer." Although this [OFFERING DOCUMENT] contains information from sources believed to be reliable, the Issuer makes no representations as to the contents of this [OFFERING DOCUMENT] other than those referenced above. **THE ISSUER ASSUMES NO RESPONSIBILITY FOR THE ACCURACY, SUFFICIENCY OF DISCLOSURE OR COMPLETENESS OF ANY INFORMATION PROVIDED BY THE BORROWER, THE TRUSTEE OR ANY OTHER PERSON.**

3. Assignment language with respect to the Loan Agreement shall include a carve out for the Issuer's Reserved Rights.

4. Add the following under the heading, "CONTINUING DISCLOSURE." If a statement is made in the inside cover with respect to continuing disclosure, add the same to that language as well:

The Issuer has not, and will not, undertake any responsibilities to provide continuing disclosure with respect to the Bonds and will have no liability to Bondholders with respect to any such disclosures.

5. The following is the required language for "THE ISSUER" section.

THE ISSUER

General

The Issuer is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida [(the "State")] established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; the Enabling Resolutions (as defined in the Indenture); Ordinance Number 04-00, enacted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze") on May 15, 2000; the City Charter of Gulf Breeze; the City Charter of the City of Quincy, Florida; the Interlocal Agreement (as defined in the Indenture), with power as a "local agency" under Chapter 159, Part II, Florida Statutes, and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"). By the Enabling Resolutions, Resolution No. __-__

duly adopted by the Issuer on _____, 20__ (the "Inducement Resolution") and Resolution No. __-__ duly adopted by the Issuer on _____, 20__ (together with the Inducement Resolution, the "Bond Resolution"), approvals have been duly and validly provided pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance all or any part of the cost of the Project (as defined herein) which constitutes a "project" as defined in the Act.

NOTE: In the event the Offering Document is posted prior to adoption of the Bond Resolution, revise the above bracketed description of the approval as follows:

The issuance of the Bonds has been authorized by the Enabling Resolutions (as defined in the Indenture) and Resolution No. [__]-[__] adopted by the Issuer on [_____, 20__] (the "Inducement Resolution"). The Issuer is expected to meet on [_____, 20__] to consider a final resolution approving the issuance of the Bonds (together with the Inducement Resolution, the "Bond Resolution"). The Bonds will not be issued unless and until such final resolution is adopted by the Issuer. Upon such adoption, approvals will have been duly and validly provided pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance all or any part of the costs of the Project, which constitutes a "project" as defined in the Act. See "THE ISSUER

The Issuer neither has nor assumes responsibility for any information in this [OFFERING DOCUMENT], except for the information under the captions ["INTRODUCTION – The Issuer," "THE ISSUER"], ["DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS,"] and ["LITIGATION – The Issuer."] [UPDATE TO REFER TO SPECIFIC HEADINGS IN THE OFFERING DOCUMENT AND ENSURE COMFORT ON THESE HEADINGS HAS BEEN APPROVED BY THE BOND RESOLUTION]. Although this [OFFERING DOCUMENT] contains information from sources believed to be reliable, the Issuer makes no representations as to the contents of this [OFFERING DOCUMENT] other than those referenced above. THE ISSUER ASSUMES NO RESPONSIBILITY FOR THE ACCURACY, SUFFICIENCY OF DISCLOSURE OR COMPLETENESS OF ANY INFORMATION PROVIDED BY THE BORROWER, THE TRUSTEE OR ANY OTHER PERSON OR ENTITY.

The Issuer's fees and expenses, including any charges for indemnity, relating to the Bonds or the Project are paid [INSERT REFERENCE TO ACTUAL TERMS FOR PAYMENT OF ANNUAL ISSUER'S FEE AND EXPENSES.]

Validation

On [_____, 20__], the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida entered a final judgment of validation confirming and validating the Issuer's conduit revenue bond program and the bonds issued pursuant thereto, which include the Bonds.

Limited Involvement of the Issuer

The Issuer has no obligation to review, control or oversee the activities of the Trustee or the Borrower or the compliance by any of them with any covenants or provisions of the Bond Documents

or any related documents, including (without limitation) any covenants that relate to the excludability from gross income of interest on the [Tax-Exempt] Bonds.

The Issuer shall be under no obligation to institute any suit or to take any remedial proceeding during an Event of Default under the Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts thereby created or in the enforcement of any rights and powers thereunder, including, without limitation, its acceptance or possession of the Project or any component thereof, until it shall be indemnified to its satisfaction against any and all costs, expenses, outlays and counsel fees and other disbursements, and against all liability. The Issuer nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend a suit, or do anything else in its judgment proper to be done by it as such Issuer, without indemnity, and in such case the Issuer shall be entitled to reimbursement from any money under the Indenture and, subject to the prior rights of the Trustee, shall be entitled to a preference therefor over any Bonds outstanding under the Indenture.

The Issuer shall be entitled to advice of counsel concerning all matters under the Indenture and its duties under the Indenture, the other Bond Documents [INCLUDE IF NOT ALREADY INCLUDED IN THE DEFINED TERM FOR "BOND DOCUMENTS": and the Borrower Documents]. The Issuer may in all cases pay such compensation to such attorneys, agents and receivers and shall be entitled to reimbursement from the Borrower for all such compensation paid. The Issuer may act upon the opinion or advice of counsel, accountants, or such other professionals as the Issuer deems necessary. The Issuer shall not be responsible for any loss or damage resulting from any action or non-action based on its good faith reliance upon such opinion or advice.

The permissive right of the Issuer to do things enumerated in the Indenture or in the other Bond Documents or Borrower Documents to which the Issuer is a party shall not be construed as duties until specifically undertaken by the Issuer. The Issuer shall only be responsible for the performance of the duties expressly set forth in the Indenture and in the other Bond Documents to which it is a party and shall not be answerable for other than its willful misconduct in the performance of those express duties.

The Issuer shall be protected in acting upon any opinion of counsel, notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons and which is not contrary to the express terms of the Indenture, the Loan Agreement or any other Bond Documents. Any action taken by the Issuer pursuant thereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent as the Holder of any Bond as shown on the [Bond Register] will be conclusive and binding upon all future owners or holders of the same Bonds and upon Bonds issued in exchange therefor or in place of such Bonds.

Limited Recourse on Bonds of the Issuer

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER,

THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OF FLORIDA OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OF FLORIDA OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENC[Y][IES], THE STATE OF FLORIDA OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. NO COVENANT OR AGREEMENT CONTAINED IN THE BONDS OR THE INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE GOVERNING BODY OF THE ISSUER NOR SHALL ANY OFFICIAL EXECUTING SUCH BONDS BE LIABLE PERSONALLY ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant or agreement contained in the Bond Documents or the Borrower Documents or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of the Indenture, or any claim based thereon or otherwise in respect thereof shall be had against the Sponsoring Political Subdivisions, the Local Agenc[y][ies] or the Issuer or any incorporator, member, director, officer, employee, agent or counsel as such, past, present or future of the Issuer, the Sponsoring Political Subdivisions or the Local Agenc[y][ies], either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Holder of any Bond issued under the Indenture, or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such incorporator, member, director, officer, employee, agent or counsel, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Holder of any Bond issued under the Indenture or otherwise of any sum that may remain due and unpaid upon the Bond secured by the Indenture or any of them is, by the acceptance thereof, expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

Notwithstanding anything to the contrary contained in the Indenture, the Bonds, the Loan Agreement or in any other instrument or document executed by or on behalf of the Issuer in connection with the issuance of the Bonds: (i) the Issuer shall have no obligation to take action under the Loan Agreement, the Indenture, the Bonds or any other Bond Document, or any such other instruments or documents, unless the Issuer is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorneys' fees) in such action; (ii) neither the Issuer nor any member, director, officer, employee or agent of the Issuer shall be personally liable to the Borrower, the Trustee, the Holders of the Bonds, or any other person for any action taken by the Issuer

or by its officers, agents or employees or for any failure to take action under the Indenture, the Loan Agreement, the Bonds, any other financing document, or any such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance; and (iii) any judgment rendered against the Issuer for breach of its obligations under the Indenture, the Loan Agreement, the Bonds or such other instruments or documents, shall be payable solely from funds paid in accordance with or recovered pursuant to the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or proceeds of the Bonds, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

No agreements or provisions contained in the Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except with respect to the Loan Agreement and the application of revenues therefrom and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture shall subject the Issuer, its incorporators, members, directors, officers, employees, agents and counsel to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered pursuant to the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or proceeds of the Bonds.

Nothing in the Indenture shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant, or agreement therein; provided, that (i) prior to the official filing of any petition or complaint against the Issuer, provision shall have been made in a manner satisfactory to the Issuer, for payment of its costs and expenses relating to any such petition or complaint, and (ii) no costs, expenses, damages, or other monetary relief shall be recoverable from the Issuer or its members, trustees, officers, directors, employees, agents, and counsel except as may be payable pursuant to the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or the proceeds of the Bonds.

7. The following is the required Blue Sky Disclosure Language:

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the Issuer except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the Issuer, and certain additional financial information, unless the Issuer believes in good faith that such information would not be considered material by a reasonable investor.

As described herein, the Issuer has the power to issue bonds or notes for the purpose of financing other projects for other borrowers which are payable from the revenues of the particular project or borrower. Revenue bonds issued by the Issuer for other projects may be in default as to principal and interest. The source of payment, however, for any such defaulted bond is separate and distinct from the source of payment of the Bonds and, therefore, any default on such bonds would not, in the judgment of the Issuer, be considered material by a potential purchaser of the Bonds.

Rule 69W-400.03, Rules for Government Securities, promulgated by the Florida Office of Financial Regulation, under Section 517.051(1), Florida Statutes ("Rule 69W-400.03"), requires the Issuer to disclose each and every default as to the payment of principal and interest with respect to an obligation issued by the Issuer after December 31, 1975. Rule 69W-400.03 further provides, however, that if the Issuer in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. The Issuer, in the case of the Bonds, is merely a conduit for payment, in that the Bonds do not constitute a general debt, liability or obligation of the Issuer, but are instead secured by and payable solely from amounts payable under the Loan Agreement pledged in the Indenture (exclusive of the fees and expenses of the Issuer and amounts payable to the Issuer as indemnification under certain circumstances), and amounts on deposit in the funds created under the Indenture (other than the Rebate Fund). The Bonds are not being offered on the basis of the financial strength or condition of the Issuer. The Issuer believes, therefore, that disclosure of any default related to a financing not involving the Borrower or any person or entity related to the Borrower would not be material to a reasonable investor. Accordingly, the Issuer has not taken affirmative steps to contact any trustee of any other conduit bond issue of the Issuer to determine the existence of prior defaults. To the knowledge of the Issuer, based solely upon information provided by the Borrower, the Borrower has not been in default as to payment of principal or interest with respect to its obligations related to such bonds at any time after December 31, 1975.

9. Include the following in the Offering Document if fees described below are contingent.

CONTINGENT FEES

Bond Counsel, Disclosure Counsel, Bryant Miller Olive P.A., counsel to the Issuer, [the Financial Advisor] and the Trustee (who has retained Trustee's Counsel) have been retained with respect to the authorization, sale, execution and delivery of the Bonds. Payment of all or a portion of the fees and expenses to such professionals and an underwriting discount to the Underwriters, including the fees of their counsel, if any, are each contingent upon the sale and delivery of the Bonds. In addition, the total compensation of the Issuer's Executive Director, an employee of the City of Gulf Breeze, Florida, may increase, in the form of an annual bonus, as a consequence of the issuance of the Bonds.

EXHIBIT C
NON-INVESTMENT GRADE BONDS POLICY

CAPITAL TRUST AUTHORITY
ISSUANCE POLICIES

The Capital Trust Authority ("CTA") has a mission to serve the public interest by issuing debt to finance projects determined by recognized legal professionals as qualifying for tax exempt or taxable bond financing through the CTA. In performing this mission, CTA does not underwrite or render any reliable analysis as to the risk being assumed by potential investors in those bonds. CTA will, however, institute policies and procedures to ensure the legal review, financial review and market disclosure of the risks associated with its financings. CTA will do this by ensuring all of its transactions are reviewed on behalf of the CTA by at least one law firm that is recognized in "*The Bond Buyer's Municipal Marketplace*" and by making efforts to ensure that the other transaction professionals, including underwriters, feasibility consultants and counsel responsible for the primary offering document have sufficient skill and expertise in the issuance of taxable or tax-exempt bonds.

The purpose of the following policies are to provide baseline standards and clarity in connection with financings undertaken by CTA. CTA acknowledges that each financing must be reviewed individually, and that additional provisions and/or exceptions may be considered if same are a necessary part of a prudent borrowing and/or issuance strategy. While CTA reserves the right, in its sole discretion, to approve exceptions, applicants should not expect any exceptions. The approval of exceptions in the past shall not be considered precedent for future approvals. Any exceptions to the following policies and procedures must be approved by resolution of CTA Board, in its sole discretion. In determining whether to approve an exemption to the following policies, the CTA Board shall consider, among other factors, the factors described in paragraph 2 below.

1. UNRATED BONDS AND NON-INVESTMENT GRADE BONDS.

(a) *Authorized Purchaser's/Investor's.* Bonds and other obligations of CTA that are either unrated or are not rated BBB- or higher by S&P, rated Baa3 or higher by Moody's or rated BBB- or higher by Fitch (collectively, "Investment Grade") can only be issued and sold to qualified institutional buyers and accredited investors, further subject to paragraph (1)(e) below.

(b) *Required Legend.* Bonds and other obligations of CTA that are either unrated or are not Investment Grade must be issued with a legend, in substantially the following form, conspicuously noted on the face of such obligations, subject to changes approved by the appointed counsel to CTA, which legend must also be reflected in the financing documents and primary offering documents, if any:

THIS BOND IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND UNLESS THE TRUSTEE AND THE ISSUER HAVE RECEIVED AN INVESTMENT GRADE NOTICE, AND THE ISSUER HAS GIVEN ITS WRITTEN CONSENT, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON WHO IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN "ACCREDITED INVESTOR" UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT. EACH PURCHASER HEREOF AGREES TO PROVIDE ADVANCE WRITTEN NOTICE OF THE RESTRICTION ON TRANSFERS TO ANY PROPOSED TRANSFEREE OF A BENEFICIAL OWNERSHIP INTEREST IN THE PURCHASED BOND.

UNLESS THE RESTRICTIONS TO TRANSFER DESCRIBED ABOVE HAVE BEEN WAIVED IN WRITING BY RESOLUTION OF THE ISSUER, DULY ADOPTED, EACH TRANSFEREE OF THIS BOND, BY ITS PURCHASE HEREOF, REPRESENTS THAT SUCH TRANSFEREE IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN "ACCREDITED INVESTOR" UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS BOND TO A SUBSEQUENT TRANSFEREE WHO IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN "ACCREDITED INVESTOR" UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT.

(c) Minimum Denominations. Bonds and other obligations of CTA that are either unrated or are not Investment Grade can only be issued in minimum denominations of \$100,000, and any integral multiple of \$5,000 in excess thereof.

(d) Initial Investor Letters. Bonds and other obligations of CTA that are either unrated or are not Investment Grade can only be issued and sold to: (i) qualified institutional buyers who execute and deliver an initial investor letter in substantially the form attached hereto as Schedule I, subject to changes approved by the appointed counsel to CTA, or (ii) accredited investors who execute and deliver an initial investor letter in substantially the form attached hereto as Schedule I, subject to changes approved by the appointed counsel to CTA.

(e) Subsequent Restrictions to Transfer. Bonds and other obligations of CTA that are either unrated or are not Investment Grade can only be issued and sold subject to one of the following, as requested by the financing team and approved by resolution of CTA: (i) a traveling investor letter, (ii) minimum denominations of \$100,000, (iii) physical delivery of the obligations (prominently marked as ineligible for DTC deposit), (iv) initial sale and subsequent transfers limited to only qualified institutional buyers, except that subsequent transfers may be permitted to accredited investors upon approval by the CTA Board in its sole discretion, or (iv) such other post-initial sale investor protections as may be agreed upon by resolution of the CTA Board.

2. CONSIDERATIONS FOR EXCEPTIONS. Notwithstanding paragraph 1 above, CTA recognizes that no two bond financed projects carry the same underlying risk to the investors and consequently exceptions to the policies will be considered on a case-by-case basis. In determining whether to approve an exemption to the policies, CTA will consider the data available to it and, among other things, the following:

(a) The Senior Underwriter (or Direct Purchaser) of the Bonds. As all bond financed projects differ, differences in the reputation and past performance of the firms structuring financings may also differ. Analysis of the reputational history of the firm in both initial offering and subsequent transfer of bonds and its attention to fully disclosing all risk to potential bond purchasers will be important when setting denomination minimums and sale restrictions for a bond issue.

(b) History of the Project and its Ownership and/or Management. If a project has historical actual performance to mitigate potential startup risk, this data can be utilized to evaluate investor offering criteria. Similarly, for a startup project, experience of the owner or developer in opening and operating related projects will speak to the capabilities of the owner to successfully open and operate a new project.

(c) Capital Structuring. The capital "stack" (sources of the various components providing funding) will weigh heavily in the setting of bond offering requirements that are to be established. For example, a project having equity components in the form of cash, or subordinate debt held by the developer/owner, can result in senior bonds having a lower leverage in relationship to the expected project costs. Having greater equity can be key in determining bond denominations and sale restrictions. The denomination minimums may vary if more than one series of bonds are being issued.

(d) Limited Offering. A proposed initial sale of the bonds may include limiting placement to only qualified firms demonstrating sophistication to assess risk factors of the financing. For example, a firm that purchases all of a series of bonds for a group of internal investors for which it has a fiduciary duty and investment agreement with, subject to increase in minimum denominations if the bonds were to leave that firm's control. When

presented with this proposal for offering the bonds, this limited offering structure will be considered in the denomination minimums established for the bonds.

3. **PRIMARY AND SECONDARY MARKET DISCLOSURE.** The policies set forth herein are not a substitute for review of the primary offering document and secondary market disclosure made available with respect to a project. Investors must review all publically available information, including primary offering documents and secondary market disclosure and consult with professionals, if necessary, to make an informed investment decision regarding whether to purchase any of the CTA Bonds.

SCHEDULE I

Form of Investor Letter

INVESTOR LETTER

Capital Trust Authority
315 Fairpoint Drive
Gulf Breeze, Florida 32571

BORROWER
ADDRESS 1
ADDRESS 2

Re: \$ _____ [BOND CAPTION] (the "Bonds")

Ladies and Gentlemen:

Reference is made to the Loan Agreement dated as of _____ (the "Loan Agreement"), between the Capital Trust Authority (the "Issuer") and _____ (the "Borrower"). Capitalized terms not otherwise defined herein shall have the same meanings given to them in the Loan Agreement.

In connection with the purchase of a beneficial interest in a portion of the above-captioned Bonds on the date hereof, the undersigned, as beneficial owner of such portion of the Bonds, does hereby certify as follows:

1. The undersigned is purchasing \$ _____ aggregate principal amount of the Bonds, which have been issued and delivered on the date of this Letter.
2. The undersigned is (a) a "qualified institutional buyer" as defined under Rule 144A promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933 (the "Securities Act"), or (b) an "accredited investor" under Regulation D promulgated pursuant to the Securities Act.
3. The undersigned is purchasing the Bonds for investment, with no present intention of reselling the Bonds. Notwithstanding such present intention, the undersigned is not prohibited from reselling the Bonds in the future; provided, however, that the undersigned acknowledges that the Bonds may only be resold or transferred to other purchasers who are either qualified institutional buyers or accredited investors, and only in authorized denominations of \$100,000 and integral multiples of \$5,000 in excess thereof. The undersigned

further acknowledges that any transfer of its interest in the Bonds will be made only in compliance with the requirements of any applicable securities laws, state and federal.

4. The undersigned acknowledges and accepts the following:

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE.

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE CITY OF GULF BREEZE, FLORIDA (THE "CITY"), THE CITY OF QUINCY, FLORIDA (TOGETHER WITH THE CITY, THE "SPONSORING POLITICAL SUBDIVISIONS"), [NOTE THAT IF TEFRA APPROVAL FROM THE GOVERNOR IS ANTICIPATED, THE CONCEPT OF LOCAL AGENCY IS NOT INCLUDED IN ANY OF THE ISSUER REQUIRED LANGUAGE: _____ COUNTY, FLORIDA (THE "LOCAL AGENCY"), THE STATE OF FLORIDA OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENCY, THE STATE OF FLORIDA OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENCY, THE STATE OF FLORIDA OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. NO COVENANT OR AGREEMENT CONTAINED IN THE BONDS OR THE INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE GOVERNING BODY OF THE ISSUER NOR SHALL ANY OFFICIAL EXECUTING THE BONDS BE LIABLE PERSONALLY ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT CONTAINED IN THE BOND DOCUMENTS, OR UNDER ANY JUDGMENT OBTAINED AGAINST THE ISSUER, OR THE ENFORCEMENT OF ANY ASSESSMENT, OR ANY LEGAL OR EQUITABLE PROCEEDINGS BY VIRTUE OF ANY CONSTITUTION OR STATUTE OR OTHERWISE, OR UNDER ANY CIRCUMSTANCES UNDER OR INDEPENDENT OF THE INDENTURE, SHALL BE HAD AGAINST ANY INCORPORATOR, MEMBER, DIRECTOR, OFFICER, EMPLOYEE, AGENT OR COUNSEL AS SUCH, PAST,

PRESENT OR FUTURE OF THE ISSUER, EITHER DIRECTLY OR THROUGH THE ISSUER OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE ISSUER OR ANY RECEIVER THEREOF, OR FOR OR TO THE OWNER OF ANY BOND ISSUED UNDER THE INDENTURE, OR OTHERWISE, OF ANY SUM THAT MAY BE DUE AND UNPAID BY THE ISSUER UPON ANY SUCH BOND. ANY AND ALL PERSONAL LIABILITY OF EVERY NATURE WHETHER AT COMMON LAW OR IN EQUITY OR BY STATUTE OR BY CONSTITUTION OR OTHERWISE OF ANY SUCH INCORPORATOR, MEMBER, DIRECTOR, OFFICER, EMPLOYEE, AGENT OR COUNSEL, AS SUCH, TO RESPOND BY REASON OF ANY ACT OR OMISSION ON HIS PART OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OWNER OF ANY BOND ISSUED UNDER THE INDENTURE OR OTHERWISE OF ANY SUM THAT MAY REMAIN DUE AND UNPAID UPON THE BONDS THEREBY SECURED OR ANY OF THEM IS, BY THE ACCEPTANCE HEREOF, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF THE BONDS.

5. The undersigned has received and read the [Offering Document] relating to the Bonds, including the information relating to: (i) the sources of repayment of the Bonds; (ii) the Facilities; (iii) the Borrower (including financial and operating data); and (iv) such other material matters relating to the Bonds and the Borrower as the purchaser deemed relevant. The undersigned acknowledges and accepts that it had the opportunity to ask questions of, and request additional information from, the Borrower regarding the information provided to it and any other matters that the undersigned considered to be relevant to the purchaser's decision to purchase Bonds.

6. The undersigned acknowledges and accepts that it has reviewed and has made its decision to invest in the Bonds based solely on its review of the information provided by the parties that supplied such information. The undersigned represents that it can bear the economic risk associated with a purchase of Bonds and it has such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, so as to be capable of evaluating the merits and risks of an investment in the Bonds on the basis of the information and review described herein.

7. The undersigned acknowledges that the Bonds have not been registered with the Securities and Exchange Commission (in reliance upon an exemption from the Securities Act of 1993, as amended), have not been registered under the "blue sky" laws of any State, and will not be listed on any stock or securities exchange. The undersigned further acknowledges that the Loan Agreement and the Indenture have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such act.

8. The undersigned is duly and legally authorized to purchase obligations such as the Bonds.

This letter and the statements contained herein are made for your benefit.

IN WITNESS WHEREOF, the undersigned has executed this letter effective as of the _____ of _____, 2018.

Beneficial Owner

By: _____

Its: _____

**EXHIBIT D
POST-ISSUANCE COMPLIANCE POLICIES AND PROCEDURES**

CTA

Capital Trust Authority

**Tax-Exempt Debt
Post-Issuance Compliance Policies and Procedures**

Adopted [_____, 2023]

Table of Contents

Part I.	Purpose
Part II.	Responsibility of a Borrower's Primary Compliance Officer
Part III.	Closing of Debt Issuances
Part IV.	Use of Debt Proceeds – Qualified 501(c)(3) Bonds
Part V.	Use of Proceeds – Exempt Facility Bonds
Part VI.	Arbitrage Limitations Imposed on Debt Issuances
Part VII.	Accounting for Debt Proceeds
Part VIII.	Recordkeeping
Part IX.	Corrective Action
Part X.	Continuing Education
Exhibit A:	Capital Trust Authority Borrowers, Bond Issues, and Compliance Officials
Exhibit B:	Annual Post Issuance Tax Compliance Certification Questionnaires
Exhibit C:	Revenue Procedure 2017-13

Part I. Purpose.

It is the policy of Capital Trust Authority ("Authority") to comply, and have each conduit borrower (each, a "Borrower"), as listed in Exhibit A, comply, with all applicable federal tax rules related to the tax-exempt debt ("debt") issuances for which the Authority acts as a conduit issuer. As of the date of adoption of the following policies and procedures ("Policies and Procedures"), the Authority has or will act as the conduit issuer for "qualified private activity" bonds authorized under Section 142 ("Exempt Facility Bonds") of the Internal Revenue Code of 1986, as amended ("IRC"), or Section 145 ("Qualified 501(c)(3)" Bonds) of the IRC.

These Policies and Procedures are intended to serve as a guide for both the Authority and each of the Borrowers to facilitate compliance with the federal tax laws applicable to any of the Authority's outstanding conduit debt issuances for a Borrower (collectively, such debt issuances are referred to as "Borrower's Bonds").

In the event these Policies and Procedures conflict, in whole or in part, with the Tax Certificate and Agreement (or other similar certificate) (the "Tax Certificate") prepared on behalf of the Authority in connection with a debt issuance for a Borrower, the terms of the Tax Certificate shall control.

Part II. Responsibility of a Borrower's Primary Compliance Officer.

Except as otherwise described herein, a designated representative of the Authority (the "Authority Compliance Officer"), has primary responsibility for ensuring that the Authority's outstanding debt issuances are, and will remain, in compliance with federal tax law. It is the policy of the Authority to ensure this compliance by requesting each borrower to designate a "Primary Compliance Officer," as listed in Exhibit A, for each Borrower, who will be responsible for ensuring that the responsibilities designated to the Borrower, as detailed in these Policies and Procedures, are met, with respect to each of the Borrower's Bonds. The Authority Compliance Officer and each Borrower's Primary Compliance Officer may consult with the Authority's bond counsel, as well as other third-party providers, as needed, to ensure compliance with these Policies and Procedures.

The Authority encourages each Borrower to implement its own post-issuance policies and procedures. In addition, upon the recommendation of the Authority's counsel, the Authority may require each Borrower's Primary Compliance Officer, at the same time that these Policies and Procedures are reviewed, to complete a questionnaire for each issue of Borrower's Bonds outstanding. The forms of the questionnaires are shown on Exhibit B.

¹ Unless otherwise indicated herein, all references to "debt" shall include any tax-exempt debt.

Part III. Closing of Debt Issuances.

A. Tax Certificates. The Authority's bond counsel, with assistance from the Borrower for such debt issuance and professionals associated with the financing, shall prepare a Tax Certificate in connection with each conduit debt issuance issued by the Authority, to be executed by the Executive Director, as well as the Borrower's Primary Compliance Officer or other authorized designee of the Borrower, at closing. The Tax Certificate shall serve as the operative document for purposes of establishing the Authority's and Borrower's reasonable expectations as of the date of issue of the Borrower's Bonds, as well as provide a summary of the federal tax rules applicable to such issuance. The Authority Compliance Officer and the Borrower's Primary Compliance Officer will review with the Authority's bond counsel the Tax Certificate prepared for each of the Authority's conduit debt issues for a Borrower prior to the closing of the issue.

B. Internal Revenue Service Form 8038 – Tax-Exempt Bonds. The Authority's bond counsel, with assistance from the Borrower's Primary Compliance Officer and other professionals associated with the financing, shall prepare an Internal Revenue Service ("IRS") Form 8038 (Information Return for Tax-Exempt Private Activity Bond Issues), in connection with each conduit debt issuance issued by the Authority, which the Authority Compliance Officer and the Borrower's Primary Compliance Officer will review prior to closing. Each IRS Form 8038 prepared for a debt issuance for a Borrower will be filed by the Authority's bond counsel with the IRS no later than the 15th day after the 2nd calendar month after the close of the calendar quarter in which the tax-exempt obligation to which such Form 8038 relates is issued.

Part IV. Use of Debt Proceeds – Qualified 501(c)(3) Bonds.

A. Private Use Generally. Neither the Authority nor any Borrower of proceeds of Qualified 501(c)(3) Bonds will knowingly take or permit to be taken any action which would cause any of the Borrower's Qualified 501(c)(3) Bonds to become "private activity bonds" other than Qualified 501(c)(3) Bonds as described below. Generally, a bond issue constitutes Qualified 501(c)(3) Bonds if:

1. 100% of the property which is financed or refinanced by the net proceeds of the bonds is owned by an organization described in Section 501(c)(3) of the IRC or a governmental unit, and
2. (a) At least 95% of the net proceeds of the bonds are used by a 501(c)(3) organization in furtherance of its exempt purpose or by a governmental unit. In general, an activity is treated as "exempt" if it does not constitute an "unrelated trade or business" of the 501(c)(3) organization using the net proceeds of the bonds, determined by applying Section 513(a) of the IRC, or

(b) Not more than 5% of the net proceeds of the bonds is (a) secured by an interest in property, or payments in respect of property, used by a 501(c)(3) organization in an unrelated trade or business or for a private business use, or (2) derived from payments (whether or not to the Authority) made in respect of property, or borrowed money, used by a 501(c)(3) organization in an unrelated trade or business or for a private business use.

B. Overview. Each Borrower's Primary Compliance Officer will be responsible for routinely reviewing the uses of its facilities financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds for continued qualification of such bonds as Qualified 501(c)(3) Bonds. In addition, the Borrower may consult with the Authority's bond counsel regarding the applicable federal tax limitations imposed on each series of Borrower's Qualified 501(c)(3) Bonds and whether arrangements with third parties give rise to private business use of the financed projects. The private business use arrangements to be monitored by the Borrower include, but are not limited to, the following:

1. Management or Other Service Contracts. In the event the Borrower enters into a management contract, service agreement, operating agreement or license with a third-party, the Borrower will evaluate whether such arrangement results in private business use. The Borrower's Primary Compliance Officer shall be responsible for such evaluation and will review every service contract entered into involving the use of property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds. For these purposes, a management contract, service agreement, operating agreement and license include any contract under which a service provider provides services involving any portion of property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds (a "Service Contract").

It is the intent of both the Authority and the Borrower to have the Borrower structure all Service Contracts impacting property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds so as to satisfy one of the private business use safe harbors set forth in Revenue Procedure 2017-13. If the Borrower expects to enter into a Service Contract that may not satisfy the safe harbors set forth in Revenue Procedure 2017-13, the Borrower should consult with the Authority's bond counsel to assess the impact, if any, that the noncompliant Service Contract would have on the tax status of the Borrower's Qualified 501(c)(3) Bonds, if any. For Borrower's reference, Revenue Procedure 2017-13 can be found as Exhibit C to this Policies and Procedures.

2. Leases and Subleases. Each Borrower's Primary Compliance Officer will monitor all leases and subleases that involve the use of property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds, including the name of the lessee (or sublessee), the term of the lease (or sublease), the amount of the rent paid by the lessee (or sublessee) and the square footage of space used by the lessee (or sublessee) relative to the square footage of such property.

3. Naming Rights Agreements. Each Borrower's Primary Compliance Officer will monitor all naming rights agreements that involve property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds, including the term of the arrangement and the amount paid by the naming party.

4. Sponsored Research. Each Borrower's Primary Compliance Officer will monitor all "Sponsored Research Agreements" that involve property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds. The Borrower will apply Revenue Procedure 2007-47, 2007-29 I.R.B. 108, to any research sponsorship agreement existing now or in the future with respect to such property.

5. Clinical Trials. Each Borrower's Primary Compliance Officer will monitor all clinical trial agreements that involve property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds, including the term of the arrangement, the sponsoring entity, the trial to be conducted and the amount paid by the sponsoring party.

6. Joint Ventures and Partnership Arrangements. Each Borrower's Primary Compliance Officer will monitor all joint ventures, partnerships, or other cooperative agreements that involve the use of property financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds.

7. Unrelated Trade or Business Use. Each Borrower's Primary Compliance Officer will monitor all uses of the bond financed property to determine whether any uses of such property gives rise to unrelated trade or business use.

C. Sales of Debt-Financed Property. It is the Authority's policy to have the Borrower use proceeds of Borrower's Qualified 501(c)(3) Bonds to finance property that the Borrower intends to own for the entire term of the debt issue financing the projects. Prior to selling or otherwise disposing of any project financed with the proceeds of Borrower's Qualified 501(c)(3) Bonds for which debt remains outstanding, the Borrower shall consult with the Authority's bond counsel to determine the impact, if any, such sale or disposition would have on the tax status of the Borrower's Qualified 501(c)(3) Bonds.

D. Form 990 – Schedule K. Each Borrower of Qualified 501(c)(3) Bonds shall file Schedule K (Form 990) annually with the IRS to provide certain information on their outstanding liabilities associated with tax-exempt bond issues. Upon filing with the IRS, the Borrower shall provide a copy of Schedule K to the Authority.

Part V. Use of Debt Proceeds – Exempt Facility Bonds.

A. Use of Proceeds. Section 142(a) of the IRC requires that 95% or more of the "net proceeds" of a Borrower's Exempt Facility Bonds be used to provide the exempt facility.

B. Use of Exempt Facilities. The Borrower shall consult the Tax Certificate prepared for the Exempt Facility Bonds to determine the ownership and use standards applicable to the Exempt Facility Bonds.

Part VI. Arbitrage Limitations Imposed on Debt Issuances.

A. Rebate Analyst. At closing, each Borrower will retain an arbitrage rebate analyst (a "Rebate Analyst"). The Rebate Analyst will perform calculations to ascertain whether the Borrower owes an arbitrage rebate payment or yield reduction payment to the IRS, including whether the debt issuance in question qualifies for an exception to the arbitrage rebate rules. In the event a Borrower owes arbitrage rebate or has accrued a yield reduction payment liability to the IRS, that Borrower will coordinate with the Issuer for timely² signatures of IRS Form 8038-T, Arbitrage Rebate Yield Reduction and Penalty in Lieu of Arbitrage Rebate, to be prepared by the Rebate Analyst, together with payment in the amount equal to the arbitrage rebate or yield reduction payment liability calculated by the Rebate Analyst in accordance with the Tax Certificate related to such debt issue. Each Borrower will submit copies of reports and/or related materials to the Authority and the Authority's arbitrage rebate monitor evidencing that such payment has been made.

Part VII. Accounting for Debt Proceeds.

A. General. Except as otherwise described below and in the Tax Certificate entered into by the Authority and a Borrower in connection with a debt issuance, it is the policy of the Authority to have each Borrower consistently apply a generally accepted method of accounting for and allocating its debt proceeds.

B. Investment of Proceeds. Proceeds of each borrower's capital borrowings shall be accounted for in a separate fund or account. All proceeds shall be invested at the direction of the Borrower's Primary Compliance Officer.

C. Expenditure of Debt Proceeds on Capital Projects. The Borrower's Primary Compliance Officer reviews and approves invoices related to debt financed expenditures and causes payments to be made. All invoices and records of payment (either in the form of paper checks

² For these purposes, timely shall mean within 60 days after each installment computation date, the Borrower will cause to be paid to the IRS at least 90% of the amount of arbitrage rebate and yield reduction payment liability owed and within 60 days after the final installment computation date, the Borrower will cause to be paid to the IRS 100% of the amount of arbitrage rebate and yield reduction payment liability owed.

or electronic funds transfer confirmations) are retained by, or caused to be retained by, the Borrower in accordance with Part VIII, "Recordkeeping," below.

Each Borrower shall maintain accounting records, updated with each payment of an expenditure from proceeds of Borrower's Bonds, that for each outstanding issue of Borrower's Bonds show:

- (1) The name and date of issue of the issue of Borrower's Bonds to which the proceeds relate;
- (2) The projects financed with the proceeds of the issue of Borrower's Bonds;
- (3) The authorized amount of proceeds to be used to finance each project;
- (4) The amount of proceeds of the issue of Borrower's Bonds used to date to finance each project;
- (5) The amount of unspent proceeds of the issue of Borrower's Bonds to be used to finance each project; and
- (6) The date on which the debt proceeds related to each project were fully expended.

Part VIII. Recordkeeping.

A. General. The Authority's relationship with Digital Assurance Certification, L.L.C. ("DAC") is intended to assist the Authority in maintaining compliance with their recordkeeping responsibilities. Each Tax Certificate prepared on behalf of the Authority and a Borrower for a debt issuance shall provide for a description of the records to be maintained by or on behalf of the Authority and a Borrower and the period of time such records must be maintained. In addition, each Borrower will remain familiar with the IRS's Frequently Asked Questions related to the recordkeeping requirements for debt.

B. Means of Maintaining Records. Each of the Borrowers may maintain all records required to be held as described in this Part VIII in paper and/or electronic (e.g., CD, disks, tapes) form either internally or through the record-keeping system maintained by DAC. It is the policy of the Authority to have each Borrower maintain as much of its records electronically as feasible.

C. Transcript and Use of Debt Proceeds. Each Borrower shall maintain, or cause to be maintained, all records relating to the tax-exempt status of its debt issuances and the representations, certifications and covenants set forth in its respective Tax Certificates until the date 3 years after the last outstanding obligation of the issue to which such records and Tax Certificate relate has been retired. These records include, but are not limited to, the following:

- (1) basic records and documents relating to the obligations (including the transcript, which shall include, among other records, the Tax Certificate, Internal Revenue Service Form 8038-G, verification report, authorizing resolution(s), trust indenture, loan agreement, record of public approval, and the opinion of bond counsel),

(2) documentation evidencing the expenditure of debt proceeds,
(3) documentation evidencing the use of debt financed projects by public and private sources, including copies of all arrangements described in Part VI of these Policies and Procedures,

(4) documentation evidencing all sources of payment or security for the debt issuance;
and

(5) documentation pertaining to any investment of debt proceeds (including the purchase and sale of securities, SLGS subscriptions (if applicable), yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).

D. Investment Records. Each Borrower shall maintain detailed records with respect to every investment acquired with proceeds of its debt issuances until the date three years after the last outstanding obligation of the issue to which such records and nonpurpose investments relate has been retired. These records may reflect, but are not limited to, the following:

(1) purchase date, (2) purchase price, (3) information establishing fair market value on the date such investment became allocated to gross proceeds of the debt, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) periodicity of interest payments, (8) disposition price, (9) any accrued interest received, (10) disposition date, and (11) broker's fees paid (if at all) or other administrative costs with respect to each such nonpurpose investment.

E. Arbitrage Rebate and Yield Reduction Payment Records. Each of the Borrowers shall maintain all records of arbitrage rebate payment and yield reduction payment calculations performed by the Rebate Analyst (irrespective of whether that Borrower owed any amount to the IRS), and records related to any arbitrage rebate payments or yield reduction payments made to the IRS, including the calculations performed by the Rebate Analyst substantiating such payments, together with the IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, that accompanied all such payments, until the date 3 years after the last outstanding obligation of the issue to which such records and rebate payments relate has been retired.

F. Overpayment of Arbitrage Rebate Records. In the event a Borrower has overpaid to the United States an arbitrage rebate or yield reduction payment liability, the Borrower shall maintain all records of such arbitrage rebate payments or yield reduction payments, including calculations performed by the Rebate Analyst, together with the IRS Form 8038-R, Request for Recovery of Overpayments Under Arbitrage Rebate Provisions, that accompanied the request for a recovery of such overpayment until the date 3 years after the last outstanding obligation of the issue to which such records and rebate overpayments relate has been retired.

G. Other Records. In addition to the records described above, each Borrower will maintain the following records, to the extent applicable to a particular debt offering, until the date 3 years after the last outstanding obligation of the issue to which such relate has been retired:

- (1) minutes and resolutions authorizing the issuance of, or the reimbursement of expenditures using proceeds of, the financing,
- (2) appraisals, demand surveys and feasibility studies related to debt financed or refinanced property,
- (3) documentation relating to any third-party funding for a project to which debt proceeds will be applied (including government grants),
- (4) records of any Internal Revenue Service audit(s) or compliance check(s), or any other Internal Revenue Service inquiry related to the debt.

H. Applicability of Recordkeeping Requirement in the Event of a Refunding. In the event the Authority issues debt to retire prior debt of any of the Borrowers, that Borrower shall maintain all of the records described in this Part VIII with respect to the refunded debt until the date that is three years after the last outstanding tax-exempt obligation of the issue the proceeds of which were used to retire the refunded debt has been retired.

Part IX. Corrective Action.

A. General. In the event a violation of federal tax law is discovered, the Borrower's Primary Compliance Officer for such series of Bond will consult with the Authority Compliance Officer and the Authority's bond counsel to determine the best corrective action.

B. Remedial Actions. The Authority is aware of the remedial action rules contained in Treasury Regulations Section 1.141-12 (for Qualified 501(c)(3) Bonds) and Section 1.142-4 (for Exempt Facility Bonds), providing the Authority and Borrowers with the ability, in certain circumstances, to voluntarily remediate violations of the private business tests or private loan financing test. Although the Authority intends that none of its debt issuances will require the application of the remedial action rules, prior to taking any action that would cause one or more of its outstanding debt issuances to, absent a remedial action, violate the private business tests or private loan financing test, the Authority may consult with its bond counsel regarding the applicability of the remedial action rules to such action and the ability to remediate the impacted debt issuance.

C. Voluntary Closing Agreement Program. The Authority is aware of its ability, pursuant to IRS Notice 2008-31, to request a voluntary closing agreement with the IRS to correct failures on the part of a Borrower to comply with the federal tax rules related to tax-exempt debt issuances.

Part X. Continuing Education.

The Authority and each of the Borrowers will continue to consult regularly with the Authority's bond counsel regarding the federal tax rules applicable to its outstanding debt and changes to the federal tax law, and the Authority will regularly update these Policies and Procedures to reflect any such changes.

Each Borrower shall ensure that those who are tasked with bond compliance responsibilities shall undertake a reasonable amount of continuing education on an annual basis, including but not limited to, consulting with outside professionals, participation in conferences, reading informational updates from governmental resources and professional organizations, and participation in DAC webinars.

Exhibit A to Annual Post-Issuance Tax Compliance Procedures

Capital Trust Authority Conduit Borrowers

Borrower

Name: _____

Address: _____

Primary Compliance Officer

Name _____

Title _____

Contact Info _____

Bond Issue

Title: _____

Dated Date: _____

Questionnaire: _____

Exhibit B to Annual Post-Issuance Tax Compliance Procedures

Forms of Questionnaires

Exhibit B-1 – Exempt Facility

Exhibit B-2 – Qualified 501(c)(3)



**Annual Post-Issuance Tax Compliance Certification of
Exempt Facility Bonds**

Name of Borrower: _____

Name of Bond Issue: _____

Issue Date: _____

The Borrower certifies and acknowledges responsibility for monitoring post-issuance tax compliance with respect to the above-described bond issue, including, but not limited to:

- Qualified use of bond proceeds and bond-financed property, including the requirement that, in the event proceeds of the bond issue and/or the property financed thereby are used in a manner so as to require that a "remedial action" be taken, the Borrower complies with applicable federal tax law
- Arbitrage yield restriction and rebate requirements, including limiting the investment of bond proceeds, complying with applicable "temporary period" exceptions, monitoring amounts pledged directly or indirectly to secure the payment of debt service, and compliance with any applicable requirements to rebate excess investment earnings to the Federal Government.

In connection with the above, the Borrower hereby represents and certifies:

(1) The Borrower is, and has been since the Issue Date, in compliance with the terms and conditions described in the Tax Certificate (or other similarly-named document) executed by the Borrower in connection with the issuance of the bonds	Yes	No
(2) The Borrower is aware of its ability to take a "remedial action" pursuant to the Federal Income Tax Regulations arising out of the Borrower's failure to use the proceeds of the bonds and/or the property financed thereby in a qualifying manner	Yes	No
(3) The Borrower will consult with the Capital Trust Authority in the event that an action is taken (or is not taken) that results in the need to take a "remedial action" pursuant to the Federal Income Tax Regulations	Yes	No
(4) The Borrower is in compliance with the applicable arbitrage yield restriction and rebate requirements with respect to the bonds, including:	Yes	No
(a) Investment of sale proceeds of the bonds at the applicable permissible yield		
(b) Monitoring and investment of "replacement proceeds" of the bonds at the applicable permissible yield		
(c) Payment of any yield reduction payments owed with respect to the bonds to the Internal Revenue Service		
(d) Compliance with the arbitrage rebate requirement, including the payment to the Internal Revenue Service of any arbitrage rebated owed with respect to the bonds		

(5) The Borrower maintains, and will continue to maintain, sufficient records to establish compliance with applicable federal tax law, including, but not limited to, the matters described in Questions [1] through [4] above	Yes	No

This Annual Post-Issuance Tax Compliance Certification of the Borrower is utilized by the Capital Trust Authority to assist the Authority in monitoring post-issuance tax compliance with respect to the above-referenced bonds. Nothing contained in this Annual Certification of the Borrower is intended to, or will, modify the Borrower's representations, certifications or warranties made under the Tax Certificate (or other similarly-named document) entered into by the Borrower in connection with the issuance of the bonds or otherwise modify or limit the Borrower's post-issuance tax compliance monitoring requirements.

Signature: _____
Name: _____
Title: _____
Date: _____



**Annual Post-Issuance Tax Compliance Certification of the
Borrower of Qualified 501(c)(3) Bonds**

Date : _____

Name of Borrower: _____

Name of Bond Issue: _____

Issue Date: _____

The Borrower certifies and acknowledges responsibility for monitoring post-issuance tax compliance with respect to the above-described bond issue, including, but not limited to:

- Qualified use of bond proceeds and bond-financed property, including the requirement that, in the event proceeds of the bond issue and/or the property financed thereby are used in a manner so as to require that a "remedial action" be taken, the Borrower complies with applicable federal tax law
- Arbitrage yield restriction and rebate requirements, including limiting the investment of bond proceeds, complying with applicable "temporary period" exceptions, monitoring amounts pledged directly or indirectly to secure the payment of debt service, and compliance with any applicable requirements to rebate excess investment earnings to the Federal Government.

In connection with the above, the Borrower hereby represents and certifies:

	Yes	No
(1) The Borrower is, and has been since the Issue Date, in compliance with the terms and conditions described in the Tax Certificate (or other similarly-named document) executed by the Borrower in connection with the issuance of the bonds		
(2) The Borrower has owned, and will continue to own, all property financed with the bond proceeds		
(3) The Borrower is aware of its ability to take a "remedial action" pursuant to the Federal Income Tax Regulations arising out of the Borrower's failure to use the proceeds of the bonds and/or the property financed thereby in a qualifying manner		
(4) The Borrower will consult with the Capital Trust Authority in the event that an action is taken (or is not taken) that results in the need to take a "remedial action" pursuant to the Federal Income Tax Regulations		
(5) The Borrower is in compliance with the applicable arbitrage yield restriction and rebate requirements with respect to the bonds, including:		
(a) Investment of sale proceeds of the bonds at the applicable permissible yield		
(b) Monitoring and investment of "replacement proceeds" of the bonds at the applicable permissible yield		
(c) Payment of any yield reduction payments owed with respect to the		

bonds to the Internal Revenue Service		
(d) Compliance with the arbitrage rebate requirement, including the payment to the Internal Revenue Service of any arbitrage rebated owed with respect to the bonds		
(6) The Borrower maintains, and will continue to maintain, sufficient records to establish compliance with applicable federal tax law, including, but not limited to, the matters described in Questions [1] through [4] above	Yes	No
(7) The Borrower has filed Schedule K to Form 990 with the IRS. Attach copy of Schedule K hereto.	Yes	No

This Annual Post-Issuance Tax Compliance Certification of the Borrower is utilized by the Capital Trust Authority to assist the Authority in monitoring post-issuance tax compliance with respect to the above-referenced bonds. Nothing contained in this Annual Certification of the Borrower is intended to, or will, modify the Borrower's representations, certifications or warranties made under the Tax Certificate (or other similarly-named document) entered into by the Borrower in connection with the issuance of the bonds or otherwise modify or limit the Borrower's post-issuance tax compliance monitoring requirements.

Signature : _____
Name: _____
Title: _____
Date : _____

Revenue Procedure 2017-13

Internal Revenue Bulletin: 2017-6

February 6, 2017

Rev. Proc. 2017-13

Table of Contents

- [SECTION 1. PURPOSE](#)
- [SECTION 2. BACKGROUND](#)
- [SECTION 3. SCOPE](#)
- [SECTION 4. DEFINITIONS](#)
- [SECTION 5. SAFE HARBOR CONDITIONS UNDER WHICH MANAGEMENT CONTRACTS DO NOT RESULT IN PRIVATE BUSINESS USE](#)
- [SECTION 6. EFFECT ON OTHER DOCUMENTS](#)
- [SECTION 7. DATE OF APPLICABILITY](#)
- [SECTION 8. DRAFTING INFORMATION](#)

SECTION 1. PURPOSE

This revenue procedure provides safe harbor conditions under which a management contract does not result in private business use of property financed with governmental tax-exempt bonds under § 141(b) of the Internal Revenue Code or cause the modified private business use test for property financed with qualified 501(c)(3) bonds under § 145(a)(2)(B) to be met. This revenue procedure modifies, amplifies, and supersedes Rev. Proc. 2016-44, 2016-36 IRB 316, to address certain types of compensation, the timing of payment of compensation, the treatment of land, and methods of approval of rates. Sections 2.11 through 2.14 of this revenue procedure generally describe the modifications and amplifications made to Rev. Proc. 2016-44 by this revenue procedure.

SECTION 2. BACKGROUND

.01 Section 103(a) provides that, except as provided in § 103(b), gross income does not include interest on any State or local bond. Section 103(b)(1) provides that § 103(a) shall not apply to any private activity bond that is not a qualified bond (within the meaning of § 141). Section 141(a) provides that the term "private activity bond" means any bond issued as part of an issue (1) that meets the private business use test and private security or payment test, or (2) that meets the private loan financing test.

.02 Section 141(b)(1) provides generally that an issue meets the private business use test if more than 10 percent of the proceeds of the issue are to be used for any private business use. Section 141(b)(6) defines "private business use" as use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit. For this purpose, any activity carried on by a person other than a natural person must be treated as a trade or business.

.03 Section 1.141-3(a)(1) of the Income Tax Regulations provides, in part, that the 10 percent private business use test of § 141(b)(1) is met if more than 10 percent of the proceeds of an issue is used in a trade or business of a nongovernmental person. For this purpose, the use of financed property is treated as the direct use of proceeds. Section 1.141-3(a)(2) provides that, in determining whether an issue meets the private business use test, it is necessary to look at both indirect and direct use of proceeds. Proceeds are treated as used in the trade or business of a nongovernmental person if a nongovernmental person, as a result of a single transaction or a series of related transactions, uses property acquired with the proceeds of an issue.

.04 Section 1.141-3(b)(1) provides that both actual and beneficial use by a nongovernmental person may be treated as private business use. In most cases, the private business use test is met only if a nongovernmental person has special legal entitlements to use the financed property under an arrangement with the issuer. In general, a nongovernmental person is treated as a private business user as a result of ownership; actual or beneficial use of

property pursuant to a lease, a management contract, or an incentive payment contract; or certain other arrangements such as a take or pay or other output-type contract.

.05 Section 1.141-3(b)(3) provides generally that the lease of financed property to a nongovernmental person is private business use of that property. For this purpose, any arrangement that is properly characterized as a lease for federal income tax purposes is treated as a lease. Section 1.141-3(b)(3) further provides that, in determining whether a management contract is properly characterized as a lease, it is necessary to consider all the facts and circumstances, including the following factors: (1) the degree of control over the property that is exercised by a nongovernmental person; and (2) whether a nongovernmental person bears the risk of loss of the financed property.

.06 Section 1.141-3(b)(4)(i) provides generally that a management contract with respect to financed property may result in private business use of that property, based on all of the facts and circumstances. A management contract with respect to financed property generally results in private business use of that property if the contract provides for compensation for services rendered with compensation based, in whole or in part, on a share of net profits from the operations of the facility. Section 1.141-3(b)(4)(iv) provides generally that a management contract with respect to financed property results in private business use of that property if the service provider is treated as the lessee or owner of financed property for federal income tax purposes.

.07 Section 1.141-3(b)(4)(ii) defines "management contract" as a management, service, or incentive payment contract between a governmental person and a service provider under which the service provider provides services involving all, a portion, or any function, of a facility. For example, a contract for the provision of management services for an entire hospital, a contract for management services for a specific department of a hospital, and an incentive payment contract for physician services to patients of a hospital are each treated as a management contract.

.08 Section 1.141-3(b)(4)(iii) provides that the following arrangements generally are not treated as management contracts that give rise to private business use: (A) contracts for services that are solely incidental to the primary governmental function or functions of a financed facility (for example, contracts for janitorial, office equipment repair, hospital billing, or similar services); (B) the mere granting of admitting privileges by a hospital to a doctor, even if those privileges are conditioned on the provision of de minimis services if those privileges are available to all qualified physicians in the area, consistent with the size and nature of the hospital's facilities; (C) a contract to provide for the operation of a facility or system of facilities that consists primarily of public utility property, if the only compensation is the reimbursement of actual and direct expenses of the service provider and reasonable administrative overhead expenses of the service provider; and (D) a contract to provide for services, if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties.

.09 Section 141(e) provides, in part, that the term "qualified bond" includes a qualified 501(c)(3) bond if certain requirements stated therein are met. Section 145(a) provides generally that "qualified 501(c)(3) bond" means any private activity bond issued as part of an issue if (1) all property that is to be provided by the net proceeds of the issue is to be owned by a 501(c)(3) organization or a governmental unit, and (2) such bond would not be a private activity bond if (A) 501(c)(3) organizations were treated as governmental units with respect to their activities that do not constitute unrelated trades or businesses, determined by applying § 513(a), and (B) § 141(b)(1) and (2) were applied by substituting "5 percent" for "10 percent" each place it appears and by substituting "net proceeds" for "proceeds" each place it appears. Section 1.145-2 provides that, with certain exceptions and modifications, §§ 1.141-0 through 1.141-15 apply to § 145(a).

.10 Rev. Proc. 2016-44 provides safe harbor conditions under which a management contract does not result in private business use of property financed with governmental tax-exempt bonds under § 141(b) or cause the modified private business use test for property financed with qualified 501(c)(3) bonds under § 145(a)(2)(B) to be met. Rev. Proc. 2016-44 modified and superseded Rev. Proc. 97-13, 1997-1 C.B. 632; Rev. Proc. 2001-39, 2001-2 C.B. 38; and section 3.02 of Notice 2014-67, 2014-46 I.R.B. 822.

.11 Section 5.02 of Rev. Proc. 2016-44 sets forth general financial requirements for management compensation arrangements eligible for the safe harbor. Sections 5.02(2) and 5.02(3) of Rev. Proc. 2016-44 provide that the contract must neither provide to the service provider a share of net profits nor impose on the service provider the burden of bearing any share of net losses from the operation of the managed property. Before the publication of Rev. Proc. 2016-44, previously applicable revenue procedures expressly treated certain types of compensation, including capitation fees, periodic fixed fees, and per-unit fees (as defined therein), as not providing a share of net profits. Questions have arisen regarding whether these common types of compensation continue to be treated in a similar manner under Rev. Proc. 2016-44. Related questions have arisen about whether a service provider's payment of expenses of the operation of the managed property without reimbursement from the qualified user (as defined in section 4.04 of Rev. Proc. 2016-44) affects the treatment of these types of compensation. To provide continuity with the previous safe harbors, this revenue procedure clarifies that these types of compensation and certain incentive

compensation will not be treated as providing a share of net profits or requiring the service provider to bear a share of net losses.

.12 Sections 5.02(2) and 5.02(3) of Rev. Proc. 2016–44 also provide that the timing of payment of compensation cannot be contingent upon net profits or net losses from the operation of the managed property. Questions have arisen about the effect of these restrictions on the timing of payment of compensation. This revenue procedure clarifies that compensation subject to an annual payment requirement and reasonable consequences for late payment (such as interest charges or late payment fees) will not be treated as contingent upon net profits or net losses if the contract includes a requirement that the qualified user will pay the deferred compensation within five years of the original due date of the payment.

.13 Section 5.03 of Rev. Proc. 2016–44 provides that the term of the contract, including all renewal options (as defined in § 1.141–1(b)), must be no greater than the lesser of 30 years or 80 percent of the weighted average reasonably expected economic life of the managed property. For this purpose, under Rev. Proc. 2016–44, economic life is determined in the same manner as under § 147(b), but without regard to § 147(b)(3)(B)(ii), as of the beginning of the term of contract. Section 147(b)(3)(B)(i) provides that generally land is not taken into account, but § 147(b)(3)(B)(ii) provides that if 25 percent or more of the net proceeds of any issue is to be used to finance the acquisition of land, such land shall be taken into account and treated as having an economic life of 30 years. Questions have arisen about excluding land when the cost of the land accounts for a significant portion of the managed property. This revenue procedure provides that economic life is determined in the same manner as under § 147(b) as of the beginning of the term of the contract. Thus, land will be treated as having an economic life of 30 years if 25 percent or more of the net proceeds of the issue that finances the managed property is to be used to finance the costs of such land.

.14 Section 5.04 of Rev. Proc. 2016–44 provides that the qualified user must exercise a significant degree of control over the use of the managed property. Section 5.04 of Rev. Proc. 2016–44 further provides that this requirement is met if the contract requires the qualified user to approve, among other things, the rates charged for use of the managed property. Section 5.04 of Rev. Proc. 2016–44 also provides that a qualified user may show approval of rates charged for use of the managed property by either expressly approving such rates (or the methodology for setting such rates) or by including in the contract a requirement that service provider charge rates that are reasonable and customary as specifically determined by an independent third party. Questions have arisen about the requirement to approve the rates in various circumstances in which it may not be feasible to approve each specific rate charged, such as for a physician's professional services at a § 501(c)(3) hospital or hotel room rates at a governmentally-owned hotel. This revenue procedure clarifies that a qualified user may satisfy the approval of rates requirement by approving a reasonable general description of the method used to set the rates or by requiring that the service provider charge rates that are reasonable and customary as specifically determined by, or negotiated with, an independent third party.

SECTION 3. SCOPE

This revenue procedure applies to a management contract (as defined in section 4.03 of this revenue procedure) involving managed property (as defined in section 4.04 of this revenue procedure) financed with the proceeds of an issue of governmental bonds (as defined in § 1.141–1(b)) or qualified 501(c)(3) bonds (as defined in § 145).

SECTION 4. DEFINITIONS

For purposes of this revenue procedure, the following definitions apply:

.01 *Capitation fee* means a fixed periodic amount for each person for whom the service provider or the qualified user assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to such persons varies substantially. For example, a capitation fee includes a fixed dollar amount payable per month to a medical service provider for each member of a health maintenance organization plan for whom the provider agrees to provide all needed medical services for a specified period. A fixed periodic amount may include an automatic increase according to a specified, objective, external standard that is not linked to the output or efficiency of the managed property. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective, external standards. A capitation fee may include a variable component of up to 20 percent of the total capitation fee designed to protect the service provider against risk such as risk of catastrophic loss.

.02 *Eligible expense reimbursement arrangement* means a management contract under which the only compensation consists of reimbursements of actual and direct expenses paid by the service provider to unrelated parties and reasonable related administrative overhead expenses of the service provider.

.03 *Management contract* means a management, service, or incentive payment contract between a qualified user and a service provider under which the service provider provides services for a managed property. A management contract does not include a contract or portion of a contract for the provision of services before a managed property is placed in service (for example, pre-operating services for construction design or construction management).

.04 *Managed property* means the portion of a project (as defined in § 1.141-6(a)(3)) with respect to which a service provider provides services.

.05 *Periodic fixed fee* means a stated dollar amount for services rendered for a specified period of time. For example, a stated dollar amount per month is a periodic fixed fee. The stated dollar amount may automatically increase according to a specified, objective external standard that is not linked to the output or efficiency of the managed property. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective external standards. Capitation fees and per-unit fees are not periodic fixed fees.

.06 *Per-unit fee* means a fee based on a unit of service provided specified in the contract or otherwise specifically determined by an independent third party, such as the administrator of the Medicare program, or the qualified user. For example, a stated dollar amount for each specified medical procedure performed, car parked, or passenger mile is a per-unit fee. Separate billing arrangements between physicians and hospitals are treated as per-unit fee arrangements. A fee that is a stated dollar amount specified in the contract does not fail to be a per-unit fee as a result of a provision under which the fee may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of the managed property. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective, external standards.

.07 *Qualified user* means, for projects (as defined in § 1.141-6(a)(3)) financed with governmental bonds, any governmental person (as defined in § 1.141-1(b)) or, for projects financed with qualified 501(c)(3) bonds, any governmental person or any 501(c)(3) organization with respect to its activities which do not constitute an unrelated trade or business, determined by applying § 513(a).

.08 *Service provider* means any person other than a qualified user that provides services to, or for the benefit of, a qualified user under a management contract.

.09 *Unrelated parties* means persons other than either: (1) a related party (as defined in § 1.150-1(b)) to the service provider or (2) a service provider's employee.

SECTION 5. SAFE HARBOR CONDITIONS UNDER WHICH MANAGEMENT CONTRACTS DO NOT RESULT IN PRIVATE BUSINESS USE

.01 *In general.* If a management contract meets all of the applicable conditions of sections 5.02 through section 5.07 of this revenue procedure, or is an eligible expense reimbursement arrangement, the management contract does not result in private business use under § 141(b) or 145(a)(2)(B). Further, under section 5.08 of this revenue procedure, use functionally related and subordinate to a management contract that meets these conditions does not result in private business use.

.02 *General financial requirements.*

(1) *In general.* The payments to the service provider under the contract must be reasonable compensation for services rendered during the term of the contract. Compensation includes payments to reimburse actual and direct expenses paid by the service provider and related administrative overhead expenses of the service provider.

(2) *No net profits arrangements.* The contract must not provide to the service provider a share of net profits from the operation of the managed property. Compensation to the service provider will not be treated as providing a share of net profits if no element of the compensation takes into account, or is contingent upon, either the managed property's net profits or both the managed property's revenues and expenses (other than any reimbursements of direct and actual expenses paid by the service provider to unrelated third parties) for any fiscal period. For this purpose, the elements of the compensation are the eligibility for, the amount of, and the timing of the payment of the compensation. Incentive compensation will not be treated as providing a share of net profits if the eligibility for the incentive compensation is determined by the service provider's performance in meeting one or more standards that measure quality of services, performance, or productivity, and the amount and the timing of the payment of the compensation meet the requirements of this section 5.02(2).

(3) *No bearing of net losses of the managed property.*

(a) The contract must not, in substance, impose upon the service provider the burden of bearing any share of net losses from the operation of the managed property. An arrangement will not be treated as requiring the service provider to bear a share of net losses if:

- (i) The determination of the amount of the service provider's compensation and the amount of any expenses to be paid by the service provider (and not reimbursed), separately and collectively, do not take into account either the managed property's net losses or both the managed property's revenues and expenses for any fiscal period; and
- (ii) The timing of the payment of compensation is not contingent upon the managed property's net losses.

(b) For example, a service provider whose compensation is reduced by a stated dollar amount (or one of multiple stated dollar amounts) for failure to keep the managed property's expenses below a specified target (or one of multiple specified targets) will not be treated as bearing a share of net losses as a result of this reduction.

(4) *Treatment of certain types of compensation.* Without regard to whether the service provider pays expenses with respect to the operation of the managed property without reimbursement by the qualified user, compensation for services will not be treated as providing a share of net profits or requiring the service provider to bear a share of net losses under sections 5.02(2) and 5.02(3) of this revenue procedure if the compensation for services is: (a) based solely on a capitation fee, a periodic fixed fee, or a per-unit fee; (b) incentive compensation described in the last sentence of section 5.02(2) of this revenue procedure; or (c) a combination of these types of compensation.

(5) *Treatment of timing of payment of compensation.* Deferral due to insufficient net cash flows from the operation of the managed property of the payment of compensation that otherwise meets the requirements of sections 5.02(2) and 5.02(3) of this revenue procedure will not cause the deferred compensation to be treated as contingent upon net profits or net losses under sections 5.02(2) and 5.02(3) of this revenue procedure if the contract includes requirements that:

- (a) The compensation is payable at least annually;
- (b) The qualified user is subject to reasonable consequences for late payment, such as reasonable interest charges or late payment fees; and
- (c) The qualified user will pay such deferred compensation (with interest or late payment fees) no later than the end of five years after the original due date of the payment.

.03 *Term of the contract and revisions.* The term of the contract, including all renewal options (as defined in § 1.141-1(b)), must not be greater than the lesser of 30 years or 80 percent of the weighted average reasonably expected economic life of the managed property. For this purpose, economic life is determined in the same manner as under § 147(b) as of the beginning of the term of the contract. A contract that is materially modified with respect to any matters relevant to this section 5 is retested under this section 5 as a new contract as of the date of the material modification.

.04 *Control over use of the managed property.* The qualified user must exercise a significant degree of control over the use of the managed property. This control requirement is met if the contract requires the qualified user to approve the annual budget of the managed property, capital expenditures with respect to the managed property, each disposition of property that is part of the managed property, rates charged for the use of the managed property, and the general nature and type of use of the managed property (for example, the type of services). For this purpose, for example, a qualified user may show approval of capital expenditures for a managed property by approving an annual budget for capital expenditures described by functional purpose and specific maximum amounts; and a qualified user may show approval of dispositions of property that is part of the managed property in a similar manner. Further, for example, a qualified user may show approval of rates charged for use of the managed property by expressly approving such rates or a general description of the methodology for setting such rates (such as a method that establishes hotel room rates using specified revenue goals based on comparable properties), or by requiring that the service provider charge rates that are reasonable and customary as specifically determined by, or negotiated with, an independent third party (such as a medical insurance company).

.05 *Risk of loss of the managed property.* The qualified user must bear the risk of loss upon damage or destruction of the managed property (for example, due to force majeure). A qualified user does not fail to meet this risk of loss requirement as a result of insuring against risk of loss through a third party or imposing upon the service provider a penalty for failure to operate the managed property in accordance with the standards set forth in the management contract.

.06 *No inconsistent tax position.* The service provider must agree that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the qualified user with respect to the managed property. For example, the service provider must agree not to claim any depreciation or amortization deduction, investment tax credit, or deduction for any payment as rent with respect to the managed property.

.07 *No circumstances substantially limiting exercise of rights.*

(1) *In general.* The service provider must not have any role or relationship with the qualified user that, in effect, substantially limits the qualified user's ability to exercise its rights under the contract, based on all the facts and circumstances.

(2) *Safe harbor.* A service provider will not be treated as having a role or relationship prohibited under section 5.07(1) of this revenue procedure if:

- (a) No more than 20 percent of the voting power of the governing body of the qualified user is vested in the directors, officers, shareholders, partners, members, and employees of the service provider, in the aggregate;
- (b) The governing body of the qualified user does not include the chief executive officer of the service provider or the chairperson (or equivalent executive) of the service provider's governing body; and
- (c) The chief executive officer of the service provider is not the chief executive officer of the qualified user or any of the qualified user's related parties (as defined in § 1.150-1(b)).

(3) For purposes of section 5.07(2) of this revenue procedure, the phrase "service provider" includes the service provider's related parties (as defined in § 1.150-1(b)) and the phrase "chief executive officer" includes a person with equivalent management responsibilities.

.08 *Functionally related and subordinate use.* A service provider's use of a project (as defined in § 1.141-6(a)(3)) that is functionally related and subordinate to performance of its services under a management contract for managed property that meets the conditions of this section 5 does not result in private business use of that project. For example, use of storage areas to store equipment used to perform activities required under a management contract that meets the requirements of this section 5 does not result in private business use.

SECTION 6. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2016-44 is modified, amplified, and superseded.

SECTION 7. DATE OF APPLICABILITY

This revenue procedure applies to any management contract that is entered into on or after January 17, 2017, and an issuer may apply this revenue procedure to any management contract that was entered into before January 17, 2017. In addition, an issuer may apply the safe harbors in Rev. Proc. 97-13, as modified by Rev. Proc. 2001-39 and amplified by Notice 2014-67, to a management contract that is entered into before August 18, 2017 and that is not materially modified or extended on or after August 18, 2017 (other than pursuant to a renewal option as defined in § 1.141-1(b)).

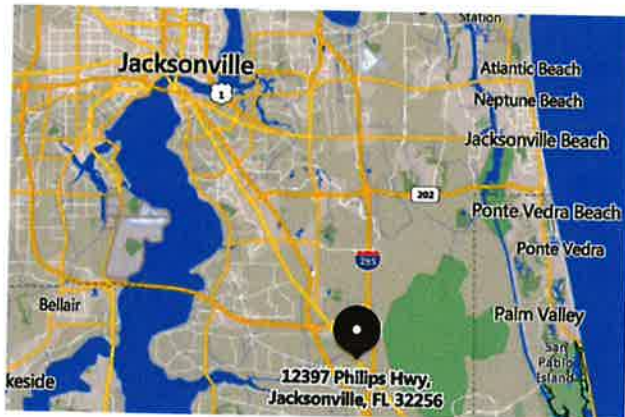
SECTION 8. DRAFTING INFORMATION

The principal authors of this revenue procedure are Johanna Som de Cerff and David White of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact David White on (202) 317-6980 (not a toll-free number).

TO: Capital Trust Authority Board of Directors
FROM: Denis McKinnon, III
RE: River City Science Project
DATE: January 12, 2023

Introduction

River City Science (“River City” or the “Borrower”) has submitted an application to the Capital Trust Authority (the “Authority”) for the issuance of not to exceed \$18,500,000 of tax-exempt bonds to finance the land acquisition, construction, and equipping of a public charter school in Jacksonville, FL.



The Borrower

River City has previously done bond financing through the Capital Trust Agency. Today, River City has submitted an application to the Capital Trust Authority to finance the construction of the new school. River City is a 501(c)3 Florida not for profit operating 5 charter school campuses in Jacksonville, FL. The Borrower’s schools serve nearly 4,000 students focusing on Science, Technology, Engineering, and Math programs.

The new school, River City Science Academy Southeast will be the 6th campus. The Borrower expects the school to open for the next school year in August 2023. The Borrower currently has a waitlist of 4,219 students.

Description of the Project

The issuance of not more than \$18,500,000 in bonds for the Borrower will be used to finance the land acquisition costs, development, and construction of a public charter school and related fixtures in Jacksonville, FL.

The Borrower has purchased approximately 5.72 acres in Jacksonville to construct the Southeast campus to serve grades K-8.

Financing

The financing is expected to consist \$17,665,000 in tax exempt and taxable bonds and a cash contribution of \$4,000,000 from the Borrower.

The Borrower exhibits a strong balance sheet and income statement according to the most recent audit.

Recommendation

It is the recommendation of Authority staff that the Board adopt Resolution 02-23, approving the issuance of not to exceed \$18,500,000 on behalf of the Borrower. We look forward to seeing you at our meeting on 1/12.

RESOLUTION NO. 02-23

A RESOLUTION OF THE CAPITAL TRUST AUTHORITY EXPRESSING ITS INTENT TO ISSUE CAPITAL TRUST AUTHORITY EDUCATIONAL FACILITIES REVENUE BONDS, IN ONE OR MORE SERIES OF TAX-EXEMPT QUALIFIED 501(C)(3) BONDS OR TAXABLE BONDS, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,500,000 FOR THE PURPOSE OF FINANCING OR REFINANCING, INCLUDING THROUGH REIMBURSEMENT, THE COSTS OF THE PROJECT DESCRIBED HEREIN AND PAYING THE COSTS OF ISSUANCE OF THE BONDS; AND APPROVING AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, River City Edu Management, LLC, a Florida limited liability company (the "Borrower"), the sole member of which is River City Education Services, Inc., a Florida not for profit corporation (the "Sole Member") and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and/or one or more related and/or affiliated entities, plans to acquire, construct, install, furnish, equip and improve the educational facilities and real property, more fully described on Schedule I attached hereto, which by this reference thereto, is incorporated herein (collectively, the "Facilities"), such Facilities being located in Jacksonville, Duval County, Florida, as described on Schedule I attached hereto (collectively, the "Host Jurisdiction"); and

WHEREAS, the Capital Trust Authority (the "Authority") is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida (the "State") established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; Resolution No. 14-22, duly adopted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze"), on June 6, 2022, as amended by Resolution No. 46-22, duly adopted by the City Council of Gulf Breeze on November 21, 2022; Ordinance Number 04-00, enacted by the City Council of Gulf Breeze on May 15, 2000; Resolution No. 1424-2022, duly adopted by the City Commission of the City of Quincy, Florida ("Quincy"), on May 24, 2022; the City Charter of Gulf Breeze; the City Charter of Quincy; the Interlocal Agreement dated as of June 6, 2022, between Gulf Breeze and Quincy, as may be amended and supplemented from time-to-time; and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"), and is empowered pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance, including through reimbursement, all or any part of the cost of any "project" (as defined in the Act); and

WHEREAS, the Borrower and the Sole Member have requested the Authority issue its Educational Facilities Revenue Bonds in an aggregate principal amount not to exceed \$18,500,000 (the "Bonds") in one or more series of tax-exempt qualified 501(c)(3) bonds or taxable bonds, and loan the proceeds thereof to the Borrower for the purpose of financing or refinancing, including through reimbursement, (i) the acquisition, construction, installation, furnishing, equipping and

improvement of the Facilities; (ii) funding of a debt service reserve fund for the Bonds, if deemed necessary or desirable; (iii) funding of capitalized interest for the Bonds, if deemed necessary or desirable; and (iv) payment of certain costs of issuing the Bonds (collectively, the "Project"); and

WHEREAS, subject to final approval of the Authority prior to such issuance, the Authority desires to issue the Bonds and desires to authorize certain officers to take certain actions in preparation for the marketing, sale and issuance of such Bonds; and

WHEREAS, it is the Authority's intent that this Resolution constitute an "official intent" within the meaning of Treasury Regulations Section 1.150-2 for the Authority to declare its intent to use proceeds of the Bonds to reimburse prior capital expenditures of the Borrower and/or the Sole Member in connection with financing or refinancing of the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE AUTHORITY THAT:

Section 1. The Authority hereby expresses its intent to issue the Bonds in one or more series of tax-exempt qualified 501(c)(3) bonds or taxable bonds, in an aggregate principal amount not to exceed \$18,500,000 under and pursuant to the Act, and to loan the proceeds thereof to the Borrower for the purpose of financing or refinancing, including through reimbursement, the Project, subject to the final approval of the terms and conditions thereof by the Authority.

Section 2. The officers, officials, the Executive Director, and Bryant Miller Olive P.A., as bond counsel ("Bond Counsel"), and as counsel for the Authority, are hereby authorized, jointly and severally, to cooperate with the Borrower and the Sole Member in obtaining the required approval of the Bonds by or on behalf of the applicable elected representative of the Host Jurisdiction in which the Facilities are located, after notice and a public hearing for the purposes of Section 147(f) of the Code. The Executive Director or his designee is hereby approved as the hearing officer for hearings held on behalf of the Authority, the Governor of the State, as an applicable elected representative of the Host Jurisdiction.

Section 3. The Bonds shall be sold at a negotiated sale to Renasant Bank, or such other purchaser or underwriter selected by the Borrower and approved by the Authority as purchaser or underwriter with respect to the Bonds. There is hereby acknowledged at the appropriate time, if necessary, the distribution of a preliminary offering document to potential purchasers of the Bonds, upon approval of the information attributable to the Authority in the form thereof by the Chairperson, the Executive Director or each of their designees.

Section 4. The officers, officials, attorneys and agents of the Authority are hereby authorized and directed, jointly and severally, to take such actions as they may deem necessary or advisable to assist in the marketing, sale, issuance and administration of the Bonds and otherwise effectuate the purposes of this Resolution. All actions heretofore taken by the officers of the Authority for such purposes are hereby confirmed and ratified.

Section 5. Nothing herein shall obligate the Authority to issue the Bonds if, at any time prior to the sale thereof by the Authority to the purchaser or underwriter thereof, the Authority shall determine that it is not in the public interest or the interest of the Authority to proceed with the issuance of the Bonds for any reason whatsoever, including, without limitation, the marketing plan for the sale of the Bonds to investors.

Section 6. It is the intention of the Authority to issue the Bonds pursuant to the Act to create a financing program to make loans to assist in financing or refinancing, including through reimbursement, projects meeting the criteria set forth in the Act, which loans shall mature not later than the final maturity of the applicable series of the Bonds. The amounts to be held in any reserve fund, any loan fund, amounts to be received from the repayment of principal of and interest on the loans, the income to be derived from the investment thereof and any other available moneys under the financing program for the Project are expected to be sufficient to pay the debt service on the Bonds.

Section 7. The Executive Director of the Authority is hereby authorized to execute the Authority's letter or letters addressed to the Borrower in substantially the form attached to this Resolution as Exhibit A, which by this reference thereto, is incorporated herein, with such changes therein, whether made prior to the execution thereof or thereafter, as shall be approved from time to time by the Executive Director on behalf of the Authority.

Section 8. The Authority hereby authorizes Bond Counsel and any other attorneys for the Authority to take all necessary action to validate the Bonds under Chapter 75, Florida Statutes, if such action shall be deemed necessary or appropriate by such counsel. The appropriate officials of the Authority are hereby authorized to provide such assistance, take such action, and execute and deliver on behalf of the Authority such documents or instruments as may be necessary or required in connection with any validation of the Bonds or satisfaction of any conditions therefor. Notwithstanding the foregoing, the Authority acknowledges that it has validated bonds for qualifying purposes, and a portion of such validated bonds may be allocated to the Bonds.

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Section 9. This Resolution shall take effect immediately upon its adoption.

Adopted on January 12, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Its: Chairman

ATTEST:

By: _____
Its: Secretary

CERTIFICATE OF SECRETARY

I, Robert F. Cleveland, Secretary of the Capital Trust Authority, Santa Rosa County, Florida, do hereby certify that the above and foregoing is a true and correct copy of Resolution No. 02-23 and its supporting exhibit and schedule as the same was duly adopted and passed at a public meeting of the Board of Directors of the Capital Trust Authority on the 12th day of January, 2023, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this __ day of January, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Its: Secretary

EXHIBIT A

FORM OF LETTER

[CTA Letterhead]

_____, 2023

River City Edu Management, LLC
7565 Beach Boulevard
Jacksonville, Florida 32216

Re: Proposed (i) acquisition, construction, installation, furnishing, equipping and improvement of the Facilities (as defined and described in the hereinafter defined Inducement Resolution); (ii) funding of a debt service reserve fund for the Bonds (as herein defined), if deemed necessary or desirable; (iii) funding of capitalized interest for the Bonds, if deemed necessary or desirable; and (iv) payment of certain costs of issuing the Bonds (collectively, the "Project"), with revenue bonds issued by the Authority.

Ladies and Gentlemen:

Based upon recent discussions with representatives of River City Edu Management, LLC, a Florida limited liability company (the "Borrower"), the sole member of which is River City Education Services, Inc., a Florida not for profit corporation (the "Sole Member") and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and/or one or more related and/or affiliated entities, it is the understanding of the officials and representatives of the Capital Trust Authority (the "Authority"), that: (i) the Borrower is currently undertaking the acquisition, construction, installation, furnishing, equipping and improvement of the Facilities (as more fully described on Schedule I to Resolution No. 02-23 adopted by the Authority on January 12, 2023 (the "Inducement Resolution"), a portion of the cost of which will be financed or refinanced, including through reimbursement, with revenue bonds of the Authority in an aggregate principal amount not to exceed \$18,500,000 (the "Bonds"); (ii) the acquisition, construction, installation, furnishing, equipping and improvement of the Facilities will provide educational facilities within the meaning of the Act (as defined in the Inducement Resolution), advance the public purposes of the Act, improve education and provide or preserve employment in the community where the Facilities are located; and (iii) the willingness of the Authority to issue and sell the Bonds for the purpose of financing or refinancing, including through reimbursement, the Project are important factors under consideration by the Borrower in determining the extent of the feasibility of the Project.

The Authority has determined that the Authority's issuance of the Bonds to assist the Borrower by financing or refinancing, including through reimbursement, such Project will promote the public purposes for which the Authority was created, will enable the Borrower to

serve a public purpose by providing a needed educational facility and increasing the bargaining power of the Borrower to obtain favorable financing for its educational programs, and will promote and advance the economic prosperity, education and the general welfare of the State of Florida and its people. Neither this letter nor the Inducement Resolution constitutes final authorization to issue the Bonds. Final approval will be in the form of an authorizing resolution that must be approved upon receipt of the finalized plan of finance and substantially complete bond and offering documents acceptable to the Authority.

Accordingly, in order to induce the Borrower to incur expenses for the initiation of such Project and its financing or refinancing, the Authority hereby makes the following proposal:

1. The Authority will, subject to the requirements of applicable law and financial feasibility, issue the Bonds in one or more series or installments, either in Bonds in one or more series of tax-exempt qualified 501(c)(3) bonds or taxable bonds, totaling in the aggregate principal amount a sum not to exceed \$18,500,000 for the purpose of paying, financing or refinancing the cost of the Project. The Bonds will be secured by the source of security provided for in the financing documents for the Bonds and will be issued in one or more series of tax-exempt qualified 501(c)(3) bonds or taxable bonds, in such aggregate principal amount, mature at such times, bear interest at such rates and be subject to such other terms and have such security as shall be agreed upon between the Authority and the Borrower.

2. The Authority and the Borrower will enter one or more loan agreements (collectively, the "Agreement") which shall provide for the loan of the proceeds from the sale of the Bonds to the Borrower, for the financing or refinancing of the Project (including eligible reimbursement to the Borrower and/or the Sole Member for costs of the Project incurred prior to the delivery of the Agreement) and repayment of such loan by the Borrower. The installment payments to be made by the Borrower in repayment of the loan pursuant to the Agreement shall be pledged to the payment of the principal of, interest on and redemption premium, if any, applicable to the Bonds and the fees and expenses of the trustee. The loan installments shall be fully sufficient to pay the cost of the Project, the cost and expenses of financing or refinancing the same and the fees and expenses of the Borrower and/or the Sole Member, the trustee and the Authority related thereto.

3. The Authority will cooperate in the prompt preparation of the Agreement and the necessary resolutions for the authorization and sale of the Bonds and, to the extent the Bonds are not allocated to any series of Bonds already validated, will promptly proceed with validation of the Bonds in the appropriate Circuit Court, pursuant to the provisions of Chapter 75, Florida Statutes, if, in the opinion of bond counsel for the Authority or the Authority's attorneys, such validation proceedings are necessary or desirable.

4. Upon delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Borrower shall have no further effect, and in the event of any inconsistency between the terms of this proposal and the terms of the Agreement in the form in which it shall be finally approved by resolution of the Authority, the provisions of the Agreement as so approved shall control.

5. Upon acceptance by the Borrower and the Sole Member, the Authority shall keep open and outstanding this commitment and inducement to the Borrower for a reasonable time so long as the Borrower shall be proceeding with appropriate efforts toward conclusion of any arrangements necessary to the financing or refinancing, including through reimbursement, of the Project; provided, however, if for any reason (other than that which shall be the fault of the Authority) the Bonds are not delivered to the purchaser or purchasers thereof before January 1, 2024, then the provisions of this proposal and the agreement resulting from its acceptance by the Borrower may be cancelled at any time thereafter, at the option of the Authority and without notice to the Borrower or the Sole Member, by resolution of the Authority, duly adopted. In such event, or in the event of its earlier cancellation by agreement between the Borrower and the Authority, neither party shall have any rights against the other and no third party shall have any rights against either party except:

(a) the Borrower and/or Sole Member will pay to the Authority the amount of all expenses which shall have been incurred by the Authority in connection with the Project (expenses incurred related to travel to project sites and TEFRA hearings will be invoiced monthly for payment upon receipt);

(b) the Borrower and/or Sole Member will assume and be responsible for all contracts entered into by the Authority at the request of the Borrower in connection with the Project; and

(c) the Borrower and/or Sole Member will pay the out-of-pocket expenses of officials and representatives of the Authority incurred in connection with the financing or refinancing of the Project and will pay Bryant Miller Olive P.A., as bond counsel and counsel to the Authority, a reasonable retainer and legal fees for legal services related to the issuance of the Bonds or the financing or refinancing of the Project, whether or not the financing or refinancing actually closes.

6. The Borrower shall have responsibility to arrange for the purchase of the Bonds by investors or an underwriter acceptable to the Authority and the payment of all costs of issuing the Bonds, and such Bonds shall only be offered and marketed in accordance with the applicable securities laws and such offering limitations as may be approved by the Authority.

7. The Authority shall not be obligated to pay any of the Bonds or the interest thereon from any funds of the Authority derived from any source other than the Agreement, and each Bond shall contain a statement to that effect upon its face. The Authority shall not be required to incur any expense with respect to the Project or the Bonds unless requested to do so by the Borrower, in which event the Borrower and Sole Member hereby agree to reimburse the full amount of such expense to the Authority, and the Authority may require payment to it of such amount as a prerequisite to its incurring any such expense. The Borrower and Sole Member, in accepting this proposal, hereby agree to pay the annual fees of the Authority and agree to indemnify and defend the Authority and its officials, employees, attorneys and agents and the members of the governing board of the Authority, and hold the Authority and its officials, employees, attorneys and agents and the members of the governing board of the Authority, harmless against any and all claims, losses, liabilities or damages to property or any injury or

death of any person or persons occurring in connection with the acquisition, construction, installation, furnishing, equipping and improvement of and the operation of the Facilities and the financing or refinancing of the Project by or on behalf of the Borrower, or in any way growing out of or resulting from this proposal (upon its becoming an agreement if accepted) or from the issuance, sale or delivery of the Bonds, including, but not limited to, all forms of negligence by the Authority and any and all liabilities arising under the Code, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any applicable securities law of the State, including, without limitation, all costs and expenses of the Authority, including reasonable attorneys' fees, incurred in the enforcement of any agreement of the Borrower and Sole Member herein contained or in the Agreement. Any provision hereof to the contrary notwithstanding, the obligations of the Borrower and the Sole Member under this section or Section 8 hereof shall survive the termination of this agreement.

8. The Borrower and Sole Member shall comply with all requirements and pay all costs and expenses as may be required of the Borrower or the Authority pursuant to all applicable approvals by, or any interlocal agreements between, the Authority and any applicable public agencies having jurisdiction over the Facilities.

9. As a condition of any future submittal to the Authority for an authorizing resolution to issue the Bonds, substantially final documents must be delivered to the Authority fourteen (14) calendar days before a scheduled board meeting date. When applicable, the Authority will require a feasibility study, sources and uses of funds, historical financial statements, and pro forma statements in addition to the indenture, loan or financing agreement and preliminary offering document in substantially completed forms.

If this proposal shall be satisfactory to the Borrower and Sole Member, please have the acceptance statement which follows this proposal executed by the proper officers of the Sole Member and the Borrower on behalf of the Sole Member and Borrower duly authorized and provide an executed copy to the Authority, whereupon this proposal will constitute an agreement in principle with respect to the matters herein contained.

Yours very truly,

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Denis A. McKinnon, III
Executive Director

[Acceptance by Borrower Follows]

Acceptance by Borrower

The terms and conditions contained in the foregoing proposal by the governing board of the Authority are hereby accepted as obligations of the Borrower and Sole Member, as of this ____ day of _____, 2023.

RIVER CITY EDU MANAGEMENT, LLC, a
Florida limited liability company

By: **RIVER CITY EDUCATION SERVICES,
INC.**, a Florida not for profit corporation, as
sole member of River City Edu Management,
LLC

By: _____

Name: _____

Title: _____

SCHEDULE I

DESCRIPTION OF THE FACILITIES

The Facilities consist primarily of the acquisition, construction, installation, furnishing, equipping and improvement of the educational facilities and real property, consisting of an approximately 68,000 square foot educational facility to accommodate approximately 900 students in grades K-8 at an educational institution known as River City Science Academy Southeast, located on an approximately 5.72 acre parcel, located at 12397 Philips Highway, Jacksonville, Florida 32256, including related facilities, fixtures, furnishings and equipment.

TO: Capital Trust Authority Board of Directors
FROM: Denis McKinnon, III
RE: Heritage Park Project
DATE: January 12, 2023

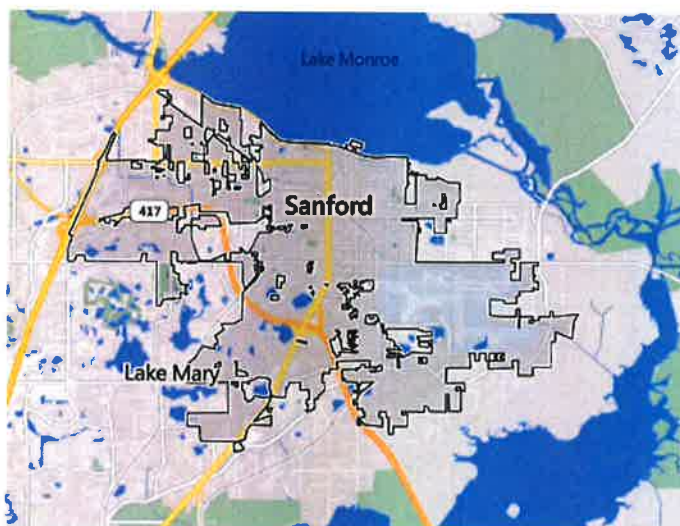
Introduction

Sanford Waterfront Partners (“Heritage Park” or the “Borrower”) has submitted an application to the Capital Trust Authority (the “Authority”) for the issuance of not to exceed \$75,000,000 of tax-exempt bonds to finance the land acquisition, construction, and equipping of an affordable housing facility in Sanford, FL.

Private Activity Bonds

The Authority Board has discussed on numerous occasions the need for Private Activity Bonds (PAB) to finance qualifying projects when the borrower is not a 501(c)3. As a brief reminder, PABs are allocated each year by the federal government to States based upon their populations. The State of Florida received approximately \$1B in PABs each year that are quickly used by issuers within the State of Florida. The best way to receive PABs is to apply as early in the year as possible. 2 things are required for an application: i. an inducement resolution by the issuer and ii. a TEFRA approval.

The PABs are then allocated to issuers in the middle of November to be used on these qualifying projects. The absolute earliest this deal could close would be November 16, but most likely will be at the end of December. If desired, Authority staff will commit to holding a workshop on this project between Inducement and a request for final approval.



Description of the Project

The issuance of not more than \$75,000,000 in bonds for the Borrower will be used to finance the land acquisition costs, development, and construction of a mixed use apartment complex serving a mixture of market rate and affordable housing units in Sanford, FL.

The City of Sanford is providing nearly \$15,000,000 in incentives to the project after unanimously selecting the Borrower to construct the project.

The IRS explicitly allows for this type of financing under IRS Section 142d. The IRS Code qualifies this project for tax-exempt financing based upon the 20-50 test. 20% of the residential units will be occupied by individuals whose income is 50% of the area median gross income.

Financing

The financing is expected to consist of tax exempt and taxable bonds, City Contributions, a C=PACE loan, and equity contributions.

Recommendation

It is the recommendation of Authority staff that the Board adopt Resolution 03-23, approving the issuance of not to exceed 75,000,000 on behalf of the Borrower. We look forward to seeing you at our meeting on 1/12.

RESOLUTION NO. 03-23

A RESOLUTION OF THE CAPITAL TRUST AUTHORITY EXPRESSING ITS INTENT TO ISSUE CAPITAL TRUST AUTHORITY REVENUE BONDS, IN ONE OR MORE SERIES, EITHER TAXABLE OR TAX-EXEMPT, OR BOTH, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING, INCLUDING THROUGH REIMBURSEMENT, THE COSTS OF THE PROJECT DESCRIBED HEREIN AND PAYING THE COSTS OF ISSUANCE OF THE BONDS; AND APPROVING AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, Sanford Waterfront Partners, LLC, a Florida limited liability company (the "Borrower"), and/or one or more related and/or affiliated entities, plans to finance or refinance the acquisition, construction, installation, furnishing and equipping of multifamily rental housing facilities, a portion of the units to be rented to persons or families with low income, more fully described on Schedule I attached hereto, which by this reference thereto, is incorporated herein (collectively, the "Facilities"), such facilities being located in Sanford, Seminole County, Florida as described on Schedule I attached hereto (collectively, the "Host Jurisdiction"); and

WHEREAS, the Capital Trust Authority (the "Authority") is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida (the "State") established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Chapter 617 and Chapter 159, Florida Statutes, each as amended; Resolution No. 14-22, duly adopted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze"), on June 6, 2022, as amended by Resolution No. 46-22, duly adopted by the City Council of Gulf Breeze on November 21, 2022; Ordinance Number 04-00, enacted by the City Council of Gulf Breeze on May 15, 2000; Resolution No. 1424-2022, duly adopted by the City Commission of the City of Quincy, Florida ("Quincy"), on May 24, 2022; the City Charter of Gulf Breeze; the City Charter of Quincy; the Interlocal Agreement dated as of June 6, 2022, between Gulf Breeze and Quincy, as may be amended and supplemented from time-to-time; and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"), and is empowered pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance, including through reimbursement, all or any part of the cost of any "project" (as defined in the Act); and

WHEREAS, the Borrower has requested the Authority issue its revenue bonds in an aggregate principal amount not to exceed \$75,000,000 (the "Bonds") in one or more series, either taxable or tax-exempt, or both, and loan the proceeds thereof to the Borrower for the purpose of financing or refinancing, including through reimbursement, (i) the acquisition, construction, installation, furnishing and equipping of the Facilities; (ii) funding of a debt service reserve fund for the Bonds, if deemed necessary or desirable; (iii) funding of capitalized interest for the Bonds,

if deemed necessary or desirable; and (iv) payment of certain costs of issuing the Bonds (collectively, the "Project"); and

WHEREAS, subject to final approval of the Authority prior to such issuance, the Authority desires to issue the Bonds and desires to authorize certain officers to take certain actions in preparation for the marketing, sale and issuance of such Bonds; and

WHEREAS, it is the Authority's intent that this Resolution constitute an "official intent" within the meaning of Treasury Regulations Section 1.150-2 for the Authority to declare its intent to use proceeds of the Bonds to reimburse prior capital expenditures of the Borrower in connection with financing of the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE AUTHORITY THAT:

Section 1. The Authority hereby expresses its intent to issue the Bonds in one or more series, either taxable or tax-exempt, or both, in an aggregate principal amount not to exceed \$75,000,000 under and pursuant to the Act, and to loan the proceeds thereof to the Borrower for the purpose of financing or refinancing, including through reimbursement, the Project, subject to the final approval of the terms and conditions thereof by the Authority.

Section 2. The officers, officials, the Executive Director, Foley & Lardner LLP, as bond counsel to the hereinafter defined Underwriter ("Bond Counsel"), and Bryant Miller Olive P.A. as counsel for the Authority, are hereby authorized, jointly and severally, to cooperate with the Borrower in obtaining the required approval of the Bonds by or on behalf of the applicable elected representative of the Host Jurisdiction, after notice and a public hearing for the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended. The Executive Director or his designee is hereby approved as the hearing officer for hearings held on behalf of the Authority, the Host Jurisdiction and the Governor of the State, as an applicable elected representative of the Host Jurisdiction.

Section 3. The Bonds shall be sold at negotiated sale to Hilltop Securities Inc., or such other purchaser or underwriter selected by the Borrower and approved by the Authority as purchaser or underwriter with respect to the Bonds (the "Underwriter"). There is hereby acknowledged at the appropriate time, if necessary, the distribution of a preliminary offering document to potential purchasers of the Bonds, upon approval of the information attributable to the Authority in the form thereof by the Chairperson, the Executive Director or each of their designees. If the Borrower and the Underwriter desire to distribute a preliminary offering document prior to the adoption of a final bond resolution by the Authority, the Chairperson, the Executive Director or each of their designees are hereby authorized and empowered, on behalf of the Authority, to authorize the inclusion of one or more additional co-managing underwriters in the preliminary offering document.

Section 4. The officers, officials, attorneys and agents of the Authority are hereby authorized and directed, jointly and severally, to take such actions as they may deem necessary or advisable to assist in the marketing, sale, issuance and administration of the Bonds and otherwise effectuate the purposes of this Resolution. All actions heretofore taken by the officers of the Authority for such purposes are hereby confirmed and ratified.

Section 5. Nothing herein shall obligate the Authority to issue the Bonds if, at any time prior to the sale thereof by the Authority to the purchaser or underwriter thereof, the Authority shall determine that it is not in the public interest or the interest of the Authority to proceed with the issuance of the Bonds for any reason whatsoever, including, without limitation, the marketing plan for the sale of the Bonds to investors.

Section 6. It is the intention of the Authority to issue the Bonds pursuant to the Act to create a financing program to make loans to assist in financing or refinancing, including through reimbursement, projects meeting the criteria set forth in the Act, which loans shall mature not later than the final maturity of the applicable series of the Bonds. The amounts to be held in any reserve fund, any loan fund, amounts to be received from the repayment of principal of and interest on the loans, the income to be derived from the investment thereof and any other available moneys under the financing program for the Project are expected to be sufficient to pay the debt service on the Bonds.

Section 7. The Executive Director of the Authority is hereby authorized to execute the Authority's letter or letters addressed to the Borrower in substantially the form attached to this Resolution as Exhibit A, which by this reference thereto, is incorporated herein, with such changes therein, whether made prior to the execution thereof or thereafter, as shall be approved from time to time by the Executive Director on behalf of the Authority.

Section 8. The Authority hereby authorizes Bond Counsel and the attorneys for the Authority to take all necessary action to validate the Bonds under Chapter 75, Florida Statutes, if such action shall be deemed necessary or appropriate by such counsel. The appropriate officials of the Authority are hereby authorized to provide such assistance, take such action, and execute and deliver on behalf of the Authority such documents or instruments as may be necessary or required in connection with any validation of the Bonds or satisfaction of any conditions therefor. Notwithstanding the foregoing, the Authority acknowledges that it has validated bonds for qualifying purposes, and a portion of such validated bonds may be allocated to the Bonds.

[Remainder of Page Intentionally Left Blank]

Section 9. This Resolution shall take effect immediately upon its adoption.

Adopted on January 12, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Its: Chairman

ATTEST:

By: _____
Its: Secretary

CERTIFICATE OF SECRETARY

I, Robert F. Cleveland, Secretary of the Capital Trust Authority, Santa Rosa County, Florida, do hereby certify that the above and foregoing is a true and correct copy of Resolution No. 03-23 and its supporting exhibit and schedule as the same was duly adopted and passed at a public meeting of the Board of Directors of the Capital Trust Authority on the 12th day of January, 2023, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of January, 2023.

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____
Its: Secretary

EXHIBIT A

FORM OF LETTER

[CTA Letterhead]

_____, 2023

Sanford Waterfront Partners, LLC
2199 Ponce De Leon Boulevard, Suite 400
Coral Gables, Florida 33134

Re: Proposed (i) acquisition, construction, installation, furnishing and equipping of the Facilities (as defined and described in the hereinafter defined Inducement Resolution); (ii) funding of a debt service reserve fund for the Bonds, if deemed necessary or desirable; (iii) funding of capitalized interest for the Bonds, if deemed necessary or desirable; and (iv) payment of certain costs of issuing the Bonds (collectively, the "Project"), with revenue bonds issued by the Authority.

Ladies and Gentlemen:

Based upon recent discussions with representatives of Sanford Waterfront Partners, LLC, a Florida limited liability company (the "Borrower"), and/or one or more related and/or affiliated entities, it is the understanding of the officials and representatives of the Capital Trust Authority (the "Authority"), that: (i) the Borrower is currently undertaking the (i) acquisition, construction, installation, furnishing and equipping of the Facilities (as more fully described on Schedule I to Resolution No. 03-23 adopted by the Authority on January 12, 2023 (the "Inducement Resolution"), all or a portion of the cost of which will be financed or refinanced, including through reimbursement, with revenue bonds of the Authority in an aggregate principal amount not to exceed \$75,000,000 (the "Bonds"); (ii) the Facilities constitute multifamily rental housing facilities, a portion of the units to be rented to persons or families with low income, provide safe, decent and accessible living facilities for individuals and families of limited means, improve living conditions and provide employment in the community where the Facilities are located; and (iii) the willingness of the Authority to issue and sell the Bonds for the purpose of financing or refinancing, including through reimbursement, the Project are important factors under consideration by the Borrower in determining the extent of the feasibility of the Project.

The Authority has determined that the Authority's issuance of the Bonds to assist the Borrower by financing or refinancing, including through reimbursement, such Project will promote the public purposes for which the Authority was created, will enable the Borrower to serve a public purpose by providing for affordable housing, and increasing the bargaining power of the Borrower to obtain favorable financing for the affordable housing component of its housing program, and will promote and advance the economic prosperity, living conditions and the general welfare of the State of Florida and its people. Neither this letter nor the Inducement

Resolution constitutes final authorization to issue the Bonds. Final approval will be in the form of an authorizing resolution that must be approved upon receipt of the finalized plan of finance and substantially complete bond and offering documents acceptable to the Authority.

Accordingly, in order to induce the Borrower to incur expenses for the initiation of such Project and its financing or refinancing, the Authority hereby makes the following proposal:

1. The Authority will, subject to the requirements of applicable law and financial feasibility, issue the Bonds in one or more series or installments, either taxable or tax-exempt, or both, totaling in the aggregate principal amount a sum not to exceed \$75,000,000 for the purpose of paying, financing or refinancing the cost of the Project. The Bonds will be secured by the source of security provided for in the financing documents for the Bonds and will be issued in one or more series of tax-exempt or taxable bonds, in such aggregate principal amount, mature at such times, bear interest at such rates and be subject to such other terms and have such security as shall be agreed upon between the Authority and the Borrower.

2. The Authority and the Borrower will enter one or more loan agreements (collectively, the "Agreement") which shall provide for the loan of the proceeds from the sale of the Bonds to the Borrower, for the financing or refinancing of the Project (including eligible reimbursement to the Borrower for costs of the Project incurred prior to the delivery of the Agreement) and repayment of such loan by the Borrower. The installment payments to be made by the Borrower in repayment of the loan pursuant to the Agreement shall be pledged to the payment of the principal of, interest on and redemption premium, if any, applicable to the Bonds and the fees and expenses of the trustee. The loan installments shall be fully sufficient to pay the cost of the Project, the cost and expenses of financing or refinancing the same and the fees and expenses of the Borrower, the trustee and the Authority related thereto.

3. The Authority will cooperate in the prompt preparation of the Agreement and the necessary resolutions for the authorization and sale of the Bonds and, to the extent the Bonds are not allocated to any series of Bonds already validated, will promptly proceed with validation of the Bonds in the appropriate Circuit Court, pursuant to the provisions of Chapter 75, Florida Statutes, if, in the opinion of bond counsel for the Authority or the Authority's attorneys, such validation proceedings are necessary or desirable.

4. Upon delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Borrower shall have no further effect, and in the event of any inconsistency between the terms of this proposal and the terms of the Agreement in the form in which it shall be finally approved by resolution of the Authority, the provisions of the Agreement as so approved shall control.

5. Upon acceptance by the Borrower, the Authority shall keep open and outstanding this commitment and inducement to the Borrower for a reasonable time so long as the Borrower shall be proceeding with appropriate efforts toward conclusion of any arrangements necessary to the financing or refinancing, including through reimbursement, of the Project; provided, however, if for any reason (other than that which shall be the fault of the Authority) the Bonds

are not delivered to the purchaser or purchasers thereof before January 1, 2024, then the provisions of this proposal and the agreement resulting from its acceptance by the Borrower may be cancelled at any time thereafter, at the option of the Authority and without notice to the Borrower, by resolution of the Authority, duly adopted. In such event, or in the event of its earlier cancellation by agreement between the Borrower and the Authority, neither party shall have any rights against the other and no third party shall have any rights against either party except:

(a) the Borrower will pay to the Authority the amount of all expenses which shall have been incurred by the Authority in connection with the Project (expenses incurred related to travel to project sites and TEFRA hearings will be invoiced monthly for payment upon receipt);

(b) the Borrower will assume and be responsible for all contracts entered into by the Authority at the request of the Borrower in connection with the Project; and

(c) the Borrower will pay the out-of-pocket expenses of officials and representatives of the Authority and counsel for the Authority incurred in connection with the financing or refinancing of the Project and will pay Foley & Lardner LLP, as bond counsel, and Bryant Miller Olive P.A. as counsel for the Authority, a reasonable retainer and legal fees for legal services related to the issuance of the Bonds or the financing or refinancing of the Project, whether or not the financing or refinancing actually closes.

6. The Borrower shall have responsibility to arrange for the purchase of the Bonds by investors or an underwriter acceptable to the Authority and the payment of all costs of issuing the Bonds, and such Bonds shall only be offered and marketed in accordance with the applicable securities laws and such offering limitations as may be approved by the Authority.

7. The Authority shall not be obligated to pay any of the Bonds or the interest thereon from any funds of the Authority derived from any source other than the Agreement, and each Bond shall contain a statement to that effect upon its face. The Authority shall not be required to incur any expense with respect to the Project or the Bonds unless requested to do so by the Borrower, in which event the Borrower hereby agrees to reimburse the full amount of such expense to the Authority, and the Authority may require payment to it of such amount as a prerequisite to its incurring any such expense. The Borrower, in accepting this proposal, hereby agrees to pay the annual fees of the Authority and agree to indemnify and defend the Authority and its officials, employees, attorneys and agents and the members of the governing board of the Authority, and hold the Authority and its officials, employees, attorneys and agents and the members of the governing board of the Authority, harmless against any and all claims, losses, liabilities or damages to property or any injury or death of any person or persons occurring in connection with the financing or refinancing of the Project by or on behalf of the Borrower, or in any way growing out of or resulting from this proposal (upon its becoming an agreement if accepted) or from the issuance, sale or delivery of the Bonds, including, but not limited to, all forms of negligence by the Authority and any and all liabilities arising under the Internal Revenue Code of 1986, as amended, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any applicable securities law of the State, including, without limitation, all

costs and expenses of the Authority, including reasonable attorneys' fees, incurred in the enforcement of any agreement of the Borrower herein contained or in the Agreement. Any provision hereof to the contrary notwithstanding, the obligations of the Borrower under this section or Section 8 hereof shall survive the termination of this agreement.

8. The Borrower shall comply with all requirements and pay all costs and expenses as may be required of the Borrower or the Authority pursuant to all applicable approvals by, or any interlocal agreements between, the Authority and any applicable public agencies having jurisdiction over the Facilities.

9. As a condition of any future submittal to the Authority for an authorizing resolution to issue the Bonds, substantially final documents must be delivered to the Authority fourteen (14) calendar days before a scheduled board meeting date. When applicable, the Authority will require a feasibility study, sources and uses of funds, historical financial statements, and pro forma statements in addition to the indenture, loan or financing agreement and preliminary offering document in substantially completed forms.

If this proposal shall be satisfactory to the Borrower, please have the acceptance statement which follows this proposal executed by the proper officers of the Borrower on behalf of the Borrower duly authorized and provide an executed copy to the Authority, whereupon this proposal will constitute an agreement in principle with respect to the matters herein contained.

Yours very truly,

CAPITAL TRUST AUTHORITY

(SEAL)

By: _____

Denis A. McKinnon, III
Executive Director

[Acceptance by Borrower Follows]

Acceptance by Borrower

The terms and conditions contained in the foregoing proposal by the governing board of the Authority are hereby accepted as obligations of the Borrower, as of this ____ day of _____, 2023.

SANFORD WATERFRONT PARTNERS, LLC,
a Florida limited liability company

By: _____

Name: _____

Title: _____

SCHEDULE I

The Facilities consist of multifamily rental housing facilities, a portion of which will be rented to persons or families with low income, to be referred to as "Heritage Park Apartments" and located at 312 Commercial Street, Sanford, Florida 32771, including approximately 235 units, totaling approximately 245,000 square feet, located on approximately 5.62 acres of land, including related facilities, fixtures, furnishings and equipment.