

TAB 8



City of Palmetto Agenda Item

Meeting Date

12/13/10

Presenter: Jim Freeman/Mark P. Barnebey, Esquire **Department:** City Clerk and City Attorney

Title: Resolution 2010-40 Manatee School for the Arts Industrial Development Revenue Bonds

Background:

Manatee School for the Arts (MSA) has requested the City issue Industrial Development Revenue Bonds in an amount NOT TO EXCEED \$15,400,000.00, the Bonds are proposed to acquire and construct an approximately 45,000 square foot classroom building at the School, to pay off Existing Bonds, and pay the costs related to the Bond Issuance. The existing Bonds for MSA, which were previously approved by the City, will be refunded with the issuance of these Bonds.

Discussion:

The Bonds will not directly or indirectly obligate the City to levy ad valorem taxes to pay the principle and shall not constitute a lien on City property. The City will not be liable to pay any debt service on the Bond from its revenues. The School is required to pay all debt services. The Bonds are designed to provide the School with a means to provide more favorable financing as allowed by the State.

Budgeted Amount: \$0.00 **Budget Page No(s):** **Available Amount:** \$0.00 **Expenditure Amount:** \$0.00

Additional Budgetary Information:

Cost of issuance including the costs of attorney's fees incurred by the City in issuing the Bonds to be borne by the School.

Funding Source(s): **Sufficient Funds Available:** ☐ Yes ☐ No **Budget Amendment Required:** ☐ Yes ☐ No **Source:**

City Attorney Reviewed: ☒ Yes ☐ No ☐ N/A **Advisory Board Recommendation:** ☐ For ☐ Against ☐ N/A **Consistent With:** ☐ Yes ☐ No ☐ N/A

Potential Motion/Direction Requested:

I move to approve Resolution 2010-40 and authorize the Mayor, City Attorney and staff to execute such documents necessary to effectuate the Bond Issuance, upon approval of the City Attorney.

Staff Contact:

Attachments: Resolution 2010- 40.

RESOLUTION NO. 2010-40

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA AUTHORIZING THE ISSUANCE OF THE CITY'S INDUSTRIAL DEVELOPMENT REVENUE AND REVENUE REFUNDING BONDS (MANATEE SCHOOL FOR THE ARTS PROJECT), IN TWO OR MORE SERIES (COLLECTIVELY, THE "BONDS") IN THE AGGREGATE PRINCIPAL AMOUNT DESCRIBED HEREIN FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO RENAISSANCE ARTS AND EDUCATION, INC. D/B/A MANATEE SCHOOL FOR THE ARTS (THE "BORROWER") TO PROVIDE FUNDS FROM THE BONDS TO FINANCE THE NEW PROJECT AS DEFINED HEREIN, REFINANCE THE CITY'S OUTSTANDING INDUSTRIAL DEVELOPMENT REVENUE BONDS, (MANATEE SCHOOL FOR THE ARTS PROJECT), SERIES 2007, REFINANCE THE CITY'S OUTSTANDING INDUSTRIAL DEVELOPMENT REFUNDING REVENUE BOND (MANATEE SCHOOL FOR THE ARTS PROJECT), SERIES 2008, MAKE A SWAP TERMINATION PAYMENT RELATED TO A PRIOR HEDGE AGREEMENT, AND PAY THE COSTS OF ISSUING BOTH SERIES OF BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT, A BOND PURCHASE AND CONSTRUCTION FINANCING AGREEMENT, A MORTGAGE, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT, AN ASSIGNMENT OF LOAN AGREEMENT, MORTGAGE, PROMISSORY NOTE AND OTHER COLLATERAL AND A SATISFACTION OF MORTGAGE; AWARDING THE SALE OF THE BONDS BY A NEGOTIATED SALE TO REGIONS BANK; AUTHORIZING OFFICIALS OF THE CITY TO TAKE CERTAIN ACTION IN CONNECTION WITH THE ISSUANCE OF THE BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts (the "Borrower") has previously requested the City of Palmetto, Florida (the "Issuer"), to assist the Borrower through the issuance by the Issuer of previous tax exempt bonds; and

WHEREAS, the Borrower is contemplating additions and improvements to its existing charter school facility located at 700 Haben Boulevard, Palmetto, Florida (the "School") consisting of (a) the construction of an approximately 30,000 square foot classroom building and the acquisition of real property north of and adjacent to the current School facility ("Phase I"), and (b) relocation and/or removal of an existing modular classroom building, construction of an additional classroom building, and improvements to the School's existing parking lot ("Phase II"); and

WHEREAS, the Borrower is now requesting that the Issuer issue its Industrial Development Revenue Bonds (Manatee School of the Arts Project), Series 2010A (the "Series 2010A Bonds") and loan the proceeds thereof to the Borrower in order to (a) finance the acquisition and construction of Phase I and Phase II; and (b) pay the costs of issuing the Series 2010A Bonds (together with Phase I and Phase II, the "New Project"); and

WHEREAS, the Borrower is also requesting that the Issuer issue its Industrial Development Revenue Refunding Bonds (Manatee School for the Arts Project), Series 2010B (the "Series 2010B Bonds," and together with the Series 2010A Bonds, the "Bonds) and loan the proceeds thereof to the Borrower in order to (a) refund the City's outstanding Industrial Development Revenue Bonds, Series 2007 (Manatee School for the Arts Project) (the "Series 2007 Bonds"), the proceeds of which were used to (i) refund the City's Industrial Development Revenue Bond, Series 2001 (Manatee School for the Arts Project), Industrial Development Revenue Bond, Series 2003 (Manatee School for the Arts Project) and Industrial Development Revenue Bond, Series 2005 (Manatee School for the Arts Project), and (ii) finance the acquisition and construction of improvements and additions to the School; (b) refund the City's outstanding Industrial Development Revenue Refunding Bonds, Series 2008 (Manatee School for the Arts Project) (the "Series 2008 Bonds, and together with the Series 2007 Bonds, the "Refunded Bonds"), the proceeds of which were used to refund the City's Industrial Development Refunding Revenue Bonds, Series 2007A; (c) pay the costs of issuing the Series 2010B Bonds; and (d) make a swap termination payment related to the Refunded Bonds (collectively, and together with the New Project, the "Project"); and

WHEREAS, the Issuer and the Borrower have received a Commitment Letter dated November 30, 2010 from Regions Bank (together with its successors and assigns as registered owner of the Bonds, the "Bank") to purchase both series of the Bonds, in the form of a Bond Purchase and Construction Financing Agreement to be dated the date of issuance of the Bonds (the "Bond Purchase Agreement"); and

WHEREAS, it is necessary and desirable to approve the form of and authorize the execution of a Loan Agreement, a Mortgage, Assignment of Rents and Leases and Security Agreement (the "Mortgage"), an Assignment of Loan Agreement, Mortgage, Promissory Note and Other Collateral (the "Assignment"), the Bond Purchase Agreement and Satisfaction of Mortgage, and to specify the parameters for the interest rate, maturity date, prepayment provisions and other details for the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA THAT:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This resolution, hereinafter called the "Resolution," is adopted pursuant to the City's home rule powers and Part II, Chapter 159, Florida Statutes and other applicable provisions of law.

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms used in this Resolution in capitalized form and not otherwise defined herein shall have the meanings specified in the Loan Agreement attached hereto as Exhibit B, in the Mortgage attached hereto as Exhibit C and/or in the Bond Purchase Agreement attached hereto as Exhibit D. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

SECTION 3. INTERPRETATION. Whenever in this Resolution any governmental unit or body, including the Issuer, or any officer, director, board, department, commission, or agency of a governmental unit or body is defined or referred to, such definition or reference shall be deemed to include the governmental unit or body or officer, director, board, department, commission or agency succeeding to or in whom or which is vested, the functions, rights, powers, duties and obligations of such governmental unit or body or officer, director, board, department, commission or agency, as the case may be, encompassed by this Resolution. Unless the context shall clearly indicate otherwise in this Resolution: (i) references to sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding sections and subdivisions of this Resolution; (ii) the terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, refer to this Resolution only and to this Resolution as a whole and not to any particular section or subdivision hereof; and (iii) the term "heretofore" means before the date of adoption of this Resolution; the word "now" means at the time of enactment of this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

SECTION 4. FINDINGS. Upon consideration of the documents described herein and the information presented to the Issuer at or prior to the date hereof, for purposes of Section 159.29, Florida Statutes, it is hereby ascertained, determined and declared as follows:

A. The Project is appropriate to the needs and circumstances of, and makes a contribution to the economic growth of the City of Palmetto, Florida, will preserve gainful employment, and will serve a public purpose by providing for educational opportunities, consistent with Article VII, Section 10(c) of the Florida Constitution, by advancing the economic prosperity and the general welfare of the Issuer, the State, and the people thereof, and in particular, the issuance of the Bonds is in the common interest of the people of the City of Palmetto, Florida. As of the date hereof, the Borrower has represented and shown that it is financially responsible and fully capable of and willing to fulfill any obligations which it may incur in connection with the Project as contemplated by this Resolution. Based solely on representations of the Borrower and without obligating the Issuer in any way to provide any services or facilities, local government will be able to cope satisfactorily with the impact of the Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, if any, that will be necessary for the construction, operation, repair and maintenance of the Project and on account of any increases in population or other circumstances resulting therefrom.

B. The Issuer hereby finds that the Loan Agreement makes provision for the operation, repair and maintenance of the Project at the expense of the Borrower and for the payment of the principal and interest on the Bonds and all other costs incurred by the Issuer in connection with the Bonds and the Project.

C. The Issuer has been advised that due to the desire to coordinate the sale of the Bonds and due to the limited market for tax-exempt obligations such as the Bonds, it is in the best interest of the Borrower to sell the Bonds by negotiated sale, and the Issuer, wishing to obtain the best interest rate on the Bonds for the benefit of the Borrower, has determined to sell the Bonds by negotiated sale to the Bank, permitting the Issuer to enter such market at the most advantageous time, rather than at a specified advertised date, and accordingly it is in the best interest of the Issuer that a negotiated sale of the Bonds be authorized.

SECTION 5. AUTHORIZATION OF BONDS. For the purpose of making the Loan to the Borrower, there is hereby authorized to be issued under this Resolution the two series of Bonds in the total aggregate principal amount of not to exceed \$15,400,000 to be designated "City of Palmetto, Florida Industrial Development Revenue Bonds (Manatee School of the Arts Project), Series 2010A" and the "City of Palmetto, Florida Industrial Development Revenue Refunding Bonds (Manatee School of the Arts Project), Series 2010B." The principal amount of the Series 2010A Bonds shall not exceed \$7,000,000 and the principal amount of the Series 2010B Bonds shall not exceed \$8,400,000. The Bonds shall be issued as a fully registered Bonds, shall be dated as of the date of issuance, shall mature, shall bear interest at the variable rate and shall have such other terms and conditions, and shall be in the form of, the Bonds attached hereto as Exhibit A, with such changes, alterations and corrections as may be approved by the Mayor, such approval to be conclusively presumed by the execution thereof by the Mayor. The Bonds shall be issued on such date as shall be mutually agreed upon by the Bank, the Borrower and the Mayor. The Issuer hereby authorizes and directs the Mayor to execute the Bonds and the City Clerk to attest and to deliver the same to the Bank, upon payment of the purchase price thereof, all as further provided in the Bond Purchase Agreement.

SECTION 6. BOND REGISTER. The Bonds shall be registered as to principal and interest in the name of Regions Bank provided that the Bonds may be transferred at the office of the Issuer by surrender of such Bonds for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Issuer, duly executed by the registered owner in person or by his duly authorized agent, and thereupon the Issuer will issue and deliver to the owner thereof at his expense, in the name of the transferee or transferees, a new registered Bonds, having the same terms as the Bonds so surrendered. Upon any transfer of the Bonds, the Issuer will keep or cause to be kept a Bond register for the registration and transfer of ownership of the Bonds, and, upon presentation for such purpose, the Issuer shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred such Bonds on the Bond register. In every case of a transfer of the Bonds, the surrendered Bonds shall be canceled by the Issuer.

SECTION 7. MUTILATED, LOST, STOLEN OR DESTROYED BONDS. In case the Bonds shall become mutilated or be lost, stolen or destroyed, the Issuer shall cause to be executed and furnished to the owner new Bonds in exchange and substitution for, and upon the cancellation of, the mutilated Bonds or in lieu of and substitution for such lost, stolen or destroyed Bonds. In every case the applicant shall furnish evidence satisfactory to the Issuer of the destruction, theft or loss of such Bonds and indemnity satisfactory to the Issuer, and the Issuer shall charge the applicant for the issuance of such new Bonds an amount sufficient to reimburse it for any expense incurred by it in the issuance thereof.

SECTION 8. LIMITED OBLIGATION. The Bonds are a limited obligation of the Issuer, payable solely from the Loan Payments and the security provided by the Borrower received from or on behalf of the Borrower. The Bonds and any and all payments of any nature thereunder shall be payable solely from amounts provided for such purpose by the Borrower under the Bond Documents and not from other funds or any source whatsoever of the Issuer.

SECTION 9. COVENANT TO PERFORM. The Issuer shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Resolution, in the Bonds or in any proceedings of the Issuer pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State of Florida, particularly the Act, to issue the Bonds and to adopt this Resolution, and to assign the Agreement, the Mortgage and the Note and pledge the revenues, receipts, proceeds and funds derived in respect thereof, in the manner and to the extent herein set forth as security for the Bonds; that all action on its part for the issuance of the Bonds and the adoption of this Resolution has been duly and effectively taken; and that the Bonds will be a valid and enforceable limited obligation of the Issuer according to its terms.

SECTION 10. COVENANT AS TO THE BORROWER. The Issuer covenants that it will fulfill its obligations, and it authorizes the Bank to require the Borrower to perform the duties and obligations of the Borrower, under the Agreement, the Mortgage and the Note, it being understood that the Issuer has no obligation to pay debt service on the Bonds or any other amounts to Bondholders, such being the obligation solely of the Borrower. The Issuer shall promptly notify the Bank of any actual or alleged Default of which it has actual knowledge and shall not execute or agree to any change, amendment, modification or supplement of or to any Bond Documents, except as is provided in the Bond Documents.

SECTION 11. ENFORCEMENT OF THE AGREEMENT. The Bank may enforce all obligations of the Borrower, and may exercise all rights (except Unassigned Issuer's Rights) of the Issuer under the Bond Documents whether or not the Issuer is in default hereunder.

SECTION 12. FURTHER INSTRUMENTS AND ACTIONS. At the request of the Borrower or the Bank, the Issuer shall execute and deliver such further instruments or take such further actions as may be reasonably required to carry out the purposes of this Resolution and the Bond Documents.

SECTION 13. AMENDMENTS. No amendment to this Resolution shall become effective unless and until the Borrower and the Bank shall have consented thereto in writing.

SECTION 14. EVENTS OF DEFAULT. Each of the following is hereby defined as and declared to be and shall constitute a "Default" hereunder:

(a) If payment of any installment of principal or interest on the Bonds shall not be made when the same shall become due and payable prior to the expiration of any applicable cure period; or

(b) If a Default shall have occurred under the Agreement and such Default shall not have been waived by the Bank or remedied.

SECTION 15. DECLARATION OF PRINCIPAL AND INTEREST AS DUE. Upon the occurrence of a Default and at any time thereafter while such Default shall continue, the Bank may by written notice to the Issuer and the Borrower declare the principal of the Bonds, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately, anything in this Resolution or in the Bonds contained to the contrary notwithstanding.

SECTION 16. ACTION BY BANK UPON OCCURRENCE OF DEFAULT. Upon the occurrence of a Default and at any time thereafter while such default shall continue, then in every such case the Bank may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on the Bonds and any covenant or agreement contained in this Resolution, or to enforce any other legal or equitable right or remedy vested in the holder of the Bonds by this Resolution or by the Agreement or by said laws

In the enforcement of any remedy under this Resolution the Bank shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Default becoming, and at any time remaining, due from the Borrower and unpaid for principal, interest or otherwise under any of the provisions of this Resolution or of the Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Bank, and to recover and enforce judgment or decree for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 17. DISCHARGE OF BONDS. If the Borrower shall pay and discharge the entire indebtedness on the Bonds by fully paying or causing to be paid the principal of and interest on the Bonds, as and when the same become due and payable and if the Borrower shall also pay or provide for the payment of all other sums payable hereunder by the Issuer or the

Borrower, then and in that case this Resolution shall cease, determine and become null and void as to the Bonds.

SECTION 18. LIMITED LIABILITY OF ISSUER. Anything in this Resolution or the Bond Documents to the contrary notwithstanding, the performance by the Issuer of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Issuer for all warranties and other covenants hereunder, shall be limited solely to the Loan Payments and other revenues and receipts derived from the Borrower under the Bond Documents, and the Issuer shall not be required to effectuate any of its duties, obligations, powers or covenants hereunder except to the extent of such Loan Payments and other revenues and receipts.

SECTION 19. NO PERSONAL LIABILITY. No recourse under or upon any obligation, covenant or agreement contained in this Resolution, the Bonds, any other Bond Documents or under any judgment, or by the enforcement of any assessment or by legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Resolution, shall be had against any member, agent, employee or officer, 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 holder of the Bonds or otherwise of any sum that may be due and unpaid by the Issuer upon the Bonds. 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 member or officer, as such, 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, or for or to the holder of the Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds is hereby expressly waived and released as a condition of and in consideration for the execution of this Resolution and the issuance of the Bonds.

SECTION 20. LIMITED OBLIGATION. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY, MANATEE COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER, OR TO LEVY AD VALOREM TAXES ON ANY PROPERTY WITHIN THEIR TERRITORIAL LIMITS TO PAY THE PRINCIPAL OF PREMIUM, IF ANY, OR INTEREST ON SUCH BONDS OR OTHER PECUNIARY OBLIGATIONS OR TO PAY THE SAME FROM ANY FUNDS THEREOF OTHER THAN SUCH REVENUES, RECEIPTS AND PROCEEDS SO PLEDGED, AND THE BONDS SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OWNED BY THE CITY, THE COUNTY OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OTHER THAN THE CITY'S INTEREST IN THE BOND DOCUMENTS AND THE PROPERTY RIGHTS, RECEIPTS, REVENUES AND PROCEEDS PLEDGED THEREFOR UNDER AND AS PROVIDED IN THE BOND DOCUMENTS.

SECTION 21. LAWS GOVERNING. This Resolution shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Florida.

SECTION 22. THE BOND DOCUMENTS. The Loan Agreement, the Mortgage, the Bond Purchase Agreement, the Assignment and the Satisfaction of Mortgage, in the forms thereof attached hereto as Exhibits B through F, respectively, with such changes, alterations and corrections as may be approved by the Mayor (provided, however, that any changes, alterations, and corrections shall not be permitted that are to the detriment of the Issuer in any of the documents), such approval to be conclusively presumed by the execution thereof by the Mayor, are hereby approved by the Issuer, and the Issuer hereby authorizes and directs the Mayor to execute such Bond Documents, simultaneous with the issuance of the Bonds, and to deliver the Bond Documents to the Borrower all of the provisions of which, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein. It is not necessary for the seal of the Issuer to be impressed upon any Bond Documents.

SECTION 23. SALE OF BONDS: EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT. The Bonds is hereby awarded to the Bank upon the terms and conditions set forth in the Bond Purchase Agreement, a copy of which is attached hereto as Exhibit D. Prior to the execution of the Bond Purchase Agreement, the Bank shall file with the Issuer the disclosure and truth-in-Bonding statements required by Section 218.385, Florida Statutes, and competitive bidding for the Bonds is hereby waived.

SECTION 24. NO THIRD PARTY BENEFICIARIES. Except as herein or in the documents herein mentioned otherwise expressly provided, nothing in this Resolution or in such documents express or implied, is intended or shall be construed to confer upon any Person other than the Issuer, the Bank and the Borrower any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof or of such documents; this Resolution and such documents being intended to be and being for the sole and exclusive benefit of such parties.

SECTION 25. PREREQUISITES PERFORMED. All acts, conditions and prerequisites relating to the passage of this Resolution and required by the Constitution or laws of the State of Florida to happen, exist and be performed precedent to and in the passage hereof have happened, exist and have been performed as so required.

SECTION 26. GENERAL AUTHORITY. The Mayor and the other officers and employees of the Issuer are hereby authorized to do all acts and things required of them by this Resolution and the other Bond Documents or desirable or consistent with the requirements hereof or thereof, for the full punctual and complete performance of all terms, covenants and agreements contained in the Bonds, this Resolution and the other Bond Documents, including but not limited to the execution of satisfactions, terminations and assignments relative to existing collateral or security documents for the Refunded Bonds.

SECTION 27. RESOLUTION CONSTITUTES A CONTRACT. The Issuer covenants and agrees that this Resolution shall constitute a contract between the Issuer and the holders from time to time of the Bonds and that all covenants and agreements set forth herein and in the Bond Documents and to be performed by the Issuer shall be for the benefit and security of the holder of the Bonds.

SECTION 28. COVENANT REGARDING TAX STATUS OF BONDS. The Issuer covenants that it will not knowingly take any action, or knowingly fail to take any action, and will not fail to take any action reasonably requested by the Bank or the Borrower, and will not take any action which the Bank or the Borrower reasonably requests it not to take, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

SECTION 29. NOTICES. Any notice, request, complaint, demand, communication or other paper given under or with respect to any Bond Documents shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail to the Notice Address of the Issuer.

SECTION 30. REPEALER. All resolutions or ordinances or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of any such conflict, hereby superseded and repealed.

SECTION 31. EFFECTIVE DATE. This Resolution shall take effect immediately upon its passage and adoption.

SECTION 32. LIMITED APPROVAL. The approval given herein shall not be construed as (i) an endorsement of the creditworthiness of the Borrower or the financial viability of the Project, (ii) a recommendation to any prospective purchaser of the Bonds, (iii) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (iv) any necessary governmental approval relating to the Project, and the Issuer shall not be construed by reason of its adoption of this resolution to have made any such endorsement, finding or recommendation or to have waived any of the Issuer's rights or estopping the Issuer from asserting any rights or responsibilities it may have in that regard.

SECTION 33. SECTION 265 DESIGNATION OF BONDS. The Issuer understands and acknowledges that the Borrower has designated the Bonds as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B)(i) of the Code. The Issuer makes no representation as to the bank qualification for the Bonds.

SECTION 34. SEVERABILITY. If any one or more of the covenants, agreements, or provisions contained herein or in the Bonds shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy,

or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions hereof and thereof and shall in no way affect the validity of any of the other provisions of this Resolution or of the Bonds.

PASSED AND DULY ADOPTED, in regular session, by the City Commission of the City of Palmetto, with a quorum present and voting, this 13th day of December, 2010.

CITY OF PALMETTO, FLORIDA BY AND
THROUGH THE CITY COMMISSION OF
THE CITY OF PALMETTO

[SEAL]

By: _____
Shirley Groover Bryant, Mayor

ATTEST:

By: _____
James R. Freeman, City Clerk

EXHIBIT A

FORM OF BONDS

EXHIBIT B

LOAN AGREEMENT

EXHIBIT C

MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

EXHIBIT D

BOND PURCHASE AND CONSTRUCTION FINANCING AGREEMENT

EXHIBIT E

**ASSIGNMENT OF LOAN AGREEMENT, MORTGAGE, PROMISSORY NOTE AND
OTHER COLLATERAL**

EXHIBIT F

SATISFACTION OF MORTGAGE

\$7,000,000
CITY OF PALMETTO, FLORIDA
INDUSTRIAL DEVELOPMENT REVENUE BOND
(MANATEE SCHOOL FOR THE ARTS PROJECT), SERIES 2010A

December __, 2010

\$7,000,000

The City of Palmetto, Florida, a municipality of the State of Florida (the "Issuer"), for value received, hereby promises to pay to Regions Bank (together with its successors and assigns as registered owner hereof, the "Bank"), but solely from the sources as hereafter provided and not otherwise, the principal sum of \$7,000,000, and to pay interest on the principal sum outstanding hereunder from the date hereof, but solely from the sources as hereafter provided and not otherwise, at the rate per annum set forth below (as the same may be adjusted, the "Interest Rate on the Bond") payable monthly in arrears on the first day (or if not a Business Day, the next day which is a Business Day) of each month (each an "Interest Payment Date"), beginning February 1, 2011, until payment of such principal sum in full.

Subject to adjustment as herein provided, the Interest Rate on this Bond will be for each Interest Period, the sum of (i) 63.7% of the LIBOR Rate plus (ii) 292 basis points. "Interest Period" means each period commencing on the first day (or if not a Business Day, the next day which is a Business Day) of each month and ending on, but not including, the first day (or if not a Business Day, the next day which is a Business Day) of the next month, provided that the first Interest Period shall commence on December __, 2010 and end on February 1, 2011. "LIBOR Rate" means, with respect to each Interest Period, the rate for U.S dollar deposits with a 1-month maturity as reported on Telerate page 3750 as of 11:00 a.m., London time, on the second London business day before such Interest Period begins (or if not so reported, then as determined by the Bank from another recognized source or interbank quotation). If at least two such offered rates appear on the Telerate screen page 3750, the rate will be the arithmetic mean of such offered rates. The Bank may, in its discretion, use any other comparable publicly available index or reference rates showing rates for United States dollar deposits in the London Interbank Market as of the applicable date. [The Interest Rate on this Bond will be calculated on the basis of a 360-day year for the actual number of days elapsed.]

The principal amount of this Bond shall be payable in monthly installments, due on February 1, 2011 and on the first day (or if not a Business Day, the next day which is a Business Day) of each month thereafter (each such date, a "Principal Payment Date"), in the amounts determined as set forth below, and all remaining principal, together with accrued and unpaid interest thereon, shall be unconditionally due and payable on January 3, 2035 (the "Maturity Date").

The amount of each monthly principal payment shall be in the amount set forth on Schedule A hereto providing for repayment of the principal amount outstanding hereunder.

The principal of and interest on this Bond is payable in any coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, at such place as the registered owner hereof may designate to the Issuer and the Borrower (hereinafter defined) in writing. All payments by the Issuer on this Bond shall apply first to accrued interest, then to other charges due the Bank, and the balance thereof shall apply to the principal sum due.

Upon the occurrence of a Determination of Taxability (hereinafter defined), the Interest Rate on the Bond shall be adjusted to a rate per annum equal to [_____] % of the rate otherwise borne hereby (the "Adjusted Interest Rate"), as of and from the date such determination would be applicable with respect to this Bond (the "Accrual Date") and (i) the Issuer shall, from the sources hereinafter provided and not otherwise, immediately pay on demand to the registered owner hereof, or any former registered owner hereof, as may be appropriately allocated, an amount equal to the sum of (1) the difference between (A) the total interest that would have accrued on this Bond at the Adjusted Interest Rate from the Accrual Date to the date of the Determination of Taxability, and (B) the actual interest paid by the Issuer on this Bond from the Accrual Date to the date of Determination of Taxability, but then only to the extent such owner or owners include (through amended tax return, agreement with the Internal Revenue Service or otherwise) such actual interest in such owner's or owners' gross income for federal income tax purposes, and (2) any loss, cost, charge or expense suffered by such owner and/or former owner arising out of the Determination of Taxability, including without limitation amounts of interest and penalties required to be paid as a result of any additional state and federal income taxes by such owner and former owner arising as a result of such Determination of Taxability; and (ii) from and after the date of the Determination of Taxability, this Bond shall continue to bear interest at the Adjusted Interest Rate for the period such determination continues to be applicable with respect to this Bond. The adjustment provided for in this paragraph shall survive the payment of this Bond until the expiration of the statute of limitations under which the interest on this Bond could be required to be included in the gross income of the registered owner thereof for federal income taxes purposes.

Should the Federal Tax Rate change from time to time following the date hereof, the Regular Rate shall be modified for all future periods by a fraction, the numerator which is 100% minus the Federal Tax Rate as so changed and the denominator of which is 100% minus the previous Federal Tax Rate. The Bank shall provide written notice of such change to the Issuer and the Issuer shall pay interest at the Regular Rate as so modified from and after the effective date of such change.

The Issuer has designated this Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. If for any reason this Bond is not a "qualified tax-exempt obligation" as aforesaid, then the Interest Rate on the Bond shall be adjusted to the extent necessary to preserve the same after tax yield to the Bank as would have been the case had this Bond been a "qualified tax-exempt obligation." A certificate of the Bank setting forth the basis for such change in the Interest Rate on the Bond shall be conclusive and binding on the Issuer and Borrower, absent manifest error.

As used in this Bond,

(1) "Code" means the Internal Revenue Code of 1986, as amended; and

(2) "Determination of Taxability" shall mean interest on this Bond is required to be included in the gross income of the Bank for federal income tax purposes.

The principal of this Bond may be prepaid at the option of the Borrower exercised on behalf of the Issuer at any time and in whole or in part. Principal prepayments made at the option of the Borrower shall be applied to the remaining principal payments in the inverse order of their due dates.

This Bond is issued pursuant to and in full compliance with Part II of Chapter 159, Florida Statutes, and other applicable provisions of law (the "Act") and a Resolution ("Resolution") adopted by the Issuer on December 13, 2010. Pursuant to law and the proceedings under which this Bond is issued, this Bond is payable on parity with the Issuer's Series 2010B Bonds payable solely out of revenues and receipts derived from the Note (hereinafter defined) and a Loan Agreement, dated as of December 1, 2010 (the "Loan Agreement"), between the Issuer and Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts, a Florida not-for-profit corporation (the "Borrower"). The Issuer has loaned money for this Series 2010A Bond to the Borrower to provide funds to finance (a) additions and improvements to the Borrower's existing charter school facility located at 700 Haben Boulevard, Palmetto, Florida (the "School") consisting of (i) the acquisition and construction of an approximately 30,000 square foot classroom building, including the acquisition of real property north of and adjacent to the current School facility upon which to construct such classroom building ("Phase I"), and (ii) relocation and/or removal of an existing modular classroom building, construction of an additional classroom building, and improvements to the School's existing parking lot ("Phase II"); and (b) pay the costs of issuing the Series 2010A Bonds.

This Bond shall be subject to mandatory tender by the Bank for purchase on (a) the first Interest Payment Date following the occurrence of a Determination of Taxability for which the Bank can give notice of mandatory tender in accordance with this Agreement and (b) each Bank Put Date, as defined below, unless the Borrower shall have received written notice from the Bank not less than one hundred eighty (180) days prior to the applicable Bank Put Date that the Bank has elected not to tender such Bonds for purchase on such Bank Put Date, and upon such giving of notice, such date shall not be a Mandatory Tender Date; provided, that in the event the Bank elects not to tender such Bonds for purchase upon any Bank Put Date as described above, the Bank may also deliver written notice to the Borrower modifying the date of the next succeeding Bank Put Date or all succeeding Bank Put Dates, and from and after such notice, the succeeding Bank Put Date(s) shall be the date(s) described in such notice unless again modified by subsequent notice, but in all events, each Bank Put Date shall be an Interest Payment Date. The dates described in clauses (a), and (b) of the preceding sentence each constitute a "Mandatory Purchase Date." "Bank Put Date" means the 5th anniversary of the issuance of the Series 2010A Bonds.

Pursuant to the Loan Agreement, the Borrower has agreed to make payments directly to the Bank in such amounts and at such times as are required to provide for timely payment of the principal of and interest on this Bond. As evidence of its indebtedness under the Loan Agreement,

the Borrower has executed and delivered to the Issuer its Promissory Note ("Note"), dated December __, 2010 and its Mortgage, Assignment of Rents and Security Agreement dated as of December __, 2010 (the "Mortgage and Security Agreement," and together with the Loan Agreement and the Note, the "Assigned Documents").

Pursuant to an Assignment of Loan Agreement, Mortgage, Promissory Note and Other Collateral, the Issuer has assigned the Issuer's rights under the Assigned Documents, including all its rights, title and interest to receive the Note and the repayments on the Loan (subject to the reservation of certain rights of the Issuer, including all its rights to notices, payment of certain expenses and indemnity), to the Bank.

Reference is made to the Loan Agreement, the Bond Purchase Agreement and the Resolution for a more complete statement of the provisions thereof and of the rights of the Issuer and the Bank. Terms used herein in capitalized form and not otherwise defined herein have the meanings ascribed thereto in the aforementioned documents. This Bond is subject to all terms and conditions of the Loan Agreement, the Bond Purchase Agreement and the Resolution, and by the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond shall bear interest on any overdue installment of principal and (to the extent permitted by law) interest at the Default Rate (as defined in the Loan Agreement). As further described in the Resolution and the Loan Agreement, upon the occurrence of an Event of Default, the Bank may declare all unpaid principal hereof immediately due and payable, and upon such declaration of acceleration, the principal amount hereof, together with interest to the date of payment, shall be and become immediately due and payable.

Should the Issuer fail to pay from the sources provided herein the installments of interest or principal (if applicable) within ten (10) days after the due date provided herein (after the expiration of any applicable grace period), the Issuer further promises to pay, solely from the sources provided herein, a late payment charge equal to five percent (5%) of the amount of the unpaid installment as liquidated compensation to the Bank for the extra expense to the Bank to process and administer the late payment, the Issuer agreeing, by execution hereof, that any other measure of compensation for a late payment is speculative and impossible to compute. This provision for late charges shall not be deemed to extend the time for payment or be a "grace period" or "cure period" that gives the Issuer a right to cure a Default. Imposition of late charges is not contingent upon the giving of any notice or lapse of any cure period provided for in the Bond Documents and shall not be deemed a waiver of any right or remedy of the Bank including without limitation, acceleration of this Bond.

This Bond is transferable by the registered owner, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange therefor. The Issuer may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal and interest due hereon and for all other purposes, and the Issuer shall not be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Resolution or in this Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Resolution, shall be had against any officer or member, 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 this Bond or otherwise, of any sum that may be due and unpaid by the Issuer upon this 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 officer or member, as such, to respond by reason of any act or omission on his part or otherwise for the payment for or to the Issuer or for or to the owner of this Bond or otherwise, of any sum that may remain due and unpaid upon this Bond, is hereby expressly waived and released as a condition of and consideration for the execution and the issuance of this Bond.

All of the rights, remedies, powers and privileges (together, "Rights") of the Bank provided for in this Bond and in any other Bond Document are cumulative of each other and of any and all other Rights at law or in equity. The resort to any Right shall not prevent the concurrent or subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by the Bank to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of the Right. Without limiting the generality of the foregoing provisions, the acceptance by the Bank from time to time of any payment under this Bond which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment shall not (i) constitute a waiver of or impair or extinguish the right of the holder hereof to accelerate the maturity of this Bond or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance or a novation in any respect.

If the Bank retains an attorney in connection with any Default to collect, enforce or defend this Bond or any other Bond Document in any lawsuit, at trial, or in any appellate, probate, reorganization, bankruptcy or other proceeding, or if the Issuer sues the Bank in connection with this Bond or any other Bond Document and does not prevail, then the Issuer agrees to pay to the Bank, solely from the sources provided herein, in addition to principal, interest and any other sums owing to the Bank under the Bond Documents, all reasonable costs and expenses incurred by the Bank in trying to collect this Bond or in any such suit or proceeding, including without limitation reasonable attorneys' fees, paralegals' fees and costs.

In no event (including but not limited to prepayment, default, demand for payment, or acceleration of maturity) shall the interest taken, reserved, contracted for, charged or received under this Bond or under any of the other Bond Documents or otherwise, exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, then *ipso facto*, such document shall be reformed and the interest payable reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If the holder hereof ever receives interest in an amount which apart from this provision would exceed the

Maximum Amount, the excess shall, without penalty, be refunded to the Issuer, or at the option of the Issuer, be applied to the unpaid principal of this Bond in order of maturity of installments and not to the payment of interest. The Bank does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid to the holder hereof shall be spread throughout the full term (including any renewal or extension) of the debt so that the amount of interest does not exceed the Maximum Amount.

At the request of the Issuer or the Bank, any controversy or claim between the Issuer and the Bank, whether arising in contract, tort or by statute, and arising out of or relating to this Bond or any of the Bond Documents (a "Claim") shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U. S. Code) (the "Arbitration Act").

Arbitration proceedings will be determined in accordance with the Arbitration Act, the rules and procedures for the arbitration of financial services disputes of J.A.M.S./Endispute or any successor thereof ("J.A.M.S."), and the terms of this Bond. In the event of any inconsistency, the terms of this Bond shall control.

The arbitration shall be administered by J.A.M.S. and conducted in the City of Bradenton, Florida. All Claims shall be determined by one arbitrator; however, if Claims exceed \$5,000,000, upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within 90 days of the demand for arbitration and close within 90 days of commencement and the award of the arbitrator(s) shall be issued within 30 days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional 60 days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and enforced.

The arbitrator(s) will have the authority to decide whether any Claim is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis. For purposes of the application of the statute of limitations, the service on J.A.M.S. under applicable J.A.M.S. rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Bond.

This paragraph does not limit the right of the Issuer or the Bank to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or nonjudicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit the agreement herein to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from the Loan Payments and the security provided by the Borrower received from or on behalf of the Borrower, all as described in and subject to limitations set forth in the Agreement, for the equal and ratable benefit of the Holders, from time to time of this Bond. THIS BOND AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE ISSUER, MANATEE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OR THE TAXING POWER OF THE ISSUER, MANATEE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the Issuer that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner and by the appropriate parties as required by law.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and on its behalf by its Mayor and attested by the City Clerk as of this ____ day of December 2010.

CITY OF PALMETTO, FLORIDA

[SEAL]

By: _____
Shirley Groover Bryant, Mayor

ATTEST:

By: _____
James R. Freeman
City Clerk

EXHIBIT A

Schedule of Principal Payments

\$8,400,000
CITY OF PALMETTO, FLORIDA
INDUSTRIAL DEVELOPMENT REFUNDING REVENUE BOND
(MANATEE SCHOOL FOR THE ARTS PROJECT), SERIES 2010B

December __, 2010

\$8,400,000

The City of Palmetto, Florida, a municipality of the State of Florida (the "Issuer"), for value received, hereby promises to pay to Regions Bank (together with its successors and assigns as registered owner hereof, the "Bank"), but solely from the sources as hereafter provided and not otherwise, the principal sum of \$8,400,000, and to pay interest on the principal sum outstanding hereunder from the date hereof, but solely from the sources as hereafter provided and not otherwise, at the rate per annum set forth below (as the same may be adjusted, the "Interest Rate on the Bond") payable monthly in arrears on the first day (or if not a Business Day, the next day which is a Business Day) of each month (each an "Interest Payment Date"), beginning February 1, 2011, until payment of such principal sum in full.

Subject to adjustment as herein provided, the Interest Rate on this Bond will be for each Interest Period, the sum of (i) 63.7% of the LIBOR Rate plus (ii) 292 basis points. "Interest Period" means each period commencing on the first day (or if not a Business Day, the next day which is a Business Day) of each month and ending on, but not including, the first day (or if not a Business Day, the next day which is a Business Day) of the next month, provided that the first Interest Period shall commence on December __, 2010 and end on February 1, 2011. "LIBOR Rate" means, with respect to each Interest Period, the rate for U.S dollar deposits with a 1-month maturity as reported on Telerate page 3750 as of 11:00 a.m., London time, on the second London business day before such Interest Period begins (or if not so reported, then as determined by the Bank from another recognized source or interbank quotation). If at least two such offered rates appear on the Telerate screen page 3750, the rate will be the arithmetic mean of such offered rates. The Bank may, in its discretion, use any other comparable publicly available index or reference rates showing rates for United States dollar deposits in the London Interbank Market as of the applicable date. [The Interest Rate on this Bond will be calculated on the basis of a 360-day year for the actual number of days elapsed.]

The principal amount of this Bond shall be payable in monthly installments, due on February 1, 2011 and on the first day (or if not a Business Day, the next day which is a Business Day) of each month thereafter (each such date, a "Principal Payment Date"), in the amounts determined as set forth below, and all remaining principal, together with accrued and unpaid interest thereon, shall be unconditionally due and payable on January 3, 2032 (the "Maturity Date").

The amount of each monthly principal payment shall be in the amount set forth on Schedule A hereto providing for repayment of the principal amount outstanding hereunder.

The principal of and interest on this Bond is payable in any coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, at such place as the registered owner hereof may designate to the Issuer and the Borrower (hereinafter defined) in writing. All payments by the Issuer on this Bond shall apply first to accrued interest, then to other charges due the Bank, and the balance thereof shall apply to the principal sum due.

Upon the occurrence of a Determination of Taxability (hereinafter defined), the Interest Rate on the Bond shall be adjusted to a rate per annum equal to [_____] % of the rate otherwise borne hereby (the "Adjusted Interest Rate"), as of and from the date such determination would be applicable with respect to this Bond (the "Accrual Date") and (i) the Issuer shall, from the sources hereinafter provided and not otherwise, immediately pay on demand to the registered owner hereof, or any former registered owner hereof, as may be appropriately allocated, an amount equal to the sum of (1) the difference between (A) the total interest that would have accrued on this Bond at the Adjusted Interest Rate from the Accrual Date to the date of the Determination of Taxability, and (B) the actual interest paid by the Issuer on this Bond from the Accrual Date to the date of Determination of Taxability, but then only to the extent such owner or owners include (through amended tax return, agreement with the Internal Revenue Service or otherwise) such actual interest in such owner's or owners' gross income for federal income tax purposes, and (2) any loss, cost, charge or expense suffered by such owner and/or former owner arising out of the Determination of Taxability, including without limitation amounts of interest and penalties required to be paid as a result of any additional state and federal income taxes by such owner and former owner arising as a result of such Determination of Taxability; and (ii) from and after the date of the Determination of Taxability, this Bond shall continue to bear interest at the Adjusted Interest Rate for the period such determination continues to be applicable with respect to this Bond. The adjustment provided for in this paragraph shall survive the payment of this Bond until the expiration of the statute of limitations under which the interest on this Bond could be required to be included in the gross income of the registered owner thereof for federal income taxes purposes.

Should the Federal Tax Rate change from time to time following the date hereof, the Regular Rate shall be modified for all future periods by a fraction, the numerator which is 100% minus the Federal Tax Rate as so changed and the denominator of which is 100% minus the previous Federal Tax Rate. The Bank shall provide written notice of such change to the Issuer and the Issuer shall pay interest at the Regular Rate as so modified from and after the effective date of such change.

The Issuer has designated this Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. If for any reason this Bond is not a "qualified tax-exempt obligation" as aforesaid, then the Interest Rate on the Bond shall be adjusted to the extent necessary to preserve the same after tax yield to the Bank as would have been the case had this Bond been a "qualified tax-exempt obligation." A certificate of the Bank setting forth the basis for such change in the Interest Rate on the Bond shall be conclusive and binding on the Issuer and Borrower, absent manifest error.

As used in this Bond,

(1) "Code" means the Internal Revenue Code of 1986, as amended; and

(2) "Determination of Taxability" shall mean interest on this Bond is required to be included in the gross income of the Bank for federal income tax purposes.

The principal of this Bond may be prepaid at the option of the Borrower exercised on behalf of the Issuer at any time and in whole or in part. Principal prepayments made at the option of the Borrower shall be applied to the remaining principal payments in the inverse order of their due dates.

This Bond is issued pursuant to and in full compliance with Part II of Chapter 159, Florida Statutes, and other applicable provisions of law (the "Act") and a Resolution ("Resolution") adopted by the Issuer on December 13, 2010. Pursuant to law and the proceedings under which this Bond is issued, this Bond is payable on parity with the Issuer's Series 2010A Bonds payable solely out of revenues and receipts derived from the Note (hereinafter defined) and a Loan Agreement, dated as of December 1, 2010 (the "Loan Agreement"), between the Issuer and Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts, a Florida not-for-profit corporation (the "Borrower"). The Issuer has loaned money for this Series 2010B Bond to the Borrower to provide funds to (a) refund the Issuer's outstanding Industrial Development Revenue Bonds, Series 2007 (Manatee School for the Arts Project) (the "Series 2007 Bonds") the proceeds of which were used to (i) refund the City's Industrial Development Revenue Bond, Series 2001 (Manatee School for the Arts Project), Industrial Development Revenue Bond, Series 2003 (Manatee School for the Arts Project) and Industrial Development Revenue Bond, Series 2005 (Manatee School for the Arts Project), and (ii) finance the acquisition and construction of improvements and additions to the School, (b) refund the Issuer's outstanding Industrial Development Revenue Refunding Bonds, Series 2008 (Manatee School for the Arts Project) (the "Series 2008 Bonds", and together with the Series 2007 Bonds, the "Refunded Bonds"), the proceeds of which were used to refund the Issuer's Industrial Development Refunding Revenue Bonds (Manatee School for the Arts Project), Series 2007A; (c) pay the costs of issuing the Series 2010B Bonds; and (d) make a swap termination payment related to the Refunded Bonds.

This Bond shall be subject to mandatory tender by the Bank for purchase on (a) the first Interest Payment Date following the occurrence of a Determination of Taxability for which the Bank can give notice of mandatory tender in accordance with this Agreement and (b) each Bank Put Date, as defined below, unless the Borrower shall have received written notice from the Bank not less than one hundred eighty (180) days prior to the applicable Bank Put Date that the Bank has elected not to tender such Bonds for purchase on such Bank Put Date, and upon such giving of notice, such date shall not be a Mandatory Tender Date; provided, that in the event the Bank elects not to tender such Bonds for purchase upon any Bank Put Date as described above, the Bank may also deliver written notice to the Borrower modifying the date of the next succeeding Bank Put Date or all succeeding Bank Put Dates, and from and after such notice, the succeeding Bank Put Date(s) shall be the date(s) described in such notice unless again modified by subsequent notice, but in all events, each Bank Put Date shall be an Interest Payment Date. The dates described in clauses (a), and (b) of the

preceding sentence each constitute a "Mandatory Purchase Date." "Bank Put Date" means the 5th anniversary of the issuance of the Series 2010B Bonds.

Pursuant to the Loan Agreement, the Borrower has agreed to make payments directly to the Bank in such amounts and at such times as are required to provide for timely payment of the principal of and interest on this Bond. As evidence of its indebtedness under the Loan Agreement, the Borrower has executed and delivered to the Issuer its Promissory Note ("Note"), dated December __, 2010 and its Mortgage, Assignment of Rents and Security Agreement dated as of December __, 2010 (the "Mortgage and Security Agreement," and together with the Loan Agreement and the Note, the "Assigned Documents").

Pursuant to an Assignment of Loan Agreement, Mortgage, Promissory Note and Other Collateral, the Issuer has assigned the Issuer's rights under the Assigned Documents, including all its rights, title and interest to receive the Note and the repayments on the Loan (subject to the reservation of certain rights of the Issuer, including all its rights to notices, payment of certain expenses and indemnity), to the Bank.

Reference is made to the Loan Agreement, the Bond Purchase Agreement and the Resolution for a more complete statement of the provisions thereof and of the rights of the Issuer and the Bank. Terms used herein in capitalized form and not otherwise defined herein have the meanings ascribed thereto in the aforementioned documents. This Bond is subject to all terms and conditions of the Loan Agreement, the Bond Purchase Agreement and the Resolution, and by the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond shall bear interest on any overdue installment of principal and (to the extent permitted by law) interest at the Default Rate (as defined in the Loan Agreement). As further described in the Resolution and the Loan Agreement, upon the occurrence of an Event of Default, the Bank may declare all unpaid principal hereof immediately due and payable, and upon such declaration of acceleration, the principal amount hereof, together with interest to the date of payment, shall be and become immediately due and payable.

Should the Issuer fail to pay from the sources provided herein the installments of interest or principal (if applicable) within ten (10) days after the due date provided herein (after the expiration of any applicable grace period), the Issuer further promises to pay, solely from the sources provided herein, a late payment charge equal to five percent (5%) of the amount of the unpaid installment as liquidated compensation to the Bank for the extra expense to the Bank to process and administer the late payment, the Issuer agreeing, by execution hereof, that any other measure of compensation for a late payment is speculative and impossible to compute. This provision for late charges shall not be deemed to extend the time for payment or be a "grace period" or "cure period" that gives the Issuer a right to cure a Default. Imposition of late charges is not contingent upon the giving of any notice or lapse of any cure period provided for in the Bond Documents and shall not be deemed a waiver of any right or remedy of the Bank including without limitation, acceleration of this Bond.

This Bond is transferable by the registered owner, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and

cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange therefor. The Issuer may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal and interest due hereon and for all other purposes, and the Issuer shall not be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Resolution or in this Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Resolution, shall be had against any officer or member, 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 this Bond or otherwise, of any sum that may be due and unpaid by the Issuer upon this 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 officer or member, as such, to respond by reason of any act or omission on his part or otherwise for the payment for or to the Issuer or for or to the owner of this Bond or otherwise, of any sum that may remain due and unpaid upon this Bond, is hereby expressly waived and released as a condition of and consideration for the execution and the issuance of this Bond.

All of the rights, remedies, powers and privileges (together, "Rights") of the Bank provided for in this Bond and in any other Bond Document are cumulative of each other and of any and all other Rights at law or in equity. The resort to any Right shall not prevent the concurrent or subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by the Bank to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of the Right. Without limiting the generality of the foregoing provisions, the acceptance by the Bank from time to time of any payment under this Bond which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment shall not (i) constitute a waiver of or impair or extinguish the right of the holder hereof to accelerate the maturity of this Bond or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance or a novation in any respect.

If the Bank retains an attorney in connection with any Default to collect, enforce or defend this Bond or any other Bond Document in any lawsuit, at trial, or in any appellate, probate, reorganization, bankruptcy or other proceeding, or if the Issuer sues the Bank in connection with this Bond or any other Bond Document and does not prevail, then the Issuer agrees to pay to the Bank, solely from the sources provided herein, in addition to principal, interest and any other sums owing to the Bank under the Bond Documents, all reasonable costs and expenses incurred by the Bank in trying to collect this Bond or in any such suit or proceeding, including without limitation reasonable attorneys' fees, paralegals' fees and costs.

In no event (including but not limited to prepayment, default, demand for payment, or acceleration of maturity) shall the interest taken, reserved, contracted for, charged or received under

this Bond or under any of the other Bond Documents or otherwise, exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, then *ipso facto*, such document shall be reformed and the interest payable reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If the holder hereof ever receives interest in an amount which apart from this provision would exceed the Maximum Amount, the excess shall, without penalty, be refunded to the Issuer, or at the option of the Issuer, be applied to the unpaid principal of this Bond in order of maturity of installments and not to the payment of interest. The Bank does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid to the holder hereof shall be spread throughout the full term (including any renewal or extension) of the debt so that the amount of interest does not exceed the Maximum Amount.

At the request of the Issuer or the Bank, any controversy or claim between the Issuer and the Bank, whether arising in contract, tort or by statute, and arising out of or relating to this Bond or any of the Bond Documents (a "Claim") shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U. S. Code) (the "Arbitration Act").

Arbitration proceedings will be determined in accordance with the Arbitration Act, the rules and procedures for the arbitration of financial services disputes of J.A.M.S./Endispute or any successor thereof ("J.A.M.S."), and the terms of this Bond. In the event of any inconsistency, the terms of this Bond shall control.

The arbitration shall be administered by J.A.M.S. and conducted in the City of Bradenton, Florida. All Claims shall be determined by one arbitrator; however, if Claims exceed \$5,000,000, upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within 90 days of the demand for arbitration and close within 90 days of commencement and the award of the arbitrator(s) shall be issued within 30 days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional 60 days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and enforced.

The arbitrator(s) will have the authority to decide whether any Claim is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis. For purposes of the application of the statute of limitations, the service on J.A.M.S. under applicable J.A.M.S. rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Bond.

This paragraph does not limit the right of the Issuer or the Bank to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or nonjudicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit the agreement herein to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from the Loan Payments and the security provided by the Borrower received from or on behalf of the Borrower, all as described in and subject to limitations set forth in the Agreement, for the equal and ratable benefit of the Holders, from time to time of this Bond. THIS BOND AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE ISSUER, MANATEE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OR THE TAXING POWER OF THE ISSUER, MANATEE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the Issuer that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner and by the appropriate parties as required by law.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and on its behalf by its Mayor and attested by the City Clerk as of this ____ day of December, 2010.

CITY OF PALMETTO, FLORIDA

[SEAL]

By: _____
Shirley Groover Bryant, Mayor

ATTEST:

By: _____
James R. Freeman
City Clerk

EXHIBIT A

Schedule of Principal Payments

LOAN AGREEMENT

Between

RENAISSANCE ARTS AND EDUCATION, INC.
d/b/a
MANATEE SCHOOL FOR THE ARTS

And

CITY OF PALMETTO, FLORIDA

DATED AS OF
December 1, 2010

THE RIGHTS AND THE INTEREST OF
CITY OF PALMETTO, FLORIDA
IN THIS LOAN AGREEMENT (EXCEPT UNASSIGNED ISSUER'S RIGHTS)
HAVE BEEN ASSIGNED TO
REGIONS BANK

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made and entered into as of December 1, 2010, by CITY OF PALMETTO, FLORIDA, a municipality of the State of Florida (the "Issuer") and RENAISSANCE ARTS AND EDUCATION, INC. d/b/a MANATEE SCHOOL FOR THE ARTS, a Florida corporation not-for-profit (the "Borrower"):

WITNESSETH:

WHEREAS, pursuant to the provisions of the laws of the State of Florida, the Issuer may issue industrial development revenue bonds to provide funds for the making of loans to finance "educational facilities" such as the charter school facilities owned and operated by the Borrower as described herein; and

WHEREAS, at the request of the Borrower, the Issuer proposes to issue and approve the Bonds (hereinafter defined) and to loan the proceeds thereof to the Borrower pursuant to this Agreement to be applied to the payment of the (i) refinancing of certain prior bonds issued for the Borrower by the Issuer, (ii) finance certain Project Costs (hereinafter defined), (iii) pay the cost of terminating the prior Interest Rate Hedge Agreement (hereinafter defined), and (iv) pay certain costs of issuing the Bonds (hereinafter defined).

NOW THEREFORE, in consideration of the premises and the mutual representations and agreements hereinafter contained, the Issuer and the Borrower agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Use of Defined Terms. In addition to the words and terms defined elsewhere in this Agreement or by reference to another document, the words and terms set forth in Section 1.2 hereof shall have the meanings set forth therein unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, or which are otherwise defined terms under the other Bond Documents (as hereinafter defined) shall have the meanings assigned to them in such Bond Documents.

Section 1.2. Definitions. As used herein:

"Act" means Chapter 159, Part II, Florida Statutes, the Issuer's home rule powers, and other applicable provisions of law.

"Additional Payments" means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.2 hereof.

"Agreement" means this Loan Agreement, as amended or supplemented from time to time.

"Annual Debt Service" shall mean the amount required to be paid in respect to principal and interest on the Borrower's Long-Term Debt for the current Fiscal Year

"Assignment" means the Assignment of Loan Agreement, Promissory Note, Mortgage and Other Collateral dated of even date herewith, among the Issuer, the Bank and the Borrower.

"Balance Sheet Leverage Ratio" means Liabilities divided by Tangible Net Worth and shall be certified as required by Section 5.11(d) hereof.

"Bank" means Regions Bank, an Alabama banking corporation, and its successors and assigns as registered owner of the Bond.

"Bank Put Date" means the 5th anniversary of the date of the issuance of the Bonds, unless modified as provided in Section 4.6 herein.

"Bond" or "Bonds" means collectively the Issuer's Industrial Development Revenue Bond (Manatee School for the Arts Project), Series 2010A (the "Series 2010A Bond") and the Issuer's Industrial Development Refunding Revenue Bond (Manatee School for the Arts Project), Series 2010B (the "Series 2010B Bond").

"Bond Counsel" means Bryant Miller Olive, or another attorney or firm of attorneys satisfactory to the Bank and nationally recognized as experienced in matters relating to the tax exemption of interest on bonds of states and political subdivisions thereof.

"Bond Documents" means the Resolution, the Bond, this Agreement, the Note, the Mortgage, the Assignment, the Environmental Agreement, each Draw Request, any Interest Rate Protection Agreement and the Bond Purchase Agreement.

"Bond Purchase Agreement" means the Bond Purchase and Construction Financing Agreement dated of even date herewith among the Issuer, the Borrower and the Bank.

"Bond Service Charges" means all principal and interest and other payments of any nature due on the Bond.

"Borrower" means Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts, a Florida corporation not-for-profit, and any lawful successors and assigns thereof permitted by this Agreement.

"Business Day" means any day other than a Saturday, Sunday or day on which the office of the Bank at the Notice Address is lawfully closed.

"Cash Flow Available for Debt Service" shall mean for any period, an amount determined in accordance with GAAP, as documented in the Borrower's most recent audited financial statements, reflecting the Borrower's earnings before any taxes or cumulative effect of any change in accounting principles, plus, any amounts recorded during this period as depreciation, interest and amortization.

"Charter" means the Charter School Contract, dated July 3, 1998, between the School Board of Manatee County and the Borrower.

"Closing" means the event during which the Bond Documents are executed and the Bonds are issued.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means _____, 20__.

"Debt Service Coverage Ratio" means at any time the ratio determined by dividing Cash Flow Available for Debt Service by Annual Debt Service.

"Default" means any of the events described as an Event of Default in Section 7.1 hereof.

"Default Rate" means the lesser of (i) the Interest Rate on the Bonds (without regard to this adjustment) [plus 4%] per annum or (ii) the maximum rate permitted by law.

"Determination of Taxability" means interest on the Bonds is required to be included in the gross income of the Bank for federal income tax purposes.

"Environmental Agreement" means the Environmental Indemnity Agreement dated of even date herewith among the Borrower, the Bank and the Issuer.

"Excusable Delays" means unusually adverse weather conditions which have not been taken into account in the construction schedule, fire, earthquake or other acts of God, strike, lockout, acts of public enemy, riot or insurrection or any unforeseen circumstances or events (except financial circumstances or events or matters which may be resolved by the payment of reasonable amounts of money) beyond the control of the Borrower, provided the Borrower shall notify the Bank in writing within five (5) days after such occurrence, but no Excusable Delay shall extend the Completion Date or suspend or abate any obligation of the Borrower or any other person to pay any money.

"Facility" or "School" means the charter school owned and operated by the Borrower and located at 700 Haben Boulevard, Palmetto, Florida.

"Financial Statements" means a balance sheet, income statement or statement of revenues, statements of cash flow and amount and sources of contingent liabilities, and a reconciliation of changes in equity or fund balance, and, unless the Bank otherwise consents, consolidated and

consolidating statements if the reporting party is a holding company or a parent of a subsidiary entity.

"Fiscal Year" means such one-year period selected by the Borrower as its fiscal year.

"Improvements" means all buildings, structures, appurtenances and improvements, including all additions thereto and replacements and extensions thereof, now constructed or hereafter to be constructed on or above the Land as part of the New Project.

"Indebtedness" means any and all indebtedness of the Borrower evidenced, governed or secured by or arising under any of the Bond Documents.

"Interest Rate Hedge Agreement" means, collectively, the Confirmation dated as of January 2, 2008, which expires December 27, 2022, unless earlier cancelled in accordance with its terms, governed by an ISDA Master Agreement and the Schedule thereto, all dated as of December 20, 2007.

"Issuer" means City of Palmetto, Florida, its successors and assigns.

"Issuer's Fees and Expenses" means those reasonable fees and expenses, if any, payable to or incurred by the Issuer with respect to the issuance of the Bond, including any reasonable fees and expenses of counsel to the Issuer, and further including any expenses incurred by the Issuer as a result of any reporting requirements or investigation or inquiry imposed upon the Issuer as a result of the issuance of the Bond.

"Land" shall have the meaning ascribed thereto in the Mortgage.

"Liabilities" means total liabilities calculated in accordance with Generally Accepted Accounting Principles as reflected in the Financial Statements delivered pursuant to Section 5.11 hereof.

"Loan" means the loan by the Issuer to the Borrower of proceeds received from the sale of the Bonds.

"Loan Payments" means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and of Section 4.1 hereof.

"Long-Term Debt" shall mean any Indebtedness of the Borrower the payment of which is due in more than twelve months.

"Mortgage" means the Mortgage, Assignment of Rents and Security Agreement, dated of even date herewith, from the Borrower to the Issuer.

"New Project" means collectively, the construction of an approximately 30,000 square foot

classroom building and the acquisition of real property north of and adjacent to the current School facility ("Phase I"), and relocation and/or removal of an existing modular classroom building, construction of an additional classroom building, and improvements to the School's existing parking lot ("Phase II").

"Non Arbitrage Certificate" means the Certificate as to Arbitrage and Other Tax Matters signed by the Issuer and the Borrower in connection with the issuance of the Bond.

"Note" means one or more promissory notes of the Borrower, dated as of even date herewith, in the form attached hereto as Exhibit A, and in the principal amount totaling the amount of the Bonds, evidencing the obligation of the Borrower to make Loan Payments.

"Notice Address" means:

- | | |
|-------------------------|---|
| (a) As to the Issuer: | City of Palmetto, Florida
516 8th Avenue, West
Palmetto, Florida 34221 |
| (b) As to the Borrower: | Renaissance Arts and Education, Inc.
d/b/a Manatee School for the Arts
700 Haben Boulevard
Palmetto, Florida 34221 |
| (c) As to the Bank: | Regions Bank
100 N. Tampa Avenue, Suite 3100
Tampa, Florida 33602 |

or such additional or different address, notice of which is given under Section 8.4 hereof.

"Operating Expenses" means the current expenses, paid or accrued, of operation of the educational programs undertaken and operated by the Borrower and the operation and maintenance of the School. "Operating Expenses" shall not include any allowance for depreciation, amortization or other similar non-cash expenses except to the extent expressly herein provided. In determining Operating Expenses, there shall not be taken into account: (a) any gain or loss resulting from either the extinguishment or refinancing of any Bonds or other long-term indebtedness; (b) loss from the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (c) any capital expenditures for renewal, replacement, expansion or acquisition of capital assets (including any deposits or reserves therefor); and (d) debt service on long term debt (i.e.: debt obligations with a maturity of more than 12 months).

"Permitted Changes" means changes to the Plans or New Project Improvements, provided the cost of any single change or extra does not exceed [\$10,000.00] and the aggregate amount of all such changes and extras (whether positive or negative) does not exceed [\$100,000.00].

"Permitted Encumbrances" means and includes

- (i) liens for taxes, assessments and other governmental charges due but not yet payable;
- (ii) landlord's, warehouseman's, carrier's, worker's, vendor's, mechanic's and materialmen's liens and similar liens incurred in the ordinary course of business remaining undischarged for not longer than 60 days from the filing thereof;
- (iii) attachments remaining undischarged for not longer than 60 days from the making thereof;
- (iv) liens in respect of pledges or deposits under worker's compensation laws, unemployment insurance or similar legislation and in respect of pledges or deposits to secure bids, tenders, contracts (other than contracts for the payment of money), leases or statutory obligations, or in connection with surety, appeal and similar bonds incidental to the conduct of litigation;
- (v) capital leases with respect to property (A) not previously owned by the Borrower and (B) not otherwise acquired in whole or in part with the proceeds of the Bonds;
- (vi) purchase money security interests in property of the Borrower which property was not acquired in whole or in part with the proceeds of the Bonds;
- (vii) any matter consented to in writing by the Bank; and
- (viii) "Permitted Title Exceptions," as defined in the Mortgage.

"Person" or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and individuals.

"Project" means collectively, the New Project and the Refunded Project.

"Project Costs" or "Costs of the Project" means any item of cost or expense described within the definition of "Cost" set forth in Section 159.27(2), Florida Statutes, and incurred with respect to the Project.

"Refunded Bonds" means the Series 2007B Bonds and the Series 2008 Bonds.

"Refunded Project" means the capital improvements to the School and the real property acquisition previously financed with the proceeds of the (i) City's refunded Industrial Development Revenue Bond, Series 2001 (Manatee School for the Arts Project); (ii) City's refunded Industrial Development Revenue Bond, Series 2003 (Manatee School of the Arts Project); (iii) City's refunded Industrial Development Revenue Bond, Series 2005 (Manatee School for the Arts Project); and (iv)

City's outstanding Industrial Development Revenue Bond, Series 2007B (Manatee School for the Arts Project).

"Resolution" means the Resolution adopted by the Issuer on December 13, 2010 authorizing the issuance of the Bonds and the transaction contemplated hereby.

"Series 2007A Bonds" means Issuer's Industrial Development Revenue Refunding Bonds, Series 2007A (Manatee School for the Arts Project) which were issued in order to (i) refund the Issuer's Industrial Development Revenue Bond, Series 2001 (Manatee School for the Arts Project), Industrial Development Revenue Bond, Series 2003 (Manatee School for the Arts Project) and Industrial Development Revenue Bond, Series 2005 (Manatee School for the Arts Project), the proceeds of which three loans were used to finance the acquisition, improving and additions to and capital expenditures with respect to the acquisition, improving and additions to the capital expenditures with respect to the School, and (ii) finance the acquisition and construction of improvements and additions to the School.

"Series 2007B Bonds" means the Issuer's outstanding Industrial Development Revenue Bonds, Series 2007B (Manatee School for the Arts Project) which were issued in order to finance (i) the acquisition of real property contiguous and adjacent to the School location; (ii) the remodeling and improvement of the entrance to the School; (iii) the improvement of ingress and egress to the School for traffic; (iv) the reconfiguration of classroom space in the School; (v) the expansion of administrative office space in the School; (vi) the improvement and equipping of the air conditioning system and addition of energy efficient components to the School; and (vii) the financing of additional capital improvements to the School.

"Series 2008 Bonds" means the Issuer's outstanding Industrial Development Revenue Refunding Bonds, Series 2008 (Manatee School for the Arts Project) which were issued for the purpose of retiring and refinancing in whole the Series 2007A Bonds.

"State" means the State of Florida.

"Tangible Net Worth" shall mean the net worth of the Borrower less notes, notes receivable, accounts, accounts receivable, intercompany receivables, and other amounts owing from the affiliates, subsidiaries, owners, parent, employees, officers, directors, managers or other related entities, any and all goodwill, and other intangibles.

"Unassigned Issuer's Rights" means all of the rights of the Issuer to receive Additional Payments under Section 4.2 hereof, to be held harmless and indemnified under Sections 5.2 and 5.10 hereof and under Section 5.16 of the Mortgage, to be reimbursed for attorney's fees and expenses under Section 8.7 hereof and under Section 5.12 of the Mortgage, to give or withhold consent to assignments, amendments, changes, modifications, alterations and termination of this Agreement under Sections 8.2, 8.6 or 8.9 hereof, and to receive notice pursuant to Section 10.5 of the Mortgage.

Section 1.3. Interpretation. Any reference herein to the Issuer or to any officer or employee thereof includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms "hereof," "hereby," "herein," "hereto," "hereunder," "hereinafter" and similar terms refer to this Agreement; and the term "hereafter" means after, and the term "heretofore" means before, the date of delivery of the Bond. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.4. Captions and Headings. The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II

REPRESENTATIONS AND TAX COMPLIANCE

Section 2.1. Representations of the Issuer. The Issuer represents that: (a) it is a municipality of the State of Florida; (b) it has duly accomplished all prerequisites necessary to be accomplished by it prior to the issuance and delivery of the Bonds and the execution and delivery of the Bond Documents to which it is a party; (c) it is not in violation of or in conflict with any provisions of the laws of the State which would impair its ability to carry out its obligations contained in the Bond Documents to which it is a party; (d) it is empowered to enter into the transactions contemplated by the Bond Documents to which it is a party; (e) it has duly authorized the execution, delivery and performance of the Bond Documents to which it is a party; and (f) it will do all things in its power in order to maintain its existence or assure the assumption of its obligations under the Resolution and the Bond Documents to which it is a party; and (g) it has approved the issuance of the Bonds for purpose of Section 147(f) of the Code.

Section 2.2. Representations and Covenants of the Borrower. The Borrower represents and covenants that:

(a) The Borrower is duly organized and validly existing as a corporation not-for-profit under the laws of the State and is an organization determined to be a 501(c)(3) charitable organization under the Internal Revenue Code.

(b) The Borrower has full power and authority to conduct its business as presently conducted, to construct, equip, own and operate the Facility as contemplated hereby, to execute the Note and to enter into the Bond Documents to which it is a party and all other documents and instruments required to be executed and delivered by the Borrower in connection with this Agreement and the financing contemplated hereby and to perform all duties and obligations of the Borrower under the Bond Documents to which it is a party and under such other documents. Such execution and performance have been duly authorized by all necessary approvals.

(c) The Bond Documents to which it is a party and any other documents and instruments required to be executed and delivered by the Borrower in connection with this Agreement or the financing contemplated hereby, when executed and delivered, will constitute the duly authorized, legal, valid and binding obligations of the Borrower and will be enforceable against the Borrower in accordance with their respective terms (except to the extent that enforceability may be affected or limited by applicable bankruptcy, insolvency and other similar debtor relief laws affecting the enforcement of creditors' rights or the availability of equitable remedies).

(d) The execution, delivery and performance of the Bond Documents to which it is a party and of any other documents or instruments to be executed and delivered by the Borrower pursuant to this Agreement, and the construction, equipping and use of the New Project and continued use of the Facility will not (i) to the best of the Borrower's knowledge violate any

provisions of law, including any federal tax or securities laws or State securities laws or any applicable rule, regulation, order, writ, injunction or decree of any court or governmental authority, or (ii) conflict with, be inconsistent with, or result in any breach or default of any of the terms, covenants, conditions or provisions of the organizational documents of the Borrower or any indenture, mortgage, deed of trust, instrument, document, agreement or contract to which the Borrower is a party or to or by which the Borrower or its properties may be subject or bound.

(e) The Borrower has no knowledge of any condition, circumstance, event, agreement, document, instrument, restriction, litigation or proceeding (or threatened litigation or proceeding or basis therefor) which could adversely affect the validity of the Bond Documents, or which could adversely affect the ability of the Borrower to complete the Project as contemplated hereby, or which could have a material adverse affect on the ability of the Borrower to perform its obligations under the Bond Documents to which it is a party, or which would constitute an event of default under any of the Bond Documents, or which would constitute such an event of default with the giving of notice or lapse of time or both.

(f) To the best of the Borrower's knowledge, the construction of the New Project, the refunding of the Refunded Bonds and the present and contemplated use and occupancy of the Facility will not violate or conflict with any applicable law, statute, ordinance, rule, regulation, order or decree of any kind, including without limitation, zoning, building, environmental, land use, noise abatement, occupational health and safety, or other laws, or any building permit or license, or any condition, grant, easement, covenant, condition or restriction, whether or not recorded.

(g) All historical financial statements of the Borrower submitted by the Borrower to the Issuer or the Bank in connection with the transaction contemplated by this Agreement were true and correct as of the date thereof in all material respects and fairly presented the respective financial conditions and results of operations of the Borrower, and any pro forma financial statements which purport to show future financial results are a fair and reasonable projection of future operations based upon facts known to the Borrower as of the date of such pro forma statements.

(h) All materials submitted to the Bank by or on behalf of the Borrower at any time in connection with or in furtherance of any of the Bond Documents fully and fairly stated, in all material respects, the matters with which they purported to deal, and neither misstated any material fact nor, separate or in the aggregate, failed to state any material fact necessary to make the statements made therein not misleading.

(i) Subject only to payment of fees, all utility and municipal services required for the construction, occupancy, operation and use of the New Project, including, but not limited to, water supply, storm and sanitary sewage disposal systems, gas, electric and telephone facilities are available for use from tap-ons at or in the vicinity of the boundaries of the Land over dedicated and accepted public rights-of-way abutting the Land or over valid and perpetual easements of record and written permission has been obtained or will be obtained from the applicable utility companies or governmental units to connect the Project into each of said services.

(j) All governmental permits and licenses required by applicable law to construct, occupy, operate and use the New Project have been issued or will be issued prior to construction and are or will be in full force or, if the present state of the Project does not allow such issuance, then the Borrower knows of no facts which would prevent the issuance of such permits and licenses when required as the Project is constructed.

(k) The storm and sanitary sewage disposal systems, water system and all mechanical systems of the New Project do (or when constructed will) comply with all applicable environmental, pollution control and ecological laws, ordinances, rules and regulations. If applicable, the applicable environmental protection agency, pollution control board and/or other governmental agencies having jurisdiction of the Land and Project have issued their permits for the construction, tap-on and operation of those systems or, if the present state of the New Project does not allow such issuance, but such issuance will ultimately be required, the Borrower knows of no facts which would prevent such issuance other than the payment of any required fees.

(l) All utility, parking, access (including curb-cut and highway access), construction, recreational and other permits and easements required for the construction and use of the New Project have been granted and issued or, if not yet granted, the Borrower knows of no facts which would prevent issuance as required.

(m) When completed the New Project will not encroach upon any building line, set-back line, sideyard line, or other recorded or visible easement or other easement of which the Borrower is aware or has reason to believe may exist with respect to the Property except as approved by the Bank, which approval will not be unreasonably withheld.

(n) Bond proceeds will be used only to pay Project Costs. The Project will be located entirely within the corporate limits of the City of Palmetto, Florida.

(o) The Borrower shall not make any amendment to its Articles of Incorporation or Bylaws, unless required by law, without the prior written consent of the Bank, which consent will not be unreasonably withheld.

(p) The Borrower shall not permit the entry of any monetary judgment or the assessment against, the filing of any tax lien against or the issuance of any writ of garnishment or attachment against any property of or debts due the Borrower.

(q) The Borrower shall not permit any material default or event of default to occur in the performance of any obligation (whether payment or otherwise) under any loan, contract or agreement of Borrower.

(r) The Borrower shall not create, assume or permit to exist any mortgage, security deed, deed of trust, pledge, lien, charge or other encumbrance upon any of its assets, whether now owned or hereafter acquired, other than (i) pursuant to the Bond Documents; (ii) liens for taxes not then

due and payable or being contested in good faith; (iii) liens occurring by law for employee benefits; (iv) Permitted Title Exceptions or (v) such matters approved by the Bank in writing.

(s) The Charter is in full force and effect and no default exists thereunder. The Borrower will take all steps within its control to maintain the Charter in effect until the Bonds are repaid.

Section 2.3. Tax Representations, Warranties and Covenants of the Borrower. Notwithstanding anything herein to the contrary, the Borrower, for the benefit of the Issuer and the Bank, hereby covenants and represents that it has taken and caused to be taken and shall make and take and cause to be made and taken all reasonable actions that may be required of it and of the Issuer for the interest on the Bonds to be and remain excluded from the gross income of the Bank for federal income tax purposes, and that to the best of its knowledge it has not taken or permitted to be taken on its behalf, and covenants that to the best of its ability and within its control, it shall not make or take, or permit to be made or taken on its behalf, any action which, if made or taken, would adversely affect such exclusion under the provisions of the Code.

The Borrower acknowledges that the continued exclusion of interest on the Bonds from gross income for federal income tax purposes depends, in part, upon compliance with the arbitrage limitations imposed by Sections 103(b)(2) and 148 of the Code. The Borrower hereby acknowledges sole responsibility as between the Issuer and the Borrower to take all reasonable actions necessary to comply with these requirements. The Borrower hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Bonds or other funds of the Borrower to be intentionally used, directly or indirectly, to acquire or to replace funds which were used directly or indirectly to acquire any higher yielding investments (as defined in Section 148 of the Code), the acquisition of which would cause the Bonds to be arbitrage Bonds for purposes of Sections 103(b)(2) and 148 of the Code. The Borrower further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the requirements of Sections 103(b)(2) and 148 of the Code are met.

Specifically, without intending to limit in any way the generality of the foregoing, the Borrower covenants and agrees:

(1) to pay to the United States of America at the times required pursuant to Section 148(f) of the Code, the excess of the amount earned on all non-purpose investments (as defined in Section 148(f)(6) of the Code) (other than investments attributed to an excess described in this sentence) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess (the "Rebate Amount");

(2) to maintain and retain all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code; and

(3) to comply with all representations and restrictions contained in the Certificate as to Arbitrage and Other Tax Matters and the Tax Certificate of Borrower delivered in connection with the issuance of the Bonds.

The Borrower understands that the foregoing covenants impose continuing obligations on it to comply with the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of the Code so long as such requirements are applicable.

All representations and warranties of the Borrower set forth in the Certificate as to Arbitrage and Other Tax Matters and the Tax Certificate of Borrower executed in connection with the issuance of the Bonds are and will remain true and correct and are incorporated herein by this reference the same as if fully set forth herein.

Section 2.4. Additional Tax Covenants of the Borrower. For so long as the Bonds remain outstanding, the Borrower hereby covenants as follows:

(a) It will comply with, and timely make or cause to be made all filings required by, all effective rules, rulings or regulations promulgated by the Department of the Treasury or the Internal Revenue Service;

(b) It will continue to conduct its operations in a manner that will result in its continuing to qualify as an organization described in Section 501(c)(3) of the Code including but not limited to the timely filing of all returns, reports and requests for determination with the Internal Revenue Service and the timely notification of the Internal Revenue Service of all changes in its organization and purposes from the organization and purposes previously disclosed to the Internal Revenue Service;

(c) It will not divert any substantial part of its income for a purpose or purposes other than those for which it is organized and operated;

(d) It will not use, invest or direct the investment of the proceeds of the Bonds or any investment earnings thereon in a manner that will result in the Bonds becoming a "private activity bond" (other than qualified 501(c)(3) bonds) within the meaning of Sections 141 and 145 of the Code;

(e) It will not use or permit to be used more than five percent (5%) of the proceeds of the Bonds (including any amounts used to pay costs associated with issuing such Bond), including all investment income earned on such proceeds directly or indirectly, in any trade or business carried on by any person who is not an organization described in Section 501(c)(3) of the Code or a governmental unit as that term is used in Section 145 of the Code ("an Exempt Person"). For purposes of the preceding sentence, use of the proceeds by an organization described in Section 501(c)(3) of the Code with respect to an "unrelated trade or business," determined in accordance with Section 513(a) of the Code, does not constitute a use by an Exempt Person;

(f) It will not use or permit the use of any portion of the proceeds of the Bonds, including all investment income earned on such proceeds, directly or indirectly, to make or finance loans to persons who are not a governmental unit or an organization described in Section 501(c)(3) of the Code. For purposes of the preceding sentence, a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an "unrelated trade or business" does not constitute a loan to such a unit or organization;

(g) It has not entered into, and will not enter into, any arrangement with any person or organization (other than a state or local governmental unit or another 501(c)(3) organization) which provides for such person or organization to manage, operate, or provide services with respect to more than 5% of the property financed or refinanced with the proceeds of the Bonds (a "Service Contract"), unless the guidelines set forth in Revenue Procedure 97-13 (or the guidelines set forth in Revenue Procedure 93-19, to the extent applicable, or any new, revised or additional guidelines applicable to Service Contracts) (the "Guidelines"), are satisfied, except to the extent it obtains a private letter ruling from the Internal Revenue Service or an opinion of Bond Counsel which allows for a variation from the Guidelines. Service Contracts that relate to the use or operation of the Facility by "service providers," as that term is used in the Guidelines (the "Service Providers"), will satisfy the Guidelines, as in effect on the date hereof, if and only if the requirements of each of the following Subsections is satisfied:

i) The compensation of the Service Provider under the contract must be reasonable for the services rendered.

ii) The contract must not provide for any compensation for services, based in whole or in part, on a share of net profits from the operation of the Facility. Generally, compensation is not based on a share of net profits if such compensation is based on a "capitation fee" or a "per-unit fee." Under the Guidelines, "capitation fee" means a fixed periodic amount for each person for whom the Service Provider or a 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 covered persons varies substantially). Under the Guidelines, a "per-unit fee" means a fee based on a unit of service provided (e.g., a stated dollar amount for each specified medical procedure performed or car parked).

iii) The contract must provide for a compensation arrangement for the Service Provider that satisfies any one of the following six paragraphs:

a) At least 95 percent of the compensation for services for each annual period during the term of the Service Contract is based on a periodic fixed fee, so long as the term of the contract does not exceed the lesser of 80 percent of the reasonably expected useful life of the bond-financed property and 15 years, including renewal options.

b) At least 80 percent of the compensation for services for each annual period during the term of the Service Contract is based on a periodic fixed fee, so

long as the term of the contract does not exceed the lesser of 80 percent of the reasonably expected useful life of the bond-financed property and 10 years, including renewal options.

c) At least 50 percent of the compensation for services for each annual period during the term of the Service Contract is based on a periodic fixed fee, so long as the term of the contract does not exceed five years, including renewal options.

d) All of the compensation for services is based on a "capitation fee" or a combination of "capitation fee" and a periodic fixed fee, so long as the term of the contract does not exceed five years, including renewal options.

e) If the contract has a term, including renewal options, that is not longer than three years, all of the Service Provider's compensation may be based on "per-unit fee" or a combination of a "per-unit fee" and a periodic fixed fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Borrower on reasonable notice, without penalty or cause, at the end of the second year of the contract term. In addition, the amount of the "per-unit fee" must be specified in the service contract or otherwise specifically limited by the Borrower or an independent third party.

f) If the contract has a term, including renewal options, that is not longer than two years, all of the Service Provider's compensation may be based on a percentage of fees charged or a combination of a per-unit fee and a percentage of revenue or expense fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Borrower on reasonable notice, without penalty or cause, at the end of the first year of the contract term. In addition, the contract must (A) require the Service Provider to provide services primarily to third parties; or (B) involve a facility during an initial start-up period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues and expenses (e.g., a service contract for general management services for the first year of operations). During the start-up period only, the Service Provider's compensation may be based on a percentage of either gross revenues, adjusted revenues, or expenses of the Facility.

iv) The Borrower must be able to cancel a Service Contract described in iii)c) or iii)d) above upon reasonable notice, without penalty or cause, at the end of the third year of the contract term, and a Service Contract described in iii)e) or iii)f) above at the earlier times provided therein (if applicable). Under the guidelines, contract termination penalties include (1) a limitation on the Borrower's right to compete with the Service Provider; (2) a requirement that the Borrower purchase equipment, goods, or services from the Service Provider; and (3) a requirement that the Borrower pay liquidated damages for cancellation of the Service Contract. However, the Guidelines generally do not treat the following as

contract termination penalties: (1) a requirement, effective on cancellation of the contract, that the Borrower reimburse the Service Provider for ordinary and necessary expenses; and (2) a restriction on the Borrower against hiring key personnel of the Service Provider.

v) The Service Provider does not have a role or relationship with the Borrower (or the Issuer) that, in effect, substantially limits the ability of the Borrower to exercise its rights, including cancellation of rights, under the Service Contract. Accordingly, not more than 20 percent of the voting power of the governing body of the Borrower (or the Issuer) in the aggregate may be vested in the Service Provider and its directors, officers, shareholders, and employees. Furthermore, the group of persons belonging to both the governing board of the Borrower (or the Issuer) and the Service Provider may not include the chief executive officers of the Borrower (or the Issuer) and the Service Provider, or their respective governing bodies. Finally, neither the Borrower nor the Issuer may be members of the same "controlled group" (within the meaning of Treasury Regulations §1.150-1(f)) or "related persons" (within the meaning of Code Section 144(a)(3)) as the Service Provider.

(h) It will not cause the Bonds to be treated as "federally guaranteed" obligations for purposes of Section 149 of the Code, as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to "federally guaranteed" obligations described in Section 149 of the Code. For purposes of this paragraph, the Bonds shall be treated as "federally guaranteed" if (i) all or any portion of the principal or interest is or will be guaranteed directly or indirectly by the United States of America or any agency or instrumentality thereof, or (ii) 5% or more of the proceeds of the Bonds will be (A) used in making loans the payment of principal or interest with respect to which is to be guaranteed in whole or in part by the United States of America or any agency or instrumentality thereof, or (B) invested directly or indirectly in federally insured deposits or accounts, and (iii) such guarantee is not described in Section 149(b)(3) of the Code;

(i) The net proceeds of the Bonds and any investment earnings thereon shall be applied solely for the purposes set forth in this Agreement and in the Bond Purchase Agreement and no amount of net proceeds of the Bonds in excess of two percent (2%) of the proceeds of the Bonds will be expended to pay the costs of issuing such issue of the Bonds, as required by Section 147(g) of the Code.

(j) It will not use or invest the proceeds of the Bonds in a manner that will violate the provisions of Section 149(d)(3) or (4) of the Code;

(k) The average maturity of the Bonds will not exceed one hundred twenty percent (120%) of the reasonably expected economic life of any property the cost of which was financed with the net proceeds of the Bonds, taking into account the respective cost of each item comprising such property which was financed with the net proceeds of the Bonds. For purposes of the preceding sentence, the reasonably expected economic life of each item of property shall be determined as of the later of (i) the date on which the Bonds are issued or (ii) the date(s) on which such item of

property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of such property, except that, in the event twenty-five percent (25%) or more of the proceeds of the Bonds have been expended for land, such land shall be treated as having an economic life of thirty (30) years and shall be taken into account for purposes of determining the reasonably expected economic life of such property;

(l) No amount of the proceeds of the Bonds will be used, directly or indirectly, to provide any airplane, sky-box or other private luxury box, facility primarily used for gambling, store the principal business of which is the sale of alcoholic beverages for consumption off premises or health club facility (except a health club facility related to the Section 501(c)(3) exempt purposes of the Borrower);

(m) It will comply with the information reporting requirements of Section 149(e)(2) of the Code;

(n) All of the property which is to be provided with the net proceeds of the Bonds shall be owned by an Exempt Person, as required by Section 145(a) of the Code;

(o) No other governmental obligations shall be sold within fifteen (15) days of the Bonds pursuant to the same plan of financing as the Bonds that are reasonably expected to be paid from the same source of funds as the Bonds;

(p) The information to be furnished by the Borrower and used by the Issuer in preparing the certification pursuant to Section 148 of the Code and information statement (Form 8038) pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bonds; and

(q) It will require, in connection with any lease or grant by the Borrower of the use of any portion of the property financed by the Bonds that the lessee, sublessee, manager or other user of any portion of the property financed by the Bonds shall not violate the covenants set forth in this section and use that portion of the property financed by the Bonds in any manner which would violate the covenants set forth in this section;

The terms "debt service," "gross proceeds," "net proceeds," "proceeds," and "yield" have the meanings assigned to them for purposes of Section 148 of the Code.

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ARTICLE III

ACQUISITION, CONSTRUCTION AND COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.1. Agreement To Acquire, Construct and Equip the New Project.

(a) The Borrower shall do all things legally and reasonably within its power that are necessary to cause the acquisition, renovation and equipping of the New Project to occur and to be completed on or before the Completion Date.

(b) In the event the Borrower shall default in the performance of its obligations pursuant to Section 3.1(a) hereof, the Borrower agrees that, to the extent Borrower may legally delegate such power and authority, the Bank shall have the full power and authority to perform and exercise, but shall not be required to so perform and exercise, all such rights and obligations of the Borrower.

Section 3.2. Issuance of the Bond; Loan of Proceeds; TEFRA Approval. To provide funds to make the Loan for the purpose of financing the New Project, refunding the Refunded Bonds, paying the cost of terminating the Interest Rate Hedge Agreement, and paying certain costs of issuing the Bonds, the Issuer will issue, sell and deliver the Bonds to the Bank in exchange for the initial Advance and hereby agrees to loan the entire proceeds therefrom upon the terms and conditions herein provided to the Borrower. Pursuant to the Bond Purchase Agreement the Bank shall fund the initial Advance to the Issuer, which Advance the Issuer will immediately loan to the Borrower hereunder and which shall be deemed loaned by the Issuer to the Borrower immediately upon funding of such Advance by the Bank. The issuance of the Bonds is hereby approved by the Issuer pursuant to and in accordance with Section 147(f) of the Code.

Section 3.3. Insufficiency of Funds. The Issuer does not make any warranty, either express or implied, that the proceeds of the Bonds will be sufficient to pay all of the costs of the New Project. The Borrower agrees that if the Borrower shall pay any portion of the cost of the new Project from moneys other than proceeds of the Bonds the Borrower shall not be entitled to any reimbursement therefor from the Issuer or the Bank, nor shall the Borrower be entitled to any diminution of the amounts payable under Sections 4.1 or 4.2 hereof.

ARTICLE IV

LOAN BY ISSUER; REPAYMENT OF THE LOAN; LOAN PAYMENTS AND ADDITIONAL PAYMENTS

Section 4.1. Loan Repayment; Delivery of Note. Upon the terms and conditions of this Agreement and the Bond Purchase Agreement, the Issuer will loan (the "Loan") the Borrower the proceeds from the sale of the Bonds. The Issuer authorizes the Borrower to make Draw Requests under the Bond Purchase Agreement, and the Borrower and the Issuer agree that all amounts advanced by the Bank to the Issuer pursuant to the Bond Purchase Agreement shall equal the aggregate amount of not to exceed \$_____ which is funded by the Bank. In consideration of and in repayment of the Loan, the Borrower shall make, as Loan Payments, payments sufficient in time and amount to pay when due all Bond Service Charges, all as more particularly provided in the Note. All such Loan Payments shall be paid to the Bank as assignee of the Issuer in accordance with the terms of the Note.

Upon payment in full of the Bond Service Charges on the Bonds, whether at maturity or by prepayment or otherwise, and other amounts due hereunder and under the Bond Purchase Agreement, the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be surrendered by the Bank to the Borrower, and shall be canceled by the Borrower.

Section 4.2. Additional Payments. The Borrower shall pay to the Issuer, as Additional Payments hereunder, the Issuer's Fees and Expenses and shall reimburse or pay the Issuer for any and all reasonable costs, expenses and liabilities paid or incurred by the Issuer in satisfaction of any obligation of the Borrower hereunder not performed by the Borrower in accordance with the terms hereof, it being understood that the Issuer shall have no liability or responsibility for undertaking any obligation of the Borrower. The Borrower shall also prepay or reimburse the Issuer and the Bank for any and all reasonable expenses paid or to be paid by the Issuer or the Bank and requested by the Borrower, or required by this Agreement or the Bond Purchase Agreement or incurred in enforcing the provisions of the Bond Documents, or incurred in defending any action or proceedings with respect to the New Project, the Facility or the Bond Documents, or arising out of or based upon any other document relating to the issuance of the Bonds, which are not otherwise required to be paid by the Borrower hereunder. The Borrower also agrees to pay, whether to the Issuer or the Bank or otherwise, any tax or other governmental imposition imposed upon or with respect to this Agreement or the Note.

Section 4.3. Place of Payments. The Borrower shall make all Loan Payments directly to the Bank at its office designated in writing, and all Additional Payments due to the Issuer or the Bank shall be made directly to the Issuer or the Bank, as the case may be, at their Notice Addresses.

Section 4.4. Obligations Unconditional. The obligations of the Borrower to make Loan Payments and Additional Payments shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Bank or any other Person, unless ordered by a court or arbitrator of competent jurisdiction.

Section 4.5. Assignment of Certain Bond Documents. To secure the payment of Bond Service Charges, the Issuer shall assign to the Bank, by the Assignment, its rights under and interest in this Agreement (except for the Unassigned Issuer's Rights), the Mortgage, and the Note. The Borrower hereby agrees and consents to that assignment, and the Borrower and the Issuer agree that except for the Unassigned Issuer's Rights, the Bank shall have the sole and exclusive right to receive notices, give consents, direct remedial actions and exercise all other discretionary rights and powers of the Issuer hereunder.

Section 4.6. Mandatory Tender for Purchase of Bonds on Mandatory Purchase Date. The Bonds shall be subject to mandatory tender by the Bank for purchase on (a) the first Interest Payment Date following the occurrence of a Determination of Taxability for which the Bank can give notice of mandatory tender in accordance with this Agreement and (b) each Bank Put Date, unless the Borrower shall have received written notice from the Bank not less than one hundred eighty (180) days prior to the applicable Bank Put Date that the Bank has elected not to tender such Bonds for purchase on such Bank Put Date, and upon such giving of notice, such date shall not be a Mandatory Tender Date; provided, that in the event the Bank elects not to tender such Bonds for purchase upon any Bank Put Date as described above, the Bank may also deliver written notice to the Borrower modifying the date of the next succeeding Bank Put Date or all succeeding Bank Put Dates, and from and after such notice, the succeeding Bank Put Date(s) shall be the date(s) described in such notice unless again modified by subsequent notice, but in all events, each Bank Put Date shall be an Interest Payment Date. The dates described in clauses (a), and (b) of the preceding sentence each constitute a "Mandatory Purchase Date."

ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

Section 5.1. Borrower to Maintain its Existence. The Borrower shall at all times take all legal steps necessary to maintain its existence as a corporation not-for-profit under the laws of the State and as an organization described in Section 501(c)(3) of the Code.

Section 5.2. Indemnification; Indemnification Relating to Bank Qualification. The Borrower releases the Issuer and the Bank and their respective officers, directors, employees, and agents (herein collectively called the "Indemnified Parties") from, and agrees that the Indemnified Parties shall not be liable for, and the Borrower indemnifies the Indemnified Parties against, all liabilities, claims, costs and expenses imposed upon or asserted against any of them on account of: (a) any loss or damage to property or injury to or death of or loss by any Person that may be occasioned by any cause whatsoever pertaining to the construction, maintenance, ownership, operation and use of the Land, Improvements or Project unless arising through the gross negligence or misconduct of the party seeking indemnification; (b) any act or omission or breach or default on the part of the Borrower in the performance of any covenant or agreement of the Borrower under any Bond Document or any related document, or arising from any act or failure to act by the Borrower, or any of its agents, contractors, servants, employees or licensees; (c) the authorization, issuance and sale of the Bonds (except for federal or state securities law violations caused by a party seeking indemnification), and the provision by or on behalf of the Borrower of any information furnished by the Borrower in connection therewith concerning the Land, Improvements or Project or the Borrower (including, without limitation, any information furnished by the Borrower for inclusion in any certifications made by the Issuer under, or as a basis for preparation of, any information statements furnished by the Issuer and any information or certification obtained from the Borrower) to assure exclusion of the interest on the Bonds from gross income of the Bank for federal income tax purposes; (d) the Borrower's failure to comply with any requirements of this Agreement pertaining to compliance with the Code to assure said exclusion of the interest; (e) any loss, cost, claim or action resulting from the issuance of the Bonds with status as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B)(i) of the Code, as set forth in Section 33 of the Resolution, including any resulting from any effect on such status of any debt previously issued by the Issuer in calendar year 2010; (e) any loss, cost, claim or action resulting from the issuance of the Bonds with status as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B)(i) of the Code, as set forth in Section 33 of the Resolution, including any resulting from an affect on the status of any debt previously issued by the Issuer in calendar year 2010; and (f) any claim, action or proceeding with respect to the matters set forth in (a), (b), (c), (d) or (e) above brought thereon.

The Borrower indemnifies the Issuer, and its officers, directors, employees and agents for, and to hold the Issuer harmless against, all liabilities, claims, costs and expenses incurred without gross negligence or bad faith on the part of the Issuer, or its officers, directors, employees or agents, on account of any action taken or omitted to be taken by the Issuer, respectively, in accordance with the terms of any Bond Document or any action taken at the request of or with the consent of the Borrower, including the costs and expenses of the Issuer in defending itself against any such claim,

action or proceedings brought in connection with the exercise or performance of any of its powers or duties under any Bond Document.

The Borrower indemnifies the State of Florida and the School Board of Manatee County, Florida from any and all liability, including, but not limited to, financial responsibility for the payment of principal or interest under any Bond Document as provided in s. 228.0568, Florida Statutes.

In case any action or proceeding is brought against any Indemnified Party in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the Borrower, and the Borrower upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the Borrower from any of its obligations under this Section unless, and only to the extent that, that failure prejudices the defense of the action or proceeding by the Borrower. At the expense of the Borrower, an Indemnified Party may employ separate counsel and participate in the defense. The Borrower shall not be liable for any settlement made without its consent.

The indemnification set forth above is intended to and shall be enforceable by each of the Indemnified Parties to the full extent permitted by law, and shall survive the payment in full of the Note and the Bonds by four years.

Section 5.3. Plans. The Borrower assumes full responsibility for the compliance of its plans relating to the New Project with all laws, governmental requirements and sound building and engineering practices. No construction shall be undertaken on the Land except as shown in the plans or as may be consented to by the Bank. No plans or specifications, or any changes thereto, shall be included as part of the plans until consented to by the Bank.

Section 5.4. Contracts. Without the Bank's prior written approval, which shall not be unreasonably withheld, as to parties, terms, and all other matters, the Borrower shall not (a) enter into any contract for the performance of any work or the supplying of any labor, materials, or services for the design or construction of the Improvements, or (b) modify, amend, or terminate any such contracts. All such contracts with respect to the New Project shall provide that all liens of the applicable contractor, architect, supplier, surveyor or other party and any right to remove removable Improvements are subordinate to the Issuer's and the Bank's rights. The Borrower shall not default under any contract. The Borrower shall not permit any contract to terminate by reason of any failure of the Borrower to perform thereunder, and the Borrower shall promptly notify the Bank of any material default thereunder. The Borrower will deliver to the Bank, upon request of the Bank, the names of all persons or entities with whom each contractor has contracted or intends to contract for the construction of the Improvements or for the furnishing of labor or materials therefor.

Section 5.5. Construction of the Improvements for the New Project. The Borrower shall commence construction of the Improvements and shall prosecute the construction of the Improvements with diligence and continuity, in a good and workmanlike manner, and in

accordance with sound building and engineering practices, all applicable laws and governmental requirements, the Bond Documents and the Plans. The Borrower shall not permit cessation of work, with respect to the Improvements, for a period in excess of fifteen (15) days (whether or not consecutive), except for Excusable Delays. The Borrower shall complete construction of the Improvements, and shall obtain a permanent unconditional certificate of occupancy and all other permits, licenses, and approvals for the occupancy, use and operation of the Improvements from all applicable governmental authorities on or before the Completion Date, free and clear of all liens except the Bond Documents. The Borrower shall correct promptly (a) any material defect in the Improvements, (b) any material departure from the Plans, law, or governmental requirements, or (c) any encroachment by any Improvements or structure on any building setback line, easement, property line or restricted area.

Section 5.6. Changes. Without the Bank's prior written consent, the Borrower shall not change or modify the plans, agree to any change order, or allow any extras to any contractor or any subcontractor, except that the Borrower may make the Permitted Changes if: (a) the Borrower notifies the Bank in writing of the change or extra with appropriate supporting documentation and information; (b) the Borrower obtains the approval of the applicable contractor, the Borrower's architect, and all sureties; (c) the structural integrity, quality and standard of workmanship of the Improvements is not impaired; (d) no substantial change in architectural appearance is affected; (e) no default in any obligation to any person or violation of any law or governmental requirement would result from such change or extra; (f) the Borrower complies with Section 4.8 of the Bond Purchase Agreement to cover any excess cost resulting from the change or extra; (g) completion of the Improvements by the Completion Date will not be affected; and (h) all requirements of Section 713.3471(2), Florida Statutes, have been fully satisfied. The Bank shall not be obligated to review a proposed change unless it has received all documents necessary to review such change, such as the change order, cost estimates, plans and specifications, and evidence that all approvals by all applicable parties have been obtained.

Section 5.7. Storage of Materials. The Borrower shall cause all materials supplied for, or intended to be utilized in the construction of the Improvements, but not yet affixed to or incorporated into the Improvements on the Land, to be stored with adequate safeguards as required by the Issuer to prevent loss, theft, damage or commingling with other materials or projects.

Section 5.8. Inspection. The Issuer or the Bank may enter upon the Land and Mortgaged Property to inspect the Improvements and the Mortgaged Property and any materials at any reasonable time and with reasonable notice. The Borrower will furnish to the Issuer or the Bank at any time for inspection and copying all plans, shop drawings, specifications, books and records, and other documents and information required by the Issuer or the Bank.

Section 5.9. Notice to the Issuer and Bank. The Borrower shall promptly notify the Issuer and the Bank in writing of any of the following events, specifying in each case the action the Borrower has taken or will take with respect thereto: (a) any violation of any law or governmental requirement; (b) any litigation, arbitration or governmental investigation or proceeding instituted or threatened against the Borrower or its property or any material development therein; (c) any actual

or threatened condemnation of any portion of the Land or Improvements, any negotiations with respect to any such taking, or any loss of or substantial damage to the Land or Improvements; (d) any labor controversy pending or threatened against the Borrower or any contractor or any material development in any labor controversy; (e) any notice received by the Borrower with respect to the cancellation, alteration or non-renewal of any insurance coverage maintained with respect to the Land or Improvements; or (f) any failure by the Borrower or any contractor to perform any material obligation under any construction contract, any event or condition which would permit termination of a construction contract or suspension of work thereunder, or any notice given by the Borrower or any contractor with respect to any of the foregoing.

Section 5.10. Assignment of Contracts and Plans. As additional security for the payment of the Loan, the Borrower shall transfer and assign to the Issuer all of the Borrower's rights and interest, but not its liability, in, under, and to all construction, architectural and design contracts, and the Plans. The Borrower understands and agrees that the Issuer shall further assign its rights in the foregoing to the Bank. The Borrower represents and warrants that the copy of any contract furnished or to be furnished to the Bank is and shall be a true and complete copy thereof, that the copies of the Plans delivered to the Bank are and shall be true and complete copies of the Plans, that there have been no modifications thereof which are not fully set forth in the copies delivered, and that the Borrower's interest therein is not subject to any claim, setoff, or encumbrance. Neither the assignments referred to herein nor any action by the Issuer or the Bank shall constitute an assumption by the Issuer or the Bank of any obligation under any contract or with respect to the Plans, and the Borrower shall continue to be liable for all obligations of the Borrower with respect thereto, the Borrower hereby agreeing to perform all of its obligations under any contract. The Issuer shall have the right at any time (but shall have no obligation) to take in its name or in the name of the Borrower such action the Issuer may determine necessary to cure any default under any contract or with respect to the Plans or to protect the rights of the Borrower or the Issuer with respect thereto after reasonable prior notice to the Borrower and failure of the Borrower to cure the same in a reasonable period of time. The Issuer shall incur no liability if any action so taken by it or on its behalf shall prove to be inadequate or invalid. The Borrower indemnifies and holds the Issuer and the Bank harmless against and from any loss, cost, liability or expense (including, but not limited to, attorneys' fees and expenses) incurred in connection with the Borrower's failure to perform such contracts or any action taken by the Issuer or the Bank. The Bank or Issuer may use the Plans for any purpose relating to the Improvements. The Borrower irrevocably constitutes and appoints the Bank as the Borrower's attorney-in-fact, which power of attorney shall be irrevocable and coupled with an interest, in the Borrower's name or in the Bank's name to enforce all rights of the Borrower under any contract or with respect to the Plans provided that the Bank shall not exercise such power except upon the occurrence of and during the continuation of a Default.

Section 5.11. Financial Statements and Reports. The Borrower shall deliver to the Bank the audited Financial Statements (audited by an independent certified public accountant acceptable to the Bank) and other statements and information at the times and for the periods described herein, as otherwise required by any other Bond Documents, and from time to time such additional financial statements, reports and information as the Bank requests.

Borrower shall provide or cause to be provided to the Bank the following:

(a) Audited Financial Statements of the Borrower for each Fiscal Year, as soon as reasonably practicable and in any event within 180 days after the close of each Fiscal Year; and

(b) Borrower shall deliver to the Bank, within 45 days after the close of each fiscal quarter-end, management prepared financial statements reflecting its operations during such quarter, including, without limitation, a balance sheet, profit and loss statements and statement of cash flows, with supporting schedules; all in reasonable detail; and

(c) Prior to or within 30 days after the end of each Fiscal Year of Borrower, a capital and operating budget for the Borrower; and

(d) together with each delivery of financial statements required by clause (a) above, the quarterly statements required by clause (b) above and the capital and operating budget required by clause (c) above, a certification of the Balance Sheet Leverage demonstrating the results of the testing of such ratio based upon the statements for such period;

Items provided under this paragraph shall be in form and detail reasonably satisfactory to the Bank. All financial statements shall be in form and detail reasonably satisfactory to the Bank and shall contain or be attached to the signed, by a representative of the Borrower satisfactory to the Bank, and dated written certification of the reporting party in form specified by the Bank to certify that the financial statements are furnished to the Bank in connection with the extension of credit by the Bank and constitute a true and correct statement of the reporting parties financial position. All fiscal year end financial statements of the Borrower shall be audited and certified, without any qualification or exception not acceptable to the Bank, by independent certified public accountants acceptable to the Bank, and shall contain any management letter issued by the accountants and all reports and disclosures required by generally accepted accounting principles for a fair presentation.

The Borrower acknowledges and agrees that the Bank's ability to monitor and evaluate the status of the Loan is dependent upon the Borrower's timely providing financial information required herein. To the extent permitted by law, in addition to all other rights and remedies Bank has should the Borrower fail to timely provide the financial information required hereby, including declaring the Borrower to be in default, the Bank may charge the Borrower a late fee of _____. The charging and/or payment of the fee is not a waiver of the Borrower's continuing obligation to provide the required financial information.

Section 5.12. Construction Consultant. The Borrower shall cooperate with Construction Consultant and will furnish Construction Consultant whatever Construction Consultant considers necessary or useful to perform its duties. The duties of Construction Consultant run solely to the Bank, and Construction Consultant shall have no obligations or responsibilities whatsoever to the Borrower, the Architect, the Engineer, Contractor or to any of their subcontractors, agents or employees. The Construction Consultant may, among other duties, perform construction cost analyses, review the Plans, all proposed changes in them, observe work in place, and review Draw

Requests with respect to the Project. Unless prohibited by applicable law, the fees, costs, and expenses of Construction Consultant shall be paid by the Borrower.

Section 5.13. Reports and Vouchers. The Borrower shall (a) promptly deliver to the Bank copies of all reports, studies, inspections and tests made on the Land, the Improvements or the materials to be incorporated into the Improvements; (b) make additional tests the Bank reasonably requires; and (c) deliver to the Bank, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which the Borrower claims title to any materials, fixtures or articles incorporated or to be incorporated in the Improvements or otherwise subject to a lien or security interest in favor of the Bank. The Borrower shall immediately notify the Bank of any such report, study, inspection or test that indicates any adverse condition in the Land or the Improvements.

Section 5.14. Payment of Withholding Taxes. The Borrower shall not use, or knowingly permit any contractor or subcontractor to use, any portion of the proceeds of any Advance to pay the wages of employees unless a portion of the proceeds or other funds are also used to make timely payment to or deposit with the United States all amounts of tax required to be deducted and withheld with respect to such wages under the Internal Revenue Code, and to make timely payment to or deposit with any local and/or state governmental authority or agency having jurisdiction all amounts of tax required to be deducted and withheld with respect to such wages under any applicable local and/or state laws.

Section 5.15. Representations and Warranties. To induce the Issuer to issue the Bonds and the Bank to make Advances, the Borrower hereby represents and warrants to the Issuer and the Bank that (a) prior to the recordation of the Mortgage, no work of any kind (including the destruction or removal of any existing improvements, site work, clearing, grading, grubbing, draining or fencing of the Land) has been or will be commenced or performed on the Land, no equipment or material has been or will be delivered to or upon the Land for any purpose whatsoever, and no contract (or memorandum or affidavit thereof) for the supplying of labor, materials, or services for the design or construction of the Improvements, or the surveying of the Land, nor any affidavit or notice of commencement of construction, has been or will be executed or recorded, which in any case could cause a mechanic's or materialman's lien or similar lien to have an inception so as to achieve priority over the Mortgage or the rights of the Issuer thereunder; (b) to the extent required by applicable law, the Borrower has filed all necessary tax returns and reports and have paid all taxes and governmental charges thereby shown to be owing; (c) the Plans are satisfactory to the Borrower, have been approved by all applicable governmental authorities, have been accepted by each contractor, are complete in all material respects, contain all detail necessary and are adequate for the construction of the New Project Improvements, and comply with the Bond Documents, all applicable laws, restrictive covenants, and governmental requirements, rules, and regulations; (d) no parcel of land included or to be included in the Land is part of a larger tract of land owned by the Borrower and included under any unity of title or similar covenant with other lands not encumbered by the Mortgage, and the Borrower has obtained or will obtain a separate tax lot or lots with a separate tax assessment or assessments for the Land, independent of any other lands or improvements; (e) the Land and Improvements comply with all laws and governmental requirements, including all subdivision and platting requirements, without reliance on any

adjoining or neighboring property; (f) the Plans do and the Improvements when constructed will comply with all legal requirements regarding access and facilities for handicapped or disabled persons; (g) the Borrower has not directly or indirectly conveyed, assigned or otherwise disposed of or transferred (or agreed to do so) any development rights, air rights or other similar rights, privileges or attributes with respect to the Mortgaged Property, including those arising under any zoning or land use ordinance or other law or governmental requirement; (h) the construction schedule for the Project is realistic and the Completion Date is a reasonable estimate of the time required to complete the Project; (i) the financial statements delivered to the Bank are true and correct, and there has been no material change of the Borrower's financial condition from the financial condition of the Borrower indicated in such Financial Statements; (j) the Borrower is not relying upon the Issuer as to the opinions of Bond Counsel regarding the status of the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B)(i) of the Code, other than as to the Issuer's representation in Section 33 of the Resolution as to the amount of debt of the Issuer issued in calendar year 2010, and therefore agrees that the Issuer shall have no liability nor implied representations concerning the status of the Bonds as "qualified tax-exempt obligations" by virtue of the issuance thereof or under the terms of any Bond Documents; (j) the Borrower is not relying upon the Issuer as to the opinions of Bond Counsel regarding the status of the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B)(i) of the Code, other than as to the Issuer's representation in Section 33 of the Resolution as to the amount of debt of the Issuer issued in calendar year 2010, and therefore agrees that the Issuer shall have no liability nor implied representations concerning the status of the Bonds as "qualified tax exempt obligations" by virtue of the issuance thereof or under the terms of any Bond Documents.

Section 5.16. Post-Closing Environmental Assessments. In addition to the environmental report required to be furnished to the Bank as a condition precedent to the first Advance, the Issuer or the Bank may, at their sole option, but only upon reasonable suspicion that an adverse environmental condition exists with respect to the Land, and at the Borrower's expense, require an environmental assessment or updated assessment of the Land by an engineering firm, and of a scope and in form and content satisfactory to the Issuer or the Bank, complying with the Issuer's or Bank's established guidelines, showing that there is no evidence of any hazardous or toxic substances which have been generated, treated, stored, released or disposed of in the Land, and such additional evidence as may be required by the Issuer. The Borrower agrees at its sole expense to provide such environmental assessments when requested by the Issuer or the Bank. If any environmental assessment indicates the past or present use, handling, storage, transportation or disposal of hazardous or toxic materials which is unremedied by Borrower, such shall constitute a Default by the Borrower under the Bond Documents.

Section 5.17. Miscellaneous Covenants.

(a) The Borrower shall not issue or incur any indebtedness or obligation other than as set forth in subsection (o) below or trade debts incurred in the ordinary course of business and will not guarantee or be responsible for the debt of others.

(b) The Borrower may not create or permit any mortgage or lien on any of its assets other than to secure the Loan, other than as consented to by the Bank.

(c) There shall be no material change in the ownership/management of the Borrower that effectively changes the control of the Borrower and the Borrower may not merge or consolidate with any other entity.

(d) The Borrower shall promptly inform the Bank of any actual or potential contingent liabilities in excess of \$_____.

(e) The Borrower shall not retire any long-term debt (other than the Note) on a date in advance of its legal obligation to do so.

(f) The Borrower will allow the Issuer or the Bank to inspect all records relating to the Loan, the Mortgaged Property or the Project upon reasonable notice to the Borrower.

(g) The Borrower shall not change its basic business.

(h) The Borrower may not dispose of any assets other than in the ordinary course of business.

(i) The Borrower shall comply with all applicable federal, state and local laws and regulatory requirements.

(j) The Borrower shall maintain a Debt Service Coverage Ratio of 1.20:1.00 or greater.

(k) The Borrower shall maintain its primary deposit relationship, including operating, cash management and/or collection/lockbox services with the Bank.

(l) Borrower shall not default on any material contract with or obligation when due to a third party or default in the performance of any obligation to a third party incurred for money borrowed.

(m) Borrower shall maintain a Balance Sheet Leverage of less than 4.00:1.

(n) Borrower agrees and acknowledges that any real property acquired in furtherance of the New Project, including any such property acquired after the effective date of the Mortgage, shall constitute Mortgaged Property subject to the Mortgage, and Borrower shall execute and deliver such amendatory or supplemental documentation as may be required to ensure that the Mortgaged Property contemplated by the Mortgage includes any real property acquired in furtherance of the New Project, including any such property acquired after the effective date of the Mortgage.

Section 5.18. Insurance Policies. The Borrower shall maintain the insurance required by the Mortgage in full force and effect at all times throughout the term of the Loan. In addition to, and not in limitation of, the foregoing, the Borrower shall maintain insurance with such insurers, in such form and in such amounts, and covering such risks, as set forth in the Insurance Requirements attached hereto as Exhibit B.

Section 5.19. Subordinate Financing and Transfer. There shall be no subordinate or other financing of the personal or real property securing the Loan, and no sale or transfer of ownership of the Mortgaged Property unless the Bank, in its sole and absolute discretion, has given its prior written approval.

Section 5.20. Automatic Payment Procedure. The Borrower hereby authorizes the Bank to automatically deduct from the Borrower's account with the Bank established for such purpose, the amount of any payment due under the Bond, the Note or other Bond Documents. If the funds in the account are insufficient to cover any payment, neither the Issuer nor the Bank shall be obligated to advance funds to cover the payment. At any time and for any reason, the Borrower or the Bank may voluntarily terminate the automatic payments provided for herein by written notice delivered to the other.

Section 5.21. Operating Reserve. The Borrower shall establish and maintain an operating reserve fund in an amount equal to 25% of the School's Operating Expenses. Money on deposit in such fund may be used for the following purposes: _____.

ARTICLE VI

PREPAYMENT OF NOTE

Section 6.1. Optional Prepayment. The Borrower may prepay the Loan in whole or in part in accordance with the applicable provisions of the Note.

Section 6.2. Mandatory Prepayment; Acceleration of Note. The Note shall be subject to mandatory prepayment to the same extent and on the same dates that the Bonds are subject to mandatory prepayment. The Note shall be due and payable in the event of any acceleration of the Bonds to the same extent and on the same date that the Bonds are declared to become due and payable by reason of such acceleration.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Default. The occurrence of any one of the following shall be a default under this Loan Agreement ("Default"):

(a) any of the Indebtedness is not paid when due, whether the due date is the scheduled due date or arises by acceleration or otherwise;

(b) any material covenant, agreement or condition in any Bond Document (other than covenants to pay any of the Indebtedness) is not fully and timely performed, observed or kept;

(c) the cessation of the construction of the New Project Improvements continues for more than fifteen (15) days (whether or not consecutive) except for Excusable Delays;

(d) the construction of the Project, or any materials for which an Advance has been requested, fails to comply with the Plans, the Bond Documents, or any laws or governmental requirements;

(e) the Borrower fails to satisfy any condition precedent to the obligation of the Bank to make an Advance;

(f) construction of the Project is abandoned, the Bank determines that construction of the Project in accordance with the Bond Documents will not be completed on or before the Completion Date, except for reasonable or Excusable Delays and delays caused by change orders approved by the Bank, or the Borrower fails to complete construction of the Project (and obtain all applicable permits, licenses, and approvals) in accordance with the Bond Documents on or before the Completion Date except for reasonable or Excusable Delays and delays caused by change orders approved by the Bank;

(g) any required permit, license, certificate or approval with respect to the Land or Improvements lapses or ceases to be in full force and effect and is not reinstated within a reasonable period of time;

(h) construction is enjoined or the Borrower, the Issuer or the Bank is enjoined or prohibited from performing the Bond Documents;

(i) the Borrower leases, as lessor, part or all of the Land or Improvements in a manner which does not comply with the Bond Documents;

(j) the Borrower's material default in the performance of its obligations under the Charter which default could result, in the Bank's sole judgment, in the termination of the Charter, or the actual termination of the Charter;

(k) any federal, state or local tax lien or any claim of lien for labor or materials or any other lien or encumbrance of any nature whatsoever is recorded against the Borrower or the Land or Improvements and is not removed by payment or transferred to substitute security in the manner provided by law, within twenty (20) days after it is recorded in accordance with applicable law;

(l) the Borrower shall cease to exist or to be qualified to do or transact business in the State, or shall be dissolved or shall be a party to a merger or consolidation, or shall sell all or substantially all of its assets;

(m) any sale, conveyance, transfer, assignment, or other disposition of all or any part of the Land or Improvements or any ownership interest in the Borrower except as otherwise permitted hereby;

(n) any statement or representation of the Borrower contained in any financial statements or other materials furnished to the Bank are discovered to have been false or incorrect or incomplete;

(o) the Borrower shall default under any obligation imposed by any indemnity whether contained within any of the Bond Documents or otherwise;

(p) a default or event of default occurs under any Bond Document other than this Agreement;

(q) the Bank, in its sole discretion, determines that a material adverse change has occurred in the financial condition of the Borrower or in the condition of the Mortgaged Property; or

(r) the Borrower shall default under any obligation under any other indebtedness (now or hereafter existing), of the Borrower to the Bank or any other subsidiary or affiliate of Regions Bank.

Section 7.2. Remedies on Default. Whenever an Event of Default shall have happened and be continuing, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to the Resolution, the Note shall be immediately due and payable in full;

(b) The Issuer and the Bank may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower; and

(c) The Issuer or the Bank may pursue all other remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement, the Mortgage or the Note or to force the performance and observance of any other obligation or agreement of the Borrower under those instruments.

In addition, the Issuer or the Bank may, at its election, but without any obligation to do so, do any one or more of the following: (a) terminate its commitment to lend hereunder; (b) reduce any claim to judgment, which judgment shall bear interest at the Default Rate; (c) exercise any and all rights and remedies afforded by this Agreement, the other Bond Documents, law, equity or otherwise; (d) set-off and apply, to the extent thereof and to the maximum extent permitted by law, any and all deposits, funds, or assets at any time held and any and all other indebtedness at any time owing by the Bank to or for the credit or account of the Borrower against any Indebtedness; or (e) to the extent permitted by law, in its own name or in the name of the Borrower, enter into possession of the Land or Improvements, perform all work necessary to complete the construction of the Improvements substantially in accordance with the Plans (as modified as deemed necessary by the Bank), Bond Documents, laws, and governmental requirements. The Borrower hereby appoints the Bank as the attorney-in-fact of the Borrower, which power of attorney is irrevocable and coupled with an interest, with full power of substitution and in the name of the Borrower, if the Bank elects to do so, upon the occurrence of a Default, to (i) use such sums as are necessary, including any proceeds of the Loan and any the Borrower's Deposit, make such changes or corrections in the Plans and employ such architects, engineers, and contractors as may be required for the purpose of completing the construction of the Improvements substantially in accordance with the Plans (as modified as deemed necessary by the Bank), Bond Documents, laws and governmental requirements, or as otherwise may be necessary or desirable for purposes of completing such construction; (ii) execute all applications and certificates in the name of the Borrower which may be required for completion of construction of the Improvements; (iii) endorse the name of the Borrower on any checks or drafts representing proceeds of any insurance policies, or other checks or instruments payable to the Borrower with respect to the Project; (iv) do every act with respect to the construction of the Improvements which the Borrower may do; (v) prosecute or defend any action or proceeding incident to the Mortgaged Property; (vi) pay, settle, or compromise all bills and claims so as to clear title to the Mortgaged Property; and (vii) take over and use all or any part of the labor, materials, supplies and equipment contracted for, owned by, or under the control of the Borrower, whether or not previously incorporated into the Improvements. Any amounts expended by the Bank shall be a demand obligation owing by the Borrower to the Bank. The Bank shall have no liability to the Borrower for the sufficiency or adequacy of any such actions taken by the Bank.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Usury Laws. The Borrower and the Issuer intend to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between the Issuer and the Borrower (or any other party liable with respect to any Indebtedness under the Bond Documents) are hereby limited by the provisions of this Section which shall override and control all such agreements, whether now existing or hereafter arising. In no way, nor in any event or contingency (including but not limited to prepayment, default, demand for payment, or acceleration of the maturity of any obligation), shall the interest taken, reserved, contracted for, charged, chargeable, or received under this Agreement, the Note, any of the other Bond Documents, or otherwise, exceed the maximum amount permitted under applicable law ("Maximum Amount"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, any such construction shall be subject to the provisions of this Section and such document shall ipso facto be automatically reformed and the interest payable shall be automatically reduced to the Maximum Amount, without the necessity of execution of any amendment or new document. If the Bank or the Issuer shall ever receive anything of value which is characterized as interest under applicable law and which would apart from this provision be in excess of the Maximum Amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Indebtedness in the inverse order of its maturity and not to the payment of interest, or be refunded to the Borrower or the other payor thereof, at the election of the Bank in its sole discretion or as required by applicable law. The right to accelerate maturity of the Note or any other Indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and neither the Issuer nor the Bank intends to charge or receive any unearned interest in the event of acceleration. All interest paid or agreed to be paid by the Borrower shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of such Indebtedness so that the amount of interest on account of such Indebtedness does not exceed the Maximum Amount. As used in this Section, the term "applicable law" shall mean the laws of the State or the federal laws of the United States applicable to this transaction, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

Section 8.2. The Issuer's or Bank's Consent. Except where otherwise expressly provided in the Bond Documents, in any instance where the approval, consent or the exercise of judgment of the Issuer or the Bank is required, the granting or denial of such approval or consent and the exercise of such judgment shall be (a) within the reasonable discretion of the Issuer or the Bank; (b) deemed to have been given only by a specific writing intended for the purpose given and executed by the Bank; and (c) except as expressly stated otherwise in the Bond Documents, free from any limitation or requirement of reasonableness. Notwithstanding any approvals or consents by the Issuer or the Bank, neither the Bank nor the Issuer have any obligation or responsibility whatsoever for the adequacy, form or content of the Plans, the Budget, any contract, any change order, any lease, or any other matter incident to the Mortgaged Property or the construction of the

Improvements. The Issuer's and Bank's acceptance of an assignment of the Plans shall not constitute approval of the Plans. Any inspection or audit of the Mortgaged Property or the books and records of the Borrower, or the procuring of documents and financial and other information, by or on behalf of the Bank or the Issuer shall be for the Issuer's and Bank's protection only, and shall not constitute any assumption of responsibility to the Borrower or anyone else with regard to the condition, construction, maintenance or operation of the Mortgaged Property, or relieve the Borrower of any of the Borrower's obligations. The Borrower has selected all surveyors, architects, engineers, contractors, materialmen and all other persons or entities furnishing services or materials to the Project. Neither the Issuer nor the Bank has any duty to supervise or to inspect the Mortgaged Property or the construction of the Improvements nor any duty of care to the Borrower or any other person to protect against, or inform the Borrower or any other person of, the existence of negligent, faulty, inadequate or defective design or construction of the Improvements. Neither the Issuer nor the Bank shall be liable or responsible for any defect in the Mortgaged Property or the Improvements, the performance or default of the Borrower, the Borrower's architect, engineer, contractor, the Construction Consultant, or any other party, or for any failure to construct, complete, protect or insure the Improvements, or for the payment of costs of labor, materials, or services supplied for the construction of the Improvements, or for the performance of any obligation of the Borrower whatsoever. Nothing, including any Advance or acceptance of any document or instrument, shall be construed as a representation or warranty, express or implied, to any party by the Bank. Inspection shall not constitute an acknowledgment or representation by the Bank or the Construction Consultant that there has been or will be compliance with the Plans, Bond Documents, applicable laws and governmental requirements or that the construction is free from defective materials or workmanship. Inspection whether or not followed by notice of Default shall not constitute a waiver of any Default then existing, or a waiver of the Bank's right thereafter to insist that the Improvements be constructed in accordance with the Plans, Bond Documents, applicable laws, and governmental requirements. The Bank's failure to inspect shall not constitute a waiver of any of the Bank's rights under the Bond Documents or at law or in equity.

Section 8.3. Miscellaneous. This Agreement may be executed in several counterparts, all of which are identical, and all of which counterparts together shall constitute one and the same instrument. The Bond Documents are for the sole benefit of the Bank the Issuer and the Borrower and are not for the benefit of any third party. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. Time shall be of the essence with respect to the Borrower's obligations under the Bond Documents. This Agreement, and its validity, enforcement and interpretation, shall be governed by the laws of the State (without regard to any conflict of laws principles) and applicable United States federal law.

Section 8.4. Notices. Unless specifically provided otherwise, any notice for purposes of this agreement or any other Bond Document shall be given in writing and may be provided by telex or by facsimile (fax) transmission and shall be addressed or delivered to the Notice Address. If sent by prepaid, registered or certified mail (return receipt requested), the notice shall be deemed

effective when the receipt is signed or when the attempted initial delivery is refused or cannot be made because of a change of address of which the sending party has not been notified; if transmitted by telex, the notice shall be effective when transmitted (answerback confirmed); and if transmitted by facsimile or personal delivery, the notice shall be effective when received. No notice of change of address shall be effective except upon actual receipt, and service of a notice required by any applicable statute shall be considered complete when the requirements of that statute are met. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Bond Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

Section 8.5. Successors and Assigns. This Agreement shall be binding upon the Borrower, and the Borrower's heirs, devisees, representatives, successors and assigns, and shall inure to the benefit of the Issuer and its successors and assigns, provided, however, that the Borrower shall not assign or encumber any interest of the Borrower hereunder without the prior written consent of the Issuer. The Bank may sell or offer to sell the Loan or interests in the Loan to one or more assignees or participants. The Bank may disseminate any information it has pertaining to the Loan, Project, the Borrower, to any actual or prospective assignee or participant.

Section 8.6. Modification or Termination. The Bond Documents may only be modified or terminated by a written instrument or instruments intended for that purpose and executed by the party against which enforcement thereof is asserted. This Agreement shall continue in full force and effect until the Bonds are paid in full; and all representations and warranties and all provisions herein for indemnity of the Bank or the Issuer (and any other provisions herein specified to survive) shall survive payment in full of the Indebtedness and any release or termination of this Agreement or of any other Bond Documents for a period of four years. This Agreement may not be modified except with the prior written consent of the Bank.

Section 8.7. Costs and Expenses. Without limitation of any Bond Document and to the extent not prohibited by applicable laws, the Borrower shall pay when due, and reimburse to the Bank or the Issuer on demand, and indemnify the Bank and the Issuer from, all out-of-pocket fees, costs, and expenses paid or incurred by the Bank or the Issuer in connection with the negotiation, preparation and execution of this Agreement and the other Bond Documents (and any amendments, approvals, consents, waivers and releases requested, required, proposed or done from time to time), or in connection with the disbursement, administration or collection of the Loan or the enforcement of the obligations or the exercise of any right or remedy of the Bank or the Issuer (including costs of arbitration) including (a) a .375% bond structuring fee based on the amount available to be drawn of the Series 2010A Bonds and a .375% bond structuring fee based on the amount available to be drawn of the Series 2010B Bonds plus fees and expenses of the Bank's and the Issuer's counsel and bond counsel; (b) fees and charges of each Construction Consultant; (c) appraisal, re-appraisal and survey costs; (d) title insurance charges and premises; (e) title search or examination costs, including abstracts, abstractors' certificates and uniform commercial code searches; (f) judgment and tax lien searches for the Borrower; (g) escrow fees; (h) fees and costs of environmental investigations and site assessments; (i) recordation taxes, documentary taxes, transfer taxes and mortgage taxes, (j) filing and recording fees, and (k) loan brokerage fees. The Borrower shall pay all reasonable costs

and expenses incurred by the Bank and the Issuer, including attorneys' fees, if the obligations or any part thereof are sought to be collected by or through an attorney at law, whether or not involving probate, arbitration, appellate, administrative or bankruptcy proceedings. The Borrower shall pay all reasonable costs and expenses of complying with the Bond Documents, whether or not such costs and expenses are included in the Budget. The Borrower's obligations under this Section shall survive the delivery of the Bond Documents, the making of Advances, the payment in full of the obligations, the release or determination of the Bond Documents, the foreclosure of the Mortgage or conveyance in lieu of foreclosure, any bankruptcy or other debtor relief proceeding, and any other event whatsoever.

Section 8.8. Further Assurances. The Borrower will, on request of the Issuer or the Bank, (a) promptly correct any defect, error or omission in any Bond Document; (b) execute, acknowledge, deliver, procure, record or file such further instruments and do such further acts deemed necessary, desirable or proper by the Bank to carry out the purposes of the Bond Documents and to identify and subject to the liens and security interest of the Bond Documents any property intended to be covered thereby, including any renewals, additions, substitutions, replacements, or appurtenances to the Mortgaged Property; (c) execute, acknowledge, deliver, procure, file or record any document or instrument deemed necessary, desirable, or proper by the Issuer to protect the liens or the security interest under the Bond Documents against the rights or interests of third persons; and (d) provide such certificates, documents, reports, information, affidavits and other instruments and do such further acts deemed necessary, desirable or proper by the Issuer to comply with the requirements of any agency having jurisdiction over the Issuer.

Section 8.9. No Assignment. The Borrower shall not assign, transfer or encumber its rights or obligations under any Bond Document or any proceeds of the Loan without the prior written consent of the Issuer and the Bank.

Section 8.10. Forum. The Borrower hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the jurisdiction of any state court, or any United States federal court, sitting in the State, over any suit, action or proceeding arising out of or relating to this Bond Purchase Agreement or the Indebtedness. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, any objection that the Borrower may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Nothing herein shall affect the right of the Issuer or the Bank to serve process in any manner permitted by law or limit the right of the Issuer or the Bank to bring proceedings against the Borrower in any other court or jurisdiction.

Section 8.11. Interpretation. References to "Dollars", "\$", "money", "payments" or other similar financial or monetary terms are references to lawful money of the United States of America. References to Articles, Sections, and Exhibits are, unless specified otherwise, references to articles, sections and exhibits of this Agreement. Words of any gender shall include each other gender. Words in the singular shall include the plural and words in the plural shall include the singular. The words "herein," "hereof," "hereunder" and other similar compounds of the word "here" shall refer to the entire Agreement and not to any particular provision or section. The words "include"

and "including" shall be interpreted as if followed by the words "without limitation". Captions and headings in the Bond Documents are for convenience only and shall not affect the construction of the Bond Documents.

Section 8.12. No Partnership, etc. The relationship between the Issuer, the Bank and the Borrower are solely those of lender and borrower. Neither the Issuer nor the Bank has any fiduciary or other special relationship with or duty to the Borrower and none is created by the Bond Documents. Nothing contained in the Bond Documents, and no action taken or omitted pursuant to the Bond Documents, is intended or shall be construed to create any partnership, joint venture, association, or special relationship between the Borrower, the Bank and the Issuer or in any way make the Issuer or the Bank a co-principal with the Borrower with reference to the Project, the Mortgaged Property or otherwise. In no event shall the Issuer's or Bank's rights and interests under the Bond Documents be construed to give the Issuer or the Bank the right to control, or be deemed to indicate that the Issuer or the Bank is in control of, the business, properties, management or operations of the Borrower.

Section 8.13. Records. The unpaid amount of the Loan set forth on the books and records of the Bank maintained in the ordinary course of its business shall be presumptive evidence of the amount thereof owing and unpaid unless proven otherwise by the Borrower, but failure to record any such amount on the books and records shall not limit or affect the obligations of the Borrower under the Bond Documents to make payments on the Loan when due.

Section 8.14. Entire Agreement. The Bond Documents constitute the entire understanding and agreement between the Borrower and the Issuer with respect to the transactions arising in connection with the Loan and supersede all prior written or oral understandings and agreements between the Borrower and the Issuer with respect to the matters addressed in the Bond Documents. The Bank has not made any commitments to extend the term of the Loan past its stated maturity date or to provide the Borrower with financing except as set forth in the Bond Documents. Except as incorporated in writing in the Bond Documents, there are not, and were not, and no persons are or were authorized by the Bank to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Bond Documents.

THE WRITTEN BOND DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be duly executed in their respective names, all as of the date hereinbefore written.

CITY OF PALMETTO, FLORIDA

[SEAL]

By: _____
Shirley Groover Bryant, Mayor

ATTEST:

By: _____
James R. Freeman, City Clerk

RENAISSANCE ARTS AND EDUCATION, INC.
d/b/a MANATEE SCHOOL FOR THE ARTS

By: _____
Charles W. Jones, Ph.D.

EXHIBIT A

FORM OF PROMISSORY NOTES

Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts (the "Borrower"), a corporation not-for-profit formed and existing under the laws of the State of Florida, for value received, promises to pay to the order of City of Palmetto, Florida (the "Issuer"), and its successors and assigns, including Regions Bank (the "Bank"), the principal sum _____ and 00/100 DOLLARS (\$_____) and to pay interest on the unpaid balance of such principal sum from and after the date hereof as hereinafter provided until the payment of such principal sum has been made and in addition to pay all Additional Payments (as defined in the hereinafter defined Agreement).

This Note has been executed and delivered by the Borrower pursuant to a certain Loan Agreement (the "Agreement") dated as of December 1, 2010, between the Issuer and the Borrower, and is subject to all terms and conditions of the Agreement. Terms used herein shall have the meanings ascribed thereto in the Agreement. Under the Agreement, the Issuer has agreed to loan the Borrower the principal proceeds received from the sale of the Issuer's Industrial Development Revenue Bonds, (Manatee School for the Arts Project), Series 2010A and Industrial Development Revenue Refunding Bonds, Series 2010B (collectively, the "Bonds") to assist in the payment of costs of the Project (as defined in the Agreement) and the refunding of the Refunded Bonds, and the Borrower has agreed to repay such loan by making payments ("Loan Payments") at the times and in the amounts set forth in this Note for application to the payment of the principal of and interest on the Bonds as and when due, or as otherwise provided in the Agreement, and in addition to pay all Additional Payments as and when due under the Agreement.

The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to a Resolution of the Issuer adopted December 13, 2010 (the "Resolution") and the Bond Purchase and Construction Financing Agreement (the "Bond Purchase Agreement"), dated as of December 1, 2010, between the Issuer, the Borrower and the Bank.

To provide funds sufficient to pay the principal and interest on and any other payments due under the Bonds as and when due, the Borrower hereby agrees to and shall make Loan Payments pursuant to this Note on the same date and in the same amount as the principal and interest and any other payment due on the Bonds on such date.

This Note shall bear interest on any overdue installment of principal and (to the extent permitted by law) interest at the Default Rate (as defined in the Agreement).

All Loan Payments shall be payable in lawful money of the United States of America and shall be made to the Issuer or its assign at its designated office.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution, postponement or deduction regardless of any cause or circumstances whatsoever including,

without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Bank or any other person.

This Note is subject to optional prepayment upon the same terms and conditions, on the same date or dates and at the same prepayment prices, as the Bonds are subject to optional prepayment, and not otherwise, and the Borrower hereby agrees that it will make Loan Payments hereunder in an amount equal to the Bond Service Charges on the Bonds due and payable on each such prepayment date.

Whenever the principal of the Bonds then outstanding, and the interest accrued thereon, shall have been declared to be immediately due and payable pursuant to the Resolution, the unpaid principal amount of and accrued interest on this Note shall, without further notice or demand, also be due and payable on the date on which the principal of and interest on the Bonds shall have been declared to be due and payable.

To the extent permitted by law, the Borrower waives demand, protest and notice of maturity, nonpayment or other notices necessary to hold the Borrower liable hereunder, except as required by the Bond Documents.

In no event shall the interest rate hereunder exceed the maximum rate permitted by law and in the event any interest otherwise payable hereunder should exceed said maximum legal rate the excess shall be applied as a reduction of the principal hereof.

The enforcement and interpretation of this Note shall be governed by the Laws of the State of Florida.

This Note is subject to all terms and conditions of the Loan Agreement, and by the purchase and acceptance of this Note, the owner hereof signifies consent to all of the provisions of the aforementioned document.

[Should the Borrower fail to pay the installments of interest or principal (if applicable) within _____ (__) days after the due date provided herein, the Borrower further promises to pay, from the source provided herein, a late payment charge equal to four percent (4%) of the amount of the unpaid installment as liquidated compensation to the Issuer for payment to the Bank for the extra expense to the Bank to process and administer the late payment, the Borrower agreeing, by execution hereof, that any other measure of compensation for a late payment is speculative and impossible to compute.] This provision for late charges shall not be deemed to extend the time for payment or be a "grace period" or "cure period" that gives the Borrower a right to cure a Default. Imposition of late charges is not contingent upon the giving of any notice or lapse of any cure period provided for in the Bond Documents and shall not be deemed a waiver of any right or remedy of the Issuer including without limitation, acceleration of this Note.

All of the rights, remedies, powers and privileges (together, "Rights") of the Issuer provided for in this Note and in any other Bond Document are cumulative of each other and of any and all other Rights at law or in equity. The resort to any Right shall not prevent the concurrent or

subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by the Issuer to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of the Right. Without limiting the generality of the foregoing provisions, the acceptance by the Issuer from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment shall not (i) constitute a waiver of or impair or extinguish the right of the holder hereof to accelerate the maturity of this Note or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance or a novation in any respect.

If the Issuer retains an attorney in connection with any Default or at the Maturity Date or to collect, enforce or defend this Note or any other Bond Document in any lawsuit, at trial, or in any appellate, probate, reorganization, bankruptcy or other proceeding, or if the Borrower sues the Issuer in connection with this Note or any other Bond Document and does not prevail, then the Borrower agrees to pay to the Issuer, in addition to principal, interest and any other sums owing to the Issuer under the Bond Documents, all reasonable costs and expenses incurred by the Issuer in trying to collect this Bonds or in any such suit or proceeding, including without limitation reasonable attorneys' fees, paralegals' fees and costs.

In no event (including but not limited to prepayment, default, demand for payment, or acceleration of maturity) shall the interest taken, reserved, contracted for, charged or received under this Note or under any of the other Bond Documents or otherwise, exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, then ipso facto, such document shall be reformed and the interest payable reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If the holder hereof ever receives interest in an amount which apart from this provision would exceed the Maximum Amount, the excess shall, without penalty, be refunded to the Borrower, or at the option of the Borrower, be applied to the unpaid principal of this Note in inverse order of maturity of installments and not to the payment of interest. The Issuer does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid to the Issuer shall be spread throughout the full term (including any renewal or extension) of the debt so that the amount of interest does not exceed the Maximum Amount.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of this __ day of December 2010.

RENAISSANCE ARTS AND EDUCATION, INC.
d/b/a MANATEE SCHOOL FOR THE ARTS

By: _____
Charles W. Jones, Ph.D.

Assigned, without recourse, to Regions Bank Dated December __, 2010.

CITY OF PALMETTO, FLORIDA

By: _____
Shirley Groover Bryant, Mayor

EXHIBIT B

As used in this Exhibit B, the term "Lender" shall mean Regions Bank.

Insurance Requirements

General Requirements

The General Requirements set forth herein shall be applicable to the insurance requirements outlined below in Paragraphs II and III.

Relating to Insurer: All insurance coverages required by the Loan Documents must be provided by insurance companies acceptable to the Lender that are rated at least an "A- IX" or better by Best's Insurance Guide.

Each insurance policy must (i) permit the Lender to pay premiums at the Lender's discretion and (ii) as respects any third party liability claim brought against the Lender, obligate the insurer to defend Lender as an additional insured thereunder.

Relating to Documentation of Coverage: The Borrower shall submit to Lender an ACORD 27 or 28 certificate, effective with the closing of the loan, evidencing all required insurance coverage and that must be furnished annually thereafter, prior to the expiration date of the preceding policy(ies) The Lender reserves the right to require a complete copy of the policy.

Cancellation and Modification Clause:

1. The insurer hereby agrees that its policy will not lapse, terminate, or be canceled, or be amended or modified to reduce limits or coverage terms unless and until Regions Bank has received not less than thirty (30) days' prior written notice thereof at the following address:

Regions Bank
Attn: Loan Operations
P.O. Box 1984
Birmingham, AL 35201

Flood Insurance Address:

Regions Bank
P.O. Box 100006
Kennesaw, GA 30156

2. Notwithstanding the foregoing, in the event of cancellation due to non-payment of premium, the insurer shall provide not less than ten (10) days' Notice of Cancellation to:

Regions Bank
Attn: Loan Operations
P.O. Box 1984
Birmingham, AL 35201

Flood Insurance Address:

**Regions Bank
P.O. Box 100006
Kennesaw, GA 30156**

Mortgage Clause: All policies providing physical damage type coverages on the building or improvements shall show the mortgage interest as follows:

**Regions Bank (its successors and assigns)
Attn: Loan Operations
P.O. Box 1984
Birmingham, AL 35201**

Flood Insurance Address:

**Regions Bank
P.O. Box 100006
Kennesaw, GA 30156**

Loss Payable Clause: All policies providing physical damage type coverages on the personal property or construction materials not yet a part of the improvements shall show a Loss Payee interest as follows:

Loss, if any, under this policy shall be payable to Regions Bank, its successors and assigns, as their interests may appear

**Regions Bank (its successors and assigns)
Attn: Loan Operations
P.O. Box 1984
Birmingham, AL 35201**

Types of Insurance – During the Construction Period

All Risks or Special Form Builders' Risk insurance (on a Completed Value Form). The deductible amount thereunder shall be borne by the Borrower in the event of a loss, and the deductible must not exceed \$25,000 per occurrence. Further, in the event of a loss, the Borrower shall abide by all provisions of the insurance contract, including proper and timely notice of the loss to the insurer, and the Borrower further agrees it will notify Lender of any loss in the amount of \$25,000 or greater and that no claim at or in excess of \$25,000 thereunder shall be settled without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed by the Lender.

Subject to notice provisions contained above in the "Cancellation and Modification Clause", the Builders Risk policy shall contain a Standard Mortgage Holder Endorsement to guarantee to the benefit of Lender said coverages shall not be voided or canceled, without proper notice, by reason of (i) any act of negligence, or breach of any condition, declaration of warranty contained in any such policy by the Borrower or any third party, (ii) the occupation, operation or use of the Project for purposes more

hazardous than those permitted by the terms of the policy, (iii) any foreclosure or other proceeding or notice of sale relating to the Project, or (iv) any change in the title to or ownership of all or any portion of the Project.

Debris Removal coverage shall be included in an amount deemed appropriate by the Borrower, but in no event less than \$250,000 for removal from a casualty loss and no less than \$10,000 for debris removal of pollutants.

Boiler and Machinery Equipment Insurance: If required by Lender, such form of coverage whether permanent or under the Builders Risk shall be in place at the appropriate time during the Project period in order to include and insure "Hot Testing" of the new equipment and systems for a minimum of thirty (30) days prior to Project completion and occupancy. A Boiler and Machinery Equipment policy shall remain in force after project completion throughout the term of the Loan as part of the required coverages enumerated in Paragraph III. Amount of insurance shall be in an amount equal to the replacement cost value of the equipment, and shall include coverage for expediting permanent repairs and permanent replacement. The deductible for any loss thereunder shall not exceed \$25,000 per occurrence.

Flood and Earthquake Insurance: If the flood determination performed by Lender shows that the real property securing the referenced loan is located in a Special Flood Hazard Area according to the Federal Emergency Management Agency, flood insurance will be required under the National Flood Insurance Program (NFIP) prior to closing in the amount required by Lender.

In addition to the flood insurance required under the NFIP, Lender requires that buildings located in a special flood hazard area be insured through private placement insurance in the amount required by Lender.

The following table shows the coverage amount available under NFIP by property type:

<u>Property Type</u>	<u>Amount Available Under</u>
<u>NFIP</u>	
Single-Family Dwelling	\$250,000
2-4 Family Dwelling	\$250,000
Other Residential	\$250,000
Nonresidential	\$500,000

NFIP insurance has to be purchased for each building, i.e., for an apartment complex consisting of 5 separate structures, each structure must be separately insured, however insurance cannot be written for more than replacement cost.

- **Properties under Construction:** For properties under construction, the NFIP provides that a policy should be obtained on the proposed structure upon commencement of the construction phase. Evidence of adequate flood insurance must be furnished immediately upon issuance of the elevation certificate and completion of the slab/foundation for the building.
- **Residential Condominiums under Construction:** A residential condo under construction will have to be insured under the "other residential" coverage. Once construction is

complete and two units have been sold, the property must be covered by a Residential Condominium Building Association Policy (RCBAP) with maximum coverage of the lesser of \$250,000 per unit, the total loan amount, or replacement cost of the building. The conversion to the RCBAP should occur after the issuance of the Certificate of Occupancy. Maximum deductible for the RCBAP is \$25,000.

A general assessment of the seismic risk level should be made. A Probable Maximum Loss study conducted by a qualified engineer will provide an estimate of direct earthquake insurance, if any, to be determined by Lender.

Delay-Loss of Earning and Rents Insurance: Throughout the Project construction period until its completion, insurance against loss of earnings and rents as a result of delay (when delay is caused by an insured peril under the Builder's Risk Policy, Boiler and Machinery Policy and any other property insurance covering the Project) written in an "all risks" form, either as an endorsement to the insurance required under Paragraph II(A), or under a separate policy, in an amount sufficient (in the Lender's opinion) to cover mortgage payments for a period of at least six months.

Workers Compensation Insurance: Workers Compensation insurance covering all employees of the Borrower and its contractor and subcontractors for the Project to the extent required by Statutory Law, including Other States Coverage. Policy shall also provide Employer's Liability coverage for Bodily Injury by Accident - \$500,000 Each Accident.

<u>Property Type</u>	<u>Amount Available Under</u>
<u>NFIP</u>	
Single-Family Dwelling	\$250,000
2-4 Family Dwelling	\$250,000
Other Residential	\$250,000
Nonresidential	\$500,000

NFIP insurance has to be purchased for each building, i.e., for an apartment complex consisting of 5 separate structures, each structure must be separately insured, however insurance cannot be written for more than replacement cost.

A general assessment of the seismic risk level should be made. A Probable Maximum Loss study conducted by a qualified engineer will provide an estimate of direct earthquake insurance, if any, to be determined by Lender.

Loss of Earning and Rents Insurance: Insurance against loss of earnings and rents in an amount sufficient (in the Lender's opinion) to cover not less than 12 months' lost earnings and rents written in an "all risks" form, either as an endorsement to the insurance required under Paragraph III(A), or under a separate policy

Workers Compensation Insurance: Workers Compensation insurance covering all employees of the Borrower, or any contractor employed to run or maintain the facility to the extent required by Statutory Law, including Other States Coverage. Policy shall also provide Employer's Liability coverage for:

Bodily Injury by Accident - \$500,000 Each Accident

Bodily Injury by Disease - \$500,000 Policy Limit

Bodily Injury by Disease - \$500,000 Each Employee

The Borrower shall require any contractor hired to manage or maintain the facility to provide evidence of Workers Compensation coverage to Borrower in such form and with such limits deemed acceptable to Borrower.

Liability Insurance:

- **Commercial General Liability:** An Insurance Service Office industry standard or equivalent Commercial General Liability insurance policy, including contractual liability, with limits of liability for bodily injury and property damage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate, with Regions Bank as an additional insured.
- **Automobile Liability:** An Automobile Liability insurance policy with limits of liability for bodily injury and property damage of at least \$1,000,000 per accident.
- **Umbrella Liability:** Umbrella Liability insurance in the minimum amount of \$5,000,000 for each occurrence and aggregate combined single limit for all liability, with a \$10,000 self-insured retention for exposure not covered in underlying primary policies. The Umbrella Liability policy shall name in its underlying schedule the policies of Commercial General Liability, Automobile Liability and Employer's Liability

Commercial Blanket Employee Dishonesty: A Commercial Blanket Bond covering all employees of the Borrower, including its officers, and the individual owner of the insured business entity, whether a joint-venture, partnership, proprietorship or incorporated entity, against loss as a result of their dishonesty. Policy limit shall be in an amount of at least \$100,000, subject to a deductible of no more than \$10,000 per occurrence.

Terrorism Insurance: Terrorism insurance should be obtained if the Project is judged to be at high risk from terrorist attacks. The requirement for terrorism insurance shall be within Lender's discretion.

This Instrument Prepared By:
Samuel P. Queirolo, Esquire
Bryant Miller Olive P.A.
One Tampa City Center
Suite 2700
Tampa, Florida 33602

**MORTGAGE, ASSIGNMENT OF RENTS AND LEASES,
AND SECURITY AGREEMENT**

This document is exempt from the excise tax on documents and the intangible personal property tax pursuant to Section 159.31, Florida Statutes.

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MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, AND SECURITY AGREEMENT (the "Mortgage"), is made as of the ____ day of December, 2010 by Renaissance Arts and Education, Inc., a Florida corporation not-for-profit, d/b/a Manatee School for the Arts (the "Mortgagor"), as mortgagor and debtor, whose principal place of business is 700 Haben Boulevard, Palmetto, Florida 34221, to the City of Palmetto, Florida, a State of Florida municipal corporation (together with its successors and assigns, the "Mortgagee"), as mortgagee and secured party, whose address is c/o City Clerk, City of Palmetto, Florida, 516-8th Avenue West, Palmetto, Florida 34221.

WITNESSETH:

WHEREAS, City of Palmetto, Florida (the "Issuer") has by Resolution adopted December ___, 2010 (as amended and supplemented from time to time, the "Resolution") authorized the issuance of its Industrial Development Revenue Bond, (Manatee School for the Arts Project), Series 2010A, in the principal amount of \$_____ and having a maturity date of twenty-five (25) years from the date of the Mortgage, and the Industrial Development Refunding Revenue Bond (Manatee School of the Arts Project), Series 2010B, in the principal amount of \$_____ and having a maturity date of twenty-two (22) years from the date of the Mortgage, for an aggregate principal amount of \$_____ (collectively the "Bond") and has agreed to loan the proceeds thereof (the "Loan") to the Mortgagor pursuant to the Loan Agreement, dated as of December 1, 2010 between the Mortgagee and the Mortgagor (as amended from time to time, the "Loan Agreement") to finance the costs associated with the Project (as defined in the Loan Agreement), including certain improvements to be constructed in accordance with the Loan Agreement or other Bond Documents (as defined in the Loan Agreement); and

WHEREAS, the obligation of the Mortgagor to repay the Loan shall be evidenced by two (2) promissory notes of the Mortgagor in amounts and with maturity dates which correspond to the two series of the Bond (collectively the "Note"); and

WHEREAS, the Loan Agreement (except for Unassigned Issuer's Rights as defined in the Loan Agreement), this Mortgage and the Note will be assigned and transferred by the Issuer to Regions Bank, an Alabama banking corporation, whose address is 100 North Tampa Street, Suite 3100, Tampa, Florida 33602 (the "Bank"), the purchaser of the Bond, to provide for and secure payment of the Bond; and

WHEREAS, to induce the Issuer to issue the series of each Bond to fund the Loan and to evidence and secure the obligations of the Mortgagor under the Loan Agreement, the Note and other Bond Documents, the Mortgagor has executed and delivered the Note, this Mortgage and certain other loan documents, as hereinafter defined, to the Mortgagee;

NOW, THEREFORE, for and in consideration of the foregoing, the making of the Loan and the issuance of the Bond, Mortgagor and Mortgagee do hereby agree as follows:

ARTICLE I

DEFINITIONS, HEADINGS, RULES OF CONSTRUCTION AND SECURITY AGREEMENT

1.1 Definitions. Terms used in this Mortgage and not otherwise defined herein shall have the meanings ascribed thereto pursuant to the Loan Agreement and the Bond Purchase Agreement (hereinafter defined). In addition, as used in this Mortgage and in the exhibits attached hereto, the following terms shall have the following meanings herein specified, such definition to be applicable equally to the singular and plural forms of such terms:

(a) **Environmental Claim:** Any investigative, enforcement, cleanup, removal, containment, remedial or other private or governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Requirement, against Mortgagor or against or with respect to the Mortgaged Property, or any condition, use or activity on the Mortgaged Property (including any such action against Mortgagee), and any claim at any time threatened or made by any person against Mortgagor or against or with respect to the Mortgaged Property or any condition, use or activity on the Mortgaged Property (including any such claim against Mortgagee), relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or in any way arising in connection with any Hazardous Material or any Environmental Requirement.

(b) **Environmental Law:** Any federal, state or local law, statute, ordinance, code, rule, regulation, license, authorization, decision, order, injunction, decree, or rule of common law, and any judicial or agency interpretation of any of the foregoing, which pertains to health, safety, any Hazardous Material, or the environment (including but not limited to ground or air or water or noise pollution or contamination, and underground or above ground tanks).

(c) **Environmental Requirement:** Any Environmental Law, agreement or restriction (including but not limited to any condition or requirement imposed by any insurance or surety company), as the same now exists or may be changed or amended or come into effect in the future, which pertains to health, safety, any Hazardous Material, or the environment, including but not limited to ground or air or water or noise pollution or contamination, and underground or above ground tanks.

(d) **Events of Default:** Those events described in Article VII hereof.

(e) **Fixtures:** All property and equipment now owned or hereafter acquired by Mortgagor and now or hereafter located under, on, or above the Land, whether or not permanently affixed, which, to the fullest extent permitted by applicable law in effect from time to time, shall be deemed fixtures and a part of the Land.

(f) **Governmental Authority:** Any (domestic or foreign) federal, state, county, municipal or other governmental department, entity, authority, commission, board, bureau, court, agency or any instrumentality of any of them.

(g) Governmental Requirement: Any law, enactment, statute, code, ordinance, order, rule, regulation, judgment, decree, writ, injunction, franchise, permit, certificate, license, authorization, or other direction or requirement of any Governmental Authority now existing or hereafter enacted, adopted, promulgated, entered, or issued applicable to Mortgagee, Mortgagor or the Mortgaged Property, including, without limitation, any Environmental Law.

(h) Hazardous Material: Any substance, whether solid, liquid or gaseous which is listed, defined or regulated as a "hazardous substance," "hazardous waste," or "solid waste," or pesticide or otherwise classified as hazardous or toxic, in or pursuant to any Environmental Requirement; or which is or contains asbestos, radon, any polychlorinated biphenyl, urea formaldehyde foam insulation, explosive or radioactive material, or motor fuel or other petroleum hydrocarbons; which causes or poses a threat to cause a contamination or nuisance on the Mortgaged Property or any adjacent property or a hazard to the environment or to the health or safety of persons on the Mortgaged Property.

(i) Impositions: All (i) real estate and personal property taxes and other taxes and assessments, public or private; utility rates and charges including those for water and sewer; all other governmental and non-governmental charges and any interest or costs or penalties with respect to any of the foregoing; and charges for any public improvement, easement or agreement maintained for the benefit of or involving the Mortgaged Property, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever that at any time prior to or after the execution of this Mortgage may lawfully be assessed, levied or imposed upon the Mortgaged Property or the Rent or income received therefrom, or any use or occupancy thereof, (ii) other taxes, assessments, fees and governmental and non-governmental charges levied, imposed or assessed upon or against Mortgagor or any of its properties and (iii) taxes levied or assessed upon this Mortgage, the Note, and the other Obligations, or any of them.

(j) Improvements: All buildings, structures, appurtenances and improvements, including all additions thereto and replacements and extensions thereof, now constructed or hereafter to be constructed under, on or above the Land, which term includes any part thereof.

(k) Interest Rate Protection Agreement: Any and all interest rate swap agreements, interest cap agreements, interest rate collar agreements, exchange agreements, forward currency exchange agreements, forward rate currency or interest rate options, foreign currency hedge, or any similar agreements or arrangements entered into by the Borrower and the Bank in connection with the Bond to hedge the risk of variable interest rate volatility or fluctuations of interest rates, as such agreements or arrangements may be modified, supplemented, and in effect from time to time, and any and all cancellations, buy backs, reversals, terminations, or assignments of any of the foregoing.

(l) Junior Mortgage: Any mortgage permitted by Mortgagee (provided Mortgagee shall not be obligated to permit such a mortgage) which now or hereafter encumbers all or any portion of the Mortgaged Property and which is junior or subordinate to the lien of this Mortgage, which term shall collectively refer to all such mortgages and the note or notes secured thereby.

(m) Land: The real property described in Exhibit "A" attached hereto and made a part hereof, together with all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages, projections, appurtenances, water rights including riparian and littoral rights, streets, ways, alleys, and strips and gores of land now or hereafter in anyway belonging, adjoining, crossing or pertaining to the Land.

(n) Leases: Any and all leases, subleases, licenses, concessions, or grants of other possessory interests, together with the security therefor, now or hereafter in force, oral or written, covering or affecting the Mortgaged Property or any part thereof.

(o) Loan: A total of \$_____ as evidenced by the Notes.

(p) Loan Agreement: The Loan Agreement, of even date herewith, between Mortgagor and Mortgagee.

(q) Mortgaged Property: The Borrower's interest in the Land, Improvements, Fixtures, Leases, Rents and Personal Property together with:

(i) all judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Mortgaged Property or any part thereof under the power of eminent domain, or by agreement in lieu thereof, or for any damage thereto caused by any governmental action (whether by such taking or otherwise), such as without limitation, any award for change of grade of streets;

(ii) all judgments, awards and settlements hereafter made, and all insurance proceeds hereafter paid for any damage to the Mortgaged Property, and all unearned insurance premiums on any insurance policies maintained by the Mortgagor pursuant to this Mortgage;

(iii) all awards and refunds hereafter made with respect to any Imposition;
and

(iv) the estate, right, title, interest, privilege, claim or demand whatsoever of Mortgagor, now or hereafter, either at law or in equity, in and to the Mortgaged Property.

The term Mortgaged Property includes any part of the foregoing property described as Mortgaged Property, and all proceeds, products, replacements, improvements, betterments, extensions, additions, substitutions, renewals, accessories, and appurtenances thereto and thereof.

(r) Mortgagee or Issuer: City of Palmetto, Florida, its successors and assigns.

(s) Mortgagor: Renaissance Arts and Education, Inc., a Florida corporation not-for-profit d/b/a Manatee School for the Arts.

(t) Obligations: (i) Any and all of the indebtedness, liabilities, covenants, promises, agreements, terms, conditions, and other obligations of every nature whatsoever, whether

joint or several, direct or indirect, absolute or contingent, liquidated or unliquidated, of Mortgagor to Mortgagee, evidenced by, secured by, under and as set forth in the Note, this Mortgage or the other Bond Documents, including but not limited to any Interest Rate Protection Agreement; and

(ii) Any and all other indebtedness, liabilities and obligations of every nature whatsoever (whether or not otherwise secured or to be secured) of Mortgagor (whether as maker, endorser, surety, guarantor or otherwise) to Mortgagee, whether now existing or hereafter created or arising or now owned or howsoever hereafter acquired by Mortgagee, whether such indebtedness, liabilities and obligations are or will be joint or several, direct or indirect, absolute or contingent, liquidated or unliquidated, matured or unmatured; together with all expenses, attorneys' fees, paralegals' fees and legal assistants' fees incurred by Mortgagee in the preparation, execution, perfection or enforcement of any document relating to any of the foregoing.

(u) Partnership: Any general or limited partnership, joint venture, or other form of partnership, howsoever designated.

(v) Permitted Title Exceptions: Items _____ listed in Schedule B – Section 2 of that certain title commitment issued by Chicago Title Insurance Company, Case no. 3345901 with an effective date of November 22, 2010.

(w) Person: Any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government, or agency or political subdivision thereof, or any other form of entity.

(x) Personal Property: All of the following property of Mortgagor whether now owned or existing, or hereafter acquired or arising, whether located in, on, pertaining to, used or intended to be used in connection with or resulting or created from the ownership, development, management, or operation of the Land or otherwise:

(i) all Improvements (to the extent same are not deemed to be real property) and landscaping;

(ii) all Fixtures (to the extent same are not deemed to be real property) and goods to become Fixtures;

(iii) all accounts, accounts receivable, other receivables, contract rights, chattel paper, instruments and documents; any other obligations or indebtedness owed to Mortgagor from whatever source arising; all rights of Mortgagor to receive any performance or any payments in money or kind; all guaranties of the foregoing and security therefor; all of the right, title and interest of Mortgagor in and with respect to the goods, services, or other property that gave rise to or that secure any of the foregoing, and all rights of Mortgagor as an unpaid seller of goods and services, including, but not limited to, the rights to stoppage in transit, replevin, reclamation, and resale;

(iv) all goods, including without limitation, all machinery, equipment, furniture, furnishings, building supplies and materials, appliances, business machines, tools, aircraft

and motor vehicles of every kind and description, and all warranties and guaranties for any of the foregoing;

(v) all inventory, merchandise, raw materials, parts, supplies, work-in-process and finished products intended for sale, of every kind and description, in the custody or possession, actual or constructive, of Mortgagor including such inventory as is temporarily out of the custody or possession of Mortgagor, and any returns upon any accounts and other proceeds resulting from the sale or disposition of any of the foregoing, including, without limitation, raw materials, work-in-process, and finished goods;

(vi) all general intangibles, including without limitation, corporate or other business records and books, computer records whether on tape, disc or otherwise stored, blueprints, surveys, architectural or engineering drawings, plans and specifications, trademarks, tradenames, goodwill, telephone numbers, licenses, governmental approvals, franchises, permits, payment and performance bonds, tax refund claims, and agreements with utility companies, together with any deposits, prepaid fees and charges paid thereon;

(vii) all Leases and Rents (to the extent same are not deemed to be real property);

(viii) all judgments, awards of damages and settlements from any condemnation or eminent domain proceedings regarding the Land, the Improvements or any of the Mortgaged Property;

(ix) all insurance policies required by this Mortgage or the Bond Documents, the unearned premiums therefor and all loss proceeds thereof;

(x) all other personal property, including without limitation, management contracts, construction contracts, architectural contracts, service contracts, plans and specifications, engineering contracts, advertising contracts, contracts for purchase and sale of any of the Mortgaged Property, purchase orders, equipment leases, monies in escrow accounts, reservation agreements, prepaid expenses, deposits and down payments with respect to the sale or rental of any of the Mortgaged Property, options and agreements with respect to additional real property for use or development of the Mortgaged Property, end-loan commitments, abstracts of title, all brochures, advertising materials, condominium documents and prospectuses; and

(xi) all proceeds, products, replacements, additions, betterments, extensions, improvements, substitutions, renewals and accessions of any and all of the foregoing.

(y) Rents: All of the rents, royalties, issues, revenues, income, profits, security deposits, tuition and book deposits, prepaid tuition, student loan proceeds and other benefits whether past due, or now or hereafter arising from the Mortgaged Property and the occupancy, use and enjoyment thereof.

1.2. Rules of Construction. The use of any gender shall include all other genders. The singular shall include the plural and the plural shall include the singular. The word "or" is not

exclusive and the use of the word "and" may be conjunctive or disjunctive in the sole and absolute discretion of Mortgagee. The captions of Articles, Sections and Subsections of this Mortgage are for convenient reference only, and shall not affect the construction or interpretation of any of the terms and provisions set forth herein.

1.3. Security Agreement. This Mortgage constitutes a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code-Secured Transactions as adopted by the State of Florida, with respect to the Fixtures, Leases, Rents and Personal Property. A carbon, photographic or other reproduction of this Mortgage or of any financing statement shall be sufficient as a financing statement. The debtor's principal place of business and the secured party's address is set forth in the introduction to this Mortgage.

ARTICLE II

GRANT

2.1. Grant. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to secure the payment, observance, performance and discharge of the Obligations, Mortgagor does by these presents give, transfer, grant, bargain, sell, alien, remise, release, assign, mortgage, grant a security interest in, hypothecate, deposit, pledge, set over, confirm, convey and warrant unto Mortgagee all estate, right, title and interest of Mortgagor in and to the Mortgaged Property, whether now owned or held or hereafter acquired by Mortgagor, subject, however, to the Permitted Title Exceptions, to have and to hold the Mortgaged Property unto Mortgagee, its successors and assigns forever.

2.2 Condition of Grant. Subject to the provisions of this Mortgage, the condition of these presents is such that if Mortgagor shall pay, observe, perform and discharge the Obligations, or cause same to be paid, observed, performed and discharged in strict accordance with the terms thereof, then this Mortgage and the estates, interests, rights and assignments granted hereby shall be null and void, but otherwise shall remain in full force and effect.

2.3 Subrogation. The Mortgagee is hereby subrogated to the claims and liens of all parties whose claims or liens are fully or partially discharged or paid with the proceeds of the indebtedness secured by this Mortgage notwithstanding that such claims or liens may have been canceled and satisfied of record.

ARTICLE III

ASSIGNMENT OF RENTS AND LEASES

3.1 Assignment. The Mortgagor does hereby absolutely and unconditionally assign and transfer to Mortgagee all of Mortgagor's estate, right, title and interest in and to the Leases and Rents, to have and to hold the Leases and Rents unto Mortgagee, its successors and assigns forever. From time to time, upon request of Mortgagee, Mortgagor shall give further evidence of this assignment to Mortgagee by executing and delivering to Mortgagee specific assignments of the Leases and Rents, in form and content approved by Mortgagee. All such specific assignments shall

be of the same dignity and priority as this Mortgage. From time to time, upon request of Mortgagee, Mortgagor shall also execute and deliver to Mortgagee any notification to tenants or other document reasonably required by Mortgagee.

3.2 Payment of Rents to Mortgagor, as trustee, until Default. So long as no Event of Default has occurred and which, after notice and any applicable grace period, remains uncured, Mortgagor may, as trustee for the use and benefit of Mortgagee, collect, receive and accept the Rents as they become due and payable (but in no event for more than two (2) months in advance); provided, however, that if the Rents exceed the payments due under the Note, the Mortgagor may use such excess, first, for the operation and benefit of the Mortgaged Property and, second, for the general benefit of the Mortgagor. Upon the occurrence of an Event of Default and, after reasonable notice to and failure by Mortgagor to cure the same within a reasonable period, Mortgagee may, to the extent permitted by law at its option, remove the Mortgagor as trustee for the collection of the Rents and appoint any other person including, but not limited to, itself as a substitute trustee to collect, receive, accept and use all such Rents in payment of the Obligations, in such order as Mortgagee shall elect in its sole and absolute discretion, whether or not Mortgagee takes possession of the Mortgaged Property. Mortgagor hereby directs each of the respective tenants under the Leases, and any rental agent, to pay to Mortgagee all such Rents, as may now be due or shall hereafter become due, upon demand for payment thereof by Mortgagee without any obligation on the part of any such tenant or rental agent to determine whether or not an Event of Default has in fact occurred. Upon an Event of Default, the permission hereby given to Mortgagor to collect, receive and accept such Rents as trustee shall, to the extent permitted by law, terminate and such permission shall not be reinstated upon a cure of the Event of Default without Mortgagee's specific written consent. Further, upon an Event of Default, Mortgagor shall immediately turn over to Mortgagee all Rents in the actual or constructive possession of Mortgagor, its affiliates, contractors, or its agents, together with an accounting thereof. Exercise of Mortgagee's rights under this Section, and the application of any such Rents to the Obligations, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant hereto, but shall be cumulative and in addition to all other rights and remedies of Mortgagee.

3.3 Performance Under Leases. Mortgagor covenants that it shall, at its sole cost and expense, (a) duly and punctually perform and discharge, or cause to be performed and discharged, all of the obligations and undertakings of Mortgagor or its agents under the Leases, (b) use its best efforts to enforce or secure, or cause to be enforced or secured, the performance of each and every obligation and undertaking of the respective tenants under the Leases, (c) promptly notify Mortgagee if Mortgagor receives any notice from a tenant claiming that Mortgagor is in default under a Lease and (d) appear in and defend any action or proceeding arising under or in any manner connected with the Leases.

3.4 Leases In Good Standing. All Leases are in full force and effect, and to the knowledge of Mortgagor there are no defaults thereunder or any defenses or offsets thereto on the part of any tenant.

3.5 Provisions of Leases and Approval of Tenants. All Leases shall be inferior and subordinate to the lien of this Mortgage and the terms of each Lease shall so expressly provide. Mortgagor covenants that all Leases hereafter entered into by Mortgagor shall be in form and

substance satisfactory to Mortgagee. Further, the Mortgagee specifically reserves the right to approve all proposed tenants, and any assignee or sublessee of any existing tenant. All present tenants and subtenants are deemed approved by the Mortgagee. **[ARE ANY LEASE SUBORDINATIONS/TENANT ESTOPPELS NEEDED? HAS BANK APPROVED ALL EXISTING TENANTS?]**

3.6 Termination or Modification. Mortgagor covenants that it shall not, without the prior express written consent of Mortgagee, enter into a new Lease, or materially modify, terminate, or consent to the cancellation or surrender of any Lease, or permit any tenant under any Lease to assign or sublet its rights thereunder.

3.7 No Obligation of Mortgagee. The assignment contained in Section 3.1 shall not be deemed or construed to constitute Mortgagee as a mortgagee in possession of the Mortgaged Property nor shall it obligate Mortgagee to take any action or to incur expenses or perform or discharge any obligation, duty or liability of Mortgagor under any Lease.

3.8 Cumulative Remedies. Each and every right, remedy and power granted to Mortgagee by this Article shall be cumulative and in addition to every other right, remedy and power given by the Bond Documents and now or hereafter existing in equity, at law, or by virtue of statute or otherwise. The failure of Mortgagee to avail itself of any of its rights, remedies and powers shall not be construed or deemed to be a waiver thereof.

3.9 Notification of Mortgagee's Rights. Mortgagee shall have the right, but not the obligation, at any time and from time to time, to notify any tenant under any Lease of the rights of Mortgagee as provided in this Article III and Mortgagor, upon demand from Mortgagee, shall confirm to such tenant the existence of such rights.

3.10 Leasing Commission. Mortgagor covenants that every agreement to pay leasing commissions with respect to the leasing of space in the Mortgaged Property, or any part thereof, are and shall be subject, subordinate and inferior to the right of Mortgagee, so that in the event Mortgagee acquires title to the Mortgaged Property either at a foreclosure sale or by other means, Mortgagee will be exonerated and discharged from all liabilities for the payment of any such commissions or compensations.

3.11 Attorney-in-Fact. Upon the occurrence of and during the continuation of an Event of Default, to further effectuate Mortgagee's rights under this Article III, Mortgagor hereby constitutes and irrevocably appoints Mortgagee its true and lawful attorney-in-fact, which appointment is coupled with an interest, with full power of substitution, and empowers said attorney or attorneys in the name of Mortgagor, but at the option of said attorney-in-fact, to (i) collect and receive the Rents and to issue receipts therefor, (ii) to make, enter into, extend, modify, amend, terminate, consent to the cancellation or surrender of any Lease, or permit any tenant to assign or sublet its rights thereunder, (iii) to execute, acknowledge and deliver any and all instruments and documents that Mortgagee may deem necessary or proper to implement its rights as provided in this Article III, and (iv) to perform and discharge any and all obligations and undertakings of Mortgagor under any Lease.

3.12 Other Assignments. Mortgagor shall not further assign or transfer the Leases or Rents except in favor of Mortgagee as provided in this Article III, and shall not create or permit to be created or to remain, any mortgage, pledge, lien, encumbrance, claim, or charge on the Leases or Rents. Any transaction prohibited under this Section shall be null and void.

3.13. Section 697.07 of the Florida Statutes. The assignments of Leases and Rents contained in this Mortgage are intended to provide Mortgagee with all the rights and remedies of mortgagees pursuant to Section 697.07 of the Florida Statutes (hereinafter "Section 697.07"), as may be amended from time to time. However, in no event shall this reference diminish, alter, impair, or affect any other rights and remedies of Mortgagee, including but not limited to, the appointment of a receiver as provided in Article VIII, Section 8.1 herein, nor shall any provision in this Section 3.13 diminish, alter, impair or affect any rights or powers of the receiver in law or equity or as set forth in Article VIII, Section 8.1 herein. In addition, this assignment shall be fully operative without regard to value of the Mortgaged Property or without regard to the adequacy of the Mortgaged Property to serve as security for the obligations owed by Mortgagor to Mortgagee, and shall be in addition to any rights arising under Section 697.07. Further, except for the notices required hereunder, if any, Mortgagor waives any notice of default or demand for turnover of rents by Mortgagee, together with any rights under Section 697.07 to apply to a court to deposit the Rents into the registry of the court or such other depository as the court may designate.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties. Mortgagor hereby represents and warrants to Mortgagee that:

4.2 Organization, Corporate Power, Partnership Power, Etc. Mortgagor (A) is duly organized, validly existing and in good standing as a non-stock corporation not-for-profit under the laws of the State, (B) has the corporate power and authority to own its properties and to carry on its business as now being conducted, (C) is qualified to do business in the State, (D) is in compliance with all Governmental Requirements, and (E) has not amended or modified its articles or certificate of incorporation or its bylaws except as previously disclosed in writing to Mortgagee prior to the execution hereof.

4.3 Validity of Loan Documents. (i) The execution, delivery and performance by Mortgagor of the Bond Documents to which it is a party, and the borrowing evidenced by the Note, (A) are within the powers and purposes of Mortgagor, (B) have been duly authorized by all requisite action of Mortgagor, (C) do not require the approval of any Governmental Authority other than the Mortgagee, and (D) will not violate any Governmental Requirement, the articles of incorporation and bylaws or the partnership agreement of Mortgagor or any indenture, agreement or other instrument to which Mortgagor is a party or by which it or any of its property is bound, or be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its property or assets, except as contemplated by the provisions of the Bond Documents; and (ii) the Bond

Documents to which it is a party, constitute the legal, valid and binding obligations of Mortgagor in accordance with their respective terms.

4.4 Financial Statements. All balance sheets, statements of profit and loss, and other financial data that have been given to Mortgagee with respect to the Mortgagor, (i) are complete and correct in all material respects, (ii) accurately present the financial condition of said party as of the dates, and the results of its operations, for the periods for which the same have been furnished, and (iii) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby; all balance sheets disclose all known liabilities, direct and contingent, as of their respective dates; and there has been no change in the condition of the Mortgagor, financial or otherwise, since the date of the most recent financial statements given to Mortgagee, other than changes in the ordinary course of business, none of which changes has been materially adverse.

4.5 Other Agreements. Mortgagor is not a party to any agreement or instrument materially and adversely affecting it or its present or proposed businesses, properties or assets, operation or condition, financial or otherwise, and Mortgagor is not in material default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions set forth in any agreement or instrument to which it is a party.

4.6 Other Information. All other information, including reports, financial statements, certificates, papers, data and otherwise, given and to be given to Mortgagee with respect (i) to Mortgagor, (ii) to the Loan and (iii) to others obligated under the terms of the Bond Documents, are true, accurate and correct in all material respects and complete.

4.7 Title. Mortgagor is indefeasibly seized of and has and will have good and marketable fee simple title to the Land, free and clear of any and all mortgages, liens, encumbrances, claims, charges, equities, covenants, conditions, restrictions, easements, rights-of-way and all other matters affecting the Land and Improvements, whether or not of record, except for the Permitted Title Exceptions. Mortgagor has and will have good, absolute and marketable title to the Personal Property all free and clear of any and all liens, charges, encumbrances, security interests and adverse claims whatsoever, except those in favor of Mortgagee. Mortgagor will preserve its title to the Mortgaged Property and will forever warrant and defend the same to Mortgagee and will forever warrant and defend the validity and priority of the lien of this Mortgage against the claims of all persons and parties whomsoever.

4.8 No Violations. To the best knowledge of Mortgagor, no Governmental Requirement and no covenant, condition, restriction, easement or similar matter affecting the Land or Improvements has been violated, and Mortgagor has not received any notice of violation from any Governmental Authority or any other person with respect to any of the foregoing matters.

4.9 Taxes. Mortgagor has filed all federal, state, county and municipal income tax returns required to have been filed by it, and has paid all taxes that have become due pursuant to such returns, pursuant to any assessments received by it or pursuant to law, and Mortgagor does not know of any basis for additional assessment with respect to such taxes or additional taxes. The Land is assessed separately from all other adjacent land for the purposes of real estate taxes and

there is no intended public improvements which may involve any charge being levied or assessed, or which may result in the creation of any lien upon the Mortgaged Property.

4.10 Litigation. There are no judgments outstanding against Mortgagor and there is no action, suit, proceeding, or investigation now pending (or to the best of Mortgagor's knowledge after diligent inquiry, threatened) against, involving or affecting Mortgagor or the Mortgaged Property, or any part thereof, at law, in equity or before any Governmental Authority that if adversely determined as to the Mortgaged Property or as to Mortgagor would result in a material adverse change in the business or financial condition of the Mortgagor or Mortgagor's operation and ownership of the Mortgaged Property, nor to the best knowledge of Mortgagor, is there any basis for such action, suit, proceeding or investigation.

4.11 Utilities. There is available to the Land and Improvements through public or private easements or rights-of-way abutting or crossing the Land (which would inure to the benefit of Mortgagee in case of enforcement of this Mortgage) a water supply and a sanitary sewer service, and electric, gas (if applicable) and telephone service, all of sufficient capacity to serve the needs of the Land and Improvements according to their intended purpose.

4.12 Condition of Mortgaged Property. The Mortgaged Property or any part thereof, now existing, is not damaged or injured as a result of any fire, explosion, accident, flood or other casualty. The Improvements, if any, as of the date of this Mortgage, are free of any material defects in material, structure and construction and to the best of Mortgagor's knowledge do not violate any Governmental Requirements. To the best of Mortgagor's knowledge, there is no existing, proposed or contemplated plan to modify or realign any street or highway or any existing, proposed or contemplated eminent domain proceeding that would result in the taking of all or any part of the Mortgaged Property or that would adversely affect the use or the operation of the Mortgaged Property.

4.13 Zoning. The Land is zoned so as to permit the Land and Improvements to be used as a charter school which is the intended purpose.

4.14 No Default. To the best of Mortgagor's knowledge, no default or event of default exists under any of the Bond Documents; and no event has occurred and is continuing which, with notice or the lapse of time, or both, would constitute a default under any provision thereof.

4.15 Fictitious Name Statute. Mortgagor has duly complied with all of the requirements of the Florida Fictitious Name Statute.

4.16 Junior Mortgage. No Junior Mortgage exists as of the date hereof.

4.17. Environmental Contamination/Hazardous Material. To the best of Mortgagor's knowledge, Mortgagor and the Mortgaged Property are in full compliance with all Environmental Laws, and there are no civil, criminal or administrative actions, suits, demands, claims, hearings, notices or demand letters, notices of violation, investigations, or proceedings pending or threatened against the Mortgagor or the Mortgaged Property relating in any way to any Environmental Law or any agreement, plan, order, decree, judgment, injunction, notice or demand letter issued, entered,

promulgated or approved under any Environmental Law. To the knowledge of Mortgagor, there have never been nor are there currently any Hazardous Material located on, in, or under the Mortgaged Property or used in connection therewith, and Mortgagor has never used the Mortgaged Property for the manufacture, processing, distribution, use, transport, handling, treatment, storage, disposal, emission, discharge or release of any Hazardous Material. No notice or advice has been received by Mortgagor of any condition or state of facts that would be contributing to a claim of pollution or any other damage to the environment by reason of the conduct of any business on the Mortgaged Property or operation of the Mortgaged Property, whether past or present.

4.18 Facilities For Handicapped: The Improvements comply with all legal requirements regarding access and facilities for handicapped or disabled persons.

4.19 Representations and Warranties in Other Bond Documents. All of the representations and warranties of the Mortgagor contained in the other Bond Documents are true and correct in all material respects.

4.20 Reliance on Representations. The Mortgagor acknowledges that the Mortgagee has relied upon the Mortgagor's representations, has made no independent investigation of the truth thereof, is not charged with any knowledge contrary thereto that may be received by an examination of the public records in Tallahassee, Florida and wherein the Land is located, or that may have been received by any officer, director, agent, employee or shareholder of Mortgagee.

ARTICLE V

AFFIRMATIVE COVENANTS

5.1 Payment and Performance. Mortgagor shall promptly pay and punctually perform, or shall cause to be promptly paid and punctually performed, all of the Obligations as and when due and payable.

5.2 Existence. Mortgagor shall preserve and keep in full force and effect its existence, rights, franchises, trade names and qualification to transact business in the State.

5.3 Compliance With Laws. Mortgagor shall promptly and faithfully comply with, conform to and obey all Governmental Requirements that may be applicable to Mortgagor or to the Mortgaged Property or to the use or manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Mortgaged Property, whether or not such Governmental Requirement or rule or regulation shall necessitate structural changes or improvements or interfere with the use or enjoyment of the Mortgaged Property.

5.4 Impositions. Mortgagor shall pay all Impositions on the Mortgaged Property and all taxes lawfully levied or assessed upon this Mortgage, the Note, the Bond and the Obligations, or any of them. In the event of the passage, after the date of this Mortgage, of any law (i) making it illegal for the Mortgagor to pay the whole or any part of the Impositions, or charges or liens herein required to be paid by Mortgagor, or (ii) rendering the payment by Mortgagor of any and all taxes levied or assessed upon this Mortgage, the Note, the Bond or the Obligations or the interest in the

Mortgaged Property represented by this Mortgage unlawful, or (iii) rendering the covenants for the payment of the matters set forth in Subparts (i) and (ii) of this Subsection by Mortgagor legally inoperative, the Mortgagor shall pay, upon demand, the entire unpaid Obligations notwithstanding anything in the Note, this Mortgage, the Bond or the other Loan Documents to the contrary.

Mortgagor shall pay any ad valorem taxes lawfully imposed on the Mortgaged Property on or before the date of delinquency, and shall deliver to Mortgagee tax receipts evidencing said payment on or before the date of delinquency. Mortgagor shall also deliver to Mortgagee receipts evidencing the payment of all other Impositions within thirty (30) days after same become due and payable or before same shall become delinquent, whichever is sooner.

5.5 Insurance. Until the Obligations shall have been fully discharged by Mortgagor, Mortgagor shall maintain, at Mortgagor's cost and expense, the following insurance coverages in full force and effect at all times throughout the term of the Loan:

(a) Hazard Insurance. Mortgagor shall keep the Improvements and all Personal Property which now or hereafter may constitute part of the Mortgaged Property insured at all times against loss or damage by fire and other hazards included within the term "special causes of loss," "all risk" or "extended coverage" and against such other hazards as Mortgagee may require in the full insurable value thereof (or such lesser amount as Mortgagee may authorize in writing). Such policy shall include coverage for loss of rents and business interruption, a Replacement Cost and Agreed Amount/Stipulated Value Endorsement and a Sinkhole Endorsement, if required by the Loan Agreement or deemed necessary by Mortgagee.

(b) Liability Insurance. Mortgagor will obtain and keep in full force a "Broad Form Comprehensive General Liability" insurance coverage for both Mortgagor and any contractor performing services to the Mortgaged Property in the minimum coverage acceptable to the Mortgagee.

(c) Flood Insurance. If at any time the Land or any portion thereof is located in a "Flood Hazard Area" pursuant to the Flood Disaster Protection Act of 1973 or any successor or supplemental act thereto, flood insurance in the maximum amount available or, if less, the full insurable replacement value of the Mortgaged Property.

(d) Builder's Risk Insurance. During any construction activity, a "special causes of loss" (formerly known as "all risk"), non-reporting, completed value builder's risk insurance policy, which policy shall include Agreed Amount, Replacement Cost, Permit to Occupy and Vandalism/Malicious Mischief Endorsements.

(e) Other Insurance. Boiler and machinery insurance, worker's compensation insurance, wind damage insurance, and other insurance coverage as Mortgagee may reasonably require.

The policies of insurance shall (i) be from companies and in coverage amounts reasonably acceptable to Mortgagee, (ii) contain a standard mortgagee clause identifying the Mortgagee as Issuer, its successors and/or assigns in favor of Mortgagee naming Mortgagee as a

mortgagee and including a lender's loss payee clause in such policy, as applicable (iii) not be terminable or modified without thirty (30) days' prior written notice to Mortgagee, and (iv) be evidenced by original policies or certified copies of policies or evidence of insurance on an ACORD 27 or 28 certificate ("Evidence of Insurance"), effective with the closing of the loan, evidencing all required insurance coverage and must be furnished annually thereafter, prior to the expiration date of the preceding policy(ies). The Evidence of Insurance shall be deposited with Mortgagee, as Mortgagee may elect, to be held by Mortgagee until the Obligations shall have been fully paid and discharged. Mortgagor shall furnish Mortgagee satisfactory evidence of payment of all premiums required and similar evidence of renewal or replacement coverage not later than thirty (30) days prior to the date any coverage will expire.

All policies shall indicate that notices related to such insurance shall be sent to Mortgagee at the following address or such other address as set forth in a notice from Mortgagee to Mortgagor:

Regions Bank
Attention: Loan Operations
Post Office Box 1984
Birmingham, Alabama 35201

5.6 Restoration Following Casualty. (a) If all or any part of the Mortgaged Property shall be damaged or destroyed by a casualty, Mortgagor shall immediately give written notice thereof to Mortgagee and the appropriate insurer, and Mortgagee is authorized and empowered (but not obligated or required) to make proof of loss and to settle, adjust or compromise any claims for loss, damage or destruction under any policies of insurance required under this Mortgage. All proceeds of insurance, as provided in Section 5.5, shall be paid to Mortgagee and shall be applied first to the payment of all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee in obtaining such proceeds, and second, at the option of Mortgagee, either to the payment of the Obligations whether or not due, in such order as Mortgagee may elect, or to the restoration, repair, or replacement of the Mortgaged Property. If Mortgagee elects to apply the insurance proceeds to the restoration, repair or replacement of the Mortgaged Property, such proceeds shall be disbursed to Mortgagor as work progresses pursuant to a construction and disbursing agreement in form and content reasonably satisfactory to Mortgagee in its sole discretion, and Mortgagor shall promptly and diligently, regardless of whether there shall be sufficient insurance proceeds therefor, restore, repair and rebuild the Mortgaged Property to the equivalent of its condition immediately prior to the casualty. During the period of restoration and repair, Mortgagor shall continue to duly and promptly pay, perform, observe and comply with all of the Obligations. The election by Mortgagee to apply the insurance proceeds to the restoration, repair or replacement of the Mortgaged Property shall not affect the lien of this Mortgage or affect or reduce the Obligations.

(b) If all or any of the Mortgaged Property shall be damaged or destroyed by a casualty not covered by insurance under Section 5.5, or, if so covered, the insurer fails or refuses to pay the claim within thirty (30) days following the filing thereof, Mortgagor shall immediately give written notice thereof to Mortgagee, and Mortgagor shall promptly and diligently, at Mortgagor's sole cost and expense, restore, repair and rebuild the Mortgaged Property to the equivalent of its

condition immediately prior to the casualty. During the period of restoration and repair, Mortgagor shall continue to duly and promptly pay, perform, observe and comply with all of the Obligations.

(c) If any work required to be performed under Subsections (a) or (b) above, or both, shall involve an estimated expenditure of more than \$10,000.00, no such work shall be undertaken until plans and specifications therefor, prepared by an architect satisfactory to Mortgagee, have been submitted to and approved by Mortgagee.

5.7 Condemnation. Mortgagor shall immediately notify Mortgagee upon obtaining any knowledge of the institution of any proceedings for the condemnation of the Mortgaged Property or any part thereof. If all, or any part of the Mortgaged Property with a value in excess of \$50,000.00, shall be damaged or taken through condemnation (which term when used in this Mortgage shall include any damage or taking by any Governmental Authority and any transfer by private sale in lieu thereof, either temporarily or permanently), Mortgagee at its option may declare all of the unpaid Obligations to be immediately due and payable, and upon ten (10) days written notice from Mortgagee to Mortgagor all such Obligations shall immediately become due and payable as fully and to the same effect as if such date were the date originally specified for the final payment or maturity thereof. The Mortgagee shall be entitled to all compensation, awards and other payments resulting from such condemnation and is hereby authorized, at its option, to commence, appear in and prosecute, in its own or in Mortgagor's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by Mortgagor to Mortgagee and shall, be applied first to the payment of all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee in connection with any action or proceeding under this Section 5.7, and second, at the option of Mortgagee, either to the payment of the Obligations whether or not due, in such order as Mortgagee may elect, or to the restoration, repair or alteration of the Mortgaged Property. If Mortgagee elects to apply the condemnation awards to the restoration, repair or alteration of the Mortgaged Property, such awards shall be disbursed to Mortgagor as work progresses pursuant to a construction and disbursing agreement in form and content satisfactory to Mortgagee in its sole discretion, and Mortgagor shall promptly and diligently, regardless of whether there shall be sufficient condemnation awards therefor, restore, repair and alter the Mortgaged Property in a manner satisfactory to Mortgagee. During the period of restoration, repair and alteration, the Mortgagor shall continue to duly and promptly pay, perform, observe and comply with all of the Obligations. The election by Mortgagee to apply the condemnation awards to the restoration, repair or alteration of the Mortgaged Property shall not affect the lien of this Mortgage or affect or reduce the Obligations. If any restoration, repair or alteration of the Mortgaged Property shall involve an estimated expenditure of more than \$10,000.00, same shall not be commenced until plans and specifications therefor, prepared by an architect satisfactory to Mortgagee, have been submitted to and approved by Mortgagee.

5.8 Tax and Insurance Escrow. Supplementing the provisions of Sections 5.4 and 5.5 hereof, and if required by Mortgagee, in the event of any default by Mortgagor in the payment of any such Impositions, Mortgagor shall pay to Mortgagee on the payment date of installments of interest as provided in the Note, together with and in addition to such installments of interest, an installment of the Impositions and insurance premiums for such insurance as is required hereunder,

next due on the Mortgaged Property in an amount sufficient, as estimated by Mortgagee, to accumulate the sum required to pay such Impositions and insurance, as applicable, thirty (30) days prior to the due date thereof. Amounts held hereunder shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Mortgagee, and no interest shall be payable with respect thereto. Upon demand of Mortgagee, Mortgagor shall deliver to Mortgagee, within ten (10) days after such demand, such additional money as is necessary to make up any deficiencies in the amounts necessary to enable Mortgagee to pay such Impositions and insurance premiums when due. In case of an Event of Default, Mortgagee may apply any amount under this Section remaining to Mortgagor's credit to the reduction of the Obligations, at such times and in such manner as Mortgagee shall determine.

5.9 Repair. Mortgagor shall keep the Mortgaged Property in good order and condition and make all necessary or appropriate repairs and replacements thereof and betterments and improvements thereto, ordinary and extraordinary, foreseen and unforeseen, and use its best efforts to prevent any act that might materially impair the value or usefulness of the Mortgaged Property.

5.10 Inspection. Mortgagor shall permit Mortgagee and its agents to inspect the Mortgaged Property at any time during normal business hours and at all other reasonable times and after reasonable notice received by Mortgagor from Mortgagee.

5.11 Contest of Tax Assessments, Etc. After prior written notice to Mortgagee, Mortgagor, at its own expense, may contest by appropriate legal proceedings, promptly initiated and conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of (a) any of the Governmental Requirements referred to in Section 5.3, or (b) any Imposition; provided that: (i) in the case of any unpaid Imposition, such proceedings shall suspend the collection thereof from Mortgagor and from the Mortgaged Property, (ii) the Mortgaged Property or any part thereof will not be in danger of being sold, forfeited, terminated, canceled or lost, (iii) the use of the Mortgaged Property or any part thereof for its present or future intended purpose or purposes will not be interrupted, lost or terminated, (iv) Mortgagor shall have set aside adequate reserves with respect thereto, and (v) Mortgagor shall have furnished such security as may be required in the proceedings or as may be reasonably requested by Mortgagee.

5.12 Expenses. Mortgagor shall pay all reasonable costs and expenses in connection with the Loan and the preparation, execution, and delivery of the Bond Documents including, but not limited to, reasonable fees and disbursements of counsel appointed by Mortgagee, and all recording costs and expenses, documentary stamp tax and intangible tax, if lawfully required on the entire amount of funds disbursed under the Loan, and other taxes, surveys, appraisals, premiums for policies of title and other insurance and all other fees, costs and expenses, if any, set forth in the Commitment Letter, the Loan Agreement, the Bond Purchase Agreement or otherwise connected with the Loan transaction.

(a) Mortgagor shall pay or reimburse Mortgagee for all reasonable attorneys' fees paid or incurred by Mortgagee pursuant to this Mortgage including but not limited to those costs, charges, expenses and fees paid or incurred for the payment of the Impositions, insurance, completion of construction, repairs, appraisal fees, environmental assessment fees, or any other fees paid or incurred in any action, proceeding or dispute of any kind in which Mortgagee is a party

because of any Obligation not being duly and promptly performed or being violated, including, but not limited to, the foreclosure or other enforcement of this Mortgage, any condemnation or eminent domain action involving the Mortgaged Property or any part thereof, any action to protect the security hereof, or any proceeding in probate, reorganization, bankruptcy, arbitration, or forfeiture in rem. All such amounts paid or incurred by Mortgagee, together with interest thereon at the Default Rate (as defined in the Loan Agreement) from the date incurred by Mortgagee, shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately, whether or not there be notice or demand therefor.

(b) Any reference in this Mortgage to attorneys' or counsels' fees paid or incurred by Mortgagee shall be deemed to include reasonable paralegals' fees and legal assistants' fees. Moreover, wherever provision is made herein for payment of attorneys' or counsels' fees or expenses incurred by the Mortgagee, said provision shall include, but not be limited to, such fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such fees or expenses arise before proceedings are commenced or after entry of a final judgment provided, that Mortgagee prevails in any such action.

5.13 Preservation of Agreements. Mortgagor shall preserve and keep in full force and effect all agreements, approvals, permits and licenses necessary for the development, use and operation of the Mortgaged Property for its intended purpose or purposes.

5.14 Books and Records. The Mortgagor shall keep and maintain, at all times, full, true and accurate books of accounts and records, adequate to correctly reflect the results of the operation of the Mortgaged Property. The Mortgagee shall have the right to examine such books and records and to make such copies or extracts therefrom as the Mortgagee shall require upon reasonable notice from Mortgagor.

5.15 Estoppel Affidavits. Mortgagor, within ten (10) days after written request from Mortgagee, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal balance of, and interest on, the Obligations secured by this Mortgage, and whether or not any off-sets or defenses exist thereto.

5.16 Indemnification. Mortgagor shall at its own expense, and does hereby agree to, protect, indemnify, reimburse, defend and hold harmless Mortgagee and its directors, officers, agents, employees attorneys, successors and assigns from and against any and all liabilities (including strict liability), losses, suits, proceedings, settlements, judgments, orders, penalties, fines, liens, assessments, claims, demands, damages, injuries, obligations, costs, disbursements, expenses or fees, of any kind or nature (including attorneys' fees and expenses paid or incurred in connection therewith) arising out of or by reason of (i) an incorrect legal description of the Land; (ii) any action, or inaction of Mortgagee in connection with the Note, this Mortgage, the other Bond Documents or the Mortgaged Property; (iii) the construction of any Improvements; (iv) the use and operation of the Mortgaged Property; (v) any acts or omissions of Mortgagor on or about the Mortgaged Property regarding the contamination of air, soil, surface waters or groundwaters over, on or under the Mortgaged Property; (vi) the presence, whether present or future, of any Hazardous Material on, in or under the Mortgaged Property; or (vii) any present or future events, conditions,

circumstances, activities, practices, incidents, actions or plans involving the manufacture, processing, distribution, use, transport, handling, treatment, storage, disposal, cleanup, emission, discharge, seepage, spillage, leakage, release or threatened release of any Hazardous Material on, in, under or from the Mortgaged Property, in connection with Mortgagor's operations on the Mortgaged Property, or otherwise; all of the foregoing regardless of whether within the control of Mortgagee.

The indemnifications of this Section 5.16 shall survive the full payment and performance of the Obligations and the satisfaction of this Mortgage period until such time as all applicable statutes of limitations during which a claim could be made against Mortgagee which would be the subject of indemnification under this Section 5.16 shall have expired.

5.17 Further Assurances. Mortgagor, at its sole expense, upon the request of Mortgagee, shall execute, acknowledge and deliver such further instruments and do such further acts as may, in the reasonable opinion of the Mortgagee, be necessary, desirable, or proper to carry out more effectively the purpose of this Mortgage and to subject to the lien hereof any property intended by the terms hereof to be covered hereby, including, without limitation, any proceeds, renewals, additions, substitutions, replacements, products, betterments, accessions and appurtenances thereto and thereof.

5.18 Junior Mortgage(s) and Rights of Mortgagee. (a) Mortgagor shall, with respect to any Junior Mortgage, (i) promptly observe and perform all of the covenants and conditions contained in the Junior Mortgage, (ii) duly and promptly make all payments required by the terms of the Junior Mortgage, (iii) promptly notify Mortgagee in writing upon receipt by Mortgagor of any notice that Mortgagor is in default under the Junior Mortgage or that an event has occurred which with due notice or the lapse of time, or both, would constitute a default under the Junior Mortgage, and to promptly cause a copy of each such notice given by the holder thereof to be delivered to Mortgagee, and (iv) from time to time upon demand of Mortgagee submit evidence to Mortgagee that Mortgagor has maintained and is maintaining the Junior Mortgage in good standing. Upon receipt by Mortgagee of any such aforesaid notice, Mortgagee may rely thereon even though the existence of such default or the nature thereof may be questioned or denied by Mortgagor or by any party on behalf of Mortgagor.

(b) If Mortgagor fails to make any payment required under any Junior Mortgage as and when due, or fails to perform any material condition, covenant, or term of the Junior Mortgage, then Mortgagee may on behalf of Mortgagor, but without obligation to do so, and with reasonable notice to and demand upon Mortgagor, and without releasing Mortgagor from any Obligation and without waiving any Event of Default hereunder, take any action Mortgagee deems reasonably necessary or desirable to prevent or cure any such default by Mortgagor, including, but without limitation, the right to pay any and all payments of principal and interest, insurance premiums, taxes and assessments and other sums due or to become due under the Junior Mortgage. Mortgagor hereby expressly grants to Mortgagee and agrees that Mortgagee and its agents shall have the absolute and immediate right to enter upon the Land and the Improvements or any part thereof to such extent and as often as Mortgagee in its sole discretion deems reasonably necessary or desirable in order to prevent or cure any such default by Mortgagor. All reasonable payments and all reasonable costs and reasonable expenses incurred by Mortgagee in connection with any

such prevention or cure (including, without limitation, reasonable attorneys' fees and expenses), together with interest thereon at the Default Rate from the date incurred by Mortgagee, shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately, whether or not there be notice, demand, an attempt to collect same, or suit pending.

(c) Nothing in this Section 5.18 shall in any manner be construed as consent by Mortgagee to the further encumbering or mortgaging of the Mortgaged Property.

5.19 Financing Statements. Mortgagor shall execute and deliver to Mortgagee, in form and substance satisfactory to Mortgagee, such financing statements, continuation statements, and such further assurances as Mortgagee may from time to time consider reasonably necessary to create, perfect, preserve and maintain in full force and effect Mortgagee's lien upon the Fixtures, Leases, Rents and Personal Property; and, Mortgagee, at the expense of Mortgagor, may cause such statements and assurances to be recorded and rerecorded, filed and re-filed, in the name of Mortgagor, and Mortgagor hereby constitutes and irrevocably appoints Mortgagee its true and lawful attorney-in-fact, which appointment is coupled with an interest, with full power of substitution, and empowers said attorney or attorneys in the name of Mortgagor, but at the option of said attorney-in-fact, to execute and file any and all financing statements.

5.20 Withholding Taxes. (a) If under any applicable law or regulation or the interpretation thereof by any Governmental Authority charged with the administration thereof, Mortgagor shall be required to make any withholding or deduction from any payment of the Obligations (whether of principal, interest or otherwise) to be made by or on behalf of Mortgagor to Mortgagee for or in respect of any present or future taxes, levies, imposts, duties, charges, or fees of any nature (excepting only Mortgagee's income taxes of the United States of America and its political subdivisions), the amount due to Mortgagee from Mortgagor in respect of such payment shall be increased to the extent necessary to ensure that after making such withholding or deduction and any withholdings or deductions required to be made in respect to any such increase, Mortgagee shall receive an amount equal to the amount which Mortgagee would have received had no such withholding or deduction been required to be made. In the event of any such withholding or deduction, Mortgagor shall deliver to Mortgagee forthwith after receipt thereof the official receipt or other official documentation evidencing the payment of the amount so withheld or deducted.

(b) If Mortgagor shall fail to make any withholding or deduction so required to be made, Mortgagee reserves the right to make payment thereof to the appropriate Governmental Authority. If Mortgagee makes such payment under any applicable law or regulation or if as a result of the interpretation thereof by any Governmental Authority charged with the administration thereof in respect of any such payment, whether of principal, interest or otherwise made or to be made by Mortgagor, Mortgagee shall be required to pay any tax, levy, impost, duty, charge or fee of any nature (excepting only Mortgagee's income taxes of the United States of America and its political subdivisions), Mortgagor shall and does hereby indemnify Mortgagee against and shall forthwith upon demand of Mortgagee pay to Mortgagee the amount of such payment, together with any interest, penalties, and expenses in connection therewith, and interest thereon at the Default Rate; and in the event any of the aforesaid amounts, interest, penalties or expenses shall be subject to withholding or deduction, the amount thereof shall be increased to the extent necessary to ensure that after making such withholding or deduction and any withholdings or deductions in

respect of any such increase, Mortgagee shall receive an amount equal to the amount which Mortgagee would have received had no such withholding or deduction been required to be made.

(c) Any increased amount required to be paid by Mortgagor in accordance with the provisions of this Section 5.20 shall have the same character as the amount in respect of which such increased amount is determined, but shall not (i) if characterized as principal, be applied in reduction of the principal amount outstanding under the Obligations or (ii) if characterized as interest, be applied in reduction of accrued, unpaid interest under the Obligations.

5.21 Hazardous Material. (a) Mortgagor shall immediately notify Mortgagee orally and in writing (i) if Mortgagor becomes aware of the presence of any Hazardous Material or other environmental problem or liability on, in, under, released from or associated with the Mortgaged Property, or (ii) if an Environmental Claim is then existing with respect to the Mortgaged Property. Mortgagor shall forthwith transmit to Mortgagee all information it has received with respect to the Environmental Claim.

(b) Mortgagor shall, at its own cost and expense, take any action necessary or advisable for the cleanup of any Hazardous Material on, in, under, released from or associated with the Mortgaged Property, including any removal, containment or remedial actions in accordance with all applicable Environmental Laws, and shall pay or cause to be paid all cleanup, administrative, enforcement and other costs, expenses or fines which may be asserted against Mortgagor, Mortgagee, the Mortgaged Property, or any other Person in connection therewith.

(c) Mortgagee shall have the right but not the obligation, and without any limitation of Mortgagee's other rights under this Mortgage, after failure by Mortgage to enter onto the Mortgaged Property or to take any action as it deems necessary or advisable to cleanup, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Material or any Environmental Claim following receipt of any notice from any Person or Governmental Authority asserting the existence of any Hazardous Material or an Environmental Claim pertaining to the Mortgaged Property or any part thereof which, if true, could result in an order, suit or other action against Mortgagor or Mortgagee which, in the reasonable opinion of Mortgagee, could jeopardize Mortgagee's security under this Mortgage. All reasonable costs and expenses incurred by Mortgagee in the exercise of any such rights shall be secured by this Mortgage and shall be payable by Mortgagor upon demand.

(d) Mortgagor shall, within thirty (30) days of Mortgagee's written request, cause to be prepared an environmental assessment of the Mortgaged Property (but only if Mortgagee reasonably suspects that grounds exist for an Environmental Claim) and, if required by Mortgagee, an environmental assessment (as hereinafter defined) of the Mortgaged Property including Hazardous Material waste management practices and Hazardous Material waste disposal sites thereon. As used herein, the term "Environmental Assessment" means a report (including all drafts thereof) of an environmental assessment of the Mortgaged Property of such scope (including but not limited to the taking of soil borings and air and groundwater samples and other above and below ground testing) as Mortgagee may reasonably request, by a consulting firm acceptable to Mortgagee, made in accordance with Mortgagee's established guidelines and at Mortgagor's sole cost and expense. Should Mortgagor fail to provide such Environmental Assessment within said

thirty (30) day period, Mortgagee shall have the right, but not the obligation, to retain an environmental consultant to perform and prepare same. All costs and expenses incurred by Mortgagee in the exercise of such rights shall be secured by this Mortgage and shall be payable by Mortgagor upon demand or charged to Mortgagor's loan balance at the discretion of Mortgagee.

5.22 Financial Reports, Etc. Mortgagor shall, at Mortgagor's sole cost and expense, provide Mortgagee with any financial statements, financial reports, appraisals or other documentation with respect to Mortgagor or the Mortgaged Property which may be required from time to time by any Governmental Authority having regulatory authority over Mortgagee. Such information shall be provided by Mortgagor within thirty (30) days after written request from Mortgagee or as required under the Bond Documents.

5.23 Annual Appraisal. Mortgagee may obtain no more frequently than once in any twelve (12) month period at Mortgagor's expense an appraisal of all or any part of the Mortgaged Property prepared in accordance with written instructions from Mortgagee by a third-party appraiser engaged directly by Mortgagee. Each such appraiser and appraisal shall be satisfactory to Mortgagee (including satisfaction of applicable regulatory requirements). The cost of each such appraisal shall be due and payable by Mortgagor on demand and shall be secured by the Bond Documents.

5.24 Reappraisal of Mortgaged Property. Mortgagor acknowledges that Mortgagee was induced to enter into the subject Loan transaction based upon a specific ratio (the "Target Loan-to-Value Ratio") of the sum of the outstanding principal balance of the Issuer's Industrial Development Revenue Bond (Manatee School for the Arts Project), Series 2010A and the Issuer's Industrial Development Refunding Revenue Bond (Manatee School for the Arts Project), Series 2010B. The Target Loan-to-Value Ratio is 0.75:1.00. If any appraisal received by Mortgagee pursuant to Section 5.23 above reflects that the ratio of the sum of the outstanding principal amount of the Issuer's Industrial Development Revenue Bond (Manatee School for the Arts Project), Series 2010A and the Issuer's Industrial Development Refunding Revenue Bond (Manatee School for the Arts Project), Series 2010B, to the appraised value of the Mortgaged Property (including with respect to the New Project, the estimated "as-built" value of the completed New Project) is higher than the Target Loan-to-Value Ratio, Mortgagor shall within ten (10) days of Mortgagee's written request make a principal payment (the "Prepayment") under the Note in an amount sufficient to maintain the Target Loan-to-Value Ratio. Such Prepayment shall not entitle Mortgagor to a release of any of the Mortgaged Property.

5.25 Performance of Bond Documents. Mortgagor shall duly and punctually perform all covenants, terms and agreements expressed as binding upon it under all of the Bond Documents.

5.26 Performance of Other Agreements. Mortgagor shall duly and punctually perform all covenants, terms and agreements expressed as binding upon it under any Permitted Title Exception, or any other agreement of any nature whatsoever binding upon it with respect to the Mortgaged Property.

5.27 Bond Purchase Agreement. The Loan evidenced by the Note and secured by this Mortgage is to be disbursed in accordance with the terms and provisions of the Bond Purchase

Agreement. The Note, this Mortgage, the Bond Purchase Agreement and the Loan Agreement shall always be taken and read together as constituting parts of one transaction. All sums disbursed pursuant to the terms of the Loan Agreement shall be secured by this Mortgage with the same priority as if advanced on the date hereof. Mortgagor shall fully, duly and promptly discharge each and every of its agreements contained in the Loan Agreement and comply with, abide by and perform all of the provisions and conditions thereof.

ARTICLE VI

NEGATIVE COVENANTS

6.1 Use Violations, Etc. Mortgagor shall not change its current use of the Mortgaged Property or use the Mortgaged Property or allow the same to be used or occupied for any unlawful purpose or in violation of any Governmental Requirement or restrictive covenant covering, affecting or applying to the ownership, use or occupancy thereof, commit or permit or suffer any act to be done or any condition to exist on the Mortgaged Property or any article to be brought thereon that may be dangerous, or that may in any way increase any ordinary fire or other hazard, unless safeguarded as required by law, or that may, in law, constitute a nuisance, public or private.

6.2 Care of the Mortgaged Property. (i) Mortgagor shall not commit or permit any waste, impairment, or deterioration of the Mortgaged Property, or perform any clearing, grading, filling or excavation of the Mortgaged Property, or make or permit to be made to the Mortgaged Property any alterations or additions that would have the effect of materially diminishing the value thereof (in Mortgagee's sole opinion) or take or permit any action that will in any way increase any ordinary fire or other hazard arising out of the construction or operation thereof.

(ii) Mortgagor shall not, without the prior written consent of Mortgagee, remove, demolish or substantially alter, or permit the removal, demolition or substantial alteration of, any Improvements on the Land. In the event such consent is given and if any work to be performed shall involve an estimated expenditure of more than \$10,000.00, no such work shall be undertaken until plans and specifications therefor, prepared by an architect satisfactory to Mortgagee, shall have been submitted to and approved by Mortgagee.

(iii) Mortgagor shall not permit any of the Fixtures or Personal Property to be demolished or to be removed from the Land, without the prior written consent of Mortgagee. In the event such consent is given, the Mortgagee may require that said Fixture or Personal Property be replaced by an article of equal suitability and value, owned by Mortgagor free and clear of any vendor's lien, chattel mortgage, or security interest of any kind, except such as may be approved in writing by Mortgagee, and that such replacement article be encumbered by the lien of this Mortgage. Notwithstanding the foregoing, the Mortgagor may remove or demolish any Fixture or Personal Property without first obtaining the Mortgagee's prior written consent provided (i) the value of such article does not exceed in value at the time of disposition thereof \$5,000.00 for any single item, or a total of \$10,000.00 in any one year for all such items and (ii) that said article is replaced and subject to the lien of this Mortgage as aforesaid.

6.3 Other Liens and Mortgages. (a) Mortgagor shall not, without the prior written consent of Mortgagee, create or permit to be created or to remain, any mortgage, pledge, construction lien or other lien, conditional sale or other title retention agreement, encumbrance, claim, or charge on (whether prior or subordinate to the lien of this Mortgage or the other Bond Documents) the Mortgaged Property or income therefrom, other than this Mortgage, the other Bond Documents and the Permitted Title Exceptions. Any transaction prohibited under this Section shall be null and void.

(b) Mortgagor shall not, without the prior written consent of Mortgagee, (i) enter into any agreement either oral or in writing, whereby any permitted Junior Mortgage is modified or amended in any manner whatsoever, (ii) permit the release of any guarantor or modification of any guaranty affecting any permitted Junior Mortgage, or (iii) incur any additional indebtedness secured thereby.

(c) Mortgagor shall not directly or indirectly, take, acquire, or permit to be taken or acquired by any other party, any interest whatsoever in any permitted Junior Mortgage without the prior written consent of Mortgagee.

6.4 Transfer of Mortgaged Property. Except as may otherwise be expressly permitted in the Bond Documents executed in connection with this Mortgage, Mortgagor shall not sell, convey, or transfer or permit to be sold, conveyed or transferred any interest in the Mortgaged Property or any part thereof. A contract to deed or agreement for deed, or an assignment, pledge, or encumbrance of a beneficial interest in any land trust, or a lease for all or substantially all of the Land or Improvements shall constitute a transfer prohibited by the provisions of this Section and shall be null and void.

6.5 Mortgagor's Article of Incorporation. Mortgagor, if a corporation shall not, without the prior written consent of Mortgagee, materially amend or modify its articles or certificate of incorporation or bylaws.

6.6 Transfer of Other Assets. Mortgagor shall not, directly or indirectly, sell, convey, or transfer or permit to be sold, conveyed, or transferred any of its assets to any Person to which Mortgagor is related or connected. The term "assets" as used in this Section does not include the Mortgaged Property, the sale, conveyance, or transfer of which is prohibited as provided in Section 6.4 hereof.

6.7 Environmental Contamination/Hazardous Material. Mortgagor and the Mortgaged Property shall at all times remain in full compliance with all Environmental Laws. Mortgagor shall not, nor permit any other person to, except in compliance with all laws and regulations, manufacture, process, distribute, use, transport, handle, treat, store, dispose, emit, discharge, leak, spill or release any Hazardous Material on, in, under or from the Mortgaged Property.

ARTICLE VII

EVENTS OF DEFAULT

7.1 Events of Default. An "Event of Default," as used in this Mortgage, shall occur at any time or from time to time:

(i) Failure to Pay. If any Obligation or any installment thereof is not paid as and when due and payable;

(ii) Failure to Perform. If any Obligation (other than an Obligation requiring the payment of money or the occurrence of an event described in Subsections 7.1(iii) through (xiii), inclusive, below) is not duly and promptly performed or is violated and such non-performance or violation is not curable, or if curable continues for a period of thirty (30) days after written notice thereof from Mortgagee to Mortgagor, provided, however, if such non-performance or violation may not reasonably be cured within such thirty (30) day period, an Event of Default shall not be deemed to have occurred so long as same shall be diligently and continuously endeavored to be cured;

(iii) False Representation. If any representation or warranty made in any Bond Document by or on behalf of Mortgagor is at any time materially false, misleading, or breached;

(iv) Judgment. If a final judgment for the payment of money is rendered against Mortgagor, and the same remains unsatisfied except for such period of time as execution on the judgment is effectively stayed;

(v) Voluntary Bankruptcy, Etc. If Mortgagor (i) is voluntarily adjudicated a bankrupt or insolvent, (ii) seeks or consents to the appointment of a receiver or trustee for itself or for all or any part of its property, (iii) files a petition seeking relief, including reorganization, arrangement or similar relief, under the present Bankruptcy Code or other similar present or future applicable laws of the United States or any state or any other competent jurisdiction, (iv) makes a general assignment for the benefit of creditors or (v) admits in writing its inability to pay its debts as they mature;

(vi) Involuntary Bankruptcy, Etc. If a receiver or trustee is appointed for Mortgagor or for all or any part of their respective properties without their respective consents and such appointment is not vacated within sixty (60) days, or if a petition is filed against Mortgagor seeking relief, including reorganization, arrangement or similar relief, under the present Bankruptcy Code or other similar present or future applicable laws of the United States or any state or other competent jurisdiction, and such petition is not dismissed within sixty (60) days after the filing thereof;

(vii) Dissolution. If Mortgagor voluntarily or involuntarily dissolves or liquidates;

(viii) Financial Condition. If the Mortgagor shall default under the Charter School Contract dated [July 3, 1998] between Mortgagor and the School Board of Manatee County, Florida, or said contract should be terminated for any reason;

(ix) Default Under Loan Documents. If any default occurs under any of the other Bond Documents or if any obligation of Mortgagor under any of the other Bond Documents is not fully performed;

(x) Foreclosure of Other Liens. If the holder of any mortgage or other lien on the Mortgaged Property, whether a Permitted Title Exception or not (without hereby implying Mortgagee's consent to any such mortgage or other lien) institutes foreclosure or other proceedings for the enforcement of any of its remedies thereunder; or

(xi) Default Under Junior Mortgage. If any default or any event of default occurs under any permitted Junior Mortgage, whether or not foreclosure or other proceedings have been instituted thereunder.

ARTICLE VIII

RIGHTS AND REMEDIES

8.1 Remedies. If an Event of Default shall have occurred, and after the giving of any required notice and after the expiration of any available cure period, Mortgagee may, at its option, exercise any, some or all of the following remedies, concurrently or consecutively.

(i) Acceleration. Mortgagee may declare all of the unpaid Obligations, together with all accrued interest thereon, to be due and payable without notice or demand which are hereby expressly waived, and upon such declaration all such Obligations shall immediately become due and payable as fully and to the same effect as if the date of such declaration were the date originally specified for the full payment or maturity thereof.

(ii) Mortgagee's Right to Enter and Take Possession, Operate and Apply Income. Mortgagee may demand that Mortgagor surrender the actual possession of the Mortgaged Property and upon such demand, to the extent permitted by applicable law, Mortgagor shall forthwith surrender same to Mortgagee and, to the extent permitted by law, Mortgagee itself, or by such officers or agents as it may appoint, may enter and take possession of all of the Mortgaged Property and may exclude Mortgagor and its agents and employees wholly therefrom.

(a) If Mortgagor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after Mortgagee's demand, Mortgagee may obtain a judgment or order conferring on Mortgagee the right to immediate possession or requiring the Mortgagor to deliver immediate possession to Mortgagee, to the entry of which judgment or decree the Mortgagor hereby specifically consents.

(b) Mortgagee may from time to time: (A) continue and complete construction of, hold, store, use, operate, manage and control the Mortgaged Property and conduct

the business thereof; (B) make all reasonably necessary maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional Fixtures and Personal Property; (C) insure or keep the Mortgaged Property insured; (D) exercise all the rights and powers of the Mortgagor in its name or otherwise with respect to the same; and (E) enter into agreements with others (including, without limitation, new Leases or amendments, extensions, or cancellations to existing Leases) all as Mortgagee from time to time may determine in its sole discretion. Mortgagor hereby constitutes and irrevocably appoints Mortgagee its true and lawful attorney-in-fact, which appointment is coupled with an interest, with full power of substitution, and empowers said attorney or attorneys in the name of Mortgagor, but at the option of said attorney-in-fact, to do any and all acts and execute any and all agreements that Mortgagee may deem necessary or proper to implement and perform any and all of the foregoing.

(iii) The Mortgagee may, with or without taking possession of the Mortgaged Property as hereinabove provided, collect and receive all the Rents therefrom, including those past due as well as those accruing thereafter, and shall apply the monies so received first, to the payment of all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee and its agents in connection with the collection of same, whether or not in possession of the Mortgaged Property, and second, in such order as Mortgagee may elect, to the payment of the Obligations.

(iv) Proceedings To Recover Sums Due. (a) If any installment or part of any Obligation shall fail to be paid when due, Mortgagee shall be entitled to sue for and to recover judgment against the Mortgagor for the amount so due and unpaid together with all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee in connection with such proceeding, together with interest thereon at the Default Rate from the date incurred by Mortgagee. Any such judgment against the Mortgagor shall bear interest at the Default Rate. All such costs and expenses shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately.

(b) If Mortgagor shall fail to pay upon the Mortgagee's demand, after acceleration as provided in Subsection 8.1(i), all of the unpaid Obligations, together with all accrued interest thereon, Mortgagee shall be entitled to sue for and to recover judgment against the Mortgagor for the entire amount so due and unpaid together with all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee in connection with such proceeding, together with interest thereon at the Default Rate from the date incurred by Mortgagee. Any such judgment against the Mortgagor shall bear interest at the Default Rate. All such costs and expenses shall be secured by this Mortgage and shall be payable by Mortgagor immediately. Mortgagee's right under this Subsection (b) may be exercised by Mortgagee either before, after or during the pendency of any proceedings for the enforcement of this Mortgage, including appellate proceedings.

(c) No recovery of any judgment as provided in Subsections (a) and (b) above and no attachment or levy of any execution upon any of the Mortgaged Property or any other property shall in any way affect the lien of this Mortgage upon the Mortgaged Property or any part

thereof, or any lien, rights, powers, or remedies of Mortgagee hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before.

(v) Foreclosure. Mortgagee may institute proceedings for the partial or complete foreclosure of this Mortgage and Mortgagee may, pursuant to any final judgment of foreclosure, sell the Mortgaged Property as an entirety or in separate lots, units, or parcels.

(a) In case of a foreclosure sale of all or any part of the Mortgaged Property, the proceeds of sale shall be applied in accordance with Section 8.8 hereof, and the Mortgagee shall be entitled to seek a deficiency judgment against the Mortgagor to enforce payment of any and all Obligations then remaining due and unpaid, together with interest thereon, and to recover a judgment against the Mortgagor therefor, which judgment shall bear interest at the Maximum Rate.

(b) The Mortgagee is authorized to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, or Mortgagee may elect which tenants Mortgagee desires to name as parties defendant in such foreclosure and failure to make any such tenants parties defendant to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted by the Mortgagor to be, a defense to any proceedings instituted by the Mortgagee to collect the unpaid Obligations or to collect any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

(vi) Receiver. Mortgagee may apply to any court of competent jurisdiction to have a receiver appointed to enter upon and take possession of the Mortgaged Property, collect the Rents therefrom and apply the same as the court may direct, such receiver to have all of the rights and powers permitted under the laws of the State. The right of the appointment of such receiver shall be a matter of strict right without regard to the value or the occupancy of the Mortgaged Property or the solvency or insolvency of Mortgagor. The expenses, including receiver's fees, attorneys' fees, costs and agent's commission incurred pursuant to the powers herein contained, together with interest thereon at the Default Rate, shall be secured hereby and shall be due and payable by Mortgagor immediately without notice or demand. Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as pledgee to the possession and control of any cash or deposits at the time held by, payable, or deliverable under the terms of this Mortgage to the Mortgagee, and the Mortgagee shall have the right to offset the unpaid Obligations against any such cash or deposits in such order as Mortgagee may elect.

(vii) Remedies as to Personal Property. Mortgagee may exercise any or all of its rights and remedies under the Uniform Commercial Code-Secured Transactions as adopted by the State or other applicable law as well as all other rights and remedies possessed by Mortgagee, all of which shall be cumulative. To the extent permitted by law, Mortgagee is hereby authorized and empowered to enter the Mortgaged Property or other place where the Personal Property may be located without legal process, and to take possession of the Personal Property without notice or demand, which hereby are waived to the maximum extent permitted by the laws of the State. Upon demand by Mortgagee, Mortgagor shall make the Personal Property available to Mortgagee at a place reasonably convenient to Mortgagee. Mortgagee may sell at one or more public or private sales and for such price as Mortgagee may deem commercially reasonable, any and all of the

Personal Property secured by this Mortgage, and any other security or property held by Mortgagee and Mortgagee may be the purchaser of any or all of the Personal Property.

(viii) Other. Mortgagee may institute and maintain any suits and proceedings as the Mortgagee may deem advisable (i) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Mortgage, (ii) to preserve or protect its interest in the Mortgaged Property, and (iii) to restrain the enforcement of or compliance with any Governmental Requirement that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such Governmental Requirement might impair the security hereunder or be prejudicial to the Mortgagee's interest.

8.2 Remedies Cumulative and Concurrent. No right, power or remedy of Mortgagee as provided in the Note, this Mortgage, the Loan Agreement, or the other Bond Documents is intended to be exclusive of any other right, power, or remedy of Mortgagee, but each and every such right, power and remedy shall be cumulative and concurrent and in addition to any other right, power or remedy available to Mortgagee now or hereafter existing at law or in equity and may be pursued separately, successively or together against Mortgagor, or any endorser, co-maker, surety or guarantor of the Obligations, or the Mortgaged Property or any part thereof, or any one or more of them, at the sole discretion of Mortgagee. The failure of Mortgagee to exercise any such right, power or remedy shall in no event be construed as a waiver or release thereof.

8.3 Waiver, Delay or Omission. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies consequent thereon, and no delay or omission of Mortgagee to exercise any right, power or remedy shall be construed to waive any such Event of Default or to constitute acquiescence therein.

8.4 Credit of Mortgagee. To the maximum extent permitted by the laws of the State, upon any sale made under or by virtue of this Article, Mortgagee may bid for and acquire the Mortgaged Property, or any part thereof, and in lieu of paying cash therefor may apply to the purchase price, any portion of or all of the unpaid Obligations in such order as Mortgagee may elect.

8.5 Sale. Any sale or sales made under or by virtue of this Article shall operate to divest all the estate, right, title, interest, claim and demand whatsoever at law or in equity, of the Mortgagor and all Persons, except tenants pursuant to Leases approved by Mortgagee, claiming by, through or under Mortgagor in and to the properties and rights so sold, whether sold to Mortgagee or to others.

8.6 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, seizure of the Mortgaged Property by any Governmental Authority, or other judicial proceedings affecting the Mortgagor, any endorser, co-maker, surety, or guarantor of the Obligations, or any of their respective properties, the Mortgagee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claim allowed in such proceedings

for the entire unpaid Obligations at the date of the institution of such proceedings, and for any additional amounts which may become due and payable after such date.

8.7 Waiver of Redemption, Notice, Marshalling, Etc. Mortgagor hereby waives and releases, for itself and anyone claiming through, by, or under it, to the maximum extent permitted by the laws of the State of Florida:

(a) all benefit that might accrue to Mortgagor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any appraisal, valuation, stay of execution, redemption or extension of time for payment,

(b) unless specifically required herein, all notices of default, or Mortgagee's actual exercise of any option or remedy under the Bond Documents, or otherwise, and

(c) any right to have the Mortgaged Property marshalled.

8.8 Application of Proceeds. The proceeds of any sale of all or any portion of the Mortgaged Property shall be applied by Mortgagee first, to the payment of receiver's fees and expenses, if any, and to the payment of all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee, together with interest thereon at the Default Rate from the date so incurred, in connection with any entry, action or proceeding under this Article and, second, in such order as Mortgagee may elect, to the payment of the Obligations. Mortgagor shall be and remain liable to Mortgagee for any difference between the net proceeds of sale and the amount of the Obligations until all of the Obligations have been paid in full.

8.9 Discontinuance of Proceedings. If Mortgagee shall have proceeded to enforce any right under any Bond Document and such proceedings shall have been discontinued or abandoned for any reason, then except as may be provided in any written agreement between Mortgagor and Mortgagee providing for the discontinuance or abandonment of such proceedings, Mortgagor and Mortgagee shall be restored to their former positions and the rights, remedies and powers of Mortgagee shall continue as if no such proceedings had been instituted.

8.10 Mortgagee's Actions. Mortgagee may, at any time without notice to any Person and without consideration, do or refrain from doing any or all of the following actions, and neither the Mortgagor, any endorser, co-maker, surety or guarantor of the Obligations, nor any other Person (hereinafter in this Section 8.10 collectively referred to as the "Obligor") now or hereafter liable for the payment and performance of the Obligations shall be relieved from the payment and performance thereof, unless specifically released in writing by Mortgagee: (a) renew, extend or modify the terms of the Note, this Mortgage and the other Bond Documents, or any of them; (b) forbear or extend the time for the payment or performance of any or all of the Obligations; (c) apply payments by any Obligor to the reduction of the unpaid Obligations in such manner, in such amounts, and at such times and in such order and priority as Mortgagee may see fit; (d) release any Obligor; (e) substitute or release in whole or in part the Mortgaged Property or any other collateral or any portion thereof now or hereafter held as security for the Obligations without affecting, disturbing or impairing in any manner whatsoever the validity and priority of the lien of this

Mortgage upon the Mortgaged Property which is not released or substituted, or the validity and priority of any security interest of the Mortgagee in such other collateral which is not released or substituted; (f) subordinate the lien of this Mortgage or the lien of any other security interest in any other collateral now or hereafter held as security for the Obligations; (g) join in the execution of a plat or replat of the Land; (h) join in and consent to the filing of a declaration of condominium or declaration of restrictive covenants regarding all or any part of the Land; (i) consent to the granting of any easement on the Land; and (j) generally deal with any Obligor or any other party as Mortgagee may see fit.

ARTICLE IX

MORTGAGEE'S PERFORMANCE

9.1 Governmental Regulation of Mortgagee. Mortgagee is subject to various Governmental Authorities and the laws, rules and regulations enacted, adopted and promulgated by them. To the extent that Mortgagee's authority to perform its obligations (if any) under this Mortgage, now or hereafter, may be limited or regulated by such Governmental Authorities, Mortgagee is hereby excused from such performance.

9.2 Mortgagee's Failure to Perform. If Mortgagee fails to perform its obligations (if any) under this Mortgage (except to the extent excused therefrom as provided in Section 9.1 above), Mortgagor shall notify Mortgagee in writing (the "Notice") within thirty (30) days after Mortgagor's obtaining knowledge of such failure. Each such Notice shall describe in detail the act or event constituting the non-performance by Mortgagee. Mortgagee shall have thirty (30) days after its receipt of the Notice to cure any such failure to perform, unless such cure can not be accomplished using reasonable efforts within said thirty (30) day period, in which case Mortgagee shall have such additional time as may be necessary, using reasonable efforts, to cure such non-performance (the "Mortgagee Cure Period").

9.3 Mortgagor's Rights and Remedies. The giving of the Notice and the expiration of the Mortgagee Cure Period shall be conditions precedent to any right of the Mortgagor to bring an action against Mortgagee.

ARTICLE X

MISCELLANEOUS

10.1 Swap Agreements. This Mortgage hereby secures all of Mortgagor's full and prompt payment and performance of all of the provisions, agreements, covenants and obligations contained in any swap agreements (as defined in 11 U.S.C. Section 101) between Mortgagor and Mortgagee or its affiliates (a "Swap Agreement"), including without limitation, that certain ISDA Master Agreement by and between Mortgagor and the Bank the schedules attached thereto and one (1) or more confirmations issued in connection therewith under the terms of which Mortgagor and the Bank have entered into one (1) or more of the following types of transactions: interest rate swap, cap, floor, collar, or option.

10.2 Maximum Rate of Interest. Nothing contained herein, in the Note, or in any other Bond Document, or the Commitment, or in any instrument or transaction related thereto, shall be construed or so operate as to require the Mortgagor or any person liable for the payment of the Loan made pursuant to the Note, or liable for the payment of any Obligations, to pay interest, or any charge in the nature of interest, in an amount or at a rate which exceeds the maximum rate of interest allowed by applicable law, as amended from time to time. Should any interest or other charges in the nature of interest received by Mortgagee or paid by the Mortgagor or any parties liable for the payment of the Loan made pursuant to the Note, or liable for the payment of any Obligations, exceed the maximum rate of interest allowed by applicable law, (the "Maximum Rate") as amended from time to time, then such excess sum shall be credited against the principal balance of the Note or the balance of the other Obligations, as applicable, unless the Mortgagor or such other parties liable for such payments, as applicable, shall notify the Mortgagee, in writing, that the Mortgagor or such other party elects to have such excess sum returned to it forthwith, it being the intent of the parties hereto that under no circumstances shall the Mortgagor or any parties liable for any of the aforesaid payments be required to pay interest in excess of the Maximum Rate, as amended from time to time. The Mortgagee may, in determining the Maximum Rate, as amended from time to time, take advantage of any state or federal law, rule or regulation in effect from time to time which may govern the maximum rate of interest which may be reserved, charged or taken.

10.3 Continuing Agreement. This Mortgage and all of the Mortgagor's representations, warranties and covenants herein, Mortgagee's security interest in the Mortgaged Property and all of the rights, powers and remedies of Mortgagee hereunder shall continue in full force and effect until all of the Obligations have been paid and performed in full; until Mortgagee has no further obligation to make any advances under the Loan; and until Mortgagee, upon the request of the Mortgagor, has executed a satisfaction of mortgage. Furthermore, if for any reason no Obligations are owing, notwithstanding such occurrence, this Mortgage shall remain valid and in full force and effect as to subsequent Obligations, so long as Mortgagee has not executed a satisfaction of mortgage; provided, however, that the indemnifications set forth in Article V of this Mortgage shall survive the satisfaction of this Mortgage.

10.4 Survival of Warranties and Covenants. The warranties, representations, covenants and agreements set forth in this Mortgage shall survive the making of the Loan and the execution and delivery of the Note, and shall continue in full force and effect until all of the Obligations shall have been paid and performed in full.

10.5 No Representation By Mortgagee. By accepting or approving anything required to be observed, performed or fulfilled, or to be given to Mortgagee, pursuant to this Mortgage, or the other Bond Documents, Mortgagee shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Mortgagee.

10.6 Notice. All notices, demands, requests and other communications required under this Mortgage may be given by telex, telegram, or telecopy, or in writing delivered by hand or mail and shall be conclusively deemed to have been received if delivered or attempted to be delivered by

United States first class mail, return receipt requested, postage prepaid, addressed to the party for whom it is intended at its Notice Address.

10.7 Mortgagee's Right to Pay and Perform. If Mortgagor shall fail to duly pay or perform any of the Obligations required by this Mortgage, then at any time thereafter without notice to or demand upon Mortgagor, and without waiving or releasing any right, remedy, or power of Mortgagee, and without releasing any of the Obligations or any Default, Mortgagee may pay or perform such Obligation for the account of and at the expense of Mortgagor, and shall, to the extent permitted by law, have the right to enter and to authorize others to enter upon the Mortgaged Property for such purpose and to take all such action thereon and with respect to the Mortgaged Property as may be necessary or appropriate for such purpose. All reasonable payments made and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Mortgagee, together with interest thereon at the Default Rate from the date incurred by Mortgagee shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately, whether or not there be notice, demand, an attempt to collect same, or suit pending.

10.8 Covenants Running With the Land. All covenants contained in this Mortgage shall be binding on the Mortgagor and shall run with the Land.

10.9 Successors and Assigns. All of the terms of this Mortgage shall apply to and be binding upon, and inure to the benefit of, the heirs, devisees, personal representatives, successors and assigns of Mortgagor and Mortgagee, respectively, and all persons claiming under or through them. Mortgagor acknowledges that City of Palmetto, Florida will assign this Mortgage (other than its rights under Section 5.16 hereof and certain other unassigned rights) to the Bank.

10.10 Invalidity. If any one or more of the provisions contained in this Mortgage is declared or found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such provision or portion thereof shall be deemed stricken and severed and the remaining provisions hereof shall continue in full force and effect.

10.11 Modification. No agreement unless in writing and signed by an authorized officer of Mortgagee and no course of dealing between the parties hereto shall be effective to change, waive, terminate, modify, discharge, or release in whole or in part any provision of this Mortgage. No waiver of any rights or powers of Mortgagee or consent by it shall be valid unless in writing signed by an authorized officer of Mortgagee and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10.12 Applicable Law. This Mortgage shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Florida (excluding the principles thereof governing conflicts of law), and federal law, in the event federal law permits a higher rate of interest than State law.

10.13 Replacement of Note. Upon receipt of evidence reasonably satisfactory to Mortgagor of the loss, theft, destruction or mutilation of the Note, or any amendment or modification thereto, including without limitation any renewal note or additional note, and in the case of any such loss, theft, or destruction, upon delivery of any indemnity agreement, reasonably satisfactory to Mortgagor or, in the case of any such mutilation, upon surrender of such mutilated note, Mortgagor will execute and deliver, in lieu thereof, a replacement Note, identical in form and substance to the Note and dated as of the date of the Note and upon such execution and delivery all references in any of the Bond Documents to the Note shall be deemed to refer to the replacement Note.

10.14 Strict Performance. It is specifically agreed that time is of the essence as to all matters provided for in this Mortgage and that no waiver of any Obligation hereunder or secured hereby shall at any time thereafter be held to be a waiver of the Obligations.

10.15 Future Advances. This Mortgage shall secure the amount of the Loan as specified above, and such future advances, whether such advances are obligatory or are to be made at the option of the Mortgagee, or otherwise, as are made within twenty (20) years from the date hereof, to the same extent as if such future advances were made on the date of execution of this Mortgage. The total amount of Obligations secured hereby may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed twice the Loan amount, plus (i) interest thereon, (ii) any disbursements made for the payment of taxes, assessments, permits, levies and insurance on the Mortgaged Property, and (iii) payments made for repair, maintenance, protection or preservation of the Mortgaged Property. This Mortgage shall not secure any future advances made more than twenty (20) years from the date hereof.

10.16 WAIVER OF JURY TRIAL MORTGAGOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES CARRYING OUT THE TRANSACTIONS CONTEMPLATED HEREBY.

[SIGNATURE TO FOLLOW ON SUBSEQUENT PAGE]

IN WITNESS WHEREOF, Mortgagor has executed this instrument as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

**RENAISSANCE ARTS AND
EDUCATION, INC.**, a Florida corporation
not-for-profit, d/b/a Manatee School
for the Arts

Witness

By: _____
CHARLES W. JONES, Ph.D.
Title: President

Witness

STATE OF FLORIDA)

COUNTY OF MANATEE)

The foregoing instrument was acknowledged before me this ____ day of December , 2010,
by Charles W. Jones, Ph.D. as President of Renaissance Arts and Education, Inc., a Florida
corporation not-for-profit, d/b/a Manatee School for the Arts. He produced a driver's license as
identification and did not take an oath.

Print Name: _____
Notary Public
State of Florida at Large
My Commission Expires:

EXHIBIT "A"

LEGAL DESCRIPTION

(Consisting of two parcels labeled Parcel 1 and Parcel 3)

Parcel 1

A tract of land lying West of Sunkist Acres, being more particularly described as follows:

Begin at an iron pipe marking the Northwest corner of Lot 29, Sunkist Acres, recorded in Plat Book 9, Page 96, public records of Manatee County, Florida; thence South 03°10'00" West along Westerly line of said Sunkist Acres, 701.17 feet to a concrete monument marking the Southwest corner of Lot 23 of said Sunkist Acres; thence South 89°56'50" West along North line of lands of Keal Blitch, 246.80 feet; thence South 05°33'44" West along West line of said lands of Keal Blitch, 100.32 feet; thence continue along said West line of land of Keal Blitch, South 04°00'04" West, 97.80 feet; thence North 89°21'57" West, 94.17 feet to an iron pipe; thence South 01°18'08" East, 36.00 feet to a concrete monument; thence North 89°35'00" West, 154.18 feet to a concrete monument; thence North 00°07'25" West, 231.00 feet to an old 3" iron pipe; thence North 02°11'59" East, 702.60 feet to an iron pipe marking the Southwest corner of lands of Sawdy; thence South 89°50'00" East along an extension of North line of aforesaid Lot 29, Sunkist Acres, 523.14 feet to the Point of Beginning. Lying and being in Southeast 1/4 of Section 13, Township 34 South, Range 17 East, Manatee County, Florida.

Parcel 3

Commence at the Northwest corner of the Northeast 1/4 of the Southeast 1/4 of Section 13, Township 34 South, Range 17 East; thence South 00°12'39" West, a distance of 6.53 feet; thence South 85°09'55" East, along the South right of way line of U.S. 301, a distance of 12.04 feet to an iron rod found marking the intersection of the South right of way line of U.S. 301 and the East right-of-way line of Haben Boulevard (84 foot wide); thence South 00°12'39" West, along the East right-of-way line of said Haben Boulevard, a distance of 1277.92 feet for a point of beginning; thence South 89°47'21" East, a distance of 446.10 feet; thence South 02°11'59" West, a distance of 12.00 feet; thence North 89°47'21" West, a distance of 446.10 feet to a point on said East right-of-way line of Haben Boulevard; thence North 00°12'39" East, along said right of way line a distance of 12.00 feet to the Point of Beginning. Being and lying in Section 13, Township 34 South, Range 17 East, Manatee County, Florida.

LESS the following described parcel of land:

A parcel of land in Section 13, Township 34 south, Range 17 East, Manatee County, Florida, being more particularly described as follows:

Commence at the Southerly of the Easternmost corners of Tract "E" of the Northshore at Riviera Dunes Phase 1-A, according to the map or plat thereof, as recorded in Plat Book 35, Page 22, of the public records of Manatee County, Florida, and run North 00°04'33" East, along the Easternmost boundary of said Tract "E", for a distance of 562.78 feet to the Northeast corner of said Tract "E"; thence North 89°55'28" West, along the North boundary of said Tract "E" for a distance of 15.00 feet to the East right of way of Haben Boulevard; thence North 00°04'33" East, along the said East right of way, for a distance of 208.45 feet; thence leaving said East right of way, South 89°44'49" East for a

distance of 432.50 feet to the intersection with that certain boundary agreement line recorded in Official Records Book 1750, Page 6361, of the public records of Manatee County, Florida, also being the Point of Beginning; thence along said boundary agreement line the following three (3) courses: South 02°11'59" West a distance of 2.91 feet; South 00°07'25" East for a distance of 231.00 feet; thence South 89°35'00" East for a distance of 154.18 feet; thence leaving said boundary agreement line, North 00°14'17" West, for a distance of 35.73 feet to an iron rod and plastic cap stamped LB5594; thence South 89°14'22" East for a distance of 93.99 feet to an iron rod and plastic cap stamped LB6432; thence North 03°57'30" East, for a distance of 97.80 feet; thence North 05°31'10" East, for a distance of 100.32 feet; thence North 89°26'41" West, for a distance of 264.29 feet to the Point of Beginning.

Also Less and Except that portion of the above described Parcel 1 and Parcel 3 which lies South and West of the Common Boundary Line established by that certain Boundary Line Agreement recorded in Official Records Book 1750, Page 6361, public records of Manatee County, Florida, said boundary being described as follows:

Commence at an iron rod marking the intersection of the South right-of-way line of U.S. 301 and the East right-of-way line of Haben Boulevard (84 Foot wide); thence South 00°12'39" West, along the East right-of-way line of said Haben Boulevard, a distance of 1277.92 feet; thence South 89°47'21" East, a distance of 446.10 feet; thence South 02°11'59" West, a distance of 407.91 feet to the point of beginning; Thence continue South 02°11'59" W., a distance of 6.51 feet; Thence S.00°07'25" E., a distance of 231.00 feet; thence S 89°35'00" E., a distance of 154.18 feet to the point of termination. All being and lying in Section 13, Township 34 South, Range 17 East, Manatee County, Florida.

BOND PURCHASE AND
CONSTRUCTION FINANCING AGREEMENT

\$ _____
City of Palmetto, Florida
Industrial Development Revenue Bond
(Manatee School for the Arts Project)
Series 2010A

and

\$ _____
City of Palmetto, Florida
Industrial Development Refunding Revenue Bond
(Manatee School for the Arts Project)
Series 2010B

Dated as of December 1, 2010

The undersigned, Regions Bank, together with its successors and assigns as holder of the hereinafter described Bonds (the "Bank"), the City of Palmetto, Florida (the "Issuer") and Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts (the "Borrower") hereby enter into this Bond Purchase and Construction Financing Agreement (this "Bond Purchase Agreement").

ARTICLE 1 - INTRODUCTORY STATEMENT

Pursuant to a Resolution adopted by the Issuer on December 13, 2010 (the "Resolution"), the Issuer has authorized the execution and delivery of its \$ _____ Industrial Development Revenue Bond (Manatee School for the Arts Project), Series 2010A (the "Series 2010A Bonds") and its \$ _____ Industrial Development Refunding Revenue Bond (Manatee School for the Arts Project), Series 2010B (the "Series 2010B Bonds") (collectively the "Bonds").

The Bond issues will be issued pursuant to the Resolution and will be sold to the Bank. The proceeds of the Bonds will be used by the Issuer to make a loan (the "Loan") to the Borrower to enable the Borrower to finance with the proceeds of the Series 2010A Bonds additions and improvements to and capital expenditures with respect to the existing charter school facility located in Palmetto, Florida which is owned and operated by the Borrower (the "New Project), and to pay the costs of issuing the Series 2010A Bonds, and to finance with the proceeds of the Series 2010B Bonds the refunding of Issuer's Industrial Development Revenue and Refunding Bonds, Series 2007 (the "Series 2007 Bonds") and Issuer's Industrial Development Refunding Revenue Bonds, Series 2008 (the "Series 2008 Bonds", and together with the Series 2007 Bonds, the "Refunded Bonds"), to

make a swap termination payment regarding the Refunded Bonds, and to pay the costs of issuing the Series 2010B Bonds.

The Loan will be made pursuant to a Loan Agreement between the Issuer and the Borrower (the "Agreement"). The Borrower's obligation to repay the Loan will be evidenced by a Borrower's Promissory Note related to the Series 2010A Bonds (the "Series 2010A Note") and by a Borrower's Promissory Note related to the Series 2010B Bonds (the "Series 2010B Note" and together with the Series 2010A Note, the "Notes"), and will be secured pursuant to a Mortgage, Assignment of Rents and Security Agreement from the Borrower to the Issuer (the "Mortgage") and by certain other collateral instruments.

The Issuer will assign certain of its rights, including its right to Loan Repayments, but excluding the Unassigned Issuer's Rights (as defined in the Agreement) under the Agreement, the Notes, the Mortgage and other security documents to the Bank, and the Bonds will be payable solely from payments made by the Borrower pursuant to the Agreement and the Notes, and will be secured by, among other things, an Assignment of Loan Agreement, Mortgage, the Notes and Other Collateral to be dated of even date herewith (the "Assignment"), from the Issuer to the Bank.

Upon the satisfaction of the terms and conditions set forth in this Bond Purchase Agreement, the Bank shall purchase the Series 2010A Bonds from the Issuer pursuant to Advances made pursuant to a Draw Request (as provided herein) in the amount of not to exceed \$_____, which Advances shall be loaned by the Issuer to the Borrower pursuant to the Agreement, and shall be deposited directly with the Borrower by the Bank (subject to the terms hereof). Upon each Advance, the principal amount of the Series 2010A Bonds and the Series 2010A Note shall be deemed equal to the aggregate amount of all Advances then made. Pursuant to the Resolution, the Series 2010A Bonds and the Series 2010A Note, the principal amount of the Series 2010A Bonds and the Series 2010A Note will not exceed \$_____.

Upon the satisfaction of the terms and conditions set forth in this Bond Purchase Agreement, the Bank shall be obligated to make an Advance of \$_____ to the Issuer for the Series 2010B Bonds, which Advance shall be loaned by the Issuer to the Borrower pursuant to the Agreement, and shall, subject to the terms hereof, be deposited directly with the Borrower by the Bank. Upon such Advance, the principal amount of the Series 2010B Bonds and the Series 2010B Note shall be deemed the amount of the Advance. Pursuant to the Resolution, the Series 2010B Bonds, and the Series 2010B Note, the principal amount of the Series 2010B Bonds and the Series 2010B Note will be \$_____.

ARTICLE 2 - DEFINITIONS

Terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Agreement and/or the Mortgage. In addition to the words and phrases defined elsewhere herein, the following words and phrases shall have the following meanings herein:

(a) Advance: (1) The payment by the Bank of not to exceed \$_____ to the Borrower on behalf of the Issuer which is loaned by the Issuer to the Borrower pursuant to the Agreement and various Draw Requests. Such payments represents the purchase price of the Series 2010A Bonds being issued by the Issuer and purchased by the Bank, the proceeds of which are being loaned by the Issuer to the Borrower. (2) The payment by the Bank of \$_____ to the Borrower on behalf of the Issuer pursuant to the Agreement. Such payment represents the purchase price of the Series 2010B Bonds being issued by the Issuer and purchased by the Bank, the proceeds of which are being loaned by the Issuer to the Borrower to refinance the Refunded Bonds and pay a portion of the cost of issuance.

(b) Aggregate Cost: Aggregate Cost is defined in Section 3.2.

(c) Architect: The Architect is any Florida licensed architect employed by the Borrower and approved by Bank.

(d) Architect's Contract: The agreement between the Architect and the Borrower for preparation of the Plans and design and inspection of the New Project on behalf of the Borrower, which agreement shall be in form and substance acceptable to the Bank.

(e) Bonds: Collectively the Industrial Development Revenue Bond (Manatee School for the Arts Project), Series 2010A and Industrial Development Refunding Bond (Manatee School for the Arts Project), Series 2010B.

(f) Borrower's Deposit: Is defined in Section 4.8.

(g) Budget: The budget for the New Project to be delivered to the Bank, as amended from time to time by the Bank and the Borrower.

(h) Closing Date: December ____, 2010.

(i) Construction Fund: Is defined in Section 4.7.

(j) Construction Consultant: Any construction consultant engaged by the Bank with respect to the New Project.

(k) Contractor: Contractor means any Florida licensed general contractor employed by the Borrower with respect to the New Project and approved by Bank.

(l) Draw Request: A properly completed and executed written application for the disbursement of proceeds for the Series 2010A Bonds, by the Borrower to the Bank in the form of Exhibit B or such other form as is acceptable to the Bank setting forth the amount to be withdrawn from the Construction Fund, together with such schedules, affidavits, releases, waivers, statements, invoices, bills and other documents, certificates and information required by the Bank.

(m) Engineer: Engineer means any Florida licensed professional engineer employed by the Borrower with respect to the New Project and approved by Bank.

(n) Engineer's Contract: The agreement between the Engineer and the Borrower for provision of engineering services with respect to the New Project on behalf of the Borrower, which agreement shall be in form and substance acceptable to the Bank.

(o) [reserved].

(p) General Contract: The agreement between the Contractor and the Borrower for construction of the New Project on behalf of the Borrower, which agreement shall be in form and substance acceptable to the Bank.

(q) Loan: The Series 2010A Loan and the Series 2010B Loan.

(r) Plans: The plans and specifications for the New Project provided to the Bank pursuant to Section 4.3(f) hereof.

(s) Series 2010A Loan: The loan by the Issuer to the Borrower, in the amount not to exceed \$_____.

(t) Series 2010B Loan: The loan by the Issuer to the Borrower, in the amount not to exceed \$_____.

(u) Stored Materials Advance Limit: \$25,000.

(v) Title Insurance: The title insurance described in Section 4.2(f).

(w) Title Insurer: Lawyers Title Insurance Corporation.

ARTICLE 3 - PURCHASE, SALE AND DELIVERY OF BONDS; ADVANCES

Section 3.1 On the basis of the representations and agreements contained herein, but subject to the terms and conditions herein set forth, the Bank hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Bank the Series 2010A Bonds, dated the date hereof, maturing on the date, bearing interest at the rate, and having such other details as set forth in the Series 2010A Bonds, for a purchase price equal to \$_____. This Bond Purchase Agreement imposes continuing duties upon, and grants continuing rights to, the parties which shall survive the initial delivery of the Series 2010A Bonds, and which shall continue to and including the date the Series 2010A Bonds are paid in full.

Section 3.2. On the basis of the representations and agreements contained herein, but subject to the terms and conditions herein set forth, the Bank hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Bank the Series 2010B Bonds, dated the date hereof, maturing on the date, bearing interest at the rate, and having such other details as set forth in the Series 2010B Bonds, for a purchase price equal to \$_____. This Bond Purchase Agreement imposes continuing duties upon, and grants continuing rights to, the parties which shall survive the delivery of the Series 2010B Bonds, and which shall continue to and including the date the Series 2010B Bonds are paid in full.

Section 3.3 The Series 2010A Bond proceeds are allocated for the costs of the New Project shown in the "Loan Proceeds" column in the Budget to be delivered to the Bank. The Budget has been or prior to attachment hereto shall have been reviewed and approved by the Borrower and the Borrower represents to the Issuer and the Bank that it includes or will include when attached all costs and expenses (the "Aggregate Costs") incident to the New Project, after taking into account the requirements of this Bond Purchase Agreement.

Section 3.4 The Series 2010B Bond proceeds are allocated to refinance the Refunding Project.

ARTICLE 4 - ADVANCES

Section 4.1. Advances in General. Provided that all conditions precedent set forth in Section 4.2 hereof shall have been satisfied, the Bank will deposit (i) proceeds of the Series 2010A Bonds in an amount not less than \$3,500,000 into the Construction Fund upon issuance (the "Initial Advance") on the Closing Date to provide funds to pay costs of issuance of the Series 2010A Bonds and initial Project Costs; no Draw Request is necessary for such Advance; and (ii) the proceeds of the Series 2010B Bonds into the Construction Fund upon issuance on the Closing Date to provide funds to pay costs of issuance of the Series 2010B Bonds and to refund the Refunding Project; no Draw Request is necessary for such Advance. Following receipt and approval of a Draw Request, all supporting documentation and information, and, if applicable, receipt and approval of a written or verbal report from Construction Consultant, if required by the Bank, the Bank will determine the amount of the Draw Request it will make in accordance with this Bond Purchase Agreement, the Bond Documents, the Budget, and the following standards:

(a) No Draw Request will be made unless (i) there shall then exist no material Default or any event which, with the giving of notice or the lapse of time, or both, could become a material Default; (ii) the representations and warranties of the Issuer and the Borrower made in the Bond Documents shall be true and correct; (iii) each subcontract or other contract for labor, materials, services and/or other work included in the Draw Request shall have been duly executed and delivered by all parties thereto and shall be effective, and the Bank shall have received a true, complete copy of a fully executed copy of each such subcontract or other contract as the Bank may have requested; (iv) the Borrower must have satisfied the conditions required under the Bond Documents; and (v) the Borrower must have delivered to the Bank a Draw Request.

(b) Advances for work under the General Contract, if any, and for any other construction work will be made on the basis of ninety percent (90%) (100% in the case of the final Advance pursuant to Section 4.4 hereof) of the costs shown on the application for payment from the Contractor, reviewed and approved by the Bank, of the work or material in place on the Project Improvements that comply with the terms of the Bond Documents, minus all previous Draw Requests.

(c) Draw Request will not be made for building materials or furnishings that are not yet incorporated into the Improvements ("stored materials") unless the stored materials are in the Borrower's possession and stored on the Land in a manner satisfactory to the Bank and the aggregate of Draw Requests for stored materials that have not yet been incorporated into the Improvements does not exceed the Stored Materials Advance Limit.

(d) Draw Requests for the purchase of equipment to be installed in the New Project shall be approved by the Bank at the rate of one hundred percent (100%) of the cost of such equipment to be advanced against invoices reviewed and approved by the Bank.

(e) At least five (5) Business Days before the requested date of each funding of a Draw Request, the Borrower shall deliver a Draw Request to the Bank. The Bank shall be obligated to make an Advance only in an amount approved by the Bank in accordance with the terms of this Bond Purchase Agreement and the Bond Documents. The Bank shall not be required to make more than one Advance in each calendar month. The Bank shall, only upon the satisfaction of all applicable conditions of this Bond Purchase Agreement and the Bond Documents, fund the Draw Request to the Borrower on a Business Day within five (5) Business Days after such satisfaction. Each Draw Request, and the Borrower's acceptance thereof, shall be deemed to ratify and confirm that all representations and warranties of the Borrower in the Bond Documents remain true and correct as of the date of the Draw Request. The Borrower hereby designates the President, the Chairman, the Finance Director or the Chief Operating Officer, jointly and severally, as having authority to sign all Draw Requests on the Borrower's behalf.

(f) The Borrower shall comply with the Construction Contract Prompt Payment Law contained in the Florida Construction Lien Law, Chapter 713, Florida Statutes, notwithstanding the Bank's failure or delay in funding any Draw Requests or the Bank's cessation of funding Draw Requests in accordance with the terms of this Bond Purchase Agreement.

(g) The Borrower hereby authorizes the Bank to provide written notices to contractors and lienors providing notices to owner pursuant to Section 713.3471(1)(a), Florida Statutes, and Section 713.3471(2)(b), Florida Statutes, to the extent such notices are required by law. The Borrower hereby releases the Bank and waives all claims it may have against the Bank for damages the Borrower may incur as a result of the Bank's failure to deliver said notices. The Borrower hereby agrees to provide all required notices to the contractors and all lienors providing notices to owner in compliance with Section 713.3471(2)(a), Florida Statutes, in a timely fashion.

Section 4.2. Conditions to Initial Advance. The following are conditions precedent to the Bank's obligation to make the Initial Advance hereunder:

(a) Fees and Expenses. The Bank shall have received and the Borrower shall have paid all other fees, costs and expenses then required to be paid pursuant to this Bond Purchase Agreement and any other Bond Documents.

(b) Authorization. The Bank shall have received and approved evidence the Bank requires of the existence, good standing, authority and capacity of the Issuer and the Borrower to execute, deliver, and perform the applicable Bond Documents, including but not limited to:

(1) For the Borrower: (i) a copy of its articles of incorporation and by-laws, and all amendments thereto, a certificate of incumbency of all of its officers who will be authorized to execute or attest any of the Bond Documents, and a copy of resolutions approving the Bond Documents and authorizing the transactions contemplated in this Bond Purchase Agreement; (ii) certificates of existence, good standing and qualification to do business in the State, issued by the appropriate governmental officials; (iii) a determination letter from the United States Internal Revenue Service recognizing that the Borrower is an organization described in Section 501(c)(3) of the Code; and (iv) evidence that the Borrower has all licenses and other governmental approvals required to conduct its business; and

(2) All certificates, resolutions, and consents reasonably required by the Bank applicable to the foregoing.

(c) Bond Documents. The Borrower, the Issuer and each other person or entity required by the Bank shall have duly executed, acknowledged and/or sworn to as required, recorded or filed, and delivered to the Bank all Bond Documents then required by the Bank, all in form and content satisfactory to the Bank.

(d) Opinions of Borrower's Counsel. The Bank shall have received, including, but not limited to, a written opinion, addressed to Bank and the Issuer, from the Borrower's attorney, dated the date of this Bond Purchase Agreement, in form and substance acceptable to the Bank.

(e) Title Insurance. The Bank shall have received and approved one or more title insurance policies, or a title insurance commitment marked through the Closing Date with all Schedule B-1 requirements deleted, as the Bank may require, issued by the Title Insurer in the maximum amount of the Bonds, insuring that the Mortgage constitutes a valid lien covering the Borrower's interest in the Land, having the priority required by the Bank and subject only to those exceptions and encumbrances (regardless of rank or priority) the Bank approves, in a form acceptable to the Bank, and with all "standard" exceptions which can be deleted, including the exception for matters which a current survey would show, deleted to the fullest extent authorized under applicable title insurance rules, and the Borrower shall satisfy all requirements therefor; containing no exception for standby fees or real estate taxes other than those to the extent the same are not then due and payable and endorsed "not yet due and payable" and no exception for

subsequent assessments for prior years; providing full coverage against mechanics' and materialmen's liens to the extent authorized under applicable title insurance rules, and the Borrower shall satisfy all requirements therefor; insuring that no violation of the restrictive covenants shown in the Title Insurance will result in a reversion or forfeiture of title; insuring that indefeasible or marketable (as coverage is available) fee simple title to the Land is vested in the Borrower; containing such endorsements as the Bank may require, including, but not limited to, the Form 9, variable rate, contiguity if applicable, and survey endorsements, as are available under applicable title insurance rules, and the Borrower shall satisfy all requirements therefor; insuring any easements, leasehold estates or other matters appurtenant to or benefiting the Land as part of the insured estate; insuring the right of access to the Land to the extent authorized under applicable title insurance rules, and the Borrower shall satisfy all requirements therefor; and containing provisions acceptable to the Bank regarding Advances after closing. The Borrower shall not have any interest, direct or indirect, in the Title Insurer (or its agent) or any portion of the premium paid for the Title Insurance.

(f) Insurance Policies. The Bank shall have received and approved the insurance policies initially required by the Bank, pursuant to the Bond Documents, together with evidence satisfactory to the Bank that all premiums therefor have been paid and that the policies are in full force and effect.

(g) Title Matters. The Bank shall have received and approved (a) evidence satisfactory to the Bank that prior to and as of the time the Mortgage was filed for record (i) no activity or circumstance was visible on or near the Land which would constitute inception of a mechanic's or materialman's lien against the Land, (ii) no contract, or memorandum thereof, for construction, design, surveying, or any other service relating to the New Project has been filed for record in the Manatee County, Florida; (iii) no mechanic's or materialman's lien claim or notice, lis pendens, judgment, or other claim or encumbrance against the Land has been filed for record in Manatee County; and (b) a certificate or certificates of a reporting service acceptable to the Bank, reflecting the results of searches made not earlier than ten (10) days prior to the date of this Bond Purchase Agreement, (i) of the central and local Uniform Commercial Code records, showing no filings against any of the collateral for the Loan or against the Borrower otherwise except as consented to by the Bank; and (ii) of the appropriate judgment, defendant and tax lien records, showing no outstanding judgment, lawsuit or tax lien against the Borrower.

(h) Bank Counsel Opinion. The Bank shall have received the approving opinion of Bryant Miller Olive P.A., Bank Counsel, in form and substance acceptable to the Bank, and addressing such matters as are required by the Bank, including the following:

(1) The Bonds have been duly authorized, executed and delivered by the Issuer, and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms; and

(2) The interest on the Bonds is excluded from the gross income of the Bank for federal income tax purposes, is not an item of tax preference for purposes of the alternative minimum tax and is a qualified tax-exempt obligation.

(i) Issuer Attorney Opinion. The opinion of the Attorney for the Issuer in form and substance acceptable to the Bank, and addressing such matters as are required by the Bank, including the following:

(1) The Issuer is duly organized and validly existing as a municipal corporation of the State;

(2) The Bonds and the Bond Documents to which the Issuer is a party were duly authorized, executed and delivered by the Issuer and are valid and binding upon the Issuer enforceable against the Issuer in accordance with their terms (subject to bankruptcy and similar creditors' relief laws); and

(3) The Resolution was duly adopted by the Issuer and remains in full force and effect.

(j) Mechanic's Liens. No mechanics or materialmen's lien or other encumbrance shall have been filed and remain in effect against the Site, and releases or waivers of mechanics' liens and receipted bills showing payment of all amounts due to all parties who have furnished materials or services or performed labor of any kind in connection with the Site shall have been obtained.

(k) No Material Adverse Change. As of the date of making such Advance, no event shall have occurred, nor shall any condition exist, that could have a material adverse effect on the enforceability of the Bond Documents, be materially adverse to the financial condition of the Borrower, impair the ability of the Borrower to fulfill its material obligations under the Bond Documents, or otherwise have any material adverse effect whatsoever on the Property.

(l) Condition of Improvements. The Improvements shall not have been materially damaged and not repaired.

(m) Other Information. The Borrower shall have delivered to the Bank such other information, documents and supplemental legal opinions as may be reasonably required by the Bank.

Section 4.3. Conditions to Funding a Draw Request. The following are conditions precedent to the Bank's obligation to fund a Draw Request from the proceeds of the Series 2010A Bonds other than the Initial Advance for costs of issuance hereunder:

(a) General. All conditions set forth in Section 4.1 and 4.2 shall have been met.

(b) Budget. The Bank shall have received and approved the Borrower's proposed budget for the New Project.

(c) Construction Consultant Report. If requested by the Bank, the Bank shall have received written or verbal certification by the Bank's Construction Consultant, that to the best of such party's knowledge, information, and belief, construction is in accordance with the Plans, the quality of the work for which the draw is requested is in accordance with the applicable contract, the amount of the draw requested represents work in place and stored materials as approved by the Bank based on on-site observations and the data comprising the Draw Request, the work has progressed as indicated, and the applicable contractor is entitled to payment of the amount certified.

(d) Foundation Survey. The Bank shall have received a foundation survey made immediately after, but in no event later than twenty (20) days after, the laying of any foundation for any building or structure of the New Project satisfactory to the Bank.

(e) Concrete Tests. The Bank shall have received within twenty (20) days after the pouring of concrete for any Improvements, a report satisfactory to the Bank and Construction Consultant of the results of concrete tests made at the time the concrete is poured.

(f) Soil Tests. The Bank shall have received within twenty (20) days after the compaction of any soil for construction, a report satisfactory to the Bank of the results of soil tests.

(g) Application for Payment. With respect to any draw to pay a contractor, the Bank shall have received original applications for payment in form approved by the Bank, containing a breakdown by trade and/or other categories acceptable to the Bank, executed and certified by each contractor and the Architect, accompanied by invoices, and approved by the Construction Consultant, if required by the Bank.

(h) Reallocation of Hard Costs. If the Draw Request requires an amendment to the Budget or reallocation of hard cost items which would require contractor and lienor notice under Section 713.3471(2), Florida Statutes, the Borrower, as owner, shall serve the Contractor and all required lienors, written notice in compliance with Section 713.3471(2), Florida Statutes, and shall deliver such notice to the Bank, countersigned by the Contractor and any lienors who have provided notices to owner.

(i) Fees. The Borrower will pay the Construction Consultant's fees.

(j) Notice of Commencement. The notice of commencement for the New Project required by Section 713.13, Florida Statutes, in a form approved by the Bank, shall be properly executed and recorded (following recordation of the Mortgage) promptly following the Closing Date, and a certified copy thereof, together with the building permit, shall be posted in conformance with applicable law at the Land. The notice of commencement shall designate the Title Insurer and the Bank as additional persons upon whom notices shall be served.

Section 4.4. [reserved].

Section 4.5. Direct Advances. The Borrower and the Issuer hereby irrevocably authorize the Bank (but the Bank shall have no obligation) to advance funds (which shall be deemed loaned by the Issuer to the Borrower) directly to itself to (i) pay interest due on the Bonds, provided, however, that no advance shall be used to pay interest due on the Bonds after the date of completion of the New Project and (ii) pay the costs of the completion of the Improvements and the preservation of the Land and Improvements after the occurrence of and during the continuation of an Event of Default or if necessary to prevent the occurrence of an Event of Default. Each such direct advance shall be secured by the Bond Documents. Nothing contained in this Bond Purchase Agreement shall be construed to permit the Borrower to defer payment of interest on the Loan beyond the date(s) due. The allocation of Loan proceeds funds in the Budget for interest shall not affect the Borrower's absolute obligation to pay the same in accordance with the Bond Documents. Upon the occurrence of and during the continuation of a Default, or if the Bank determines that such action is reasonably necessary to prevent a Default, the Bank may hold, use, disburse and apply monies into the Construction Fund and the related Loan proceeds for payment of any Obligation of the Borrower under the Bond Documents. The Borrower hereby assigns and pledges the proceeds of the Loan to the Bank for such purposes. Upon the occurrence of and during the continuation of a Default, or if the Bank determines that such action is reasonably necessary to prevent a Default, the Bank may advance and incur such expenses as the Bank deems necessary for the completion of the Improvements and to preserve the Mortgaged Property, and any other security for the Bonds, and such expenses, even though in excess of the amount of the Bonds, shall be secured by the Bond Documents and shall be payable by the Borrower to the Bank on demand. The Bank may disburse from the Construction Fund at any time, and from time to time, to persons other than the Borrower for the purposes specified in this Section and the amount to which the Borrower shall thereafter be entitled shall be correspondingly reduced.

Section 4.6. Conditions and Waivers. All conditions precedent to the obligation of the Bank to honor any Draw Request are imposed hereby solely for the benefit of the Bank, and no other party may require satisfaction of any such condition precedent or be entitled to assume that the Bank will refuse to honor any draw in the absence of strict compliance with such conditions precedent. Any condition precedent to the Bank's obligation to honor a draw contained in this Bond Purchase Agreement may be waived, in whole or in part, in a specific written waiver intended for that purpose and signed by the Bank. The Bank shall have the right to approve and verify the periodic progress, costs incurred by the Borrower, and the estimated costs remaining to be incurred, after consultation with the Construction Consultant. No approval of a Draw Request shall constitute an approval or acceptance by the Bank of any construction work, a waiver of any condition precedent to any further draw, or preclude the Bank from thereafter declaring the failure of the Borrower to satisfy such condition precedent to be a Default. No waiver by the Bank of any condition precedent or obligation shall preclude the Bank from requiring such condition or obligation to be met prior to making any other draw or from thereafter declaring the failure to satisfy such condition or obligation to be a Default.

Section 4.7. Funding. The Borrower shall establish and maintain a special account with the Bank (herein referred to as the "Construction Fund") into which the Advances from the Series 2010A Bonds shall be deposited pursuant to this Bond Purchase Agreement and against which checks shall be drawn only for the payment of costs specified in the Budget, but which special account shall not be used for any other purpose. The Borrower hereby irrevocably authorizes the Bank to deposit the proceeds to the credit of the Borrower in the Construction Fund, by wire transfer or other deposit. Draw Requests may also be honored, in addition to other methods contemplated herein, at the Bank's option, by direct or joint check payment to any or all persons entitled to payment for work or services performed or material furnished in connection with the New Project or the Bonds, or by having the proceeds thereof made available to the Title Insurer (or its agent) for disbursement. The Bank shall not be required to, and has no responsibility to, supervise the proper application or distribution of funds to third parties.

Section 4.8. [Reserved.]

Section 4.9. Advertising by the Bank. Subject to compliance with any applicable laws, at the Bank's request and at the Bank's expense, the Borrower shall erect and maintain on the Mortgaged Property one or more advertising signs approved by the Bank indicating that the construction financing for the Mortgaged Property has been provided by the Bank.

ARTICLE 5 - REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE ISSUER

Section 5.1 The Issuer hereby represents, warrants and agrees as follows:

(a) The Issuer is duly organized and validly existing as a municipality of the State of Florida;

(b) The Issuer has full legal right, power and authority to: (i) enter into this Bond Purchase Agreement and the other Bond Documents to which it is a party, (ii) adopt the Resolution, (iii) sell, issue and deliver the Bonds to the Bank as provided herein, and (iv) carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Resolution and the other Bond Documents, and the Issuer has complied in all respects with the terms of the Act and with the obligations on its part in connection with the issuance of the Bonds contained in the Resolution, the Bonds and the Bond Documents;

(c) The execution and delivery of the Bonds and the other Bond Documents to which the Issuer is a party and the adoption of the Resolution, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject, nor will any such execution, delivery, enactment, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets or under the terms of any such law, regulation or instrument; and

(d) As of the date hereof, there is no action, suit, proceeding, inquiry or formal investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the officials of the Issuer executing this Bond Purchase Agreement, threatened against the Issuer, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, or contesting or affecting as to the Issuer the validity or enforceability of the Act in any respect relating to authorization for the issuance of the Bonds, or contesting the tax-exempt status of interest on the Bonds, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the Issuer of the other Bond Documents to which the Issuer is a party.

ARTICLE 6 - REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE BORROWER

Section 6.1 By its acceptance hereof, the Borrower hereby represents and warrants to the Bank and the Issuer that as of the date hereof, and by requesting an additional Advance, the Borrower shall be representing to the Bank and the Issuer that as of the date of such Advance:

(a) The Borrower is a Florida corporation not for profit with full power and authority to construct, develop, own and operate the New Project and the Borrower is an organization described in Section 501(c)(3) of the Code.

(b) The Borrower has full power and authority to execute and deliver the Bond Documents to which the Borrower is a party.

(c) The execution, delivery and performance by the Borrower of the Bond Documents to which the Borrower is a party have each been authorized by all necessary action on the part of the Borrower and when executed and delivered by the Borrower and the other parties thereto the Bond Documents to which the Borrower is a party will be in full force and effect and will constitute legal, valid, binding and enforceable obligations of the Borrower, except that the enforceability of such Bond Documents is subject to applicable bankruptcy, reorganization, insolvency and other similar laws affecting creditors' rights and to general principles of equity.

(d) To the best of Borrower's knowledge, the consummation of the transactions contemplated by the Bond Documents to which the Borrower is a party will not result in the breach of the provisions of the articles of incorporation of the Borrower, as amended, or any indenture, mortgage, deed of trust, lease, indebtedness, agreement, instrument, judgment, or any lien, decree, order, statute, resolution, rule, regulation, plan or other restriction to which the Borrower is a party or by which it or its property is subject or bound.

(e) To the best of Borrower's knowledge, the Borrower is not in material violation of its articles of incorporation or by-laws, and the Borrower is not in violation of any material provision of any indenture, mortgage, deed of trust, lease, indebtedness, agreement, instrument, or any lien, judgment, decree, order, statute, resolution, rule, regulation, plan or other restriction to which it is a party or by which it or its property is subject or bound, which violation will have any material adverse effect on the financing contemplated hereby, nor will any such violation result in any material adverse change in the operations, properties, assets, liabilities or condition (financial or otherwise) of the Borrower.

(f) There is no pending, or to the best of the Borrower's knowledge threatened, action, suit, proceeding, inquiry or investigation before or by any court, public board or body against the Borrower, nor, to the best knowledge of the Borrower, is there any basis therefor, which would materially adversely affect the transactions contemplated by the Bond Documents or which would materially adversely affect the Bonds or the development, operation or construction of the New Project or which might result in any material adverse change in the operations, properties, assets, liabilities or condition (financial or other) of the Borrower. For purposes of this paragraph, any litigation or other proceeding is considered to be "pending" only if the Borrower has received service of process valid under Florida law with respect thereto.

(g) To the Borrower's knowledge, no legislation, ordinance, rule or regulation has been enacted by any governmental body, department or agency of the State nor has any decision been rendered by any court of competent jurisdiction in the State which would materially adversely affect the transactions contemplated by the Bond Documents.

(h) To the Borrower's knowledge, all approvals, consents or orders (other than the Resolution) of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Borrower of its duties and obligations (other than the construction of the New Project) under the Bond Documents to which the Borrower is a party have been obtained and are in full force and effect.

(i) Any certificate signed after the date hereof by any authorized officer or officers of the Borrower, and delivered to the Bank shall be deemed a representation and warranty by the Borrower to the Bank and the Issuer as to the truth in all material respects of the statements contained in the certificate.

(j) There is no default on the part of the Borrower pursuant to the Commitment Letter and all obligations of the Borrower required thereby to have been satisfied as of the date hereof have been satisfied or waived by the Bank.

(k) All material representations and material warranties of the Borrower in the Bond Documents are true and correct.

ARTICLE 7 - REPRESENTATIONS AND WARRANTIES OF THE BANK

Section 7.1 The Bank represents that it is duly authorized to execute and deliver this Bond Purchase Agreement, and that upon execution and delivery of this Bond Purchase Agreement by the other parties hereto, this Bond Purchase Agreement shall constitute a legal, valid and binding agreement of the Bank enforceable in accordance with its terms.

ARTICLE 8 - GENERAL TERMS

Section 8.1 The following shall be applicable throughout the period of this Bond Purchase Agreement or thereafter as provided herein:

(a) Borrower and Issuer not Bank's Agent. Nothing in this Bond Purchase Agreement or any other of the Bond Documents shall be construed to make the Borrower or the Issuer the Bank's agent for any purpose whatsoever, or the Borrower or the Issuer and the Bank partners, or joint or co-venturers.

(b) Inspections. All inspections rendered by or on behalf of the Bank shall be rendered solely for the protection and benefit of the Bank. Neither the Borrower nor the Issuer nor other third persons shall be entitled to rely upon such inspections for any purpose.

(c) Bank Not Obligated to Insure Proper Disbursement of Funds to Third Parties. Nothing contained in this Bond Purchase Agreement or any of the Bond Documents shall impose upon the Bank any obligation to oversee the proper use or application of any Draw Request of funds made pursuant to this Agreement.

(d) Indemnification from Third Party Claims. The Borrower shall indemnify the Bank and the Issuer from any liability, claims or losses resulting from the transaction contemplated hereby, or from the condition of the New Project, whether related to the quality of construction or otherwise, and whether arising during or after the term of this Bond Purchase Agreement, provided the foregoing do not arise out of the gross negligence or willful malfeasance of the Bank or the Issuer. This provision shall survive the payment of the Bonds and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists.

(e) Rights of Subcontractors, Laborers and Materialmen. In no event shall this Agreement be construed to make the Bank, the Title Insurer, the Issuer or any agent, officer or employee thereof liable to the Contractor or any subcontractors, laborers, materialmen, craftsmen, or others for labor, materials, or services delivered to the Land or goods fabricated or delivered for incorporation therein, or for debts or claims accruing or arising to such persons or parties against the Borrower or the Contractor. It is distinctly understood and agreed that there is no relation of any type whatsoever, contractual or otherwise, either express or implied, between the Issuer, the Title Insurer, the Bank, or any of their agents, officers or employees and the Contractor, any materialman, subcontractor, craftsman, laborer or any other person or entity supplying any labor, materials or services to the New Project or fabricating or delivering goods to be incorporated therein. No such persons or entities are intended to be third party beneficiaries of this Bond Purchase Agreement or any document or instrument related to the Bonds.

(f) Evidence of Satisfaction of Conditions. The Bank shall, at all times, be free independently to establish to its good faith and satisfaction, and in its absolute discretion, the existence or nonexistence of a fact or facts which are disclosed in documents or other evidence required by the terms of this Bond Purchase Agreement.

(g) Headings. The headings of the articles, sections, paragraphs and subdivisions of this Bond Purchase Agreement are for the convenience of reference only, and shall not limit or otherwise affect any of the terms hereof.

(h) Invalid Provisions to Affect No Others. If performance of any provision hereof or any transaction related hereto is limited by law, then the obligation to be performed shall be reduced accordingly; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Bond Purchase Agreement in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Bond Purchase Agreement shall remain operative and in full force and effect.

(i) Governing Law. The laws of the State of Florida shall govern the interpretation and enforcement of this Bond Purchase Agreement.

(j) Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the others and shall apply jointly and severally.

(k) Prior Agreement. To the extent necessary, this Bond Purchase Agreement shall be deemed to be an amendment to the Commitment Letter and in the event of conflict between the terms of this Bond Purchase Agreement and of the Commitment Letter of any such prior agreement, the terms of this Bond Purchase Agreement shall govern.

(l) Waiver. If Bank shall waive any provisions hereof, or shall fail to enforce any of the conditions or provisions of this Bond Purchase Agreement, such waiver shall not be deemed to be a continuing waiver and shall never be construed as such; and the Bank shall thereafter have the right

to insist upon the enforcement of such conditions or provisions. Furthermore, no provision of this Bond Purchase Agreement shall be amended, waived, modified, discharged or terminated, except by instrument in writing signed by the Bank and the Borrower hereto.

(m) Fees and Expenses. The Borrower agrees to pay all reasonable costs incurred in connection with the issuance of the Bonds, including but not limited to expenses and fees of the Issuer and its counsel, expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Bonds, the fees and disbursements of Bank Counsel, the fees and disbursements of the Bank and its counsel, the expenses and costs for photocopying and delivering the Bond Documents and all other agreements and documents contemplated hereby, the Title Insurer's fees and premiums, charges for examination of title to the Land, survey costs, Florida Documentary Stamp Taxes, Intangible Taxes, if any, recording expenses and the fees of the Construction Consultant.

(n) Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(o) Attorney's Fees. In the event of any proceeding brought pursuant to any Bond Document by the Issuer, the Bank or the Borrower, against any of the foregoing, the prevailing party shall be entitled to recover its attorneys' fees and costs, including in connection with any appeal.

(p) Arbitration and Waiver of Jury Trial. This Section 8.1(p) concerns the resolution of any controversies or claims between the Borrower, the Issuer and the Bank, or any of them whether arising in contract, tort or by statute, that arise out of or relate to: (i) this Bond Purchase Agreement (including any renewals, extensions or modifications); or (ii) any document related to this Bond Purchase Agreement; (collectively a "Claim").

At the request of the Borrower, the Issuer or the Bank, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U. S. Code) (the Arbitration "Act"). The Act will apply even though this Bond Purchase Agreement provides that it is governed by the law of a specified state.

Arbitration proceedings will be determined in accordance with the Arbitration Act, the rules and procedures for the arbitration of financial services disputes of J.A.M.S./Endispute or any successor thereof ("J.A.M.S."), and the terms of this Section 8.1(p). In the event of any inconsistency, the terms of this Section 8.1(p) shall control.

The arbitration shall be administered by J.A.M.S. and conducted in the City of Bradenton, Florida. All Claims shall be determined by one arbitrator; however, if Claims exceed \$5,000,000, upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within 90 days of the demand for arbitration and close within 90 days of commencement and the award of the arbitrator(s) shall be issued within 30 days of the close of the

hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional 60 days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and enforced.

The arbitrator(s) will have the authority to decide whether any Claim is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis. For purposes of the application of the statute of limitations, the service on J.A.M.S. under applicable J.A.M.S. rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Bond Purchase Agreement.

This Section 8.1(p) does not limit the right of the Borrower, the Issuer or the Bank to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or nonjudicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this Bond Purchase Agreement to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This provision is a material inducement for the parties entering into this Bond Purchase Agreement.

REGIONS BANK

By: _____
Its Vice President

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS

By: _____
Its President

CITY OF PALMETTO, FLORIDA

By: _____
Its Mayor

EXHIBIT "A"

BUDGET

[To be provided by Borrower on future date to Bank]

EXHIBIT "B"

DRAW REQUEST

Bank: Regions Bank,
National Association
Company: Renaissance Arts
and Education
Project: _____
Location: Palmetto, Florida

The undersigned _____ of Renaissance Arts and Education, Inc. (the "Company"), states that:

- 1) He or she is authorized to make this request and is fully cognizant of all facts and matters herein stated.
- 2) All Bond proceeds heretofore approved for disbursement by Bank to Company for use in connection with the New Project have been applied to the payment of obligations due by Company for materials, labor and other costs incurred in connection with such construction, and for no other purpose.

The requested disbursement consisting of : \$_____.

- 3) The undersigned certifies that, to the best of his/her knowledge, information and belief, the work covered by this draw request, including labor, materials and other costs, has been completed in accordance with the governing contract documents.
- 4) Except for liens in favor of Regions Bank, and Permitted Title Exceptions, there are no liens outstanding against the Mortgaged Property.
- 5) All sums advanced to the Company pursuant to the attached Disbursement Request will be solely for the purpose of paying the obligations owing by Company as shown on the attached Disbursement Request and for no other purpose.
- 6) Upon disbursement to Company of the funds to be advanced pursuant to the attached Disbursement Request, all obligations for labor, materials and other costs heretofore incurred by Company in connection with such construction and which are due and payable and will be fully paid and satisfied.
- 7) Based upon an examination which, in the opinion of the Company is sufficient to enable me to make an informed statement:

(a) The representations and warranties of the Company contained in the Bond Purchase and Construction Financing Agreement are correct on and as of the date of this Draw Request.

(b) No event has occurred and is continuing or would result from borrowings being requested by Company under the Bond Purchase and Construction Financing Agreement on the date hereof, which constitutes an Event of Default or would constitute an Event of Default, but for the requirements that notice be given or time elapse or both.

8) Affiant understands that this affidavit is made for the purpose of inducing Bank to approve an advance to Company from the Construction Fund monies from the proceeds of the Bonds (as defined in the Bond Purchase and Construction Financing Agreement) and that in approving any such disbursement, Bank will rely upon the accuracy of the matters stated in this request.

9) Terms used herein have the meanings ascribed thereto in the Bond Purchase and Construction Financing Agreement, dated as of December 1, 2010, between the Bank, the City of Palmetto, Florida and the Company.

Company:

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS

NAME: _____
TITLE: _____

This Instrument Prepared By:
Samuel P. Queirolo, Esquire
Bryant Miller Olive P.A.
One Tampa City Center
Suite 2700
Tampa, Florida 33602

**ASSIGNMENT OF LOAN AGREEMENT, MORTGAGE,
PROMISSORY NOTE AND OTHER COLLATERAL**

THIS ASSIGNMENT OF LOAN AGREEMENT, MORTGAGE, PROMISSORY NOTE AND OTHER COLLATERAL (this "Assignment") is dated December __, 2010 and is made by the City of Palmetto, Florida, a municipality of the State of Florida (the "Issuer"), whose address is c/o City Clerk, City of Palmetto, Florida, 516-8th Avenue West, Palmetto, Florida 34221. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuer does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto Regions Bank, an Alabama banking corporation, whose address is 1819 Main Street, Suite 230, Sarasota, Florida 34236, and its successors and assigns as registered owners of the hereinafter described Bond (collectively, the "Bank") all right, title and interest of the Issuer in and to that certain Loan Agreement, dated as of December 1, 2010, by and between the Issuer and Renaissance Arts and Education, Inc., a Florida corporation not-for-profit, d/b/a Manatee School for the Arts, whose principal place of business is 700 Haben Boulevard, Palmetto, Florida 34221 (the "Borrower") (the "Loan Agreement") (except for those certain reserved rights that are set forth in the next sentence), the Note and the Mortgage (all as hereinafter defined) (collectively, the "Assigned Documents"), it being the intent and purpose hereof that the assignment and transfer to the Bank of the payments and other sums due and to become due and the rights of the Issuer under the Assigned Documents shall be effective and operative immediately and the Bank shall have the right to collect and receive said payments and other sums for application in accordance with the provisions hereof and to exercise all other rights and powers of the Issuer under the Assigned Documents (except for Unassigned Issuer's Rights) at all times during the period from and after the date of this Assignment until the Bond (hereinafter defined) shall have been fully paid and discharged. The Issuer specifically reserves from this assignment the Unassigned Issuer's Rights (as defined in the Loan Agreement).

This Assignment is made in connection with the issuance by the Issuer of its Industrial Development Revenue Bond (Manatee School for the Arts Project), Series 2010A (the "Series 2010A Bond") and the Issuer's Industrial Development Refunding Revenue Bond (Manatee School for the Arts Project), Series 2010B (the "Series 2010B Bond") (the Series 2010A Bond and Series 2010B Bond collectively, the "Bond"). The Bond is issued pursuant to that certain Resolution adopted by the Issuer on December __, 2010 (the "Resolution"). Proceeds of the Bond have been loaned by the Issuer to the Borrower pursuant to the Loan Agreement. As evidence of the loan, the Borrower has issued that certain Promissory Note[s], dated December __, 2010 (the "Note"). The Borrower has

executed that certain Mortgage, Assignment of Rents and Leases and Security Agreement, dated December 27, 2007 which was recorded immediately preceding this Assignment in the Public Records of Manatee County, Florida, (the "Mortgage"). The Mortgage encumbers, among other things, the Borrower's interest in the Land described on Exhibit "A" hereto. The Borrower has approved the filing of that certain UCC-1 Financing Statement with the Florida Secured Transaction Registry (the "UCC"). The UCC encumbers, among other things, the Borrower's interest in personalty related to the Land described on Exhibit "A" hereto. This Assignment is given in order to secure the payment of the principal of and interest on the Bond.

The Bank may take or release other security, may release any party primarily or secondarily liable for any indebtedness secured hereby, may grant extensions, renewals or indulgences with respect to such indebtedness, and may apply any other security therefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder. It is further agreed that nothing herein contained and no act done or omitted by the Bank pursuant to the powers and rights granted to it hereunder shall be deemed to be a waiver by the Bank of its rights and remedies under the Bond or any Assigned Document, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by the Bank under the terms thereof. The right of the Bank to collect said indebtedness and to enforce any other security therefor held by it may be exercised by the Bank either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

Neither this Assignment nor any action or inaction on the part of the Bank shall, without its written consent, constitute an assumption on its part of any obligation of the Issuer (without intending to imply that the Issuer has any obligation), nor shall the Bank have any obligation to present or file any claim, or to take any other action to collect or enforce the payment of any amounts which have been assigned to the Bank or to which it may be entitled under this Assignment at any time or times. No action or inaction on the part of the Bank shall adversely affect or limit in any way the rights of the Bank under this Assignment or under the Assigned Documents.

The Issuer represents and warrants that it has duly executed and delivered the Assigned Documents and has not assigned or encumbered the Assigned Documents except pursuant to this Assignment. The Issuer covenants that so long as this Assignment shall remain in effect, it will not assign or encumber to anyone other than the Bank (or at the direction of the Bank), in whole or in part any of the Loan Payments (as defined in the Loan Agreement), moneys, claims and rights hereby assigned, and it will not, without the prior written approval of the Bank, amend, modify or cancel the Assigned Documents give any consent or waiver or make any acceptance or rejection thereunder or take or omit to take any action which might result in an alteration or impairment of the Assigned Documents or this Assignment or any of the rights created by any of such instruments.

The Issuer, at the Borrower's expense, will execute and deliver all such instruments and take all such action as the Bank may from time to time reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers hereby created.

The Borrower hereby acknowledges receipt of an executed copy of, and consents to the execution of this Assignment. The Borrower agrees that it will be bound by the terms and provisions hereof, and they will pay or cause to be paid directly to the Bank, all Loan Payments, regardless of any right of set-off or counterclaim or other defense which the Borrower may have against the Bank or the Issuer, it being the intent hereof that the Borrower shall be absolutely and unconditionally obligated to pay all such sums under the Assigned Documents.

This Assignment shall be governed by and construed in accordance with the laws of the State of Florida.

This Assignment may be executed in multiple counterparts, and all the counterparts together shall be construed as one complete document.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Issuer, the Bank and the Borrower have caused this Assignment to be executed this ____ day of December, 2010.

REGIONS BANK,
an Alabama banking corporation

By: _____
Name: _____
Title: _____

RENAISSANCE ARTS AND EDUCATION, INC.,
a Florida corporation not-for-profit,
d/b/a Manatee School for the Arts

By _____
Name: Charles W. Jones, Ph.D.
Title: President

CITY OF PALMETTO, FLORIDA,
a Florida municipal corporation

By: _____
Name: _____
Title: Mayor

[NOTARY BLOCKS ON FOLLOWING PAGE]

STATE OF FLORIDA)
COUNTY OF MANATEE)

The foregoing instrument was acknowledged before me this ____ day of December, 2010, by _____ as _____ of Regions Bank, an Alabama banking corporation, and he/she is personally known to me or has produced a driver's license as identification.

Print Name: _____
Notary Public, State of Florida at Large
My Commission Expires: _____

STATE OF FLORIDA)
COUNTY OF MANATEE)

The foregoing instrument was acknowledged before me this ____ day of December, 2010, by Charles W. Jones, Ph.D., as President of Renaissance Arts and Education, Inc., a Florida corporation not-for-profit, d/b/a Manatee School for the Arts, on behalf of the corporation, and he has produced a driver's license as identification.

Print Name: _____
Notary Public, State of Florida at Large
My Commission Expires: _____

STATE OF FLORIDA)
COUNTY OF MANATEE)

The foregoing instrument was acknowledged before me this ____ day of December, 2010, by _____, as Mayor of the City of Palmetto, Florida, a Florida municipal corporation, and he/she produced a driver's license as identification.

Print Name: _____
Notary Public, State of Florida at Large
My Commission Expires: _____

EXHIBIT "A"

LEGAL DESCRIPTION

(Consisting of two parcels labeled Parcel 1 and Parcel 3)

Parcel 1

A tract of land lying West of Sunkist Acres, being more particularly described as follows:
Begin at an iron pipe marking the Northwest corner of Lot 29, Sunkist Acres, recorded in Plat Book 9, Page 96, public records of Manatee County, Florida; thence South 03°10'00" West along Westerly line of said Sunkist Acres, 701.17 feet to a concrete monument marking the Southwest corner of Lot 23 of said Sunkist Acres; thence South 89°56'50" West along North line of lands of Keal Blitch, 246.80 feet; thence South 05°33'44" West along West line of said lands of Keal Blitch, 100.32 feet; thence continue along said West line of land of Keal Blitch, South 04°00'04" West, 97.80 feet; thence North 89°21'57" West, 94.17 feet to an iron pipe; thence South 01°18'08" East, 36.00 feet to a concrete monument; thence North 89°35'00" West, 154.18 feet to a concrete monument; thence North 00°07'25" West, 231.00 feet to an old 3" iron pipe; thence North 02°11'59" East, 702.60 feet to an iron pipe marking the Southwest corner of lands of Sawdy; thence South 89°50'00" East along an extension of North line of aforesaid Lot 29, Sunkist Acres, 523.14 feet to the Point of Beginning. Lying and being in Southeast 1/4 of Section 13, Township 34 South, Range 17 East, Manatee County, Florida.

Parcel 3

Commence at the Northwest corner of the Northeast 1/4 of the Southeast 1/4 of Section 13, Township 34 South, Range 17 East; thence South 00°12'39" West, a distance of 6.53 feet; thence South 85°09'55" East, along the South right of way line of U.S. 301, a distance of 12.04 feet to an iron rod found marking the intersection of the South right of way line of U.S. 301 and the East right-of-way line of Haben Boulevard (84 foot wide); thence South 00°12'39" West, along the East right-of-way line of said Haben Boulevard, a distance of 1277.92 feet for a point of beginning; thence South 89°47'21" East, a distance of 446.10 feet; thence South 02°11'59" West, a distance of 12.00 feet; thence North 89°47'21" West, a distance of 446.10 feet to a point on said East right-of- way line of Haben Boulevard; thence North 00°12'39" East, along said right of way line a distance of 12.00 feet to the Point of Beginning. Being and lying in Section 13, Township 34 South, Range 17 East, Manatee County, Florida.

LESS the following described parcel of land:

A parcel of land in Section 13, Township 34 south, Range 17 East, Manatee County, Florida, being more particularly described as follows:

Commence at the Southerly of the Easternmost corners of Tract "E" of the Northshore at Riviera Dunes Phase 1-A, according to the map or plat thereof, as recorded in Plat Book 35, Page 22, of the public records of Manatee County, Florida, and run North 00°04'33" East, along the Easternmost boundary of said Tract "E", for a distance of 562.78 feet to the Northeast corner of said Tract "E"; thence North 89°55'28" West, along the North boundary of said Tract "E" for a distance of 15.00 feet to the East right of way of Haben Boulevard; thence North 00°04'33" East, along the said East right of way, for a distance of 208.45 feet; thence leaving said East right of way, South 89°44'49" East for a

distance of 432.50 feet to the intersection with that certain boundary agreement line recorded in Official Records Book 1750, Page 6361, of the public records of Manatee County, Florida, also being the Point of Beginning; thence along said boundary agreement line the following three (3) courses: South 02°11'59" West a distance of 2.91 feet; South 00°07'25" East for a distance of 231.00 feet; thence South 89°35'00" East for a distance of 154.18 feet; thence leaving said boundary agreement line, North 00°14'17" West, for a distance of 35.73 feet to an iron rod and plastic cap stamped LB5594; thence South 89°14'22" East for a distance of 93.99 feet to an iron rod and plastic cap stamped LB6432; thence North 03°57'30" East, for a distance of 97.80 feet; thence North 05°31'10" East, for a distance of 100.32 feet; thence North 89°26'41" West, for a distance of 264.29 feet to the Point of Beginning.

Also Less and Except that portion of the above described Parcel 1 and Parcel 3 which lies South and West of the Common Boundary Line established by that certain Boundary Line Agreement recorded in Official Records Book 1750, Page 6361, public records of Manatee County, Florida, said boundary being described as follows:

Commence at an iron rod marking the intersection of the South right-of-way line of U.S. 301 and the East right-of-way line of Haben Boulevard (84 Foot wide); thence South 00°12'39" West, along the East right-of-way line of said Haben Boulevard, a distance of 1277.92 feet; thence South 89°47'21" East, a distance of 446.10 feet; thence South 02°11'59" West, a distance of 407.91 feet to the point of beginning; Thence continue South 02°11'59" W., a distance of 6.51 feet; Thence S.00°07'25" E., a distance of 231.00 feet; thence S 89°35'00" E., a distance of 154.18 feet to the point of termination. All being and lying in Section 13, Township 34 South, Range 17 East, Manatee County, Florida.

This Instrument Prepared By:
Samuel P. Queirolo, Esquire
Bryant Miller Olive P.A.
One Tampa City Center
Suite 2700
Tampa, Florida 33602

SATISFACTION

Know All Men By These Presents: That the City of Palmetto, Florida, a State of Florida municipal corporation, hereby confirms satisfaction of the following described Mortgage and UCC-1 and all obligations secured thereby, and releases, discharges and terminates any interest it may have in the property described herein as a result thereof:

1. Mortgage, Assignment of Rents and Leases, and Security Agreement given by Renaissance Arts and Education, Inc., a Florida corporation not-for-profit, d/b/a Manatee School for the Arts in favor of the City of Palmetto, Florida, a State of Florida municipal corporation, dated December 27, 2010, recorded January 4, 2008, in Official Records Book 2241, Page 6836, public records of Manatee County, State of Florida; as assigned to Wachovia Bank, National Association, a national banking association, by virtue of that certain Assignment of Loan Agreement, Mortgage, Promissory Note and Other Collateral dated December 27, 2007, recorded January 4, 2008, in Official Records Book 2241, Page 6883, public records of Manatee County, Florida (collectively, the "Mortgage"); said Mortgage securing certain notes in the aggregate principal sum of Seven Million Six Hundred Thousand and no/100 Dollars (\$7,600,000.00), and certain promises and obligations set forth in said Mortgage, with a lien upon the property described in said Mortgage.

2. UCC-1 Financing Statement (the "UCC-1") made between Renaissance Arts and Education, Inc. d/b/a Manatee School of the Arts, as debtor, and City of Palmetto, Florida, as secured party, recorded January 4, 2008, in Official Records Book 2241, Page 6877, public records of Manatee County, Florida; as assigned to Wachovia Bank, National Association, a national banking association, by virtue of that certain Assignment of Loan Agreement, Mortgage, Promissory Note and Other Collateral dated December 27, 2007, recorded January 4, 2008, in Official Records Book 2241, Page 6883, public records of Manatee County, Florida.

[SIGNATURE TO FOLLOW ON SUBSEQUENT PAGE]

IN WITNESS WHEREOF, the said corporation has caused these presents to be executed in its name this ____ day of _____, 20__.

Signed, sealed and delivered
in the presence of:

CITY OF PALMETTO, FLORIDA,
a State of Florida municipal corporation

Print Name: _____

By: _____

Print Name: _____

Its: _____

Print Name: _____

STATE OF FLORIDA
COUNTY OF MANATEE

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by _____, as _____ of the City of Palmetto, Florida, a State of Florida municipal corporation, ____ who is personally known to me or ____ who has produced _____ as identification.

Print Name: _____

Notary Public

State of Florida at Large

My Commission Expires: