

LEASE PURCHASE AGREEMENT

CITY OF TALLAHASSEE, FLORIDA
as Lessor

and

FLORIDA STATE UNIVERSITY SCHOOLS, INC.
as Lessee

Dated as of August 1, 2000

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EXHIBIT A
PROJECT SITE DESCRIPTION

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LEASE PURCHASE AGREEMENT

The Lease Purchase Agreement (the "Lease") dated as of August 1, 2000 between the City of Tallahassee, Florida, a municipal corporation (the "Lessor") and Florida State University Schools, Inc., a Florida not for profit corporation, (the "Lessee").

WITNESSETH

WHEREAS, the Lessee is authorized to execute a lease purchase agreement relating to the lease purchase acquisition, construction and equipping of a developmental research school facility and improvements thereto, along with other equipment, fixtures and furnishings; and

WHEREAS, the Lessor has agreed to facilitate the acquisition and financing of a developmental research school facility and improvements thereto, along with other equipment, fixtures and furnishings, on behalf of the Lessee; and

WHEREAS, the State of Florida is the owner of legal title to the Project Site (more particularly described in Exhibit A hereto and incorporated herein by reference), and has leased the Project Site to the Board of Regents of the State University System (the "Board of Regents"), which in turn has leased the Project Site to the Lessee; and

WHEREAS, the Lessee has granted a Ground Lease of the Project Site to the Lessor in order to facilitate the financing of a developmental research school pursuant to this Lease; and

WHEREAS, this Lease and the Ground Lease are to be assigned by the Lessor to SunTrust Bank, as Trustee (the "Trustee"), to be held by the Trustee in trust for the mutual benefit of the Lessor and Lessee to secure an issue of Lease Revenue Bonds (Florida State University Schools, Inc. Project) Series 2000, (the "Bonds") issued by the Lessor to finance a portion of the cost of the hereinafter described Project; and

WHEREAS, the Lessee has authorized, among other things, the execution and delivery by the Lessee of this Lease to provide for the acquisition and financing through lease purchase of the building, equipment and facilities to be located in the corporate municipal limits of the City of Tallahassee, Florida, consisting of a developmental research school facility and related facilities (the "Project"), as more fully described in Exhibit B hereto; and

WHEREAS, all items leased hereunder must be components of the Project; and

WHEREAS, in and by this Lease, the Lessee has agreed to comply with all applicable requirements of Section 103 of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and

WHEREAS, it is the express intent of the Lessor and Lessee that no obligation of the Lessee hereunder shall constitute a debt, liability or obligation of the State of Florida (the "State") or the Lessor or shall be a pledge of the faith and credit of the State or the Lessor, all as further provided in Section 3.4 hereof, but shall be contingent upon annual appropriation therefor by the State Legislature;

NOW, THEREFORE, in consideration of the premises and the covenants and conditions hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

1.1 Definitions. The terms set forth in this section shall have the meanings ascribed to them for all purposes of the Lease unless the context clearly indicates some other meaning.

"Additional Bonds" means any bonds issued pursuant to Section 209 of the Indenture as Additional Bonds.

"Annual Budget" shall mean the annual operating budget of FSUS, Inc. adopted for each Fiscal year.

"Annual Operating Expenses" means, as of any date of determination thereof, the expenses of operating the Project, other than depreciation, amortization and other non-cash items, for a Fiscal Year, all as determined in accordance with generally accepted accounting principles applicable to school districts in the State.

"Authorized Lessee Representative" shall mean the Chairman of the Lessee and any other person or persons designated by a written certificate signed on behalf of the Lessee by an Authorized Lessee Representative, containing the specimen signature of each such person.

"Balance Due Lessor" shall have the meaning assigned to such term in Section 3.7 hereof.

"Board of Regents" means the State of Florida Board of Regents, as the governing body of the Florida State University System, and its successors in interest.

"Board of Trustees" shall mean the Board of Trustees of the State of Florida Internal Improvement Trust Fund, the holder of real property on behalf of the State.

"Bond Counsel" shall mean initially, Bryant, Miller and Olive, P.A., or any other nationally recognized firm of attorneys with expertise in municipal finance and applicable federal income tax laws related thereto, designated by the Lessor.

“Bond Insurer” shall mean MBIA Insurance Corporation.

"Bonds" shall mean collectively, the \$_____ City of Tallahassee, Florida Lease Revenue Bonds (Florida State University Schools, Inc. Project), Series 2000A and the \$_____ City of Tallahassee, Florida Lease Revenue Bonds (Florida State University Schools, Inc. Project), Series 2000B.

"Budget" shall mean the budget for the cost of the construction and equipping of the Project, as such relates to the Development Costs (as defined in the Development Agreement) and the Fixed Price Construction Cost, prepared in accordance with the Development Agreement and as amended, from time to time.

"Business Day" shall mean a day other than (i) Saturday or Sunday or (ii) a day on which banking institutions located in the State of Florida or agencies of the State, are authorized or obligated by law or executive order to be closed for business.

"Capital Outlay Funds" means any charter school capital outlay funds described in Section 228.0561, Florida Statutes and any developmental research school capital outlay funds described in Section 228.053(9), Florida Statutes, appropriated to or for the benefit of the Lessee in any year.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

"Completion Bonds" means any bonds issued pursuant to the provision of Section 209 of the Indenture as Completion Bonds.

"Concluding Payment" shall mean the sum of all future Lease Payments due hereunder, plus any amount necessary to enable the Lessor to defease the Bonds to the next optional redemption date, including any premium that may be due on the Bonds on such redemption date.

“Construction Fund” shall mean the Construction Fund created by Section 307 hereof.

"Debt" means all obligations, including Lease Payments, for borrowed money and installment sale and capitalized lease obligations incurred or assumed by the Lessee and any guaranty by the Lessee of indebtedness of any other person, but shall not be deemed to include (a) obligations under contracts for supplies, services and pensions allocable to current operating expenses during the current or future Fiscal Years in which the supplies are to be delivered, the services rendered or the pensions paid, and (b) payments payable in the current or future Fiscal Years under leases not intended to evidence the acquisitions of capital assets.

"Debt Service Coverage Agreement" means the Debt Service Coverage Agreement dated as of

August 1, 2000 by and among the St. Joe Company, Inc., the Lessee and the Trustee, as amended from time to time.

"Debt Service Coverage Fund" means the Debt Service Coverage Fund created by Section 308 of the Indenture.

"Debt Service Coverage Ratio" means the ratio of Net Income Available for Debt Service for the Fiscal Year in relation to the Principal and Interest Requirement for such Fiscal Year for any Debt for which such ratio is calculated.

"Debt Service Fund" means the Debt Service Fund created by Section 303 of the Indenture.

"Developer" shall mean The Haskell Company.

"Development Agreement" shall mean the Development Agreement relating to the Project between the Developer and the Lessee, dated as of August 1, 2000, pursuant to which the Developer will design and build the Project for the Lessee on the Project Site.

"Draw Schedule" shall mean the progress payment disbursements for the acquisition, construction and equipping of the Project as described in Article ~~{A}~~ VIII ~~{A}~~ of the Development Agreement.

"Effective Date" shall mean August ~~{A}~~ [24], 2000.

"Event of Non-Appropriation" shall have the meaning set forth in Section 3.4 hereof.

"Fiscal Year" shall mean each twelve-month period beginning July 1 and ending on the next succeeding June 30.

"Fixed Price Construction Cost" shall mean the maximum price for the construction of the Project as set forth in the Development Agreement.

"FSU" means The Florida State University, a member of the State of Florida State University System.

"Governmental Obligations" means securities which are direct obligations of the United States or are obligations of an instrumentality or agency of the United States which are unconditionally guaranteed by the United States as to payment of principal and interest (to the extent of such unconditional guarantee).

"Indenture" shall mean the Indenture of Trust dated as of August 1, 2000, between the Lessor, as issuer of the Bonds and the Trustee, as such may be amended and supplemental from time to time.

"Independent Insurance Consultant" shall mean a nationally recognized, independent actuary,

insurance company or broker acceptable to the Bond Insurer that has actuarial personnel experienced in the area of insurance for which the Lessee is to be self-insured.

"Lease" shall mean this Lease Purchase Agreement, as the same may be amended or supplemented from time to time in accordance with its terms, including the Exhibits hereto, as executed and delivered by the Lessor and the Lessee.

"Lease Payment Date" shall mean the 15th day of each January and July during the Lease Term, commencing January 15, 2001.

"Lease Payments" shall mean, as of each Lease Payment Date, an amount equal to the principal and interest to be paid on the Bonds, and if and when issued, any Additional Bonds, Completion Bonds and Refunding Bonds, on the next Interest Payment Date for such Bonds immediately following the Lease Payment Date, provided however, Lease Payments relating to the Series B Bonds shall be paid solely to the extent Sufficient Funds are available therefor.

"Lease Term" shall mean the period during which the lease is effective as provided in Section 2.2 hereof.

"Lessee" shall mean the Florida State University Schools, Inc.

"Lessee Project Manager" shall mean an employee of the Lessee or an individual or firm hired and compensated by the Lessee to provide independent Project construction oversight for the Lessee.

"Lessor" shall mean the City of Tallahassee, Florida, a municipal corporation, and any assignee of the Lessor.

"Maximum Principal and Interest Requirement" means as to any Debt, the maximum Principal and Interest Requirement coming due or occurring on such Debt in any Fiscal Year.

"Net Income Available for Debt Service" shall mean, for any Fiscal Year, the sum of (i) all Capital Outlay Funds appropriated for such Fiscal Year, (ii) funds provided to the Lessee under the Student Reservation Agreement, (iii) capital reserve funds held by the Lessee, (iv) funds budgeted as part of the Annual Budget and anticipated to be withdrawn from the Debt Service Coverage Fund in such Fiscal Year, (v) other funds duly budgeted in the Annual Budget for that Fiscal Year to pay Lease Payments and other sums due under this Lease, and (vi) any investment earnings on any such funds and the Reserve Fund. For purposes hereof, any funds anticipated to be withdrawn from the Debt Service Coverage Fund shall be treated as if they are to be withdrawn prior to June 30 of the applicable Fiscal Year. Notwithstanding the foregoing, when determining Net Income Available for Debt Service in connection with the issuance of any Additional Bonds or Refunding Bonds, Net Income Available for Debt Service shall be reduced by \$_____ so long as any amount remains to be reimbursed to the St. Joe Company under the Debt Service

Coverage Agreement.

"Parity Debt" means any obligation of the Lessee permitted to be incurred as Parity Debt in Section 5.12 of this Lease, consisting of Additional Bonds, Completion Bonds and Refunding Bonds.

"Payment Date" shall mean a date on which Lease Payment is payable to the Lessor.

"Permitted Encumbrances" shall mean those encumbrances described in Exhibit C hereto.

"Principal and Interest Requirement" means, for any Fiscal Year, the sum of the principal, interest, and premium, if any, on any Debt accruing for such period, provided however, that the July 15 Lease Payment shall be allocated to the prior Fiscal Year.

"Project" shall mean the buildings, improvements, equipment, fixtures, built, installed or established therein, and all appurtenances thereto and interest therein, constituting the developmental research school facilities to be leased hereunder, as more particularly described in Exhibit B hereto.

"Project Site" shall mean the real property upon which the Project is located in the corporate municipal limits of the Lessee, as more particularly described in Exhibit A hereto.

"Rebate Fund" means the Rebate Fund created by Section 306 of the Indenture.

"Refunding Bonds" means any bonds issued pursuant to Section 209 of the Indenture as Refunding Bonds.

"Requisition" shall mean a completed Requisition in the form of Exhibit D to the Indenture.

"Reserve Fund" means the Reserve Fund created by Section 304 of the Indenture.

"Reserve Requirement" means, with respect to the Series A Bonds and any Completion Bonds, an amount equal to \$_____, which amount shall equal to lesser of (i) ten percent of the proceeds of the Series A Bonds, (ii) one hundred twenty five percent of the average annual debt service on the Series A Bonds, and (iii) maximum annual debt service payments on the Series A Bonds, and if and when any Completion Bonds are issued, the Reserve Requirement shall be adjusted to take into account the Completion Bonds. A separate Reserve Requirement may be imposed by subsequent amendment hereto in conjunction with the issuance of any Additional Bonds or Refunding Bonds.

"Revenue Fund" means the Revenue Fund created by Section 305 of the Indenture.

"Revenues" means all present and future revenues received by or on behalf of the Lessee from whatever source derived, including without limitation, all

- (a) appropriations, fees, cash, accounts, deposits, chattel paper, instruments,

documents, money and general intangibles, including without limitation, contract rights and rights to payment (i) for goods and properties sold or leased or for services rendered, (ii) under agreements respecting governmental and private insurance arrangements, and (iii) from any insurance, condemnation award or agreement in lieu of a condemnation award resulting from eminent domain proceedings,

(b) income from, and revenues realized upon the liquidation or sale of, securities held by or on behalf of the Lessee,

(c) proceeds of those items constituting Revenues to which reference is made in clauses (a) and (b) above, and

(d) gifts, grants, bequests, contributions and donations, including without limitation, the unrestricted income and profits therefrom.

“State” shall mean the State of Florida.

“State Legislature” shall mean the Florida Legislature, a branch of the government of the State.

"Student Reservation Agreement" means the Student Reservation Agreement dated as of August 1, 2000, between the Lessee and the St. Joe Company.

"Subordinated Debt" shall mean any Debt undertaken by the Lessee which is subordinated in all respects to the Lessee's obligation to make Lease Payments hereunder.

“Sufficient Funds” means with respect to the Series B Bonds, Net Income Available for Debt Service in each Fiscal year, less the amount actually paid as Lease Payments in such Fiscal Year in relation to the Series A Bonds, Completion Bonds, Additional Bonds and Refunding Bonds.

"Total Operating Revenues" means, for any Fiscal Year, the sum of the Lessee's (a) Revenues, less provision for uncollectible accounts and any contractual adjustments, plus (b) all other operating revenues, budgeted for the payment of Annual Operating Expenses rather than Lease Payments as part of the Annual Budget.

“Trustee” shall mean SunTrust Bank, or its successors serving as trustee under the Indenture.

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ARTICLE II

LEASE OF PROJECT

2.1. Lease of Project. The Lessor hereby demises and subleases to the Lessee, and the Lessee hereby subleases from the Lessor, the right, title and interest of the Lessor in and to the Project Site, and [agrees] to contract to construct the Project on the Project Site and to continuously operate and maintain the Project during the term hereof, all on the terms and conditions set forth in this Lease.

2.2. Lease Term. The Lease shall be for an original term commencing on the Effective Date and shall continue until ~~{^}~~ [August 1, 2026] (or such earlier date on which the Lessee delivers its final Lease Payment to the Lessor), unless sooner terminated in accordance with the provisions of Section 4.1 hereof. Upon expiration or termination of the Lease Term the Lessee shall execute and deliver such documents, if any, as shall be necessary to evidence such termination. The Lessee hereby represents that the useful life of the Project shall extend beyond the Lease Term.

2.3. Acquisition of Project. The Lessee has consented to the assignment of this Lease to the Trustee, to be held by the Trustee in trust for the benefit of the Lessor, the Lessee and the holders of the Bonds, and (ii) the Lessee shall enter into the Development Agreement with the Developer, pursuant to which the Developer shall construct and equip the Project in accordance with the plans and specifications of the Lessee, and the Lessee has agreed to inspect and accept the work on the Project in conjunction with the approval of each Requisition for the payment of a cost of the Project. The Lessor recognizes that the Lessee and the Developer have entered into the Development Agreement for design and construction of the Project, and that the Trustee shall be named a third party beneficiary thereto to secure performance by the Lessee of its obligations under this Lease. On the Effective Date, the Lessee understands that the proceeds of the sale of the Bonds shall be deposited with the Trustee in amounts sufficient (together with earnings thereon and other funds deposited by the Trustee in the Construction Fund) to pay the construction costs of the Project in accordance with the Draw Schedule, upon delivery to the Trustee of a fully completed Requisition.

The Lessee acknowledges that the amount of moneys available under the Indenture to pay for the costs of constructing and equipping of the Project is limited to an aggregate dollar amount of not more than the Fixed Price Construction Cost (as set forth in the Development Agreement). If the Lessee authorizes an amendment to or a change order under the Development Agreement which results in an increase in the cost with respect to a component of the Project and the amount in the Project Account in the Construction Fund (assuming \$[850,000] in principal amount of Series B Bonds will be issued to pay an equal amount of Project costs) related to the Fixed Price Construction Cost is not sufficient to pay same and complete the acquisition of the Project as demonstrated by an amendment to the Budget executed by the Lessee and the Developer, then as a condition precedent to such amendment, either (a) the Lessee shall deposit, or shall cause to be deposited, to the credit of the Project Account in the Construction Fund the additional funds necessary to reduce such deficiency to zero (as described in the amended Budget), which may be accomplished with the issuance of Completion Bonds, or (b) the Lessee and the Developer shall provide

to the Trustee an amended Budget showing no cost deficiency and certified as accurate in writing by the Authorized Lessee Representative and the Developer.

The Lessor and the Lessee mutually agree that in the event of the failure of the Developer to complete the construction of the Project within the time periods specified in the Development Agreement, that the Lessee shall incur damages that are not ascertainable as to amount as of the date hereof. Therefore, upon such failure to so construct the Project by the Developer, the Developer has agreed to pay to the Lessee liquidated damages for such failure as specified in the Development Agreement. The payment of such liquidated damages shall be the Lessee's sole remedy for such failure.

The Project may not be materially modified without the prior written consent of the Bond Insurer; provided, however, that any request to make such a modification must be accompanied by certifications and proof, satisfactory to the Bond Insurer, that all approvals required under applicable law, if any, have been obtained. For purposes of this paragraph, no modification shall be deemed to be material so long as the Fixed Price Construction Cost is not increased or decreased by [~~+~~] [\$250,000] or less, and the Project continues to be suitable for use as a developmental research school facility.

2.4. Lessee's Liability. From and after the Effective Date, as between the Lessor (and any assignee of the Lessor) and the Lessee, the Lessee assumes liability for all risks with respect to the Project, provided, however, the Lessee shall not be considered or deemed to be an indemnitor of the Lessor for Lessor's actions, and provided further, that this Section 2.4 shall not be construed to limit any claim by the Lessee for damages to the Project by any party other than the Lessee or a student enrolled at the Project under the control and direction of the Lessee.

2.5. Possession and Enjoyment. From and after the Effective Date, the Lessor agrees that it will not interfere with the quiet use and enjoyment of the Project by the Lessee during the Lease Term and that the Lessee shall during such Lease Term peaceably and quietly have, hold and enjoy such Project, without hindrance or molestation from the Lessor, except as expressly set forth herein. At the request of the Lessee, the Lessor shall join in any legal action in which the Lessee asserts its right to such possession and enjoyment to the extent the Lessor lawfully may do so. Upon expiration or termination of the Lease Term other than as a result of non-appropriation or default, the Lessor and Lessee mutually acknowledge that the Lessee shall enjoy full right, title and interest in and to the Project, and the Lessor agrees, at its cost, to take all steps which may be necessary in order to release its Ground Lease interest in the Project Site and the Project. In the event this Lease terminates as a result of non-appropriation or default by the Lessee hereunder, the Lessee acknowledges that it will not be entitled to continue to possess the Project Site under the terms of this Lease and that the Lessor shall have the right to re-let the Project Site until the first to occur of the date on which all payments due under the Lease are paid in full and the Bond Insurer has been reimbursed in full for all payments made by it to the holders of the Bonds or the date which the Ground Lease terminates.

2.6. Disclaimer of Warranties. THE LESSEE EXPRESSLY ACKNOWLEDGES THAT THE LESSOR AND TRUSTEE, AS ASSIGNEE OF THE LESSOR, NOT BEING THE VENDORS OR

CONTRACTORS OF THE PROJECT, THE VENDOR'S AGENTS OR THE CONTRACTOR'S AGENTS, MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY, CAPACITY OF THE MATERIAL OR WORKMANSHIP IN THE PROJECT OR ANY WARRANTY THAT THE FACILITY WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS OR SPECIAL METHODS OR ANY OTHER WARRANTY OF ANY KIND WHATSOEVER. It is agreed that all such risks, as among Lessor and the Lessee are to be borne by the Lessee at its sole risk and expense and the Lessee hereby agrees to look solely to the Developer and any other contractor, vendor or supplier of the Project for all such matters. THE LESSEE FURTHER EXPRESSLY ACKNOWLEDGES THAT THE LESSOR AND TRUSTEE, AS ASSIGNEE OF THE LESSOR, MAKE NO PATENT WARRANTIES OR REPRESENTATIONS WHATSOEVER, AND THAT LESSOR AND TRUSTEE, AS ASSIGNEE OF THE LESSOR, SHALL NOT BE LIABLE FOR ANY ACTUAL, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES.

2.7. Warranties of the Facility. The Lessee acknowledges and represents that it will obtain from the Developer certain warranties regarding the Project under the Development Agreement. The Lessee reserves all rights to enforce each of these warranties so long as this Lease has not terminated (except for a termination described in Section 4.1(a) hereof).

2.8. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants as follows:

(i) The Lessee is a Florida not for profit corporation operating a developmental research school pursuant to a Charter granted by Florida State University pursuant to Section 228.056(4)(e), Florida Statutes, has powers to enter into this Lease and has duly authorized and taken the necessary acts required prior to (including all required approvals) the execution and delivery of this Lease. The Lessee warrants that this Lease, upon the execution and delivery thereof, is a valid, legal and binding limited obligation of the Lessee, payable from capital funds authorized by law and appropriated for such purpose as provided in Section 3.4 hereof.

(ii) Neither the execution and delivery of this Lease nor the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof conflicts with or results in a breach of the terms, conditions, or provision of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound or constitutes a default under any of the foregoing, nor conflicts with or results in a violation of any provision of law governing the Lessee and no representation, covenant and warranty herein is false, misleading or erroneous in any material respect.

(iii) There is no action, suite, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the

Lessee nor to the best of the knowledge of the Lessee is there any basis therefor, wherein, an unfavorable decision, ruling, or finding would materially and adversely affect the transactions contemplated by the Lessee or which would adversely affect, in any way, the validity or instrument to which the Lessee is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(iv) In its use of the Project, the Lessee shall comply with all applicable federal, state and local governmental laws, regulations, ordinances, rules, orders, standards and codes and with all hazard insurance underwriter's standards applicable to the Project.

(v) The Lessee shall request annually, Capital Outlay Funds and operating funds described in Section 228.053(9), Florida Statutes, in the maximum amount permitted by Section 228.053(9), Florida Statutes, sufficient to pay the Lease Payments and to pay the cost of operation and maintenance of the Project and all other amounts required to be paid by the Lessee hereunder.

(vi) The Lessee has determined that the Project is essential to the Lessee's operation of the developmental research school, and that it will not seek alternative facilities for so long as this Lease remains in effect.

2.9. Representations, Covenants and Warranties of the Lessor. The Lessor represents, covenants and warrants as follows:

(i) The Lessor is a municipal corporation established under the laws of the State of Florida, and as such, has all necessary power to enter into this Lease and is possessed of full power to own, lease and hold real and personal property and to lease and sell the same as Lessor, and has duly authorized the execution and delivery of this Lease.

(ii) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default under any of the foregoing.

(iii) To the knowledge of the Lessor, there is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute, deliver or assign this Lease or to comply with its obligations under this Lease. Neither the execution and delivery of this Lease by the Lessor, nor compliance by the Lessor with its obligations under this Lease, require the approval of any regulatory body, any parent company, or any other entity, which approval has not been obtained.

2.10. Care and Use of Project. The Lessee at its expense, shall maintain the Project in first-class operating condition, repair and appearance and in the condition when construction is completed hereunder

(ordinary wear and tear excepted) and shall protect same from deterioration, other than normal wear and tear; shall cause the Project to be used within its normal capacity, without abuse and in compliance with the requirements of applicable laws, ordinances and regulations and the requirements of any policy of insurance required under Section 5.3 hereof; and shall cause the Project to be operated by competent persons only and shall obtain, at the Lessee's expense, all permits and licenses, if any, required by law for the operation of the Project. The Lessee agrees that Lessor shall not be responsible for latent or patent or other defects, wear and tear or gradual deterioration or loss of service or use of the Project or any part thereof or for damage from fire or other casualty. Lessor hereby assigns to Lessee, to the extent assignable, but subject to the prior assignment thereof to the Trustee for the benefit of the holder of the Bonds, all warranties with respect to the Project and each of its components made by any materialmen or supplier. Lessor shall not be liable to the Lessee or anyone else for any liability, injury, claim, loss, damage or expense of any kind or nature caused directly or indirectly by the inadequacy of the Project or any item supplied by any materialmen or supplier or any other party, any interruption of use or loss of service or usage or performance of any Project component, any loss of business or other consequence or damage, whether or not resulting directly or indirectly from any of the foregoing.

2.11. Mutual Waiver of Subrogation Rights. Lessor and Lessee and all parties claiming under them mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard covered or required hereunder to be covered in whole or in part by insurance on the Project or in connection with property on or activities conducted on the Project, and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof and evidence such waiver by endorsement to the required insurance policies, provided that such release and waiver shall not operate in any case where the effect is to invalidate such insurance coverage.

2.12. Waiver. Lessor, its agents and employees, shall not be liable for, and Lessee waives all claims for, damage, including but not limited to consequential damages, to person, property or otherwise, sustained by Lessee, or any person claiming through Lessee resulting from any accident or occurrence in or upon any part of the Project including, but not limited to, claims for damage resulting from: (a) any equipment or appurtenances becoming out of repair; (b) Lessee's failure to keep any part of the Project in repair; (c) injury done or caused by wind, water, or other natural element; (d) any defect in or failure of plumbing, heating or air conditioning equipment, electric wiring or installation thereof, gas, water, and steam pipes, stairs, porches, railings or walks; (e) broken glass; (f) the backing up of any sewer pipe or downspout; (g) the bursting, leaking or running of any tank, tub, washstand, water closet, wastepipe, drain or any other pipe or tank upon or about the Project; (h) the escape of steam or hot water; (i) water, snow or ice upon the Project; (j) the falling of any fixture, plaster or stucco; (k) damage to or loss by theft or otherwise of property of Lessee or others; (l) acts or omissions of persons in the Project, other tenants in the Project, occupants of nearby properties, or any other persons; and (m) any act or omission of owners of adjacent or contiguous property, or of Lessor, its agents or employees. All property of Lessee, kept in the Project shall be so kept at Lessee's risk only and Lessee shall save Lessor harmless from claims arising out of damage to the same, including subrogation claims by Lessee's insurance carrier.

2.13. Quiet Enjoyment. The Lessor covenants and agrees with the Lessee that so long as the Lessee keeps and performs all of the covenants and conditions by the Lessee to be kept and performed hereunder, the Lessee shall have quiet and undisturbed and continued possession of the Project, free from any claims against the Lessor and all persons claiming under, by or through the Lessor.

ARTICLE III

LEASE PAYMENTS

3.1. Payment of Lease Payments. Subject to the conditions stated herein, the Lessee agrees to pay the Lease Payments, and agrees to pay and discharge all other amounts, liabilities and obligations which the Lessee assumes or agrees to pay to the Lessor as provided herein, including but not limited to any fees and expenses of the Trustee, the replenishment of any deficiencies in the Reserve Fund as set forth in Section 507(c) of the Indenture resulting from a late payment of Lease Payments, together with interest on such overdue amount at the rate specified in Section 215.422, Florida Statutes; provided however, that neither the Lease Payments nor any other amounts due under or liabilities arising under the Lease shall constitute a debt, a general obligation or, except from Capital Outlay Funds appropriated annually by the State Legislature, a liability of the State or political subdivision thereof within the meaning of any constitutional or statutory provision or limitation. Neither the State, the Lessee nor any other agency, department or political subdivision thereof shall be obligated to pay the same, except[, **with respect to the Lessee,**] from Capital Outlay Funds appropriated and other legally available funds annually by the State Legislature. Neither the faith and credit nor the taxing power of the State, or any other agency, department or political subdivision thereof, is pledged to the payment of Lease Payments or any other amounts due under or liabilities arising under the Lease.

All Lease Payments and all other payments due hereunder shall be made from funds authorized by law or appropriated for such purpose by the State Legislature. On each Lease Payment Date, the Lessee shall pay or cause to be paid to the Lessor or its assigns, in lawful money of the United States of America, the Lease Payments for such Lease Payment Date. In the event the Lessor has not received such Lease Payments on or before the Lease Payment Date, the Lessor shall notify the Lessee on the Business Day following the day payment was due that such Lease Payments have not been received; provided, however, that such notice is for the purpose of convenience only and the Lessee's obligation to make such payments shall in no way be conditioned by giving or receipt of such notice. Lessee agrees that any Lease Payment not made on or before the applicable Lease Payment Date shall be delinquent as of the first Business Day following the applicable Lease Payment Date, and that such delinquent payment of Lease Payments are due no later than the Business Day immediately following the applicable Lease Payment Date, regardless of whether the Lessee has received notice from the Lessor of such delinquent Lease Payments.

Fifteen days prior to each Lease Payment Date, the Trustee will notify the Lessee of the amount of funds representing Capital Outlay Funds and other funds deposited in the Revenue Fund which have been transferred to the Debt Service Fund, including any funds transferred from the Debt Service Coverage Fund in accordance with Section 504 of the Indenture, which funds shall represent a credit against any Lease Payment due on the next Lease Payment Date.

3.2. Lease Payments to be Unconditional. All Lease Payments from and after the Effective Date, but subject to the provisions of Section 3.4 hereof, and the obligation to pay all other amounts

provided for herein and to perform the Lessee's obligations under the Lease, shall be absolute and unconditional, and such Lease Payments and other amounts shall be payable without abatement or any rights of set-off, recoupment or counterclaim the Lessee might have against any supplier, contractor, or any other person and whether or not the Project is accepted for use or used by the Lessee or available for use by the Lessee, whether as a result of damage, destruction, condemnation, defect in title or failure of consideration or otherwise. It is the express intent of the Lessor and Lessee that this Lease shall be deemed and construed to be a "triple net lease".

3.3. Budget Requests. The Lessee shall cause to be prepared and submitted to the State of Florida Department of Education, for submission to the State Legislature the budget recommendation for the Lessee, specifically including, but not limited to the Capital Outlay Funds in accordance with the requirements of this Lease. Copies of the Lessee's interim and final budgets (as proposed and adopted) shall be made available to the Trustee and the Bond Insurer. Copies of proposed budgets shall be made available promptly following their submission for consideration. Copies of actual budgets shall be available promptly following their adoption and copies of related correspondence shall be available to the Bond Insurer and the Trustee promptly upon receipt or mailing by the Lessee. Each budget shall identify the expenditures representing payments hereunder and the source of the appropriation for each such payment. The Lessee shall immediately notify the Bond Insurer and the Trustee of any change in the statutes or constitution of the State, of which it is aware, enacted into law or introduced in the legislature or any pending litigation that would adversely affect the ability of the Lessee to receive funds from the federal or state governments or to make payments or perform its obligations hereunder.

3.4. Non-Appropriation. THE LESSEE'S PERFORMANCE AND OBLIGATION TO PAY UNDER THIS LEASE PURCHASE AGREEMENT IS CONTINGENT UPON AN ANNUAL APPROPRIATION BY THE STATE LEGISLATURE OF THE CAPITAL OUTLAY FUNDS. Notwithstanding anything in the Lease to the contrary, the cost and expense of the performance by the Lessee of its obligations under this Lease and the incurrence of any liabilities of the Lessee hereunder including, without limitation, the payment of all Lease Payments and all other amounts required to be paid by the Lessee under this Lease, shall be payable solely from Capital Outlay Funds authorized by law and appropriated for such purpose by the State Legislature, and other funds duly budgeted and appropriated by the Lessee as hereinafter described. Under no circumstances shall the failure of the State Legislature to appropriate sufficient Capital Outlay Funds constitute a default or require payment of a penalty hereunder.

The term of the Lease shall continue from the Effective date until June 30, 20__ (or such earlier date on which the Lessor receives the final Lease Payment hereunder), provided that sufficient annual appropriation has been made in the annual State budget for each and every Fiscal Year to enable the Lessee to make the Lease Payments. Upon the failure of the State Legislature to appropriate sufficient Capital Outlay Funds to or for the benefit of the Lessee to enable the Lessee to pay its Lease Payments hereunder for the next Fiscal Year (an "Event of Non-Appropriation"), the Lease Term shall terminate on the June 30 of the last Fiscal Year for which Capital Outlay Funds were duly appropriated to or for the benefit of the Lessee for the Lease Payments, provided that the Lease Payment due on each July 15 Lease

Payment Date shall be payable from Capital Outlay Funds and other funds which were appropriated for the Fiscal Year ending on the immediately preceding June 30.

The Lessee shall provide written notice of any non-appropriation of Capital Outlay Funds discovered herein to the Trustee and the Bond Insurer within three (3) Business Days of the adoption of the Appropriation Bill by the State Legislature, or the exercise of any line item veto by the Governor affecting the Lessee's Capital Outlay Funds.

Notwithstanding the foregoing, the Lessee shall, with the prior consent of the Bond Insurer, have the option, but not the obligation, to supplement any Capital Outlay Funds provided pursuant to Section 228.053(9), Florida Statutes, with general operating funds or other funds duly budgeted and appropriated by the Lessee prior to the end of the current Fiscal Year, and to use such funds to meet its Lease Payment obligations hereunder. As additional security for the Lessee's obligation to make Lease Payments, the Lessee shall assign its rights to receive Capital Outlay Funds to the Trustee for direct deposit into the Revenue Fund created under the Indenture. In the event sufficient Capital Outlay Funds are not appropriated by the State Legislature such that the Lessee does not receive Capital Outlay Funds equal to 1/15th of the cost per student station pursuant to Sections 228.0561 and 228.053(9)(b)&(e), Florida Statutes, prior to declaring an Event of Non-Appropriation, the Lessee shall first determine whether funds otherwise available to the Lessee are sufficient to pay anticipated operating expenses of the Project and to make Lease Payments during the next Fiscal Year, after consulting with the Bond Insurer. The Lessee covenants, subject to the prior consent of the Bond Insurer, to budget and appropriate Lessee's available funds in order to make the Lease Payments and to not declare an Event of Non-Appropriation.

3.5. Surrender of Project. Upon the termination of the Lease Term prior to the payment of all Lease Payments scheduled therefor or as provided in Section 8.2 hereof upon the occurrence of an event of default hereunder the Lessee shall [**immediately**] (except as otherwise provided in Section 3.4 hereof following an Event of Non-Appropriation) ~~{^}~~ surrender its leasehold estate created hereunder and deliver possession, use and control of the Project to the Trustee as the assignee of the Lessor, in the condition, state of repair and appearance required under the Lease, all in accordance with the instructions of the Lessor. The Lessee agrees to exercise and deliver any and all instruments necessary to accomplish such surrender in recordable form. Upon such surrender, the Lessor or its assignee may re-let the Lessee's interest in the Project in such manner and to such person or persons for any lawful purpose or purposes, as it shall, in its discretion, determine to be appropriate, until the date on which all payments due under the Lease are paid in full and the Bond Insurer has been reimbursed in full for any payments it made to the holders of the Bonds, whichever shall first occur. The Lessor agrees, and further agrees to require its assignee, to re-let the Lessee's interest in the Project following the occurrence of an event of default or an Event of Non-Appropriation to a substitute Lessee or Lessees, whose use of the Project will maintain the tax exempt nature of the Bonds, to the fullest extent possible.

If the Lessee shall refuse or fail to voluntarily surrender its leasehold estate or deliver possession of the Project as above provided, the Lessor may enter into and upon the Project or any part thereof, and repossess the same and thereby restore the Lessor to its former possessory estate and expel the Lessee

and remove its effects forcefully, if necessary, without being taken or deemed to be guilty in any manner of trespass in order that the Lessor may re-let such leasehold interest in the Project, for any lawful purpose or purposes, and the Lessee shall have no further possessory right whatsoever in the Project. The Lessor may exercise all available remedies at law or in equity to evict the Lessee and to enjoy its possessory rights to the Project; and the Lessee shall be responsible for the payment of (i) liquidated damages in an amount equal to the then applicable Lease Payment determined on a daily basis, for any period during which the Lessee fails to surrender the Project and (ii) for court costs, attorneys fees and expenses incurred by the Lessor as a direct result of the Lessee's failure to surrender the Project, all without prejudice to any remedy which might otherwise be available to the Lessor for arrears of Lease Payments or for any breach of the Lessee's covenants herein contained.

3.6. Net Lease. The Lessee and Lessor intend the Lease Payments hereunder to be net to the Lessor. The Lessee shall comply with all of its obligations hereunder and pay from Lessee's legally available funds duly appropriated therefor in accordance with Section 3.4 hereof, all Lease Payments and any other payments by the Lessee required hereunder, and any interest imposed on any of the foregoing, during the Lease Term; and, as between Lessor and Lessee, the Lessee will pay all reasonable expenses incurred by Lessor or the Trustee as assignee for the Lessor, in connection with all filings or recordings of any documents relating to initial delivery of this Lease or the initial assignment of Lessor's Lease rights hereunder to the Trustee. The Lessee will pay or make provisions for payment of, as the same shall become due, all lawful taxes and assessments, or any interest and penalties relating thereto, if any, or real estate taxes or other municipal or governmental charges lawfully levied or assessed by the federal, state or municipal government upon the Lessor or Lessee with respect to the Project or any part thereof or upon any payments in respect thereof under this Lease or any other agreement, instrument or document made or to be made in connection herewith. The Lessee may in good faith and by appropriate proceedings, but only (i) after posting security satisfactory to the Bond Insurer and (ii) if such contest does not jeopardize the State's title to the Project Site, contest any such taxes or charges, including real estate taxes, with due diligence so long as such proceedings, in the reasonable opinion of the Bond Insurer, do not impair the Lessee's ability or obligations to pay the Lease Payments hereunder. The Trustee, as assignee of the Lessor (but acting solely at the direction of the Bond Insurer) shall have the right but not the obligation, after reasonable written notice to the Lessee, to make any of the payments required of the Lessee under this Section 3.6 with respect to the Project, but shall not be obligated to pay the same, and may charge such payment with interest to the highest rate permitted by applicable law, not to exceed the maximum rate applicable to State late payments, from the date of payment, to be paid by the Lessee on or before the next Lease Payment Date.

3.7. Prepayment of Lease Payments. At any time during the term hereof, the Lessee shall have the right, but not the obligation, to prepay all or any portion of the future Lease Payments due hereunder, by delivering to the Trustee the amount of the prepayment and in the event such payments are in full satisfaction of all future Lease Payments hereunder, by delivering to the Trustee the "Balance Due Lessor". "Balance Due Lessor" shall be calculated as of the date that the amount of Lease Payments to be prepaid hereunder will be applied to pay the Bonds, as follows:

(a) if the date with respect to which such calculation is being made is a Lease Payment Date, an amount equal to the sum of (i) the Concluding Payment with respect to such Lease Payment Date plus (ii) the Lease Payment due as of such date, or

(b) if the date with respect to which such calculation is being made is other than a Lease Payment Date, an amount equal to the sum of (i) the Concluding Payment with respect to the immediately preceding scheduled Lease Payment Date plus (ii) interest accrued on such amount computed from such immediately preceding scheduled Lease Payment Date through the date of calculation computed per diem on the basis of a year of 360 days consisting of twelve (12) months of thirty (30) days each; and

(c) plus in either case, an amount equal to any additional amount due, owing or accrued to any Person hereunder.

3.8. [Reserved]

3.9. Defeasance.

With respect to the Lease Payments hereunder, all of the Lease Payments shall be deemed to be paid: (i) when there is irrevocably deposited with or made available to the Trustee in trust and irrevocably set aside exclusively for payment of the Lease Payments money sufficient to pay, or non-callable Governmental Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to pay, the redemption price of the Bonds on the next optional redemption date under the Indenture and all Lease Payments payable on or before such next optional redemption date, and (ii) when all additional amounts payable hereunder, including without limitation, all amounts and fees due or payable to the Trustee hereunder, shall have been paid or the payment thereof provided for to the satisfaction of the Trustee have been satisfied. When all of the Lease Payments are deemed paid, as aforesaid, and the Trustee has received (x) an opinion of Bond Counsel to the effect that the deposit of such money or non-callable Governmental Obligations in trust will not cause the interest on the Bonds to be included in gross income for federal income tax purposes under the Code and that the lien of the Indenture in the Project and the Lease Payments has been defeased, and (y) an accountant's certificate with respect to the sufficiency of the money or such non-callable Governmental Obligations so deposited, and the requirements of Article IX of the Indenture have been satisfied, the Lessor shall be entitled to payment solely from such money or Governmental Obligations and all right and interest of the Lessor under this Lease Purchase Agreement shall terminate and Lessor, or its assigns, shall assign all of its right and interest in and to this Lease Purchase Agreement and the Ground Lease to the Lessee.

3.10. Lessor's Indemnity.

To the extent permitted by applicable law but solely from Lessee's legally available funds, the Lessee hereby agrees to protect, indemnify, pay and save Lessor and Trustee, as assignee of Lessor, harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses

(including reasonable attorneys' fees and expenses) that Lessor or the Trustee may, other than as a result of the gross negligence or willful misconduct of Lessor or the Trustee, incur or be subject to as a consequence, direct or indirect, of (i) the execution hereof and the performance of the Lessor's or the Trustee's obligations hereof, (ii) any breach by any party of any representation or warranty, covenant, term or condition in, or the occurrence of any default under, the Indenture or this Lease, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default, (iii) the involvement in any legal suit, investigation, proceeding, inquiry or action as to which the Lessor or the Trustee is involved as a consequence, direct or indirect, of its execution hereof and the performance of the Lessor's or the Trustee's obligations hereunder.

ARTICLE IV

TERMINATION

4.1. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

(a) on the first to occur of the last Lease Payment Date or the payment of all Lease Payments hereunder, including payment of the Balance Due Lessor, which amounts were to have been paid by the Lessee hereunder;

(b) upon the occurrence of an Event of Non-Appropriation; or

(c) upon a default by the Lessee and the termination of the Lease pursuant to Section 8.2 hereof.

4.2. Effect of Termination. Termination of the Lease Term as provided in Section 4.1 hereof shall have the following effect:

(a) Upon the termination of the Lease Term for the reason referred to in Section 4.1(a) hereof, the Trustee shall execute and deliver a release of this Lease and the Ground Lease to the Project Site, at Lessee's cost, and such other documents as may be necessary to release the Lessor's or the Trustee's interest in the Project Site to the Lessee, free and clear of the lien of the Indenture.

(b) Upon the termination of the Lease Term for the reason referred to in Section 4.1(b) hereof, Lessee shall not be responsible for the payment of any additional Lease Payments scheduled to become due in any succeeding Fiscal Year. If the Lessee has not delivered possession in accordance with Section 3.5 hereof, the termination of the Lease Term shall nevertheless be effective.

(c) Upon the termination of the Lease Term for the reason stated in Section 4.1(c) hereof, Lessee shall be responsible for all Lease Payments that are provided for under the Lease, subject to the limitations and conditions set forth in Section 3.4 hereof. If Lessee has not delivered possession in accordance with Section 3.5 hereof, the termination of the Lease Term shall nevertheless be effective, but Lessee shall be responsible for the payment of liquidated damages in an amount equal to the amount of the Lease Payments which would have accrued, when calculated on a daily basis, for the period during which Lessee fails to surrender the Project and for any other direct costs incurred by the Lessor as a result of Lessee's failure to take such actions required.

Notwithstanding the termination of the Lease Term as a result of the operation of Section 4.1 (b) or 4.1(c) hereof, upon provision having been made for payment by Lessee of all Lease Payments scheduled to be paid under the Payment Schedule during the entire Lease Term, this Lease shall be thereupon deemed

terminated pursuant to Section 4.1(a) hereof. Notwithstanding the foregoing, upon the occurrence of a termination event pursuant to Section 4.1(b) hereof, the Board of Regents and FSU shall have the right, but not the obligation, to pay the Balance Due Lessor to the Trustee within thirty (30) days of such event, and thereupon effect a termination event described in Section 4.1(a) hereof, and upon the occurrence of a termination event pursuant to Section 4.1(c) hereof, the Board of Regents and FSU shall have the right, but not the obligation, to either (i) provide notice to the Trustee and the Bond Insurer that the Board of Regents or FSU, as the case may be, intends to cure the action that resulted in the termination described in Section 4.1(c) hereof, and so acts within thirty (30) days of such notice to cure such default and to affirmatively assume the obligations of Lessee hereunder either as the Lessee or in addition to the Lessee, or (ii) pay the Balance Due Lessor to the Trustee within thirty (30) days of the default and termination event, and thereupon effect a termination event described in Section 4.1(a) hereof.

ARTICLE V

COVENANTS OF LESSEE

5.1. Maintenance of the Facility. Lessee shall, following substantial completion of the Project, be responsible for all repair and maintenance of the Project (notwithstanding the right to enforce and collect on any of the Developer's warranties under the Development Agreement), both interior and exterior and both structural and nonstructural, whether foreseeable or not foreseeable. Lessee shall keep or cause to be kept the foundations, roof and structural portions of the walls of the Project in first-class order, repair and condition. Lessee shall commence required repairs as soon as practicable. Lessee shall at all times keep the Project (including all entrances and vestibules) and all partitions, window and window frames and moldings, glass, store fronts, doors, door openers, fixtures, equipment and appurtenances thereof (including lighting, heating, electrical, plumbing, ventilating and air conditioning fixtures and systems) and other mechanical equipment and appurtenances within the Project and all parts of the Project, in good order, condition and repair and clean, orderly, sanitary, safe and watertight, including but not limited to doing such things as are necessary to cause the Project to comply with applicable laws, ordinances, rules, regulations and orders of governmental and public bodies and agencies, such as but not limited to the Williams-Steiger Occupational Safety and Health Act. If replacement of equipment, fixtures and appurtenances thereto is necessary, Lessee shall replace same with new or completely reconditioned equipment, fixtures and appurtenances, and repair all damages done in or by such replacement. Furthermore, Lessee shall:

- (a) maintain all heating, ventilation and air conditioning equipment in the Project in satisfactory operating condition at all times during the Lease Term;
- (b) furnish any necessary janitorial services and all necessary janitorial supplies during the Lease Term;
- (c) be responsible for replacement of all bulbs, lamps, tubes and starters used in the light fixtures for the purpose of furnishing light;
- (d) furnish any necessary pest control services for the Project during the Lease Term, including without limitation, those necessary to control or eradicate wood destroying organisms; and
- (e) promptly pay all gas, water, sewage, power and electric light rates or charges which may become payable during the Lease Term for the gas, water, sewage and electricity used by the Lessee in the Project.

All obligations of the Lessee, under this Section 5.1 shall be at the Lessee's sole cost and expense and Lessee shall take all actions necessary to assure that no liens arise against the Project as a result of Lessee's failure to pay for water, sewer, electricity, telephone or other utility services or charges. In no event shall Lessor (other than in the capacity of a utility service provider) be responsible for the quality,

quantity, failure or interruption of any such utility services to the Project. Lessee shall be responsible for and required to deliver any and all security deposits that may be required to provide utility services to the Project.

If Lessee fails to perform any of its obligations under this Section 5.1, Lessor, or the Trustee on behalf of the Lessor, without notice, may (but shall not be obligated to) perform Lessee's obligations or perform work resulting from Lessee's acts, actions or omissions and the cost thereof shall be immediately due and payable by the Lessee.

Provided however, that in the event the Trustee, as assignee of the Lessor, is to assume possession of the Project in accordance with Section 3.5 hereof, then during the 180 days immediately preceding the Lease termination date, the Lessee shall cause to be made the repairs necessary to remedy the effects of ordinary wear and tear which occurred during the Lessee's occupancy of the Project.

5.2. Taxes, Other Governmental Charges and Utility Charges. The parties acknowledge and agree that the Project is exempt from ad valorem taxes pursuant to Section 196.1983, Florida Statutes, and therefore not subject to assessments levied by governmental authorities. However, in the event that the ownership, leasing, use, possession or acquisition of the Project is found to be subject to taxation assessments or governmental charges in any form, the Lessee will pay, during the Lease Term, as the same come due, all taxes and other governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project and any facilities or other property acquired by the Lessee as permitted under this Lease in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Project or Project Site; as well as all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and Project Site; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as have accrued during the time the Lease Term is in effect. The obligations of the Lessee hereafter are subject to the availability of funds therefor from annual appropriations by the State Legislature.

5.3. Provisions Regarding Insurance. The following insurance requirements during the Lease Term shall be satisfied by the Lessee, or at the direction of the Lessee:

The Lessee shall, during the construction of the Project, obtain and maintain, or shall cause the Developer pursuant to the Development Agreement to obtain and maintain, the insurance coverage set forth on Exhibit D to the Development Agreement.

Following the completion of construction of the Project, the Lessee shall provide insurance against the following risks in the following respective amounts to be carried and maintained with respect to the Project during the Lease Term. Throughout the Lease Term the Lessee shall annually furnish to the Lessor, the Bond Insurer and the Trustee a certificate evidencing such coverage.

(a) general property and casualty insurance in an amount not less than the full replacement cost of the Project, including rental operation insurance equal to twelve (12) months of Lease Payments, as well as professional liability insurance coverage, including medical malpractice liability and errors and omissions coverage, to cover all professional services to be rendered by Lessor to the Lessee, in an amount equal to two million dollars (\$2,000,000) per occurrence with a five million dollar (\$5,000,000) yearly aggregate, provided that if occurrence coverage is not available, claims-made coverage with a three year tail coverage shall be provided for the same amounts and aggregate as described above;

(b) Workers' compensation insurance (including employer liability) covering all employees of the Lessee working on, in, near or about the Project, in the amount and manner required by Florida law, provided, such coverage may be provided by separate coverage or as an additional endorsement to a general liability policy, but shall be in the same amounts and limits of coverage as that required for general liability coverage;

(c) premises liability insurance (which may be included in any general liability coverage) and property coverage (fire and extended coverage) for the full value of all the moveable contents of the buildings, structures or other facilities operated by the Lessee or any subcontractor therefor;

(d) environmental impairment liability coverage for liability resulting from sudden, accidental or gradual pollution arising from operations conducted by the insured, covering damage for bodily injury and property damage, in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) yearly aggregate limit;

(e) The insurance described in paragraphs (a) through (d) of this Section 5.3 shall be placed with an insurance agent licensed in the State and such coverage shall be provided by an insurance company or carrier licensed to issue such coverage in the State and admitted to do such business in the State, and coverage issued by surplus lines companies shall not be acceptable with the exception of civil rights liability coverage. All insurance carriers shall be, at the minimum, rated "A" or better by A.M. Best or an equivalent rating by a similar insurance rating service. No "self-insurance" coverage is acceptable, except that the Lessee may self-insure for such coverage but only if an Independent Insurance Consultant reviews the soundness of the claims reserve fund annually and the claims reserve is maintained should the reserve fund be liquidated. Each insurance policy must explicitly waive any co-insurance penalties. All policies shall include a provision requiring at least 30 days' prior written notice of cancellation to the Lessee.

Any insurance policy issued pursuant to this Section 5.3 shall be so written or endorsed as to make losses, if any, payable to the Trustee, the Lessee and the Lessor as their respective interests may appear.

The Lessee may choose the amount of deductible for any of the insurance coverage required by this Section 5.3, but in no event shall such deductible for each occurrence exceed three (3) percent of the required yearly aggregate limit of coverage. The Lessee shall be responsible for first dollar coverage, and all general liability and professional liability policies shall provide defense in addition to the policy limits. As respects to the total limits of liability required, any combination of primary and/or umbrella coverage may

satisfy those totals, provided, that if umbrella coverage is used, coverage must be at least as broad as the primary coverage.

Any insurance policy issued pursuant to this Section 5.3 shall provide that the Lessee shall be notified by any proposed cancellation or non-renewal of such policy ninety (90) days prior to the date set for cancellation or non-renewal.

Any insurance policy maintained pursuant to this Section 5.3 shall be so written or endorsed to provide that the Lessor shall be named a loss payee as its interest may appear. The Net Proceeds of the insurance required in this Section 5.3 shall be applied as provided in Section 5.4 hereof.

Copies of all insurance policies shall be provided to the Bond Insurer prior to the Effective Date, and thereafter original copies of all insurance policies shall be delivered to the Bond Insurer within 30 days of the purchase or renewal thereof, with all such copies submitted to the Bond Insurer's notice address.

5.4. Damage, Destruction or Condemnation. If prior to the termination of the Lease Term, the Project or any portion thereof is destroyed or is damaged by fire or other casualty, or title to, or the temporary use of such Project or any portion thereof shall be taken under the exercise of the power of eminent domain, the Lessee shall cause the net proceeds of any insurance or net proceeds of any claim or condemnation award to be applied to the prompt repair, restoration, or replacement, in which case any such replacement shall become subject to the provisions of this Lease as fully as if it were originally a part of the Project. Any such net proceeds received by the Lessee shall be deposited in the Project Account in the Construction Fund and be applied by the Lessee toward the payment of the cost of such repair, restoration or replacement, in the manner and upon the conditions set forth in Section 2.3 hereof.

Notwithstanding the foregoing, following such event of damage, destruction or condemnation, the Lessee shall continue to be obligated to make all Lease Payments required hereunder subject only to the requirements of Section 3.4 hereof, while the Lessee restores or rebuilds the Project, or to deliver to the Trustee funds, which together with the net proceeds on deposit with the Trustee, sufficient to retire all amounts to be paid under this Lease (including the Balance Due Lessor) on the earliest date such Lease Payments may be made.

5.5. Insufficiency of Net Proceeds. If the net proceeds described in Section 5.4 hereof are insufficient to pay in full the cost of repair, restoration or replacement of the Project, the Lessee shall seek appropriations from the State Legislature to pay such cost or to facilitate a modification of the Lease to increase Lease Payments hereunder in order to allow the Lessor to finance on behalf of the Lessee the additional cost of such repair, restoration or replacement through the issuance of Additional Bonds or Refunding Bonds.

5.6. Continuing Disclosure. The Lessee hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure {^} [Certificate]. Notwithstanding any other provision of this Lease, failure of the Lessee to comply with the Continuing Disclosure {^}

[Certificate] shall not be considered an event of default hereunder; however, the Trustee may, pursuant to the Indenture, (and, at the request of any participating underwriter or the holders of at least 25% aggregate principal amount in outstanding Bonds, shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Lessee to comply with its obligations under this Section 5.6. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes."

5.7 Representations and Warranties Represented in Requisition. (a) The execution of a Requisition shall constitute an affirmation of the completeness and accuracy of the following representations and warranties as of the date of such execution by the Lessee Project Manager on behalf of the Lessee:

(i) The Development Agreement is presently in full force and effect according to its terms; no party thereto is in default under the Development Agreement; and no party thereto has knowledge of any violation of the Development Agreement.

(ii) There are no governmental or other actions or proceedings (except actions or proceedings that are fully covered by insurance) pending or, to such party's knowledge, threatened affecting the Lessee or the Project, which, if adversely determined, would substantially impair the Lessee's ability to perform its obligations under this Lease.

(iii) Such party knows of no violation and has no notice of a violation of any court order or of any law, regulation, ordinance, rule, order, code or requirement of any governmental authority having jurisdiction over all or any component of the Project that may detrimentally affect the development and operation of the Project as planned.

(iv) If applicable, the plans and specifications for and the use of the Project will comply with all restrictions (recorded or otherwise), and all governmental laws, regulations, ordinances, rules, orders, standards and codes and with all hazard insurance underwriters' standards, in each case, applicable to the Project or the Project Site.

(v) All utility services necessary for the construction of the Project and the operation of the Project have been extended to or are available at the Project, including, but not limited to, water, storm and sanitary sewer facilities, electricity, and telephone service or the cost of doing so is included in the budget.

(vi) All necessary governmental approvals required for the acquisition or construction of the Project, if any, have been or will be obtained before the time required by law with respect to the applicable stage of construction of the Project and such party shall deliver (or cause to be delivered) copies of all permits to the Lessee and the Trustee as they are obtained.

(vii) The Project is not damaged as a result of any casualty (or if so damaged, repairs are being effected by the Developer pursuant to the builder's risk insurance or by the Lessee pursuant to Sections 5.3 and 5.4 hereof).

(viii) The rights of way for all roads necessary for the proposed utilization of the Project have either been acquired by the appropriate governmental authority or dedicated to and accepted by the appropriate governmental authority or the cost of acquiring same are included in the Project budget. All such roads are improved or, if not improved, all necessary steps have been taken by the Lessee and the responsible governmental authority to assure their completion before the date when access to the Project via such roads will be necessary. All curb cuts and traffic signals required in connection with the operation of the Project are complete or are approved for construction by all necessary governmental authorities and the cost thereof is included in the Project budget.

(ix) All the documents required to be submitted with respect to such Requisition have been submitted.

(b) The execution of a Requisition by the Lessee Project Manager on behalf of the Lessee shall conclusively mean the full acceptance of those portions of the Project paid for with the proceeds of such Requisition; provided, however, such acceptance of the interim portions of the Project shall not constitute a waiver of any rights the Lessee may have against the Developer under the Development Agreement, nor a satisfaction of any claims arising under the Development Agreement. Upon final completion of the Project, the Lessee shall deliver to the Trustee and the Bond Insurer a final certificate of acceptance of the Project.

5.8. Federal Tax Covenants. Neither the Lessor nor the Lessee shall take any action or refrain from taking any action, nor shall it cause or, to the best of its ability, allow any other party under its direction or control to do so, except upon the occurrence of an event of default hereunder or under the Indenture or an Event of Non-Appropriation, which act or failure to act could adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Neither the Lessor nor the Lessee will make or will direct the making of any investment of the proceeds of the sale of the Bonds which would result in the Bonds being characterized as "arbitrage bonds" under Section 148 of the Code, however, the Lessor and Lessee mutually acknowledge that the Lessee will not have the right to direct the investment of proceeds of the sale of the Bonds. The Lessor shall take all action required under the Code, including the calculation and payment of any rebate necessary to preserve the exclusion from gross income for federal income tax purposes of the interest portion of the Bonds; provided, however, that the Lessor may delegate such responsibility to a third party.

In the operation of the Project, the Lessee shall require that any contract comply with all applicable Treasury rules and regulations regarding the private business use of a facility financed with the proceeds of tax exempt obligations. The Lessee acknowledges receipt of instructions from Bond Counsel regarding guidelines the Lessee must follow with regard to any contract.

5.9 Information Requested by Bond Insurer. The Lessee will permit the Bond Insurer to discuss the affairs, finances and any information the Bond Insurer may reasonably request regarding its obligations hereunder with appropriate officers of the Lessee. The Lessee will permit the Bond Insurer to have access to the Project and the Project Site and have access to and to make copies of all books and records relating to its obligations hereunder.

5.10 Debt Service Coverage. The Lessee shall adopt an Annual Budget prior to the beginning of each Fiscal Year which demonstrates a Debt Service Coverage Ratio with respect to the Series A Bonds, and any Completion Bonds, Additional Bonds and Refunding Bonds if and when issued, of 1.25 for the next Fiscal Year, and Total Operating Revenues at least equal to Annual Operating Expenses. On or before the first to occur of the delivery of the annual audited financial statements of the Lessee or the date that is the one hundred and eightieth day following the end of each Fiscal Year, the Lessee shall demonstrate an actual Debt Service Coverage Ratio of 1.25 for the Fiscal Year just completed. The Lessee shall notify the Trustee and the Bond Insurer of the Debt Service Coverage Ratio for each such Fiscal Year. If the Debt Service Coverage Ratio, as calculated for any Fiscal Year with respect to the Series A Bonds, and any Completion Bonds, Additional Bonds and Refunding Bonds if and when issued, is less than 1.25, the Lessee (i) shall notify the Trustee and the Bond Insurer of the Lessee's failure to achieve the Debt Service Coverage Ratio, and (ii) take all action necessary to cause the appropriated Capital Outlay Funds and other Net Income Available for Debt Service, along with operating funds, fees, rentals, rates and charges imposed and collected by it in connection with its operation of the Project to produce a Debt Service Coverage Ratio with respect to the Series A Bonds, and any Completion Bonds, Additional Bonds and Refunding Bonds if and when issued, equal to not less than 1.25.

Until such time as (i) the Lessee shall have achieved an actual Debt Service Coverage Ratio with respect to the Series A Bonds and any Completion Bonds (including any Refunding Bonds to the extent such Bonds refund Series A Bonds or Completion Bonds) of 1.25 for the two most recent consecutive Fiscal Years without any funds being distributed to the Lessee from the Debt Service Coverage Fund, and (ii) the Lessee certifies to the Trustee and the Bond Insurer that it will not require any future distributions from the Debt Service Coverage Fund for any future Fiscal Year and that it will maintain a Debt Service Coverage Ratio of 1.25 in relation to the Series A Bonds and any Completion Bonds (including any Refunding Bonds to the extent such Bonds refund Series A Bonds or Completion Bonds) for so long as any such Bonds are outstanding, the Trustee shall utilize funds in the Debt Service Coverage Fund to supplement the funds available to the Lessee. Any funds so distributed to the Lessee by the Trustee shall be retained by the Lessee in a separate capital account and held solely for the payment of Lease Payments hereunder or other budgeted capital expenditures of the Lessee, subject to the terms and conditions of the Debt Service Coverage Agreement.

5.11. Permitted Debt. Effective as of the date of delivery of the Bonds, the Lessee will not incur or permit to remain outstanding any Debt other than its obligations hereunder with respect to the Bonds and any Additional Bonds, Completion Bonds or Refunding Bonds as permitted by the Indenture, which is on

a parity with the Bonds, unless such Debt is Subordinated Debt. All such additional Subordinated Debt shall in all respects be subordinate to the obligations of the Lessee hereunder.

5.12. Parity Debt. So long as there does not exist an event of default hereunder and subject to the conditions provided in the Indenture, the Lessee has the right to incur Parity Debt, on a parity with the Bonds, for paying costs of any improvements, completing any improvement, financing acquisitions or start-up costs of new programs and services, or refunding or advance refunding all or any portion of any series of Bonds or any Parity Debt, or any combination of such purposes.

Prior to the incurrence of any Parity Debt, the Lessee will provide evidence satisfactory to the Trustee that each of the conditions mandated by the Indenture for the issuance of Additional Bonds, Completion Bonds and Refunding Bonds, as the case may be, has been satisfied and will deliver to the Trustee the instruments and documents required to demonstrate such compliance.

5.13. Annual Audit and Periodic Report. The Lessee covenants and agrees that it will keep true and proper books of records and accounts in which full and correct entries will be made of all of its business transactions, and that it will reflect in its financial statements the revenues, all in accordance with generally accepted accounting principles applicable to school districts in the State.

The Lessee will have an annual audit made by an independent certified public accountant of its financial statements in accordance with generally accepted auditing standards applicable to school districts in the State. So long as any Bonds are outstanding, the Lessee will deliver to the Trustee and the Bond Insurer, promptly, but in all events within 180 days after the end of each Fiscal Year of the Lessee,

(a) a copy of the Lessee's audited financial statements, including without limitation, a balance sheet or statements of assets, liabilities and fund balances as of the end of that Fiscal Year, statements of revenues and expenses or margin, and statements of cash flows for that Fiscal Year, and

(b) a certificate signed on behalf of the Lessee by the persons performing the functions of the administrator or chief financial officer of the Lessee, which shall state

(i) to the best of the knowledge of the officer executing the certificate, based solely on an examination of the latest financial audits, review of the corporate minutes or record of proceedings of the Lessee, there are no defaults or events of default under this Lease, the Indenture or defaults or events of default under the provisions of any Debt instrument or document and, without further examination or investigation, to the best of that officer's knowledge, no default or event of default exists on the part of the Issuer under the Indenture, or

(ii) if in any case, a default or event of default described in or identified pursuant to subparagraph (a) has occurred and is continuing, specifying the nature thereof and any action which the Lessee is taking or proposes to take with respect thereto.

For purposes of this Section, the term "default" means a default as defined with respect to the relevant document or instrument or any circumstance which is a violation thereof or, with the passage of time or the giving of notice or both, would constitute an event of default thereunder.

5.14. Annual Budgets. So long as any amount shall remain unpaid under this Lease, the Lessee will prepare and adopt an Annual Budget for each Fiscal Year covering the operation of the Project and all other operations of the Lessee, including the payment of all obligations under this Lease, any Parity Debt and any other Debt. Each such Annual Budget shall be prepared and submitted to the Board of Directors of the Lessee at least thirty (30) days prior to the commencement of the Fiscal Year to which it applies, and such Annual Budget shall be approved and adopted by the Board of Directors prior to the commencement of such Fiscal Year. If an Annual Budget is not adopted for any new Fiscal Year prior to the commencement thereof, then the Annual Budget (if any) in effect as of the end of the next preceding Fiscal Year shall be used for such new Fiscal Year until replaced by an Annual Budget adopted therefor in accordance with the provisions of this Section.

The Annual Budget for each Fiscal Year shall contain (i) a projection of all funds and revenues expected to be received by the Lessee during such Fiscal Year, (ii) a projection of all expenses expected to be incurred by the Lessee during such Fiscal Year, reflecting a reasonable breakdown of such projected expenses into separate accounts, (iii) a projection of the Lease Payments and any additions to or replenishments of reserves required during such Fiscal Year with respect to the Bonds and any other indebtedness of the Lessee permitted by this Lease, together with a corresponding projection of the Net Income Available for Debt Service and Total Operating Revenues during such Fiscal Year, (iv) a projected balance sheet for the Lessee as of the end of each quarterly accounting period during such Fiscal Year, (v) a schedule of capital expenditures (including all installment purchases) proposed to be made by the Lessee during such Fiscal Year, including in the schedule of such capital expenditures, any proposed lease having a term in excess of one year, irrespective of whether such lease is required to be capitalized under generally accepted accounting principles, and (vi) such other statistical information related to the projected operations of the Lessee as the Lessee may deem useful or that may be requested by the Bond Insurer.

In all events, the Lessee shall adopt an Annual Budget for each Fiscal Year which provides a Debt Service Coverage Ratio in relation to the Series A Bonds, Completion Bonds, Additional Bonds and Refunding Bonds of 1.25 plus Total Operating Revenues equal to not less than 100% of anticipated and budgeted Annual Operating Expenses.

ARTICLE VI

TITLE

6.1. [RESERVED]

6.2. Liens. During the Lease Term both the Lessor and Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any security interest, pledge, lien, charge, encumbrance or claim on the Project or Project Site, other than as herein provided. The Lessee shall reimburse the Lessor for any expense incurred by the Lessor in order to discharge or remove any such security interest, pledge, lien, charge, encumbrance or claim; provided, however, that neither the Lessor nor the Trustee, as assignee of the Lessor, are under any obligation to incur such expense without having first been provided with any amounts needed pay such expense.

6.3. Use of Project. The Lessee will not use, or maintain the Project improperly, carelessly, in violation of any applicable law or in a manner contrary to its intended use as facilities for provision of essential government services as contemplated by the Lease. The Lessee shall provide all permits and licenses, if any, necessary for the operation of the Project. In addition, the Lessee agrees to comply in all respects (including, without limitation, with respect to the use and maintenance of the Project) with all applicable laws of jurisdictions in which the Project is located and with all applicable regulations, orders and decrees of any legislature, executive, administrative or judicial body exercising any power or jurisdiction over the Project; provided, however, that the Lessee may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the interest or rights of the Lessor under the Lease.

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ARTICLE VII

ASSIGNMENT AND SUBLETTING

7.1. Assignment and Subletting. This Lease may not be assigned by the Lessee nor may the Lessee sublease the Project or any portion thereof, without the prior written consent of the Bond Insurer, and the receipt of an opinion of Bond Counsel addressed to the Trustee and the Bond Insurer to the effect that such assignment of this Lease or the subletting of the Project will not adversely affect the exclusion of the interest portion of the Lease Payments from gross income of the holders thereof for federal income tax purposes. However, the Project may be subleased, as a whole or in part, by the Lessee, without the necessity of obtaining the consent of the Bond Insurer, subject, however, to each of the following conditions:

(1) The Project may be subleased for educational related purposes, in whole or part, subject to any applicable rules and regulations of the State of Florida, Division of State Lands, Department of Environmental Protection, only to an agency or department or political subdivision of the State, or to another entity or entities whose services are deemed necessary for the provision of the intended use of providing educational services at this Project;

(2) The Lease, and the obligations of the Lessee hereunder, shall at all times during the Lease Term, remain obligations of the Lessee, and the Lessee shall maintain its direct relationships with the Lessor and its assignee, notwithstanding any sublease;

(3) The Lessee shall furnish or cause to be furnished to the Lessor and the Bond Insurer a copy of any sublease agreement;

(4) No sublease by the Lessee shall cause the Project to be used for any purposes which would violate the Constitution, statutes or laws of the State, or any applicable rules and regulations of the State of Florida, Division of State Lands, Department of Environmental Protection; and

(5) The term of any sublease can not extend beyond the end of the then current Lease Term, and shall be subject to immediate cancellation upon the occurrence of a non-appropriation or even of default hereunder.

7.2 Release of Project or Project Site. Without the prior consent of the Bond Insurer, granted or denied in the sole discretion of the Bond Insurer, no substitution or release of the Project or the Project Site, or any portion thereof, shall be permitted. Prior to obtaining such consent, the Lessor or Lessee, as the case may be, shall provide to the Bond Insurer the following:

(1) An MAI fair market appraisal demonstrating that the value of the substituted property is at least equal to that released;

- (2) A certificate of useful life demonstrating that the useful life of the substituted property meets or exceeds the remaining term of the Bonds;
- (3) Certification that the essentiality of the substituted property is comparable to that of the existing property;
- (4) An opinion of Bond Counsel acceptable to the Bond Insurer;
- (5) No prior liens shall encumber the substituted property; and
- (6) Title Insurance for any substituted property and prior to release of any leased property, evidence that the existing title insurance policy is not affected by such release.

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ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

8.1. Events of Default Defined. The following shall be "events of default" under the Lease and the terms "event of default" and "default" shall mean, whenever they are used in the Lease, any one or more of the following events:

(a) Failure by the Lessee to pay in full any Lease Payment relating to the repayment of the Series A Bonds, Series B Bonds, any Completion Bonds, Additional Bonds or Refunding Bonds at the time and in the manner specified herein, provided however, that ~~{^}~~ [no] event of default shall be deemed to have ~~{^}~~ occurred pursuant to this section 8.1(a) if the Lessee delivers the applicable Lease Payment to the Trustee the actual payment date of January 15 or July 15, as the case may be, subject to the last paragraph of this Section; provided however, that in the event Sufficient Funds are not available to make a Lease Payment relating to the Series B Bonds, such failure shall not constitute an event of default hereunder, and any such unpaid amounts on the Series B Bonds shall continue to accrue interest at the interest rate then borne by the Series B Bonds until paid.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder (other than as referred to in Section 3.1 hereof), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Lessee by the Lessor or any representation of the Lessee in the Lease shall have been untrue when made; provided, however, that if the Authorized Lessee Representative certifies to the Lessor in writing that such default cannot with due diligence be cured within a thirty (30) day period and that the Lessee has diligently commenced to cure such default with such period, the Lessee shall have a reasonable period to cure such default.

If by reason of force majeure the Lessee is unable, in whole or in part, to carry out the agreements on its part contained herein, other than the obligations on the part of the Lessee contained in Article III hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies, orders of restraints of any kind of the government of the United States of America or any of its departments, agencies, or officials, or any civil or military authority, insurrections, riots, landslides, earthquakes, fires, storms, droughts, floods or explosions.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS SECTION 8.1 TO THE CONTRARY, A FAILURE BY THE LESSEE TO PAY WHEN DUE ANY PAYMENT REQUIRED TO BE MADE UNDER THE LEASE OR A FAILURE BY THE LESSEE TO OBSERVE AND PERFORM ANY COVENANT, CONDITION OR AGREEMENT ON ITS PART TO BE OBSERVED OR PERFORMED UNDER THE LEASE, RESULTING FROM A FAILURE BY THE STATE LEGISLATURE TO APPROPRIATE MONEYS AS CONTEMPLATED BY SECTIONS 3.4 HEREOF, SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THIS SECTION 8.1.

8.2 Remedies on Default. Whenever any event of default referred to in Section 8.1 shall have happened and be continuing, the Lessor or its assigns may, with the consent of the Bond Insurer, and shall, at the direction of the Bond Insurer shall have the right, without any further demand or notice except as hereinafter provided, have the right to take one or any combination of the following remedial steps:

1. Upon written notice to the Lessee, terminate the Lease Term of this Lease; or
2. Take whatever action at law or in equity as may appear necessary or desirable to collect all Lease Payments or other payments then due and thereafter to become due for the remainder of the then current Lease Term, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under the Lease.

8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity, subject to any limitations set forth in Section 3.4 hereof.

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ARTICLE IX

MISCELLANEOUS

9.1. Amendments. The terms of the Lease shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written instrument signed by the Lessor and Lessee.

9.2. Notices. All notices, certificates, requests or other communications (other than payments of Lease Payments by the Lessee) hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered or three (3) Business Days after being mailed by first class mail, postage prepaid, to the parties at their respective places of business as follows (or other address as shall be designated by any party in writing to all other parties):

Lessor City of Tallahassee
300 South Adams Street, Box A-31
Tallahassee, Florida 32310
Attention: Mayor

Lessee Florida State University Schools, Inc.
The Florida State University 4420
Tallahassee, Florida 32306-4420
Attention:

Trustee SunTrust Bank, Central Florida, N.A.
225 East Robinson Street, Suite 250
Orlando, Florida 32801
Attention: Corporate Trust Department

Bond Insurer MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management

9.3. Binding Effect. The Lease shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

9.4. Severability. In the event any provision of the Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9.5. Execution in Counterparts. The Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

9.6. Captions. The captions or headings in the Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

9.7. Memorandum of Lease. Simultaneously with the execution of the Lease, the Lessee and the Lessor shall each execute, acknowledge and deliver a Memorandum of Lease with respect to the Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of such instrument.

9.8. Applicable Law. The Lease shall be governed by and construed in accordance with the laws of the State of Florida, and the venue for any cause of action hereunder shall be in Leon County, Florida.

9.9. Non-recourse Obligation of Lessor. Notwithstanding anything to the contrary herein or in any of the instructions, documents or certificates relating hereto, the obligations, liabilities and responsibilities of the Lessor, of any kind, with respect to the obligations hereunder to be performed by the Lessor shall be payable solely out of the proceeds derived by the Lessor from the Project and the Lessor shall have no other or further liability hereunder of arising therefrom.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Lessor has caused the lease to be executed by its duly authorized officers, and the Lessee has caused this ___ page Lease to be executed in its name by its duly authorized representatives on the date set forth below their respective signatures and all as the day and year first written above.

LESSOR:

LESSEE:

CITY OF TALLAHASSEE, FLORIDA

FLORIDA STATE UNIVERSITY SCHOOLS, INC.

SIGNED BY:_____ SIGNED BY:_____

NAME:

NAME:

TITLE:

TITLE:

DATE: August __, 2000

DATE: August __, 2000

CONTRACT IS NOT VALID UNTIL SIGNED BY BOTH PARTIES

EXHIBIT A

PROJECT SITE DESCRIPTION

Commence at a concrete monument marking the Southeast Corner of Section 21, Township 1 South, Range 1 East, Leon County, Florida and run thence North 00 degrees 13 minutes 37 seconds East along the East line of said Section 21 a distance of 937.73 feet to a point at the intersection of said East line with the centerline of Tram Road (66' Right of Way), thence departing said East line of Section 21 run North 76 degrees 58 minutes 41 seconds West along said centerline of Tram Road a distance of 642.68 feet to a point marking the intersection of Tram Road and the centerline of Four Oaks Boulevard, thence departing said centerline of Tram Road run North 13 degrees 01 minutes 22 seconds East along said centerline of Four Oaks Boulevard a distance of 86.22 feet to a point on a curve concave southeasterly, thence along said curve with a radius of 750.00 feet through a central angle of 23 degrees 16 minutes 48 seconds for an arc length of 304.74 feet (chord bears North 24 degrees 39 minutes 46 seconds East 302.64 feet), thence leaving said curve run North 36 degrees 18 minutes 13 seconds East a distance of 873.28 feet to a point on a curve concave northwesterly, thence along said curve with a radius of 750.00 feet through a central angle of 16 degrees 01 minutes 06 seconds for an arc length of 209.68 feet (chord bears North 28 degrees 17 minutes 37 seconds East 209.00 feet), thence leaving said curve run North 20 degrees 17 minutes 04 seconds East a distance of 354.43 feet, thence departing said centerline of Four Oaks Boulevard run South 69 degrees 42 minutes 56 seconds East a distance of 60.00 feet to a point on the easterly right of way boundary of said Four Oaks Boulevard, thence North 20 degrees 17 minutes 04 seconds East along said centerly right of way 65.00 feet to said the POINT OF BEGINNING. From said POINT OF BEGINNING, continue North 20 degrees 17 minutes 04 seconds East along said easterly right of way boundary for a distance of 608.07 feet to a point on a curve concave northwesterly, thence along said curve with a radius of 1288.00 feet through a central angle of 17 degrees 33 minutes 58 seconds for an arc length of 394.88 feet (chord bears North 11 degrees 30 minutes 05 seconds East 393.34 feet) to a point of reverse curve, thence along said curve with a radius of 30.00 feet through a central angle of 85 degrees 12 minutes 47 seconds for an arc distance of 46.71 feet (chord bears North 47 degrees 19 minutes 29 seconds East 42.13 feet), to a point on the southerly right of way boundary of Shumard Oak Boulevard, thence leaving said easterly right of way boundary of Four Oaks Boulevard run South 88 degrees 04 minutes 07 seconds East along said southerly right of way boundary of Shumard Oak Boulevard a distance of 993.97 feet to a point on a curve concave northwesterly, thence along said curve with a radius of 457.50 feet through a central angle of 44 degrees 41 minutes 00 seconds for an arc length of 356.79 feet (chord bears North 69 degrees 35 minutes 23 seconds East 347.82 feet), thence run North 46 degrees 26 minutes 43 seconds East 12.82 feet to a point on the southerly right of way of a proposed 65 foot roadway and a curve concave northeasterly, thence run southeasterly along said curve with a radius of 450.00 feet through a central angle of 19 degrees 34 minutes 44 seconds for an arc distance of 153.77 feet (chord of 153.02 feet bears South 56 degrees 33 minutes 02 seconds East), thence leaving said southerly right of way run South 15 degrees 11 minutes 27 seconds East 1133.20 feet, thence run South 09 degrees 17 minutes 57 seconds East 165.50 feet to a point on the northerly right of way boundary of a 65 foot proposed roadway and a curve concave northerly, thence run northwesterly along said curve with a radius of 3827.44 feet through a central angle of 29 degrees 12 minutes 55 seconds for an arc distance

of 1951.63 feet (chord of 1930.55 feet bears North 84 degrees 14 minutes 32 seconds East), thence run North 69 degrees 38 minutes 05 seconds West 191.39 feet to the POINT OF BEGINNING.

EXHIBIT B

DESCRIPTION OF PROJECT

EXHIBIT C

PERMITTED ENCUMBRANCES

- (1) Development Order of the City of Tallahassee, Florida, dated April 28, 1999 as approved by Resolution 99-R-001 0 adopted by the City Commission of the City of Tallahassee, as amended prior to the Effective Date.
- (2) Lease No. 4293, dated _____, 2000 between the Board of Trustees and the Board of Regents, as recorded in the Public Records of Leon County, Florida in Official Records Book _____, at Page _____.
- (3) Sublease Agreement dated as of _____, 2000 between the Board of Regents and Florida State University Schools, Inc., as recorded in the Public Records of Leon County, Florida in Official Records Book _____, at Page _____.
- (4) Ground Lease Agreement dated as of _____, 2000, between Florida State University Schools, Inc. and the City of Tallahassee, Florida, as recorded in the Public Records of Leon County, Florida in Official Records Book _____, at Page _____; as assigned by the City of Tallahassee, Florida to SunTrust Bank, as trustee, pursuant to that certain Assignment of Ground Lease Agreement dated as of _____, 2000, as recorded in the Public Records of Leon County, Florida in Official Records Book _____, at Page _____.

----- REVISION LIST -----

The bracketed numbers refer to the Page and Paragraph for the **start** of the paragraph in both the **old** and the **new** documents.

- [1:1 1:1] Changed "4" to "5"
- [8:7 8:7] Changed "Article [VIII]" to "Article VIII"
- [8:7 8:7] Changed "[VIII] of" to "VIII of"
- [8:8 8:8] Changed "___" to "24"
- [12:3 12:3] Changed "Site, and to contract" to "Site, and ... to contract"
- [12:4 12:4] Changed "June 30, 20__" to "August 1, 2026"
- [13:2 13:2] Changed "\$500,000" to "\$250,000"
- [18:3 18:3] Changed "same, except from Capital" to "same, except, ... from Capital"
- [20:3 20:3] Changed "shall (except" to "shall immediately (except"
- [20:3 20:3] Changed "Non-Appropriation) ... surrender" to "Non-Appropriation) surrender"
- [29:8 29:8] Changed "Disclosure Agreement." to "Disclosure Certificate."
- [29:8 29:8] Changed "Disclosure Agreement shall" to "Disclosure Certificate shall"
- [38:4 38:4] Changed "that an event" to "that no event"
- [38:4 38:4] Changed "have not occurred" to "have occurred"

This redlined draft, generated by CompareRite (TM) - The Instant Redliner, shows the differences between

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original document : J:\BONDS\99\3287\LPA\LPA4.WPD

and revised document: J:\BONDS\99\3287\LPA\LPA5.WPD

CompareRite found 14 change(s) in the text

Deletions appear as a Strikethrough ^ surrounded by {}

Additions appear as Bold text surrounded by []