

RESOLUTION NO. 1011-01

A RESOLUTION OF THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA APPROVING AN ADDITIONAL LEASE SCHEDULE TO THE MASTER LEASE-PURCHASE AGREEMENT BETWEEN THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA AND THE WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.; AUTHORIZING THE ACQUISITION, CONSTRUCTION, EQUIPPING AND LEASE-PURCHASE OF ADDITIONAL EDUCATIONAL FACILITIES; APPROVING THE FORMS OF DOCUMENTS TO BE ENTERED INTO BY THE CORPORATION AND THE BOARD IN CONNECTION THEREWITH; AUTHORIZING THE TRUSTEE TO ISSUE NOT EXCEEDING \$10,075,000 PRINCIPAL AMOUNT OF A CERTIFICATE OF PARTICIPATION EVIDENCING AN UNDIVIDED PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN THE BASIC RENT PAYMENTS TO BE MADE BY THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA, AS LESSEE, PURSUANT TO A MASTER LEASE-PURCHASE AGREEMENT WITH WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC., AS LESSOR, SERIES 2010, IN ORDER TO PROVIDE THE FINANCING HEREIN DESCRIBED; CONFIRMING THE TRUSTEE IN CONNECTION WITH SUCH CERTIFICATE OF PARTICIPATION; FINDING THAT SUCH PROGRAM WILL PROVIDE THE LOWEST COST OF FUNDING AVAILABLE AND THAT THE PROCEEDS THEREBY CONTEMPLATED WILL BEST SERVE THE PUBLIC INTEREST; AUTHORIZING A NEGOTIATED SALE OF SUCH CERTIFICATE OF PARTICIPATION; APPROVING CERTAIN OTHER AGREEMENTS AND COVENANTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA (THE "BOARD"):

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the Constitution and laws of the State of Florida, including particularly Sections 1001.42 and 1013.15, Florida Statutes, and other applicable provisions of law.

SECTION 2. DEFINITIONS. Unless the context otherwise requires, or unless such terms are expressly defined in the 2010 Certificate Documents (as herein defined), the capitalized terms used in this Resolution shall have the same meanings ascribed in the Definitions Exhibit attached to the Master Lease-Purchase Agreement (as herein defined).

"2010 Project" means the educational facilities to be acquired, constructed and equipped with a portion of the proceeds of the Series 2010 Certificate as more particularly described in the Lease Schedule No. 2010 herein described.

"Assignment Agreement" means the Assignment Agreement by and among the Trustee, the Board and the Corporation, dated as of June 1, 1999, as supplemented.

"Authorized Officer", with respect to the Board shall, mean the Chairman, the Vice-Chairman and the Superintendent of the Board, and, with respect to the Corporation, shall mean the President, Vice-President and Secretary of the Corporation.

"Board" shall mean the School Board of Walton County, Florida.

"Corporation" means the Walton County Public Education Finance Authority, Inc.

"Financial Advisor" means Public Financial Management, Inc.

"Ground Lease Agreement" means the Ground Lease Agreement between the Board and the Corporation dated as of August 1, 2010.

"Lease Schedule No. 2010" means Lease Schedule No. 2010 to the Master Lease Purchase Agreement dated as of August 5, 2010.

"Master Lease-Purchase Agreement" means the Master Lease-Purchase Agreement between the Board and the Corporation, dated as of June 1, 1999, as amended and supplemented.

"Purchaser" means SunTrust Bank, Pensacola, Florida.

"Series 2010 Certificate" means the Certificate of Participation Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor, Series 2010, to be issued in the principal amount set forth in the title hereof.

"Series 2010 Supplemental Assignment Agreement" shall mean the Series 2010 Supplemental Assignment Agreement by and among the Corporation, the Board and the Trustee dated as of August 1, 2010.

"Series 2010 Supplemental Trust Agreement" shall mean the Series 2010 Supplemental Trust Agreement by and among the Trustee, the Board and the Corporation, dated as of August 1, 2010.

"Trust Agreement" means the Trust Agreement by and among the Trustee, the Board and the Corporation, dated as of June 1, 1999, as amended and supplemented.

"Trustee" shall mean U.S. Bank National Association, as successor Trustee to Wachovia Bank, National Association.

SECTION 3. FINDINGS. It is hereby ascertained, found, determined and declared by the Board that:

(a) The Board is authorized and empowered by the Act to enter into transactions such as those contemplated by the Master Lease-Purchase Agreement, the Trust Agreement and the Assignment Agreement (all such instruments herein referred to collectively as the "Original Certificate Documents"), as well as those contemplated by the Series 2010 Supplemental Trust Agreement, Lease Schedule No. 2010, the Ground Lease Agreement, and the Series 2010 Supplemental Assignment Agreement (all such instruments herein referred to collectively as the "2010 Certificate Documents") and to fully perform its obligations thereunder in order to finance the 2010 Project.

(b) The Original Certificate Documents are in full force and effect, and constitute the valid and binding obligations of the Board, enforceable in accordance with their terms. The Board hereby confirms that the lease-purchase program it has developed with the Corporation, as incorporated in the Original Certificate Documents, provides the lowest cost funding available and best serves the public interest.

(c) The execution and delivery of the 2010 Certificate Documents and the issuance of the Series 2010 Certificate pursuant to the Trust Agreement to accomplish the lease-purchase financing of the 2010 Project will comply with all of the provisions of the Act.

(d) The Board hereby finds, determines and declares that the herein described financing program of the Series 2010 Certificate will provide the lowest cost of funding available and that the financing program will best serve the public interest.

(e) The Board hereby finds, determines and declares that the small size of the issue and local nature of the marketing of the Series 2010 Certificate require that the sale of the Series 2010 Certificate be negotiated at private sale rather than offered by competitive bid at public sale in order to ensure the necessary flexibility to change the maturities, redemption features and interest rates necessary to obtain the most favorable terms in the market. The Board has selected the Purchaser pursuant to its review of proposals received from four lenders after a widely distributed request for such proposals to numerous financial institutions. Based on the review of the proposals by the Financial Advisor presented to the Board concerning the financial feasibility of the financing of the 2010 Project, the financing described in the 2010 Certificate Documents provides the lowest cost lease purchase financing available that will achieve the Board's objectives, and the execution and delivery of all of the 2010 Certificate Documents will best serve the public interest.

SECTION 4. AUTHORIZATION OF 2010 PROJECT. There is hereby authorized the acquisition, construction and equipping of the 2010 Project, pursuant to the provisions of the Ground Lease Agreement, the Master Lease-Purchase Agreement and Lease Schedule No. 2010 (collectively, the "Lease-Purchase Agreement"). The cost of such 2010 Project shall be paid from a portion of the proceeds of the Series 2010 Certificate and shall include all costs and expenses of every nature incurred in the acquisition, construction, equipping

and completion of the 2010 Project, as provided in the Lease-Purchase Agreement.

SECTION 5. TRUSTEE. U.S. Bank National Association, as successor Trustee to Wachovia Bank, National Association, is hereby confirmed as Trustee in connection with the Series 2010 Certificate.

SECTION 6. APPROVAL OF LEASE SCHEDULE NO. 2010 TO MASTER LEASE-PURCHASE AGREEMENT. Lease Schedule No. 2010 (in substantially the form annexed hereto as Exhibit "A," and incorporated herein by reference, with such changes as may be approved by the officers executing the same, such approval to be conclusively presumed by their execution thereof) is hereby approved. The Board is hereby authorized to enter into such Lease Schedule No. 2010 for the lease-purchase financing of the 2010 Project. The Basic Rent Payments to be paid under the Lease-Purchase Agreement in respect of the Series 2010 Certificate shall be in such amounts, each comprised of an Interest Portion and a Principal Portion and in an aggregate Principal Portion in the amount set forth in the title hereof.

SECTION 7. ASSIGNMENT OF LEASE. The Board hereby acknowledges and consents to the assignment by the Corporation to the Trustee of all of its rights, title and interest in and to the Lease Schedule No. 2010 by execution and delivery of the Series 2010 Supplemental Assignment Agreement, in substantially the form annexed hereto as Exhibit "B" and incorporated herein by reference, with such changes as may be approved by the officers executing the same, such approval to be conclusively presumed by their execution thereof.

SECTION 8. SERIES 2010 SUPPLEMENTAL TRUST AGREEMENT; SERIES 2010 CERTIFICATE AUTHORIZED. The Series 2010 Supplemental Trust Agreement (in substantially the form annexed hereto as Exhibit "C," and incorporated herein by reference, with such changes as may be approved by the officers executing the same, such approval to be conclusively presumed by their execution thereof) and the issuance of the principal amount of Series 2010 Certificate set forth in the title hereof by the Trustee pursuant thereto, is hereby approved by the Board. The Board is hereby authorized to evidence its approval and agreement to comply with its terms applicable to the Board by execution of the Series 2010 Supplemental Trust Agreement, and the appropriate Authorized Officers of the Board are hereby directed to execute such approval of the Series 2010 Supplemental Trust Agreement on behalf of the Board in the manner provided by law. The Series 2010 Certificate authorized and approved herein shall have the maturities, interest rates, payment dates, redemption provisions and other terms as described in Series 2010 Supplemental Trust Agreement.

SECTION 9. AWARD OF SERIES 2010 CERTIFICATE AUTHORIZED. The negotiated sale of the principal amount of not exceeding \$10,075,000 of the Series 2010 Certificate to the Purchaser is hereby authorized pursuant to Section 218.385, Florida Statutes. The Board shall be furnished the disclosure required by Section 218.385, Florida Statutes, prior to the execution and delivery of the Series 2010 Certificate. A copy of the disclosure shall be entered into the records of the Board.

SECTION 10. DESCRIPTION OF SERIES 2010 CERTIFICATE. The Series 2010 Certificate shall be dated and numbered; shall be in the denomination; shall bear interest at such rate or rates not exceeding the legal rate and payable on such dates; and shall mature on such dates and in such years, all as set forth in the Series 2010 Supplemental Trust Agreement.

SECTION 11. PROVISIONS FOR REDEMPTION. The Series 2010 Certificate shall be subject to such provisions regarding redemption as are described in the Series 2010 Supplemental Trust Agreement.

SECTION 12. PAYMENT OF COSTS OF ISSUANCE. The payment of the Board's Costs of Issuance, and payment of same by the Trustee to be made from the proceeds of the Series 2010 Certificate is approved in such amounts as shall be set forth in a certificate of the Board approved by the Chairman of the Board prior to issuance of the Series 2010 Certificate.

SECTION 13. LEASE PURCHASE RENT. The Board has been advised that the Lease Purchase Rent in respect of the Series 2010 Certificate results in an implicit interest rate to the Board of 2.98% for purposes of the Act, and the Board determines that the financing provided as described herein best serves the public interest.

SECTION 14. APPROVAL OF GROUND LEASE AGREEMENT. The Ground Lease Agreement (in substantially the form annexed hereto as Exhibit "D" and incorporated herein by reference, with such changes as may be approved by the officers executing the same, such approval to be conclusively presumed by their execution thereof) is hereby approved by the Board.

SECTION 15. AUTHORIZATION OF ALL NECESSARY ACTION. The Authorized Officers, the Board Attorney and McGuireWoods LLP, Special Counsel for the Board, are each designated agents of the Board in connection with the issuance and delivery of the 2010 Certificate Documents and the Series 2010 Certificate and are authorized and empowered, collectively and individually, to take all action and steps to execute and deliver the 2010 Certificate Documents, and any and all instruments, documents or contracts on behalf of the Board which are necessary or desirable in connection with the execution and delivery of the Series 2010 Certificate and which are not inconsistent with the terms and provisions of this Resolution and other actions relating to the Series 2010 Certificate heretofore taken by the Board. The Authorized Officers of the Board are authorized to execute such assents, acceptances, assignments, financing statements and approvals as the Board and its Special Counsel may deem necessary for the Board to finance the 2010 Project in the manner contemplated by the 2010 Certificate Documents.

SECTION 16. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions contained in this Resolution, the Original Certificate Documents, the 2010 Certificate Documents or any other document or agreement hereby authorized shall be held contrary to any express provision of law, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and shall be deemed separable from the remaining covenants, agreements or

provisions and shall in no way affect the validity of any of the other provisions hereof or of the Lease-Purchase Agreement, the Trust Agreement or the Ground Lease Agreement or any other document or agreement hereby authorized.


SECTION 17. REPEALING CLAUSE. All resolutions, or parts thereof, or other official actions of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 18. EFFECTIVE DATE. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the School Board of Walton County, Florida, at a duly called meeting on the 3rd day of August, 2010, at which meeting a quorum was present throughout.

**SCHOOL BOARD OF WALTON
COUNTY, FLORIDA**

(SEAL)

By: 
Chairman

ATTEST:

By: 
Vice-Chairman

EXHIBIT "A"

LEASE SCHEDULE NO. 2010

See Index Tab No. 4

EXHIBIT "B"

SERIES 2010 SUPPLEMENTAL ASSIGNMENT AGREEMENT

See Index Tab No. 5

EXHIBIT "C"

SERIES 2010 SUPPLEMENTAL TRUST AGREEMENT

See Index Tab No. 2

EXHIBIT "D"
GROUND LEASE AGREEMENT

See Index Tab No. 6

The terms and conditions as described in this resolution are approved pursuant to a resolution of the Board of Directors of the Walton County Public Education Finance Authority, Inc. passed and adopted at a duly called meeting on August 3, 2010, at which meeting a quorum was present throughout.

**WALTON COUNTY PUBLIC
EDUCATION FINANCE AUTHORITY,
INC.**

(SEAL)

By: 
President

ATTEST:

By: 
Vice-President

This document prepared by:

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INSTR # 1129163
OR BK 2848 Pages 2574 - 2597
RECORDED 08/25/10 11:31:39
MARTHA INGLE, WALTON COUNTY
CLERK OF COURT
DEPUTY CLERK K DOUGLASS
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GROUND LEASE AGREEMENT

Dated as of August 1, 2010

by and between

SCHOOL BOARD OF WALTON COUNTY, FLORIDA

and

WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (hereinafter referred to as this "Ground Lease") is made and entered into as of August 1, 2010, by and between the **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), as lessor, acting as the governing body of the Walton County School District, and the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation organized and existing under the laws of the State of Florida, having an office at DeFuniak Springs, Florida (the "Corporation"), as lessee.

Capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit "A" to the Trust Agreement referred to herein.

WHEREAS, the Corporation and the Board have heretofore established a program for the Lease-Purchase of educational facilities for the Board pursuant to a Trust Agreement (the "Trust Agreement") dated as of June 1, 1999, with U.S. Bank National Association, as successor trustee (the "Trustee"); and

WHEREAS, pursuant to the Lease Agreement the Board and the Corporation have agreed to the lease-purchase of certain additional educational facilities described in Lease Schedule No. 2010 (the "2010 Project") to be financed from the proceeds of an issue of a Certificate of Participation (the "Series 2010 Certificate") under the Trust Agreement; and

WHEREAS, the Board is the owner of certain parcels of real property located in Walton County, Florida, and described in Exhibit "A" hereto (which, together with any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land and together with all parcels of real property hereunder made subject to the Ground Lease, is hereinafter referred to as the "Premises"); and

WHEREAS, the Corporation desires to acquire from the Board, pursuant to this Ground Lease, and the Board is willing to grant to the Corporation, a leasehold interest in the Premises for the purpose of financing the 2010 Project and leasing the same to the Board;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

Section 1. Leased Premises.

Pursuant to the terms and provisions hereof, the Board hereby leases, grants, demises and transfers the Premises to the Corporation. The Board hereby agrees to make all parcels of real property on which the 2010 Project is situated, part of the Premises and subject to the Ground Lease. If it shall later appear that any parcels of property have been omitted from the description of the Premises, herein, the Board shall execute, deliver and record one or more supplements to this Ground Lease as necessary to include the description of such parcels in the Premises.

Subject to the Permitted Encumbrances, the Board hereby warrants that (i) the Board owns the Premises in fee simple title, has full and insurable title to the fee estate in the Premises and owns unencumbered all such right, title and interest; (ii) all consents to or approvals of this Ground Lease required by law or any agreements or indentures binding upon the Board have been obtained; (iii) the Board has the right to lease the Premises to the Corporation pursuant to the terms and provisions hereof; and (iv) this Ground Lease complies with all the requirements and restrictions of record applicable to the Premises. The Board represents and warrants that none of the Permitted Encumbrances has an adverse effect on the use of the Premises for their intended purpose or the enjoyment of the leasehold estate therein created under this Ground Lease. At the time of the execution and delivery of each supplement to this Ground Lease to add other properties to the Premises, such representations shall apply to such properties as of the date of the execution and delivery of such supplement.

The Board shall promptly grant such easements on the site in such form and content as are determined by the Corporation to be reasonably necessary following the approval of the final plans (1) to acquire, construct, renovate, install and maintain the construction of the 2010 Project and (2) to exercise the Corporation's rights and obligations as lessor under the Lease Agreement and as lessee under this Ground Lease including, but not limited to, its rights to exercise its remedies under the Lease Agreement and its rights in the event of termination of the Lease Agreement.

Section 2. Term.

The initial term of this Ground Lease (the "Initial Ground Lease Term") shall be for the period commencing on the Commencement Date, and ending on the earlier of (a) the date on which the Series 2010 Certificate has been paid in full or provision for payment of the Series 2010 Certificate in full has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for, or (b) ten (10) years from the final maturity date of the Series 2010 Certificate and any Series of Certificates refunding such Certificates (both dates inclusive). As used herein, the expression "term hereof," "Ground Lease Term" or any similar expression refers collectively to the Initial Ground Lease Term and to any renewals of the Initial Ground Lease Term exercised by the Corporation or its assignee as provided in Section 21 hereof.

Section 3. Uses of Premises.

(a) It is the express intent of the parties hereto that, for as long as no Event of Default or Event of Non-Appropriation under the Lease Agreement has occurred:

(i) the Premises shall be used by the Corporation as the site for acquisition, construction and installation of the Buildings and the Equipment comprising the 2010 Project;

(ii) the Buildings and Equipment comprising the 2010 Project, shall be acquired, constructed and installed by the Board as agent for the Corporation as provided in Section 3.08 of the Lease Agreement; and

(iii) fee simple title to the Premises shall be in the Board upon commencement of the Ground Lease Term, and severed title to all components of the 2010 Project, other than Designated Equipment and the Premises, shall be in name of the Corporation pursuant to the Lease Agreement and leasehold title to the Buildings comprising the 2010 Project constructed on the Premises shall remain in the Corporation until the earlier of (a) the date on which the Series 2010 Certificate issued under the Trust Agreement shall no longer be Outstanding, and (b) the end of the Ground Lease Term.

(b) If the Lease Agreement has been terminated other than by reason of payment in full of all of the Outstanding Series 2010 Certificate pursuant to Section 12.01 of the Trust Agreement, the Corporation and each Permitted Transferee (as defined in Section 9(b) hereof) may use the Premises for any lawful purpose, in its sole discretion, and may alter, modify, add to or delete from the portions of the 2010 Project existing from time to time on the Premises.

(c) Neither the Corporation nor any Permitted Transferee shall use or permit the Premises to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

(d) The Board may at any time place portable educational facilities on the Premises. Such portables shall be owned by the Board.

(e) The Board recognizes that the Corporation, as Lessor under the Lease Agreement, shall have the right to re-let the Project upon an Event of Default or Non-appropriation as provided in the Lease Agreement.

Section 4. Rental.

(a) So long as the Lease Agreement has not been terminated, the Corporation shall pay to the Board as and for rental for the Premises the sum of ten dollars (\$10.00) per annum, which sum shall be due on the Commencement Date (pro rated) and annually thereafter on the first day of each Renewal Lease Term.

(b) From and after the date on which the Lease Agreement has been terminated prior to the Termination Date, the Corporation shall pay as and for rental for the Premises an amount determined by an M.A.I. appraisal to be fair market rental for the Premises (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Trustee (with the consent of the Holder) as assignee of the Corporation; provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Agreement has been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be pro rated for the number of days between the date terminated and the next succeeding June 30;

(ii) for each twelve (12) month period beginning on July 1 next succeeding the date on which the Lease Agreement has been terminated and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer

Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the Corporation from the exercise of the remedies permitted under the Lease Agreement and the Trust Agreement during the preceding twelve months prior to such July 1 exceeded (a) the Principal and Interest Requirements for such preceding twelve months and (b) any amounts constituting Supplemental Rent for the period prior to the termination of the Lease and all amounts due and owing to the Holder; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future years to the extent that moneys received in such year from the exercise of the remedies permitted by the Lease Agreement exceed (a) the Principal and Interest Requirements, (b) any amounts constituting Supplemental Rent for the period prior to the termination of the Lease and all amount due and owing to the Holder, and (c) the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Lease Agreement and the Trust Agreement (a) shall not give rise to any obligation to pay interest on such unpaid fair market rental, and (b) shall not constitute a default under this Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

Under no circumstances shall the Corporation be required to make any payment of rent hereunder except as provided in Section 23 hereof.

Section 5. Ownership of Improvements and Surrender of Premises.

(a) The Corporation shall at all times during the Ground Lease Term have a Leasehold Estate in the Premises with full right to vest the use, enjoyment and possession of such Leasehold Estate therein in a Permitted Transferee.

(b) Possession and use of the Premises, together with all improvements thereon, shall, upon the last day of the Ground Lease Term or earlier termination of this Ground Lease, automatically revert to the Board or its designee free and clear of liens and encumbrances created by, through or under the Corporation other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Ground Lease, the Corporation shall peaceably and quietly surrender to the Board or its designee the Premises together with any improvements located in or upon the Premises. Upon such surrender of the Premises, the Corporation or any Permitted Transferee, at the reasonable request of the Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the Board or its designee all books, record, construction plans, surveys, permits and other documents relating to, and necessary or convenient for, the operation of the Premises in the possession of the Corporation or any Permitted Transferee.

(c) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Premises after expiration or earlier termination of the Ground Lease Term and for ninety (90) days after request by the Board for removal, shall, at the option of the Board, be deemed to have abandoned and may be retained by the Board and the same may be disposed of, without accountability, in such manner as the Board may see fit.

(d) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Premises after expiration or earlier termination of this Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay a rental rate equal to the fair market rental of the Premises determined in the manner provided in Section 4(b) hereof.

(e) The provisions of Section 5(a), 5(b) and 5(c) hereof shall not apply to vending machines or other commercial equipment or trade fixtures located in or about the Premises to the extent that such equipment is readily removable from the Premises without causing material harm or damage thereto and that such equipment is not owned by the Corporation or any Permitted Transferee.

Section 6. Board's Interest Not Subject to Certain Liens.

It is mutually intended, stipulated and agreed that neither the fee simple title to nor any interest of the Board in the Premises may be subject to liens of any nature arising by reason of any act or omission of the Corporation, including, but not limited to, mechanics' and materialmen's liens.

Section 7. Insurance.

The Corporation covenants and agrees with the Board that the Corporation will cooperate with the Board in providing any information within the Corporation's possession and control necessary for the Board to obtain and maintain in full force and effect insurance coverages desired by the Board or required by the Lease Agreement.

Section 8. Condition of Premise, Utilities, Concealed Conditions.

(a) Subject to the provisions of this Section 8, the Corporation agrees to accept the Premises in their presently existing condition, "as is."

(b) It is understood and agreed that the Board has determined that the Premises will safely or adequately support the 2010 Project, and hereby certifies same to the Corporation.

(c) To the extent not already completed, the Board, at its sole expense, shall bring or cause to be brought to the Premises adequate connections for water, electrical power, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Premises water service and capacity sufficient for operation, heating, ventilation and air conditioning equipment, and to the extent necessary to permit the Board to use the 2010 Project for the purposes intended or to permit such 2010 Project to comply with all requirements of law, the Board as agent of the Corporation agrees to provide

and construct (but only to the extent of the proceeds of the Series 2010 Certificate available therefor, although it may use funds available therefor from other sources in its sole discretion) such roads, streets, sidewalks and other methods of ingress and egress necessary therefor. Nothing herein shall prohibit the Board from dedicating any such utilities or roads, streets and sidewalks to the appropriate governmental authority or duly constituted investor-owned utility as required or permitted by law, and the Corporation or the Trustee as assignee of the Corporation shall cooperate in such dedication by executing any deed or other instruments required to effect such dedication.

Section 9. Limitation on Leasehold Mortgages, Assignment and Subletting

(a) If the Lease Agreement has been terminated and subject to the terms and conditions herein provided, the Corporation may assign or enter into a mortgage or mortgages of, its leasehold interest created hereby in the Premises as security for the performance of its obligations under any financing obtained by the Corporation; provided, however, the fee title to the Premises shall not be subject to, or otherwise encumbered by, any such mortgage; provided, however, that each such leasehold mortgage shall be subject to the provisions of Section 9(d) hereof. Any such mortgage executed by the Corporation pursuant to the provisions of the preceding sentence shall be hereinafter called a "Leasehold Mortgage" and the holder of any such mortgage shall be hereinafter called the "Leasehold Mortgagee."

(b) Except as expressly provided in this Section 9(b), the Corporation shall not assign this Ground Lease, or any portion hereof, or sublease all or any portion of the Premises at any time. Except as expressly permitted in this Section 9(b), any purported assignment, partial assignment or sublease without the Board's prior written consent in violation of this Section 9(b) shall be null and void. So long as the Lease Agreement has not been terminated, (i) the Corporation shall assign this Ground Lease to the Trustee for the benefit of the Owner of the Series 2010 Certificate, and (ii) the Corporation shall sublet all of the Premises to the Board (the "Initial Sublessee") under the Lease Agreement. If the Lease Agreement shall have been terminated other than by payment in full of all of the Outstanding Series 2010 Certificate, pursuant to Section 12.01 of the Trust Agreement, or upon the occurrence of an Event of Non-Appropriation, the Corporation or its assignee may sublet the Premises, in whole or in part, or assign its interest in this Ground Lease, in whole or in part (a "Permitted Sublease") to any Person for any lawful purpose without the prior consent of the Board; provided, however, that no Permitted Sublease shall relieve the Corporation of any of its duties or obligations hereunder without the prior written consent of the Board; provided, further, that each Permitted Sublease shall be subject to the provisions of Section 9(d) hereof. "Permitted Transferee" shall mean a sublessee or assignee permitted by this Section 9(b).

(c) If the Lease Agreement shall have been terminated other than by payment in full of all of the Outstanding Series 2010 Certificate, pursuant to Section 12.01 of the Trust Agreement, or upon the occurrence of an Event of Non-Appropriation, and the Corporation or its assignee proposes to create a Permitted Sublease of any portion of its interest in this Ground Lease, the Corporation shall provide written notice thereof to the Board containing the names and addresses of the proposed assignee(s), sublessee(s) or transferee(s); provided, however, that failure to provide such notice shall not affect the validity or effectiveness of any Permitted Sublease to a Permitted Transferee.

(d) If the Lease Agreement shall have been terminated other than by payment in full of the Outstanding Series 2010 Certificate, pursuant to Section 12.01 of the Trust Agreement, upon the occurrence of an Event of Default or an Event of Non-Appropriation under the Lease Agreement, nothing herein shall prevent the Corporation or its assignee from entering into a Leasehold Mortgage or a Permitted Sublease for individual parcels of land constituting the Premises. It shall not be necessary for a Leasehold Mortgage or a Permitted Sublease to cover all of the Premises.

Section 10. Utility Easements.

So long as no Event of Default or Event of Non-Appropriation has occurred under the Lease Agreement and is continuing, the Board reserves the right to grant nonexclusive utility easements, licenses, rights-of-way and other rights or privileges in the nature of easements to others over, under, through, across or on the Premises but only to the extent reasonably necessary to provide services to the Premises or any other real property adjacent to the Premises; provided, however, that such grant and any use permitted thereby is not detrimental to the use or operation of the Premises for their intended purpose or to any other uses permitted hereunder after the Ground Lease Term, will not impose any cost upon the Corporation, will not weaken, diminish or impair lateral or subjacent support to the improvements to the Premises, will not impair or diminish the security of the Holder of the Series 2010 Certificate, any Leasehold Mortgagee or Permitted Transferee hereunder and subject to the limitations of Section 768.28, Florida Statutes, the Board agrees, to the extent, if any, permitted by law, to indemnify and save harmless, but only from Available Revenues, the Corporation and any Leasehold Mortgage and Permitted Transferee (whether the interest of such party in the Premises arises prior or subsequent to such grants) against any loss, claim, liability or damages, including legal costs and defense arising or accruing from the use or exercise of such easement.

Section 11. Duties Deemed Performed.

All obligations of the Corporation hereunder which are to be performed by the Initial Sublessee under the Lease Agreement shall be deemed, as between the Board and the Corporation hereunder, fully performed by the Corporation whether or not such Initial Sublessee actually performs same.

Section 12. Taxes and Fees.

(a) The Board represents and warrants that, so long as the Board is in possession of the Premises pursuant to the Lease Agreement, this Ground Lease is and will be exempt from ad valorem and intangible taxation. However, for as long as the Lease Agreement is in effect, should the Premises thereon or any interest therein ever become subject to any such taxes, the Board agrees to pay any and all such lawful taxes, assessments or charges which at any time may be levied by any federal, state, county, city, or any tax or assessment levying body upon the Premises, or any interest in this Ground Lease, or any possessory right which the Corporation may have in or to the Premises thereon by reason of its use or occupancy thereof or otherwise.

(b) Notwithstanding the foregoing provision, either the Board or the Corporation shall, after notifying the other party hereto of its intention to do so, have the right in its own name or behalf, or in the name and behalf of the other party hereto, to contest in good faith by all appropriate proceedings the amount, applicability or validity of any such tax or assessment if the interest of the Corporation and the Trustee therein shall not be in jeopardy, and if the Board shall set aside, or cause to be set aside, reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board, upon the commencement of any proceedings to foreclose the lien of any such tax, assessment, or charge, will forthwith pay, or cause to be paid, any such tax, assessment or charge, unless contested in good faith as aforesaid and execution upon the Project is stayed. The Board will not suffer the 2010 Project or any part thereof, to be sold for any Real Estate Taxes, taxes, assessments or other charges whatsoever, or to be forfeited therefor. The Board will also pay or cause to be paid all taxes, assessments and other governmental charges which may be imposed on the Corporation or its operations as a result of the transactions contemplated by this Ground Lease, and in connection with such contest, the Board may refrain from paying such tax assessment. Each party shall, upon request by the other party hereto, assist and cooperate with the other party hereto in any such proceedings.

(c) In the event that the Board shall fail to pay any of the items required under this Section 12, the Corporation may, at its sole option, pay the same and any amounts so advanced therefor by it shall become an additional obligation of the Board and Supplemental Rent under the Lease Agreement.

Section 13. Default by the Corporation.

(a) Each of the following events shall be deemed a default by the Corporation hereunder and a breach of this Ground Lease:

(i) If the Corporation shall fail to pay, when due, any rent or portion thereof, or any other sum, if any, which the Corporation is obligated to pay under the terms and provisions of this Ground Lease, and such rent or other sums, if any, remain unpaid for a period of one hundred and eighty (180) days after receipt of written notice to the Corporation, the Trustee and the Holder from the Board;

(ii) If the Corporation shall attempt to mortgage the Leasehold Estate hereby created in violation of Section 9(a) hereof or to assign this Ground Lease, or any portion thereof, or to sublease any portion of the Premises in violation of Section 9(b) hereof; or

(iii) If the Corporation shall use the Premises for any purposes not permitted by this Ground Lease, and such use shall continue for a period of one hundred eighty (180) days after the Board shall have given written notice to the Corporation and the Holder to desist from such use.

(b) In the event that the item of default set forth in Section 13(a)(iii) above is of such a nature that it cannot be remedied within the time limits therein set forth, then the Corporation shall have such additional time as is reasonably necessary to cure such default, provided the Corporation diligently commences the curing of such default within said time limits and proceeds to completely cure the same in a timely and diligent manner.

(c) In the event that any Permitted Transferee or Leasehold Mortgagee exists of record at the time that a default occurs hereunder, the Board shall give notice thereof to each such Permitted Transferee and Leasehold Mortgagee and each such party shall have thirty (30) additional days from receipt of such notice to cure such default; provided, however, that if the default is of such a nature that the same cannot be cured in such time, then such party shall have such additional time as is reasonably necessary to cure such default provided that such party diligently commences the curing of such default within such time and proceeds completely to cure same within a timely and diligent manner.

Section 14. Remedies of the Board.

Upon the occurrence of any event of default as set forth in Section 13 hereof which has not been cured (and is not in the process of being cured) under Section 13(b) or 13(c) hereof, but not otherwise, the Board may take whatever action at law or in equity may appear necessary or desirable to enforce its rights hereunder; provided, however, the Board shall not have the right to terminate this Ground Lease until such time as the Series 2010 Certificate has been paid in full and all other amounts due and owing under the Lease Agreement have been paid in full or provision for payment has been made pursuant to the terms and provisions of the Trust Agreement. The Board shall have recourse solely against the Leasehold Estate of the Corporation in the Premises and severed title to the Buildings in the 2010 Project, and any proceeds thereof, for the payment of any liabilities of the Corporation hereunder.

Section 15. No Waivers.

No waiver by either party hereto at any time of any of the terms, conditions, covenants or agreements of this Ground Lease, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure or omission of the Board to re-enter the Premises, nor delay, failure or omission by either party hereto to exercise any right, power, privilege or option, or be construed to be a waiver of any such default, relinquishment thereof or acquiescence therein, and no notice by either party hereto shall be required to restore or revive time as being of the essence hereof after waiver by the Board of default in one or more instances. No option, right, power, remedy or privilege of the Board shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to each party by this Ground Lease are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law.

Section 16. Quiet Enjoyment.

The Board agrees that the Corporation and any Permitted Transferee, upon the payment of the rent and all other payments and charges, if any, to be paid by the Corporation under the terms of this Ground Lease, and observing and keeping the agreements and covenants of this Ground Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Ground Lease, without hindrance or molestation from the Board or anyone claiming by, through or under the Board.

Section 17. Terms Binding upon Successors.

All the terms, conditions and covenants of this Ground Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 18. Condemnation.

In the event that any Person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the term of this Ground Lease acquire title to the Premises:

(a) For as long as the Lease Agreement has not been terminated, the net Proceeds resulting therefrom shall be applied pursuant to the Lease Agreement.

(b) If the Lease Agreement shall have been terminated, (i) if such Person acquires title to such substantial portion thereof that the Corporation determines that it cannot economically make use of the residue for the lawful purposes intended by this Ground Lease, such acquisition of title shall terminate this Ground Lease, effective as of the date earlier of the date on which the condemning party takes possession thereof or the date on which the Corporation or its assignee receives the net condemnation proceeds, and the Net Proceeds resulting therefrom shall be applied first to the payment of any portion of the Outstanding Series 2010 Certificate and all other amounts due and owing to the Holder, second, to the payment of the amount secured by any Leasehold Mortgage then outstanding hereunder, and third, to the payment of the balance, if any, shall be paid to the Board and the Corporation, as their respective interests may appear; and (ii) if such Person acquires title to a portion of the Premises only, and the Corporation determines that it can economically make beneficial use of the residue thereof for lawful purposes intended by this Ground Lease, then this Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the Board and the Corporation, as their respective interests appear.

(c) It is understood that the foregoing provisions of this Section 18 shall not in any way restrict the right of the Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

Section 19. Non-Merger of Leasehold.

There shall be no merger of this Ground Lease or of the Leasehold Estate hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Ground Lease or Leasehold Estate hereby created or any interest in this Ground Lease or in such Leasehold Estate and the fee estate in the Premises or any interest in such fee estate. There shall be no merger of this Ground Lease with the Lease Agreement by reason of the fact that the Board is the owner of the fee title to the Premises and the Leasehold Estate in all or a portion of the 2010 Project created under the Lease Agreement or by reason of the fact that the Corporation is the owner of the Leasehold Estate in the Premises created hereby and is the owner of the severed title in the Buildings comprising the Project as provided in the Lease Agreement.

Section 20. Memorandum of Lease

Unless mutually agreed to the contrary, simultaneously with the execution of this Ground Lease, the Board and the Corporation shall execute, acknowledge and deliver a Memorandum of Lease with respect to this Ground Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise effect any of the obligations or provisions of this Ground Lease.

Section 21. Estoppel Certificates.

The Board, at any time and from time to time, upon not fewer than thirty (30) days prior written notice from the Corporation or the Trustee as assignee of the Corporation, will execute, acknowledge and deliver to the Corporation, the Trustee as assignee of the Corporation or any Permitted Transferee, a certificate of the Board certifying that this Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Ground Lease is in full force and effect, if it is; and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by the Corporation or the Trustee as assignee of the Corporation or any Permitted Transferee.

Section 22. Non-Recourse Obligation of the Corporation.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Ground Lease or any of the transactions contemplated hereby, the parties hereto hereby acknowledge and agree that upon the assignment by the Corporation of its right hereunder to the Trustee pursuant to the Assignment Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no party hereto nor their successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

Section 23. No Recourse under Agreement.

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Ground Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of rent pursuant to Section 4 hereof or for any claim based thereon under this Ground Lease Agreement against any member, officer, employee or agent of the parties hereto.

Section 24. Environmental Covenants, Representations And Warranties.

To the best knowledge of the Board, after due inquiry, (i) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, "Environmental Regulations"), and also including urea-formaldehyde, polychlorinated biphenyls, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or

any other waste, material, substance, pollutant or contaminant which would subject the owner of the Premises to any damages, penalties or liabilities under any applicable Environmental Regulation (collectively, "Hazardous Substances") are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Premises in violation of any Environmental Regulation; (ii) no threat exists of a discharge, release or emission of a Hazardous Substance upon or from the Premises into the environment; (iii) the Premises has not been used as or for a mine, landfill, a dump or other disposal facility, industrial or manufacturing facility, or a gasoline service station; (iv) no underground storage tank is now located at the Premises or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists relating to the Premises, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Premises by any governmental entity or agency, which in any way relates to Hazardous Substances; (vi) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (vii) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances, in, upon, under, over or from the Premises; (viii) the Premises is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous Substances sites maintained by any federal, state or local government agency; and (ix) the Premises is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

The Board shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit, or dispose of any Hazardous Substance in, upon, under, over or from the Premises in violation of any Environmental Regulation, shall not permit any Hazardous Substance to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom in violation of any Environmental Regulation, shall cause all Hazardous Substances to be properly removed therefrom and properly disposed of in accordance with all applicable Environmental Regulations, shall not install or permit to be installed any underground storage tank therein or thereunder in violation of any Environmental Regulation, and shall comply with all other Environmental Regulations which are applicable to the Premises.

In the event any Hazardous Substance is found upon, under over or from the Premises in violation of any Environmental Regulation or if any lien or claim for lien in favor of any governmental entity or agency as a result of any release of any Hazardous Substance is threatened, the Board, at its sole cost and expense, shall, within ten days of such finding, deliver written notice thereof to the Corporation, the Trustee and the Holder and shall promptly remove such Hazardous Substance upon, under, over or from the Premises and prevent the imposition of any liens against the Premises for the cleanup of any Hazardous Substance. Such removal shall be conducted and completed in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies, in accordance with the orders and directives of all

federal, state and local governmental authorities. In the event the Board has not removed such Hazardous Substances within a reasonable time period, the Board shall, at the written direction of the Holder, immediately commence such remedial action which is prescribed by applicable federal, state and local laws, regulations, rules, ordinances and policies, and in accordance with the orders and directives of any and all federal, state and local governmental authorities and as the Holder shall direct. In the event the Board shall not comply with the written directions of the Holder, the Board hereby grants to the Holder an irrevocable license to remove Hazardous Substances from, repair, cleanup, and detoxify the Premises and the Board agrees to reimburse the Holder for all of its costs therefor. This covenant does not prohibit the Board from seeking contribution therefor from any Person (other than the Corporation and its successors and assigns, the Trustee or the Holder).

The Board further agrees to the extent, if any, permitted by law, and subject to the monetary limitations prescribed by Section 768.28, Florida Statutes, to reimburse the Corporation, the Holder and the Trustee for, any and all claims, demands, judgments, penalties, liabilities, costs, damages and expenses, including court costs and Attorneys' fees directly or indirectly incurred by the Corporation, the Holder and the Trustee (prior to trial, at trial and on appeal) in any action against or involving the Corporation, the Holder and the Trustee, resulting from any breach of the foregoing covenants, or from the discovery of any Hazardous Substance, in, upon, under or over, or emanating from, the Premises, whether or not the Board is responsible therefor, it being the intent of the Board, the Corporation, the Holder and the Trustee that the Corporation, the Holder and the Trustee shall have no liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to, Hazardous Substances by virtue of the interests of the Corporation, the Holder and the Trustee in the Land or the Premises pursuant to the Lease Agreement or this Ground Lease, or as the result of the Corporation or the Trustee exercising any of its or their rights or remedies with respect thereto hereunder or under any other instrument. The foregoing representations, warranties and covenants of this Section 24 shall be deemed continuing covenants, representations and warranties for the benefit of the Corporation, the Holder and the Trustee and any successors and assigns of the Corporation, the Holder and the Trustee, and shall survive the satisfaction or release of this Ground Lease, the Lease Agreement or any other instrument. The foregoing representations, warranties and covenants of this Section 24 shall be extinguished at the later of (i) the termination date of the Ground Lease or (ii) that point in time in which the Corporation, the Holder and the Trustee and any successors and assigns of the Corporation, the Holder and the Trustee are, in the opinion of counsel acceptable to the Holder, no longer liable or potentially liable for their own or the Board's compliance with Environmental Regulations as they may apply to the Premises or the Land. Any amounts covered by the foregoing shall bear interest from the date incurred at the maximum rate permitted by law and shall be payable on demand. This covenant shall not be deemed to create any liability on the part of the Board to any Person other than the Corporation, its successors and assigns, the Trustee or the Holder.

For purposes of this Section 24, "Premises" includes any portion of the 2010 Project situate thereon.

Section 25. Miscellaneous.

(a) This Ground Lease shall be governed by, and be construed in accordance with the laws of the State of Florida.

(b) Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Board: School Board of Walton County, Florida
145 Park Street, Suite 3
DeFuniak Springs, Florida 32433
Attention: Superintendent

If to the Corporation: Walton County Public Education Finance Authority, Inc.
145 Park Street, Suite 35086 Canal Street
DeFuniak Springs, Florida 32433
Attention: President

If to the Trustee: U.S. Bank National Association
Corporate Trust Services, EX-FL-UORT
225 E. Robinson Street, Suite 250
Orlando, Florida 32801

If to the Holder: SunTrust Bank
220 West Garden Street
Pensacola, Florida 3502
Attention: Institutional and Government Banking

or such other address or party as the party to be served may direct by written notice to the other party. If such notice is sent or delivery is made by registered or certified mail, such notice or delivery shall be deemed served, made and effective seventy-two (72) hours after posting.

(c) It is mutually acknowledged and agreed by the parties hereto that this Ground Lease contains the entire agreement between the Board and the Corporation with respect to the subject matter of this Ground Lease; that there are no verbal agreements, representations, warranties or other understandings affecting the same.

(d) Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than as landlord and tenant.

(e) The table of contents, headings and captions of this Ground Lease are inserted solely for convenience of reference, and under no circumstances shall they be treated or construed as part of, or as affecting, this Ground Lease.

(f) For purposes of computing any period of a number of days hereunder for notices or performance (but not for actual days of interest) of ten (10) days or fewer, Saturdays, Sundays and holidays shall be excluded.

(g) Any provision of this instrument in violation of the laws of the State of Florida shall be ineffective to the extent of such violation, without invalidating the remaining provisions of this instrument. In no event shall the Corporation or its assigns have any cause of actions against the officers or employees of the Board, or against any elected official of the Board based upon or materially related to any finding by any court that any or all provisions of this instrument violate Florida law.

(h) Reserved.

(i) The Holder is expressly made a third party beneficiary of this Agreement with the right to receive the benefits hereunder and to enforce the provisions hereof against the parties hereto.

(j) The Corporation and Board acknowledge assignment of this Ground Lease to the Trustee.

(k) The Corporation and Board shall not encumber, dispose of or release any portion of the 2010 Project except upon the prior written consent of the Holder; provided that so long as there has been no Event of Default or Event of Non-Appropriation under the Lease, the Corporation may, without such consent of the Holder, release any portion of the Premises provided that in respect of such portion to be released, (i) no portion of the Series 2010 Project has been constructed or installed thereon, and (ii) no proceeds of the portion of the Initial Lease Payment under the Lease Schedule No. 2010 and no proceeds of the Series 2010 Certificate have been expended thereon; and (iii) the Corporation shall retain, and Board shall grant to the Corporation, such easements, rights of way, agreements of lateral support and other property interests as the Holder or the Trustee shall require for pedestrian and vehicular ingress, egress and access to and from and between the Premises and the public roads adjoining the Servient Property and as may be necessary for utility and other enjoyment of the Premises which such services include, but are not necessarily limited to, drainage, sewer and water service, electric and telephone service, gas service and parking of vehicles.

(l) Except as permitted in subsection (k) above, the prior written consent of the Holder shall be a condition precedent to any amendment or modification of this Ground Lease Agreement. The Holder shall be provided with a fully executed transcript of all proceedings relating to such modification.

Section 26. Representations and Warranties.

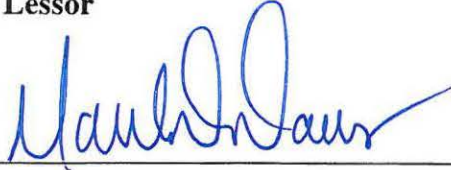
The Association and the Board hereby represent and warrant as provided in Exhibit "B" attached hereto.

IN WITNESS WHEREOF, the Board and the Corporation have caused this Ground Lease to be executed in duplicate, either of which may be considered an original, as of the day and year first above written.

**SCHOOL BOARD OF WALTON
COUNTY, FLORIDA**

as Lessor

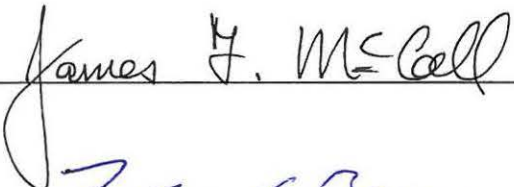
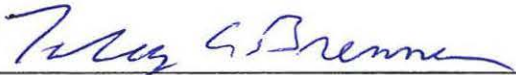
(SEAL)

By: 
Title: Chairman

ATTEST:


By: 
Title: Vice-Chairman

WITNESSES:





**WALTON COUNTY PUBLIC EDUCATION
FINANCE AUTHORITY, INC.**
as Lessee

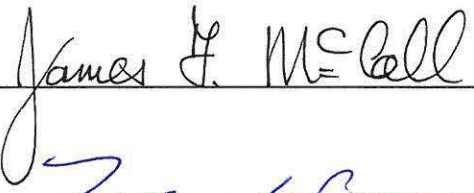

(SEAL)

By: 
Title: President

ATTEST:

By: 
Title: Vice-President

WITNESSES:

STATE OF FLORIDA

COUNTY OF WALTON

I, Jeffrey A. Brenner, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Mark D. Davis and Mildred Wilkerson whose names are, respectively as Chairman and Vice-Chairman of the **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, which is the governing body of the Walton County School District, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 3RD day of August 2010.



Jeffrey A. Brenner
Notary Public

My commission expires: June 11, 2014

Name: Jeffrey A. Brenner

Address: 25 West Cedar St., #500
Pensacola, FL 32502

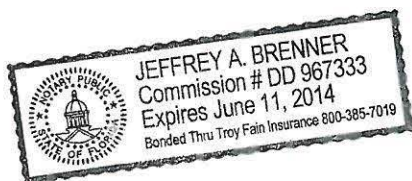
Personally Known X or
Produced Identification _____
Type of Identification
Produced _____

STATE OF FLORIDA

COUNTY OF WALTON

I, Jeffrey A. Brenner, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Mark D. Davis and Mildred Wilkerson whose names are, respectively as President and Vice-President of the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Corporation, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 3RD day of August 2010.



Jeffrey A. Brenner
Notary Public

My commission expires: June 11, 2014

Name: Jeffrey A. Brenner

Address: 25 West Cedar St., #500
Pensacola, FL 32502

Personally Known X or
Produced Identification _____
Type of Identification
Produced _____

EXHIBIT "A"

LEGAL DESCRIPTION

**The Southwest Quarter of the Southeast Quarter of Section 35,
Township 2 South, Range 19 West, all lying and being in
Walton County, Florida.**

LESSEE'S CERTIFICATE

August 5, 2010

The School Board of Walton County (the "Board") covenants and warrants to Walton County Public Education Finance Authority, Inc. and SunTrust Bank with respect to the property upon which the 2010 Project, as defined in the Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Master Lease-Purchase Agreement"), as amended and supplemented by Lease Schedule No. 2010 dated as of August 5, 2010 (the "Lease Schedule No. 2010") (collectively with the Master Lease-Purchase Agreement, the "Lease Agreement"), is located (the "Site"):

The capitalized terms used herein shall have the meanings ascribed to them in the Lease Agreement.

(1) That the Board has good and marketable title to the Site, has the authority to enter into, to execute and deliver the Lease Schedule No. 2010 dated as of August 5, 2010, and the Series 2010 Supplemental Trust Agreement and the Ground Lease Agreement, each dated as of August 1, 2010 (collectively, the "2010 Certificate Documents"), and has duly authorized the execution and delivery of the 2010 Certificate Documents;

(2) That except for Permitted Encumbrances, and except as described in the opinion of counsel for the Board dated as of the date hereof, the Site is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the 2010 Project or the use of the Site as security for the financing as contemplated by the Lease Agreement;

(3) That all taxes, assessments, or impositions of any kind with respect to the Site, except current taxes, have been paid in full;

(4) That the 2010 Project is necessary to the Board in order for the Board to perform its governmental function relating to public education;

(5) That the Site is properly zoned for school purposes, including, without limitation, the 2010 Project;

(6) That the Board's past and current uses of its existing facilities, and to the best of the Board's knowledge, information and belief, all past and current uses of the Site, complied and comply with all federal, state and local environmental laws, rules, regulations and ordinances. Neither the Board nor anyone on behalf of the Board has received notice of any violations of any environmental law, rule, regulation or ordinance. No actions or lawsuits have been commenced or threatened by a government agency or any other person or entity claiming non-compliance with any environmental law, rule, regulation or ordinance. The Board has never applied for environmental liability insurance or, if it has so applied, it has never been denied such coverage. The Board has no knowledge or notice of any asbestos, or any emission, discharge, seepage, release, or any hazardous pollutant in or upon the Site;

(7) That if a problem with the title to the Site or the 2010 Project or use thereof should develop, the Board shall exercise its condemnation powers to the extent permitted by law to obtain the necessary rights in the Site and the 2010 Project that will enable the parties hereto to perform the transactions contemplated by the Lease Agreement and the Ground Lease Agreement;

(8) The Board may acquire properties with asbestos or hazardous pollutant; however, the Board agrees to remove the asbestos or hazardous pollutant upon acquisition in accordance with applicable environmental guidelines; and

(9) The representations and warranties contained in the Lease Agreement are true and correct as of the date hereof as if fully set forth herein except as modified by the Lease Schedule No. 2010, and no default or Event of Non-Appropriation has occurred and is continuing under the Lease Agreement or the Lease Schedule No. 2010.

**SCHOOL BOARD OF WALTON
COUNTY, FLORIDA**

By:

RII, 8140-Closely-Lessert