CITY OF DUNNELLON
CITY COUNCILWORKSHOP

DATE: May 04, 2016
TIME: 5:30 p.m.
PLACE: City Hall
20750 River Dr., Dunnellon, FL 34431

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Vice-Mayor Green called the meeting to order at approximately 5:35 p.m. and led the Council in the Pledge of Allegiance. He asked if any invitee or volunteer was present to open with prayer. Pastor Tom Welch provided the invocation.

ROLL CALL

The following members answered present at roll call:
Nathan Whitt, Mayor, Seat 1 – arrived approximately 6:55 p.m.
Vacant, Seat 2
Chuck Dillon, Councilman, Seat 3
Walter Green, Vice-Mayor, Seat 4
Richard Hancock, Councilman, Seat 5

STAFF PRESENT

Eddie Esch, City Manager
Dawn Bowne, City Clerk
Chief Mike McQuaig, Police Dept.
Lt. Troy Slattery, Interim Fire Chief
Jan Smith, Finance Dept.
Lynn Wyland, Staff Assistant

LEGAL COUNSEL

Andrew Hand
Shepard, Smith & Cassady

PROOF OF PUBLICATION

Mrs. Bowne announced for the record the agenda for this meeting was posted on the City's website and City Hall bulletin board on Friday, April 29, 2016. Mrs. Bowne stated the agenda was amended to add backup as noted on the agenda.

Vice-Mayor Green introduced State Representative Charlie Stone and his wife, Michelle, who were present in the audience. He also introduced Wesley Wilcox, Marion County's Supervisor of Elections in Marion County.

Vice-Mayor Green stated an adjustment to the agenda is being made to move Agenda Item No. 8 to the beginning of the meeting to provide Mr. Wilcox an opportunity to answer any questions Council may have regarding this item.

AGENDA ITEM NO. 8 – REFERENDUM QUESTION(S) DISCUSSION – COUNCILMAN HANCOCK

Mrs. Bowne said Council has been discussing the best process for acquiring input from the public, whether through a referendum process or straw poll. She stated she has been working with Mr. Wilcox and came up with a number of options to offer Council. She explained only questions that affect the City's Charter should be placed on a referendum. Mrs. Bowne said if the questions are only seeking information from the public, such as a survey or questionnaire, and do not have an impact or change to the Charter, they are considered non-binding and a straw poll can be administered during an election process.

Mrs. Bowne provided the following informational handout:

CITY OF DUNNELLON

Options For Formal Public Input/Feedback to City Council

Option 1

Straw Poll: This is a formal process attached to an election. However, not binding just used as a tool to survey registerd voters only.

- Will certainly provide a measure of validity and formality
- Will ensure a certain level of participation
- Will be affordable. No additional cost. City is already paying approximately $1,000 for election ballot. Unless we have **so many questions** that it requires an extra ballot sheet, it could be an additional $375. (1250 voters x .30)

- Will include registered voters within corporate limits only. Not all taxpayers.
- Not as fluid as other types of polling mechanisms. For example, must meet statutory requirements, very similar to a referendum such as no more than 75 words for each question. Does not allow for feedback or write in suggestions/options. No changes allowed after deadline.
- Will not allow much time to react to information in the budget process. Information/results not provided until after 8/30 election. First public hearing on budget is 09/12/2016.

Option 2

Mailing: Ballot mailed with return envelope to voter, taxpayer or both

- Will provide more freedom to expand length of each question and provide education.
- Will allow Council to receive results back earlier because City is in control of all dates.
- Allows for the City to approach both groups (voter and taxpayer) without asking them to come to us.

- Will not allow for one merged mailing of both groups (voter and taxpayer). Will require one mailing using Supervisor of Elections listing and a separate mailing from the Property Appraiser (property owner/taxpayer). Overlapping will occur. Tax payer may receive multiple ballots if he owns multiple parcels. A registered voter and taxpayer would receive two ballots (one from each mailing).

- Will not provide as much validity as an election process, will be an error factor in that it is a manual process.

- Will not be free. Will have the cost of staff time, postage, materials. 1,250 Voters/1564 taxpayers (1,311 excluding exempt taxpayers). Postage = 2814x.465= $1,308.51, Printing 2814x.15 = $422.10
  - Staff time or just mailing- $170.64 (Straight time/no OT calculated in this figure) Approx 7.82 hrs
  - Postage – $1,309 (no postage on return envelope)
  - Materials - $473 (Labels = $50, Printing = $422.10, Envelopes = $165
  - Total = $1,953 (Using a mailing house may bring this cost down around .60 per mailing $1688/waiting on quote)
  - This does not include staff time to review and report the results.

Option 3

City Fair: Manual ballot process managed by City staff on a particular day where selected group(s) can come and complete ballot.

- Will provide more validity (not as much as an election, but perhaps more than mailing).
- Will have some advertising costs for public notification via paper, water bill, website, etc.
- Will have printing costs and staff expense.
- Will not have access to voting equipment because of timing. Resources just not available at the elections office because the timing.

Mr. Wilcox stated in order for him to prepare the ballots for the August primary, the deadline for receiving the questions would be June 24th, and the deadline for November's ballot would be August 31st.

Councilman Hancock said he believes the mailing option captures the best opportunity to get the most information from the voters and taxpayers.

Councilman Dillon stated the only referendum he wants on the November ballot is whether the residents of the City want the city manager as a Charter position.

Council and staff engaged in discussion with Mr. Wilcox regarding the options for formal public input.

Mr. Wilcox stated with the mailer process, you have the option to include educational material. He stated Florida Statute strictly governs what can be placed on a formal ballot.

Vice-Mayor Green explained the two different issues being discussed (1) a proposal to be made in an election situation and (2) a mailing that would provide feedback on the four issues Councilman Hancock is presenting this evening.

Councilman Dillon stated if we are going to do this, he would like to proceed and vote on it at the next council meeting and move forward.

Council agreed on using the mailer process. Councilman Hancock stated once all the necessary data is received the survey can be completed and approved by Council.

Councilman Hancock suggested a separate motion on the agenda to approve and direct staff to develop a referendum ordinance for the city manager position.

Mr. Wilcox stated he could provide a list of all registered voters within three (3) days. He said anything Council would like to place on the August 30th ballot must be submitted by June 24th at noon, which is the end of qualifying for all candidates on this ballot. He stated for the November 8th ballot, he would need that language by noon of August 31st, the day after the August 30th election.

AGENDA ITEM NO. 1 – BOARD REPORTS

Brenda D'Arville, Planning Commission Chair, reported on the public hearing for the Wendy's site plan review. She said the first public hearing to discuss the Comprehensive Plan Amendments is scheduled for Monday, May 2nd at 5:30 p.m.

Hugh Lochrane, Utility Advisory Board Chair, discussed the joint workshop meeting held with Council and the UAB. He presented the Board's recommendations and a brief presentation, ***which is attached hereto and made a part of these minutes***.

Councilman Hancock stated he attended the special workshop with the UAB and said the Board is requesting Resolution #RES2012-29 be recognized as an obligation to be repaid, and should be included as part of the budget process. He said the Board is providing a methodology for repayment.

Council and staff engaged in brief discussion with Attorney Hand.

Attorney Hand recommended including language in the proposed motion on a yearly basis recognizing the obligation. He said you can accomplish the goal, but have a caveat that makes it legal.

Council directed staff to draft a motion for Council to recognize the resolution as an obligation to be repaid and budget accordingly.

AGENDA ITEM NO. 2 – DUNNELLON BUSINESS ASSOCIATION REPORT

Danielle Stevens, Assistant Executive Director, provided her report on DBA's April meeting, which was held at the new hotel. She stated their next meeting is scheduled for May 24th at the Boys and Girls Club, and all proceeds from the event will be donated to the Boys and Girls Club for their basketball court.

AGENDA ITEM NO. 3 – DUNNELLON CHAMBER OF COMMERCE REPORT

Penny Lofton, Director, had to leave the meeting prior to giving her report. Mrs. Bowne stated she would work with Mrs. Lofton to include her report during the council meeting on Monday, May 9th.

Councilman Hancock stated the Rainbow River cleanup will be held Saturday, May 14th.

AGENDA ITEM NO. 4 – BOND REFINANCE PROPOSAL – PRESENTATION BY STEVE SMALL , CAPITAL RESOURCE ASSOCIATES, INC.

Mr. Small provided a handout to Council and staff ***which is attached hereto and made a part of these minutes*** and reviewed the fees and costs on the "Term Sheet" with Council and staff. He stated these are only estimated terms because he did not have an accurate balance for the BB&T bond. He said he is looking at a five (5) year treasury rate with a seven (7) year reset. He explained the closing costs on the second page and said some of the costs, such as the Doc Stamps and Intangible Tax, may not apply to the City.

Vice-Mayor Green asked Attorney Hand if he would research the Doc Stamps and the Intangible Tax to determine if they apply to the City. Attorney Hand stated he would.

Councilman Dillon asked Mrs. Smith what interest rate is the City currently paying BB&T. Mrs. Smith replied 3.92%.

Councilman Hancock asked if this proposal is going to reduce or increase the overall debt, and by how much. He asked if the $6,844,475 is the total cost increase of the $6,500,000.

Mr. Small replied yes, and explained the closing costs and fees. Councilman Hancock stated, “so the debt is going up $345,000.” Mr. Small stated yes, if the balance of the bond is $6,500,000.

Mrs. Smith stated the balance of the loan is 5.4 million dollars.

Mr. Small stated with sufficient collateral, the City may finance 100% of the loan amount up to 30 years.

Councilman Hancock asked if the maintenance fee was over and above. Mr. Small said yes. He said it is a half of a point per year based on the outstanding 70% guarantee portion, and would be due annually. He stated the USDA will bill for the annual maintenance fee in December of each year and it would be due in January.

Councilman Hancock question Mr. Small regarding the scope of CRA’s services.

Mr. Small explained he would prepare the package by underwriting through USDA, provide a credit analysis to support the underwriting and send it out to the banks. He would review the audit report, the operating plans and walk it through to the closing. He said a closing attorney will handle the closing.

Councilman Dillon questioned Mr. Small regarding the 2% fee amount due upon engaging CRA. He stated the City does not have any money at that point. Mr. Small stated he could change that language because he knows the City’s situation to “2% due at closing” and the payment would come out of the closing fees.

Mr. Small explained it’s an incredible amount of work. He said he will do the City a favor, and if he is not successful, the City will not be obligated to pay the fee.

Councilman Hancock asked Mr. Small if he would prepare an addendum to this agreement. Mr. Small stated yes. Councilman Hancock asked if the City will have to pay the $7,500 up front. Mr. Small replied yes.

Councilman Hancock asked Mr. Small questions regarding the verification process. He said if you are taking the books we use, isn’t it verification? Mr. Small stated it is, but he is not the one verifying. He explained there is an outside auditor. Mrs. Smith said Mr. Small would be attesting to the accuracy of those records.

Councilman Hancock stated he wanted to be sure that whatever information the City provides is accurate and reflects the City’s position.

Mr. Esch stated Mr. Small has a copy of the audit report. Mrs. Smith stated the internal financials to be provided would be balance sheets and an income statement.

Councilman Hancock reiterated to Mr. Small that the City would stand aside on the 2% if he's unsuccessful. Mr. Small stated yes. Councilman Hancock asked Mr. Small if we would owe USDA 3%, whether successful or not? Mr. Small stated no; only if you close and it would be due on the day of closing.

Vice-Mayor Green asked Mr. Small if the 2% comes out of the closing fees. Mr. Small replied yes.

Vice-Mayor Green stated according to Mrs. Smith we are currently paying approximately 3.39% interest on our current balance. However, Mr. Small stated the new rate will be somewhere between 4.5 and 5.5%. Vice-Mayor Green said he is concerned because the City is sinking further in debt and not solving the issue.

Councilman Hancock asked Mr. Lochrane, is it his assumption the debt would come down due to borrowing less money than what we are showing. Councilman Hancock said hopefully the debt would come down, but right now there is $350,000 additional debt dollars to be spread over the life of the loan, but if done in one year, it would be a 10% rate increase. Mr. Lochrane said right now we are paying approximately $300,000 a year. Mrs. Smith stated it is $412,000 principal and interest split between water and sewer.

Mr. Small stated the benefit of this loan is its long term and the City will not have to revisit it every year.

Council and staff engaged in lengthy discussion regarding the BB&T loan.

Councilman Hancock said we are covering the BB&T loan now and there would be no additional debt if we continue to pay it off over the twenty (20) year timeframe. He said we are discussing an additional $350,000 to refinance, but if BB&T would accept the option of spreading the balloon payment, there would be no additional cost. He said if BB&T would not accept this option, then we should work with Mr. Small on the refinancing.

Vice-Mayor Green stated it is 6:55 p.m. and the Mayor has joined the council meeting.

Mayor Whitt thanked Mr. Small for attending the meeting to review the documents and answer questions.

Councilman Dillon asked Mr. Small how long he had been working on this. Mr. Small replied January or February of last year when he began reviewing the City's financial audits.

Councilman Hancock reiterated that the loan will be repaid by the captive users.

Vice-Mayor Green asked Mr. Small to provide Council with an accurate interest rate in the near future.

Mr. Small explained the rates fluctuate constantly and he is trying to lock in at around 4%. He stated the prime rate is directly tied to the federal rate and the treasury rate is not.

Councilman Hancock asked Mr. Small for an estimated turn-around time. Mr. Small replied no more than three months.

AGENDA ITEM NO. 5 – LEASE DISCUSSION FOR OLD LIBRARY BUILDING - MARION SENIOR SERVICES – JENNIFER MARTINEZ (BACKUP ADDED)

Ms. Martinez explained she was not present at the council meeting and was unclear as to Council's plans for the building. She expressed her concerns regarding partnering with the artist group and sharing of the space. She stated her goal is to serve twenty (20) clients and she is looking for a long term solution.

Walter McClellan, 9291 SW 193rd Circle, discussed the square footage and the security of the art. He said his understanding was that Ms. Martinez would calculate the square footage she required and his group would take the balance.

Council and staff engaged in discussion with Mr. McClellan and Ms. Martinez regarding the use of the building.

Lt. Slattery volunteered to provide his assistance in determining the square footage required for approximately twenty (20) clients and servers.

AGENDA ITEM NO. 6 – DISCUSSION ON VACANT PARCEL LOCATED AT 20717 WALNUT ST- CITY MANAGER

Mr. Esch explained the demolition and lien on this parcel. He said he was approached by Councilman Dillon to look at the property and the possibility of using it for a parking lot. He said in his opinion the parcel did not look large enough to be a good fit for a parking lot. He said the owner of the property initially sent an email to the City and requested a waiver of 50% of the interest on the lien and later requested the City waive all of the fees.

Mr. Esch recommend Council allow a 50% reduction of the interest fees.

Councilman Dillon said he talked to the owner who is willing to sell the property for a fair price. However, he explained the lien amount is more than the parcel is worth. He said because of the parking issues in the historic district, he wanted to provide the City an opportunity to pursue it for parking.

Council and staff engaged in brief discussion regarding the lot and the City's lien/fee structure.

Councilman Dillon asked whether he should recuse himself from voting on this item at the next meeting due to a personal interest in the property. Attorney Hand stated he would research and provide an answer during Monday's council meeting.
Council agreed to place this item on the regular agenda.

AGENDA ITEM NO. 7 – REVIEW APPICATIONS FOR APPOINTMENT TO CITY COUNCIL SEAT NUMBER TWO (2) PER CITY'S CHARTER
Council and staff engaged in brief discussion.

Mayor Whitt stated his support for former councilmember Valerie Porter Hanchar.

Councilman Dillon, Councilman Hancock and Vice-Mayor Green stated their support for Larry Winkler.

Mayor Whitt asked Attorney Hand if someone was involved in a recall petition to remove a councilmember, are they viable to fill a seat. Attorney Hand replied yes.

Council agreed to place this item on the regular agenda.

AGENDA ITEM NO. 9 – AGREEMENT #AGR2016-12 CHOICE HOTEL CDBG WATER MAIN EXTENSION PROJECT, CHANGE ORDER #1
Mr. Esch explained there was a utility conflict on 99th Place which involved an increase in valve vault size, reducing length, rescheduling of jack, bore, fencing removal and replacement due to water main realignment results in a contract price increase of $11,137.35. He said the contract price amended to $469,519.95. DEO has approved contract change order.

Mr. Esch addressed a change order he will be bringing before Council. He said the American Legion and the neighboring dentist office located north of town on Hwy. 41 have asked to connect to the City's water line. He said the original design provided for a one (1) inch water line, but now requires a three (3) inch water line to feed both properties. He explained DEO did not approve this change order to be funded by the grant. He stated he received a proposal from GWP for Change Order #2 for $9,437.70, which would be paid out of the capital improvement bond proceeds.

Council agreed to place this item on the consent agenda.

AGENDA ITEM NO. 10 – VOLUNTARY COOPERATION/OPERATION ASSISTANCE AGREEMENT #AGR2016-02 WITH BELLEVIEW POLICE DEPARTMENT
Mr. Esch explained this is an annual renewal of the interlocal agreement with Belleview.
Council agreed to place this item on the consent agenda.

AGENDA ITEM NO. 11 – CITY MANAGER - UPDATE

City Manager Goals – There was some confusion in the backup Mr. Esch provided. Mr. Esch stated he will email Council an updated version.

Board Vacancies - Mrs. Bowne explained the required certification. She said no action is required from Council.

19084 St. George Dr. - Mr. Esch explained the 50% fine reduction on this property from $23,025 to $11,750. He stated the amount is strictly the fine and the property has been connected to the city's water/sewer.

Traffic Citations - Mr. Esch discussed the parking tickets issued at the City Beach and the City Hall parking area. He said he will research with the Florida Fish and Wildlife.

Mr. Esch provided his report on the following:

- Gateway Signs RFP
- CDBG Project
- Dunnellon Airport Sign
- Technical Assistance Grant
- Working with Sherri Spiers on a grant
- Letter to BB&T will go out with whatever Council decides
- Commented on the annual Arbor Day event held at Dunnellon Middle School on Friday, April 29, 2016.

Walk on items:

- Short Tower Road – asking for authorization to move forward with paving
- Juliette Falls – permit expires-item not budgeted

Council agreed to place both items on the consent agenda

Councilman Hancock asked Lt. Slattery and Mr. Esch to provide update on gathering the information for capital improvements.

Council and staff engaged in brief discussion regarding the Fire Chief position.

AGENDA ITEM NO. 12 – COUNCIL COMMENTS

Mr. Esch commented on the Fire Assessment Study.

AGENDA ITEM NO. 13 – PUBLIC COMMENTS

Pastor Tom Welch, P.O. Box 143, Dunnellon, reminded everyone that tomorrow is National Day of Prayer from 12:00 p.m. to 3:00 p.m. Pastor Welch also commented on the presentations being difficult to see when using the wall for a screen.

Paul Marraffino, 19544 SW 82nd Place Rd., provided an update on the public meetings being held to discuss the long term plan for the connection to the Suncoast Parkway.

The meeting was adjourned at approximately 8:45 p.m.

Attest:

Dawn Bowne, MMC
City Clerk

Nathan Whitt, Mayor

April 20, 2016

Utility Advisory Board
Recommendation
Return of Funds Removed from Water and Sewer Enterprise Fund Reserves

At its April 18,2016 meeting the Utility Advisory Board (UAB) reviewed and discussed options relative to the return of funds that were removed from Water and Sewer reserve accounts and used to fund the Greenlight project. The following background information and recommendations are hereby presented to the Dunnellon City Council.

1. Background:

a. Resolution 2010-06, dated 7/26/2010, authorized the creation of Greenlight and the associated Communications Enterprise Fund. The resolution also authorized a loan of $50,000 from the Water/Sewer Funds to Greenlight. It is our understanding that this loan has been repaid and no further action is required.

b. Resolution 2012-29, dated 11/13/2012, authorized an inter-fund loan of $1,478,430 from the Water/Sewer Funds to the Communications Fund. Stipulations of the loan are that it carries a .01% per annum interest rate and that it be paid in its entirety by 2017. To date, no action has been taken to repay this loan. The funds were transferred from the Water Capital Improvement/Connect Fees and Reserve Equipment Replacement accounts, and from the Sewer Reserve Equipment Replacement account. This loan remains outstanding.

c. Resolution 2013-18, dated 11/12/2013, authorized the transfer of $1,962,826 from the Water/Sewer Funds to the Communications Fund. The funds were transferred from the Water Unrestricted Equity and Emergency Reserve accounts, and from the Sewer Capital Replacement account.

d. Resolution 2013-18 also authorized the transfer of $1,362,664 from Water/Sewer bond proceeds to the Communications Fund. The UAB recognizes that the City is dealing with this transaction separately due to legal issues. The UAB recommends that the City continue making payments from the General Fund to replace the amount removed.

e. The combined amount transferred from Water/Sewer Fund reserve accounts is $3,441,256.

2. Current Situation:

a. The Water/Sewer Reserve Accounts for Equipment Replacement are empty.

b. The combined amount in the Water/Sewer Emergency Reserve accounts is $7,308.

c. The combined amount in the Water/Sewer Capital Improvement accounts is $127,234.

d. The lack of funds in these reserve accounts directly affects the immediate and long-term safety and reliability of the Water and Sewer Utility Systems. This is a significant public interest situation that needs to be addressed by the City Council.

e. The lack of funds is these reserve accounts make it impossible for the city to undertake utility system improvements and enhancements without borrowing funds.

3. Recommendations:

a. Assuming that the City does not have funds available in the short term to replace funds loaned and transferred from the Water and Sewer reserve accounts, and taking into consideration discussions about this matter at the joint Council and UAB workshop on 3/21/2016, the UAB recommends that the Council approve an agreement that allows the funds to be reimbursed over a period of time.

b. Starting with the fiscal year 2017 Water and Sewer Enterprise Fund budgets, the city should suspend any inclusion of expense items for city staff providing support to water and sewer operations and administration. For the purpose of determining the yearly amount to be applied toward the reimbursement, the city should use the amount of $143,728, which is the amount being charged in the fiscal year 2016 budget.

c. Starting with the fiscal year 2017 Water and Sewer Enterprise Fund budgets, the city should include one-half of indirect expense items that contribute to the operation and administration of the water and sewer utilities, instead on the two-thirds contribution in the fiscal year 2016 budget. The yearly amount of $12,274 (based on amounts in the fiscal year 2016 budget) should be applied toward the reimbursement.

d. The total of the above items is $156,002 per year that would have to be absorbed by the General Fund. By not having these expenses included in the water and sewer funds, and by maintaining the existing utility rates, it should be possible to accommodate operation and maintenance expenses, gradually increase reserves and satisfy debt obligations.

e. The UAB recommends that the City establish a process for allocating these savings to the various reserve accounts.

e. The UAB recommends that the City establish optimum account balances for reserve accounts and continue adding to these accounts until the desired balance is achieved.

f. The UAB feels that the method of formalizing this plan to return funds to the water and sewer reserves should be determined by the Council.

Respectfully submitted,

Hugh Lochrane

Hugh Lochrane
Chairman, Utility Advisory Board

Utility Advisory Board

- Joint meeting March 9, 2016 - discuss loan to Greenlight
- Produce a recommendation relative to action taken by Resolution 2012-29
- UAB meeting April 18, 2016

UAB Meeting

- Draft recommendation for repaying “loan”
- Concern about other transfers
  - $1.96M from reserve accounts
  - $1.36M from bond proceeds
- Board agreed to address <u>all</u> transfers

Background

- Resolution 2012-29 (11/13/2012)
  - Interfund loan of $1.5 to be repaid by 2017
- Resolution 2013-18 (11/12/2013)
  - Transfer of $1.9M from reserves
  - Transfer of $1.36M from bond proceeds
- Total funds transferred $4.82M

Replace Bond Proceeds

- Legal obligation to replace $1.36M
- Separate line item in General Fund budget
- Time period and amount per year ???????

<u>City decides how to deal with this matter.</u>

Current Situation

- Reserves for equipment replacement = $0
- Reserves for emergencies = $7,308
- Reserves for improvements = $127,234

Impact

- Re-building reserves means higher rates
- No means to replace aging equipment without incurring debt
- No funds available for major emergency situations

Fix the Problem

- Restore funds to reserve accounts
- Suspend General Fund expense items currently being charged to water and sewer funds ($143,728)
- Allocate specific amounts to depleted reserves
- Establish optimum account balances for reserves
- Formalize plan

Capital Resource Advisors, Inc.
510 East Druid Rd., Suite C
Clearwater, FL 33756
(727) 446-7758

Mr. Eddie Esch, Sr.
City Manager
City of Dunnellon
20750 River Drive
Dunnellon, FL 34431

April 12, 2016

Dear Mr. Esch:

Capital Resource Advisors, Inc. and Capital Resource Associates, Inc. (collectively "CRA") has reviewed the information submitted and the City appears to meet the USDA's underwriting criteria and appears to qualify for a USDA B&I guaranteed loan. CRA would like to propose the following estimated terms and conditions regarding your loan request:

Borrower:	City of Dunnellon	
Guarantors:	None	
Loan Amount:	Up to $7,000,000	
Use of Proceeds:	Refinance of water and sewer system with long term financing at a reasonable rate of interest	3.7.
Interest Rate and Term:	4.5% to 5% - final pricing tbd by funding bank, resetting every 7 years Loan Term is up to 25 years, fully amortizing with no balloons	
Collateral:	Revenues generated from water/sewer tax	
Maximum Loan-to-Value / Cost	Normally not to exceed 80%	
Prepayment Penalty:	5,4,3,2,1 with none after end of 5th year	
USDA Gurantee Percent:	70% guarantee	
Fees:		
USDA Guarantee Fee	normally 3% of guaranteed amount (or 2.4% of loan amount)	
Capital Resource	2% of loan amount	
USDA Annual Maintenance Fee:	.5% of the outstanding guaranteed principal paid annually	
Retainers or Deposits:		
Capital Resource	$7,500	Due upon acceptance of agreement, balance due at construction loan closing
Appraisal report	$6,500	Due when bank orders, after approvals
Environmental Reports	$2,500	Due when bank orders, after approvals
Total Retainers or Deposits	$16,500	
GAAP Equity Required	10%	

This term sheet reflects the normal costs associated with a USDA loan. This term sheet is not intended to and does not create a legally binding commitment or obligation on the part of CRA. Although Capital Resource Associates is an approved lender in the USDA B&I program Capital Resource Associates and Capital Resource Advisors normally joint venture with participating banks who serve as the originating lender. If you have any questions, please call or email.

I look forward to working with you on this project.

Best Regards,

Steve Small

Acknowledged and Accepted:

____________________ ________ Date

Distributed during 5/4/16 Council Meeting.

Documentary Stamps on Deed	.7/$100
Documentary Stamps on Mortgage	.35/$100
Intangible Tax	.002 per dollar

USDA Loan Amount	**$**	**6,850,000**

Total Project Costs:		**Amount ($)**
Refinance existing debts		6,500,000
Estimated closing costs - see below		111,575
Bank construction fee		68,500
USDA guarantee fee		164,400
Estimated Total Project Cost	**$**	**6,844,475**

Closing Costs	**Amount**	
Tax Service	250	
Recording Fees	750	
Attorney Fees, Lender	15,000	
Attorney Fees, Borrower	3,500	
Doc. Stamps on Mortgage	47,950	may be exempt
Intangible Tax	23,975	may be exempt
Title Insurance Policy	14,500	
Appraisal	4,000	
Environmental Report	1,500	
Flood Cert	150	
Total	111,575	
Total without taxes	39,650	

Capital Resource
510 Druid Road East, Suite C
Clearwater, FL 33756
(727) 446-7758

Agreement

This agreement is made and entered into this ____ day of _________ 2016 by and between Capital Resource Advisors and Capital Resource Associates (collectively "CRA") and the City of Dunnellon ("Client"). Client hereby engages CRA and CRA agrees to be engaged to provide mortgage / investment banking services, loan packaging and fiscal advisory services for a USDA Business & Industry ("USDA B&I") guaranteed loan application for the purpose of refinancing the Client's existing debt on its water/sewer infrastructure, related real estate and transaction cost. The loan amount is expected not to exceed $7 million; however, the final loan amount will be determined as the loan is structured. The estimated terms and conditions of the loan are outlined in the accompanying Term Sheet.

Client agrees to pay CRA a fee equal to 2% of the loan amount for CRA's services. CRA fee payment is due $7,500 upon engagement and the balance within sixty days after Client receives a conditional commitment to guarantee the loan from USDA or when the loan is closed, whichever occurs first. All payments are non-refundable.

The scope of CRA's services is to work with Client's information, representations and/or inquiries of Client's employees/representatives without verification it is correct and presents the material facts; therefore, CRA does not make these representations. Client's financial results may vary from those projected in the loan application and these variations may have a significant impact. Since the application process must be undertaken to determine if an application can be developed and USDA and lender reserve the right to determine what applications they will approve until they review the complete application, CRA cannot guarantee success, however, CRA will see the application through to final decision. Upon completion of the loan application package, CRA will present the loan application package to a minimum of three lenders for consideration. The attached Term Sheet outlines the estimated terms and conditions of the proposed B&I loan.

Please execute the Agreement and send along with the $7,500 initial payment made out to Capital Resource Advisors, Inc. to the address listed above.

Client's Acceptance of Agreement:

____

CRA's Acceptance of Agreement:

____

Qualifications and References for Steve Small and Capital Resource

Steve Small has over nineteen years experience in business consulting and commercial lending including analyzing all aspects of various businesses and developing sound, long-term financial strategies. Expertise includes marketing and sourcing clients, preparing detailed business plans, preparing detailed financial statement projections and assumptions, preparing marketing strategies, complete underwriting and credit analysis including detailed analysis of historical financial statements and tax returns, preparing loan commitments, coordinating and reviewing appraisals, coordinating and reviewing environmental reports, coordinating closing documents and working with the loan closing attorney and borrowers, and marketing and selling the loans in the secondary markets. Also proficient in commercial construction and assist in many aspects the construction project from design phase to the final certificate of occupancy.

Businesses served include manufacturing, distribution, logistics, retail, waste management and landfills, agricultural processing, charter schools, municipalities, medical facilities, hotels, restaurants, nurseries and RV parks among others.

Prior to joining Capital Resource, Steve was Account Manager for Larson Juhl, a Berkshire Hathaway Company. Steve received his Bachelor of Science Degree in Accounting from the University of South Florida and Bachelor of Arts Degree in Biology from College of Charleston.

REFERENCES

Please feel free to contact the following vendors and clients to see if they are satisfied with our services:

Rod Quainton, Elizabeth Whitaker and Stephanie Hodges - USDA Ocala area office, 352-732-7534, ext. 5.

Bill Futch, attorney-at-law in Ocala, 352-732-8080. Mr. Futch has closed many USDA loans for our banks in the past.

Jill Bolender, president & principal of BAMS, 863-984-2400. Funded $6.594 million in USDA guaranteed loans to finance BAMS charter school in Auburndale.

Crystal Yoakum, Director Hope & Legacy Charter Schools, 407-656-4673. Funded $4.9 million in USDA guaranteed loans to finance their charter middle and high school.

Rita Harris, Principal of Kinder Cub Charter School, 352-498-0002. Funded $860,000 USDA guaranteed loan for the School to purchase the building it had leased.

Azim Saju, Owner of Choice Suites in Dunnellon, 352-867-1347. Funded $5 million USDA guaranteed loan to construct and provide permanent financing for their hotel in Dunnellon.

Gregg Harshmann, President of CitraPac, a specialty food manufacturer, 863-381-4371. Funded $6.6 million USDA guaranteed loan to finance a new manufacturing plant.

Dina Bardin, Business Manager, Academy at the Farm charter school, 352-588-9737. We are currently providing a $4.05 million USDA guaranteed loan for the School's expansion.

Millie Forehand, Director of Crossroad Academy charter school, 850-875-9626. We assisted with a USDA direct loan back in 2009 for a new elementary/middle school and have recently been retained to assist with a new high school facility. Fist loan was $2.25 million, second proposed is $2.9 million.

Brian Fisher, CFO of Lake Wales Charter School System, 863-679-6560, ext. 223. Funded $4.44 million USDA guaranteed loan for their purchase and remodel of an existing facility for the Bok Middle School campus.

Jackie Dodge and Tina Crevello, New Dimensions High School in Poinciana, 407-870-9949. Funded $1.4 million USDA guaranteed loan for their expansion.

Diana Brumm, president of Taylor College, 352-245-4119. Funded $1.575 million USDA guaranteed loan to finance her nursing school in Belleview.

David Counihan, President of Hibernia Nursery, 352-793-4423. Funded $2.5 million USDA guaranteed loan back in 2010 to refinance debt. Just closed a second $4.0 million USDA guaranteed loan for expansion.

Everett Kelley, CEO of Project Health, 352-459-7371. Funded $8.0 million in USDA guaranteed loans to finance a medical facility in Bushnell.

Kevin Fox, CEO of Scout Plantation Owner, 212-227-2130. Funded $5.0 million USDA guaranteed loan to finance their Plantation Hotel & Resort in Crystal River.

Dr. Ganesh Arora, owner of Clinical PET of Ocala, 352-861-4602. Funded $4.6 million USDA guaranteed loan to finance his medical clinics in central Florida.

Shawn Simms, owner of Ocala Sun RV Park at 352-307-1100. In process of funding $4.4 million in USDA guaranteed loans to finance his RV parks.

Lex Salisbury, owner of Safari Wild, 813-600-0592. Funded $2.6 million USDA guaranteed loan to finance his wild life park near Lakeland and just got approved a subsequent $580,000 loan for additional improvements and working capital.

Stan Salser, owner of Salser Construction, 352-861-4593. Funded $1.2 million USDA guaranteed loan to finance his utility construction company in Ocala.

Michael Paglia, CEO of Paglia & Associates and IMG, 352-369-5411. Funded $14.5 million USDA guaranteed loans to finance his companies in Ocala.

Paula Norman (CFO) or Dick Tinney (CEO) of sawmills, 360-542-1900 (Washington Alder, Cascade and Port Angeles). Funded $30 million USDA guaranteed loans to finance the sawmills in Washington state.

Bank

_______, 2016

Dear:

This conditional commitment outlines Bank's ("Lender") proposed terms and conditions for a USDA guaranteed loan to ________.

1. **Borrower:** ________________.

2. **Principal Amount of Loan:** $________. The loan amount must not exceed 95% of the real estate and improvements collateral and pledged revenues.

3. **Loan Term:** The term of the loan will be 30 years. Loan payments will be monthly interest only payments during the first year of the permanent loan. Thereafter, loan payments will be monthly principal and interest payments that amortize the loan in full mortgage style over the remaining 29-year term of the loan.

4. **Interest Rate:** The interest rate on the loan will be established by the formula 5-Year Treasury Note Interest Rate plus_____ basis points. The interest rate will be adjusted (reset) every 7-years during the term of the loan by the formula 5-Year Treasury Note Rate on the adjustment date plus basis points.

5. **Prepayment:** The principal balance of the loan may be prepaid in whole or in part, provided that any such prepayment is accompanied by a prepayment penalty of five percent of the outstanding principal balance prepaid during the first year; four percent of the outstanding principal balance prepaid during the second year; three percent of the outstanding principal balance prepaid during the third year; two percent of the outstanding principal balance prepaid during the fourth year; and one percent of the outstanding principal balance prepaid during the fifth year. No prepayment penalty is due on the loan thereafter.

6. **Loan Purpose:** The purpose of the loan is to provide long term financing for the School's facility and related costs and fees.

7. **Collateral:**
   - The loan will be secured by a first mortgage or deed of trust on the Borrower's real estate located ____.
   - The loan is to be secured by a first lien on the equipment assets owned by the Borrower.

8. **USDA Guarantee and Annual Maintenance Fee:** A condition precedent to the loan and the closing of the construction loan is the receipt by the Lender from the USDA of a Conditional Commitment for the Guarantee of 90%of the loan that is acceptable to the Lender. Borrower agrees to execute all documents, furnish all information, and satisfy all conditions necessary to comply with the rules, regulations, and requirements of USDA applicable to this loan and the guaranty thereof. Borrower agrees to cooperate with the Lender in modifying any of the loan documents to meet requirements of USDA. The Borrower will be responsible for paying the USDA $____ guarantee fee ($principal x 70% x 3%) due at closing. Borrower is also responsible for the USDA annual maintenance fee calculated at .05% of the outstanding guaranteed portion, due January each year.

10. **Insurance Requirement:**
   - Hazard insurance naming the Lender as beneficiary will be maintained in an amount at least equal to the insurable replacement value of the collateral. Hazard insurance includes fire, windstorm, lightning, hail, explosion, riot, civil commotion, aircraft, vehicle, marine, smoke, builder's risk during construction, and property damage.

   - If the collateral property is located in an area designated as an area for special hazards under the National Flood Insurance Act of 1968, Flood insurance naming the Lender as beneficiary will be maintained in an amount at least equal to the insurable replacement value of the collateral.

   - General liability insurance will be maintained in an amount of not less than $1,000,000.

   - Worker's Compensation must be carried in accordance with State law.

   - Any other insurance not listed above and required by the City's charter contract.

11. **Appraisal Requirement(s):** An appraisal prepared by ___ dated ____ has been completed and is acceptable to Lender and USDA and has been prepared in accordance with USPAP and FIRREA indicating the fair market value of the real property security.

12. **Environmental Requirement:** An environmental report prepared by ___ has been submitted and is acceptable to the Bank.

13. **Loan Disbursement:** Loan proceeds shall be disbursed as needed for the construction of the project. At the end of the project, when construction is substantially complete, all funds shall be disbursed.

14. **Financial Covenants:**
   a. All of Borrower financial statements must be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). Accounting terms must be those generally accepted in accordance with GAAP in the United States.

   b. The Borrower must obtain independent certified public accountant-prepared audit reports annually, prepared in accordance with GAAP, and submit them to the Lender within 90 days of the Business' fiscal year-end.

   c. A current (not more than 90 days old) balance sheet for the Borrower prepared in accordance with GAAP is required for closing. The balance sheet must reflect the Borrower's post closing status.

   d. Federal income tax returns for Borrower are required within fifteen days of filing.

   e. Additional financial information may be requested.

   f. Borrower will not invest in additional fixed asset purchases that would result in Borrower not being in compliance with the loan covenants and ratios required herein and by the Lender without concurrence of the Lender. Borrower will not lease, sell, transfer, or otherwise encumber fixed assets without the concurrence of the Lender. Disposition of fixed assets serving as collateral for this loan must also have the concurrence of USDA.

   g. The Borrower's debt to net worth, based upon year-end financial statements and as defined by GAAP, shall not exceed 4:1.

   h. The Borrower's current ratio as defined by GAAP, shall not fall below 1:1.

i. Borrower shall not enter into any merger or consolidation or sell the system without prior written concurrence of the Lender.

j. The Borrower by accepting USDA "Conditional Commitment", certifies that it is not delinquent on any Federal debt.

k. The Borrower must certify that there has been no adverse change during the period when USDA issued the conditional commitment and the loan closing.

l. The Borrower must maintain a deposit relationship with the Lender adequate to make debit payments for the loan.

15. **Loan Closing Documents and Loan Closing Attorney:** The Lender's loan closing attorney will prepare the following loan closing documents for closing. The loan closing attorney will use standard documents that comply with USDA Instructions RD3575 and the Conditional Commitment. The loan documents include loan settlement statement, loan commitment, USDA commitment, Lender's counsel opinion letter, loan agreement, note, mortgage and security agreement, UCC's, assignment of rents-leases-contracts, title insurance commitment and policy, certified survey, certificates of required insurances, corporate resolution to borrow and pledge assets, affidavit concerning governing organizational documents, affidavit of no lien-ownership, affidavit regarding financial condition, affidavit regarding disbursement of loan proceeds, anti-coercion statement, agreement waiving right to jury trial, agreement to cooperate post-closing, certificate of compliance with applicable environmental laws and regulations, certificate of compliance with applicable government laws and regulations and environmental indemnity agreement.

The Lender's loan closing attorney must furnish Lender with a written opinion at closing. The opinion should state that the loan documents conform with the Lender and USDA commitments and that the loan documents are duly and fully enforceable in accordance with their respective terms and comply with all requirements and will not violate any law, rule or regulation of the state.

Prior to beginning the loan closing process, the Lender's loan closing attorney will provide the Borrower with an estimated cost for preparing the loan closing documents and related items and the Borrower must pay into escrow with said attorney funds to cover said cost. Any unused escrowed funds will be refunded to Borrower.

The loan must be closed without expense to the Lender, it being understood that expenses must be paid by Borrower, including, but not limited to the cost of the appraisal, environment report, survey, title insurance, recording of the collateral liens and Lender's attorney.

16. **Other Conditions:**
- A title policy in favor of the Lender in a form acceptable to the Lender. Policy must not contain any exceptions other than those approved by Lender.
- Certified survey of the property in a form acceptable to Lender.
- No sale or transfer of the collateral without Lender's consent.
- No additional encumbrances on the collateral without Lender's consent.
- Borrower must pay the financial advisory and mortgage/investment banking/packaging fee.
- There is no material adverse change in the Borrower's financial condition.

- The Borrower must furnish to the Lender, on or before the due date, proof of payment of all property taxes, ad volorem taxes and insurance premiums. The Lender may, at its sole option during the term of the loan, elect to require monthly escrow in advance for such taxes and insurance premiums.

- There are no unwritten oral agreements between the parties.

- Your signature indicates that you have read this loan commitment, that you understand its terms and conditions, and that you are authorized by the Borrower to approve them.

The understandings contained in this conditional commitment are not assignable by the Borrower without the prior written consent of the Lender and any attempt to assign without the Lender's consent shall, at the Lender's option, constitute a release of the Lender from any obligations hereunder. This conditional commitment is for the sole benefit of the Lender and Borrower. It is not for the benefit of any third party. This conditional commitment is addressed to the Borrower only and is not to be relied upon in any manner by other persons or entities. The Lender may participate or sale a portion of this loan to other funding sources or joint venture with other Lenders. Capital Resource is the Lender's joint venture compensated affiliate. The Lender must receive an accepted copy of this conditional commitment no later than the date specified herein or it will be presumed that the Borrower has no interest in the conditional commitment and the Lender shall have no further obligation under this conditional commitment. If accepted, the loan must be closed in accordance with the terms and conditions of this loan commitment within two months after acceptance of this conditional commitment and receipt of the USDA conditional commitment to guarantee this loan or the Lender may terminate this loan commitment.

Please acknowledge your acceptance of the above referenced terms and conditions by signing below and returning a signed copy of this conditional commitment to the Lender no later than the close of business five days subsequent to the date of this loan commitment.

Sincerely,

____
Bank

ACCEPTANCE:
Agreed to By:

____
Borrower

Attachment to USDA "Conditional Commitment (Community Facility)"

Case Number:
$_____Community Facility (CF) Guaranteed Loan
Approval Date: ____, 2015

LOAN PURPOSE:

1. The purpose of the loan is to provide long-term financing for ______. Upon final disbursement of loan funds, a copy of the lender's detailed loan settlement must be provided to Rural Development as evidence that all funds were disbursed in amounts and for purposes outlined above.

PERCENTAGE OF GUARANTEE:

2. A 90% guarantee will be issued prior to the substantial completion of development work. Construction conditions are outlined below which will address construction requirements.

INTEREST RATE AND TERM:

3. The term of the loan is to be 30 years. The interest rate is to be established by the formula: IR = 5 year T Bill + 400 basis points. The loan is to be fully amortized with monthly installments. The interest rate is not to vary more often than every five years. When the rate changes, installments are to be adjusted to assure there are no balloon payments. Prepayment will not be prohibited. Default interest rates are not covered by the guarantee.

COLLATERAL:

4. This loan is to be secured by a first mortgage or deed of trust (including assignment of rents) on a ____-acre commercial property at ____. All taxes and assessments are to be current at loan closing. Lender must certify that the borrower has obtained a title opinion by its attorney showing ownership of real estate and any mortgages, restrictions, lien defects or encumbrances.

   The lender will not require compensating balances or other collateral as a means of eliminating the lender's exposure for the unguaranteed portion of the loan. The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan. The unguaranteed portion of the loan will neither be paid first nor given any preference or priority over the guaranteed portion.

INSURANCE:

5. Hazard insurance naming the lender as beneficiary will be maintained in an amount at least equal to the outstanding loan balance or the replacement value (whichever is greater) of the collateral. Hazard insurance includes fire, windstorm, lightning, hail, explosion, riot, civil commotion, aircraft, vehicle, marine, smoke, builder's risk during construction, and property damage. Worker's Compensation must be carried in accordance with State law.

EQUITY:

6. Positive balance sheet equity will be required at loan closing.

LOAN AGREEMENT:

7. A loan agreement between the lender and borrower will be executed which conforms to RD Instruction ________. The following language would comply with § _______: If any conditions required by §___________ are not applicable to the project, the Agency should indicate N/A for that condition, e.g., restrictions on dividend payments for sole proprietors.

   a. The borrower must obtain <u>CPA audited</u> financial statements annually, prepared in accordance with Generally Accepted Accounting Principles, and submit them to the lender within 90 days of the business' fiscal year end. Financial statements will contain, at a minimum, a balance sheet and a profit and loss statement reflecting the financial condition of the borrower as of its yearend. The lender is responsible for obtaining all required financial statements from the borrower, analyzing them, and providing copies of statements with a detailed written analysis to Rural Development within 120 days.

   b. The borrower will refrain from co-signing or otherwise becoming liable for obligations or liabilities of others.

   c. Borrower will not invest in additional fixed asset purchases in an annual aggregate of more than ________ without concurrence of the lender. Borrower will not lease, sell, transfer, or otherwise encumber fixed assets without the concurrence of the lender. Disposition of fixed assets serving as collateral for this loan must also have the concurrence of Rural Development.

   d. Borrower's debt-to-net worth, based upon yearend financial statements and as defined by Generally Accepted Accounting Principles, shall not exceed_____, and the Borrower's current ratio, similarly defined, shall not fall below 1.2 to 1.

   e. Borrower shall not enter into any merger or consolidation or sell the business without prior written concurrence of the lender.

ENVIRONMENTAL:

8. The lender will take action to ensure that all construction associated with this credit facility and the continuing operations of the business are completed in accordance with applicable Federal, State, and local laws, regulations, and ordinances, as related to any adverse impact the project/operations may potentially have on the environment.

APPRAISAL:

9. A current (less than 12 month old) appraisal acceptable to Rural Development and completed in accordance with USPAP and FIRREA indicating that the fair market value of the real property security is not less than $______, excluding any value attributed to business valuation. Lenders will be responsible for ensuring that appraisal values adequately reflect the actual value of the collateral. A qualified appraiser must determine the appraised market value in accordance with RD Instruction _______, prior to issuance of the Loan Note Guarantee. Collateral must have documented value sufficient to protect the interest of the lender and the Agency. The discounted collateral value will normally be at least equal to the loan amount.

CONSTRUCTION:

10. This project involves construction. The lender must ensure that all project facilities are designed and completed in accordance with accepted architectural and engineering practices and conform to applicable Federal, State, and local codes and to approved plans, specifications, and contract documents. The lender will also ensure that the project will be completed with available funds and, once completed, will be used for its intended purpose and produce products in the quality and quantity proposed in the completed application approved by the Agency. Furthermore, CF Guaranteed Loans which involve the construction of or addition to commercial facilities that accommodate the public must comply with the Americans with Disabilities Act which became effective January 26, 1992. For all construction contracts in excess of $10,000, the contractor must comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 and supplemented by Department of Labor regulations 41 CFR, part 60. The borrower and lender are responsible for ensuring that the contractor complies with these requirements.

The lender is to ensure that all work is properly planned and carried out. The lender will monitor the progress of design and construction and undertake the reviews and inspections necessary to ensure that construction is done in accordance with RD Instruction______, and conforms to applicable Federal, State, and local code requirements. Copies of any written inspections will be furnished to the lender and the Agency. Proceeds are to be used in accordance with approved plans, specifications, and contract documents, and funds are to be used for eligible project costs. Prior to disbursement of construction funds, the lender ordinarily will have:

a. Have a complete set of plans and specifications for the project on file.

b. Have a detailed timetable for the project with a corresponding budget of costs, setting forth the parties responsible for payment. The timetable and budget must be agreed to by the borrower.

c. Have a qualified individual confirm that the budget is adequate for the planned development.

d. Have firm construction contract costs and provisions for change order approvals, a retainage percentage, and a disbursement schedule.

e. Make sure the borrower has 100 percent performance/payment bonds on the contractor or provide a construction monitoring plan acceptable to the Agency. The bonding agent must be listed on Treasury Circular 570.

f. Have contingencies in place to handle foreseeable cost overruns without seeking additional financial assistance. These are to be agreed to by the borrower.

Furthermore, once construction begins, the lender is to:

g. Use any borrower funds in the project first.

h. Have inspections made by a qualified individual prior to any progress payment.

i. Obtain lien waivers from all contractors prior to any disbursement.

j. Provide at least monthly, written reports to Rural Development on fund disbursement and project status.

Once construction is completed, the lender is to provide Rural Development with:

k. A copy of all required building permits, with sign-offs, and Notice of Completion.

LOAN GUARANTEE CLOSING:

11. Bank and Borrower must each execute Form AD-3031, "Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants," at loan closing and provide the forms to the Agency prior to issuance of the Loan Note Guarantee.

12. Coincident with, or immediately after loan closing, and prior to issuance of the guarantee, the lender will provide Rural Development with the following:

    a. A guarantee fee of $27,000 ($3,000,000 x 90% x 1%) made payable to the U.S. Treasury and Form RD 1980-19, "Guaranteed Loan Closing Report."

    b. An executed RD Form, "Lender's Agreement."

    c. A copy of the executed Loan Agreement that contains any continuing loan conditions set forth by the Agency in this Conditional Commitment.

    d. A copy of the executed Promissory Note.

    e. A copy of the executed Settlement Statement.

    f. Original, executed Forms AD-3031, "Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants," for both the lender and borrower.

    g. Written lender certification in accordance with RD Instruction.

    h. Borrower's loan closing balance sheet, prepared in accordance with Generally Accepted Accounting Principles, reflecting the business' post loan closing status.

13. The lender is required to hold in its own portfolio or retain a minimum of 5 percent of the total guaranteed loan amount. The amount required to be retained must be of the unguaranteed portion of the loan and cannot be participated to another. The lender may sell the remaining amount of the unguaranteed portion of the loan only through participation.

14. Agency personnel and any person(s) accompanying Agency personnel shall be authorized to enter upon the premises and into any building thereon, whether permanent or temporary, jointly or separately, with personnel of the lender to carry out the functions involving their interests. Scheduled and unscheduled inspections may be conducted by these personnel to determine the effectiveness of the loan program.

15. The lender will always retain responsibility for servicing the entire loan and for notifying the Agency of any violations of the terms of the Loan Agreement or Conditional Commitment. The lender will advise the Agency of the loan classification within 90 days of issuance of the guarantee and whenever the lender revises its classification of the loan.

16. Lender will become an approved participant in Rural Development's Lender Interactive Network Connection (LINC). The USDA eAuthentication is the system used by USDA agencies to enable customers to obtain accounts that will allow them to access USDA Web applications and services via the Internet. To conduct official business transactions, such as submitting annual renewal fees and borrower account status reporting using the LINC, the customer must have Level 2 eAuthentication credentials.

17. *For loans to States, Local Governments, and Non-Profit Organizations* - For recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," recipients agree to separately identify the expenditures for Federal awards under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. This shall be accomplished by identifying expenditures for Federal awards made under the Recovery Act separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix "ARRA" in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC.

18. Bank (lender) certifies by accepting this Conditional Commitment for a $_____ guarantee the lender understands that the intent of RD Instruction ______ is that no adverse change may occur during the period of time from Agency issuance of the Conditional Commitment to issuance of the Loan Note Guarantee relating to Borrower regardless of the cause or causes of the change and whether the change or cause(s) of the change were within the lender's or borrower's control. Prior to each disbursement, lender shall be in receipt of satisfactory evidence that there has been no unremedied adverse change in the financial or any other condition of the Borrower since the date of the application or since any preceding disbursements which would warrant withholding or not making further disbursements.

21. By accepting this Conditional Commitment, Borrower certifies that it is not delinquent on any Federal debt, including tax debt.

22. By signing this Conditional Commitment, the lender and borrower certify that they understand and accept the conditions outlined herein. No provision stated herein shall be amended or waived without the prior

written consent of the lender and Rural Development. Any loans or advances made to the Borrower by the Lender after issuance of the Loan Note Guarantee will not be covered by the guarantee, except authorized protective advances. Regulations contained in RD Instructions and "Lender's Agreement," will apply.

23. Any request for an extension of the expiration date of this Conditional Commitment must be made in writing and received by Rural Development prior to the expiration date. This request must be accompanied by a full explanation as to why the extension is needed.

Attachment to USDA Conditional Commitment
RD Instruction 3575

Conditions precedent to issuance of Loan Note Guarantee.

The Loan Note Guarantee will not be issued until the lender certifies to the following:

(a) No major changes have been made in the lender's loan conditions and requirements since the issuance of the Conditional Commitment, unless such changes have been approved by the Agency.

(b) All planned property acquisition has been or will be completed, all development has been or will be substantially completed in accordance with plans and specifications, conforms with applicable Federal, State and local codes, and costs have not exceeded the amount approved by the lender and the Agency.

(c) Hazard, flood, liability, worker compensation, and personal life insurance (when required) are in effect.

(d) Truth-in-lending requirements have been met.

(e) All equal credit opportunity requirements have been met.

(f) The loan has been property closed, and the required security instruments have been obtained or will be obtained on any acquired property that cannot be covered initially under State law.

(g) The borrower has marketable title to the collateral then owned by the borrower, subject to the instrument securing the loan to be guaranteed and to any other exceptions approved in writing by the Agency.

(h) When required, the entire amount of the loan for working capital has been disbursed except in cases where the Agency has approved disbursement over an extended period of time.

(i) All other requirements of the Conditional Commitment have been met.

(j) Lien priorities are consistent with the requirements of the Conditional Commitment. No claims or liens of laborers, subcontractors, suppliers of machinery and equipment, or other parties have been or will be filed against the collateral and no suits are pending or threatened that would adversely affect the collateral when the security instruments are filed.

(k) The loan proceeds have been or will be disbursed for the purposes and in amounts consistent with the Conditional Commitment. A copy of the detailed loan settlement of the lender must be attached to support this certification.

(l) There has been neither any material adverse change in the borrower's financial condition nor any other material adverse change in the borrower, for any reason, during the period of time from the

Agency's issuance of the Conditional Commitment to issuance of the Loan Note Guarantee regardless of the cause or causes of the change and whether or not the change or causes of the change were within the lender's or borrower's control. The lender must address any assumptions and reservations in the requirement and must address all adverse changes of the borrower, any parent, affiliate, or subsidiary of the borrower.

(m) None of the lender's officers, directors, or other owners has a substantial financial interest in the borrower and neither the borrower nor its officers, directors, or other owners have a substantial financial interest in the lender.

(n) The Loan Agreement includes all measures identified in the Agency's environmental impact analysis for this proposal (measures with which the borrower must comply) for the purpose of avoiding or reducing adverse environmental impacts of the proposal's construction or operation.

(o) Balance sheet less than 90 days old submitted for closing.

LOAN AGREEMENT

This Loan Agreement is entered into this _____ day of __________________, 2016, by and between __________________ an entity formed under the laws of the State of Florida, (herein, referred to as "Borrower"), AND Bank, a corporation organized under the laws of the State of Florida (hereinafter referred to as "**Lender**"), and the parties hereby agree as follows:

The Lender has agreed to make a ___________($__________) USDA Guaranteed Loan to the Borrower, in accordance with, and subject to the terms and conditions of this Agreement, the terms and conditions of which are incorporated herein by reference.

ARTICLE I

DEFINITIONS

"**Loan Documents**" means this Agreement, the Adjustable Rate Promissory Note, the Mortgage and Security Agreement, Assignment of Rents, the Guaranty(s), the USDA Guaranty, Environmental Indemnity Agreement, and all other documents executed by the parties in connection with this transaction.

"**Mortgage**" means the Mortgage of even date herewith from the Borrower as mortgagor to the Lender as mortgagee given to secure the Note.

"**Note**" means the Adjustable Rate Promissory Note of the Borrower of even date herewith, payable to the Lender and secured by the Mortgage and Security Agreements.

"**USDA**" means the Rural Business-Cooperative Service, an agency of the United States Department of Agriculture, and any successor department, agency, or instrumentality authorized to administer the Business and Industrial Guaranteed Loan Program.

"**GAAP**" means generally accepted accounting principles in the United States.

"**Accounting Terms**" are those generally accepted in accordance with GAAP accounting principles in the United States.

ARTICLE II

THE LOAN

1. **Principal Amount of Loan.** $___________.

2. **Loan Term:** The term of the permanent USDA loan will be ___ years. Loan payments will be monthly interest only payments during the first year of the permanent loan. Thereafter, loan payments will be monthly principal and interest payments that amortize the loan in full mortgage style over the remaining term of the loan.

3. **Interest Rate:** The interest rate on the loans will be established by the formula 5-year Treasury Bills plus ___ basis points. The interest rate will be adjusted (reset) not more often than every seven years during the term of the loan.

4. **Prepayment.** The principal balance of the loan may be prepaid in whole or in part, provided that any such prepayment is accompanied by a prepayment penalty of five percent of the outstanding principal balance prepaid during the first year; four percent of the outstanding principal balance prepaid during the second year; three percent of the outstanding principal balance prepaid during the third year; two percent of the outstanding principal balance prepaid during the fourth year; and one percent of the outstanding principal balance prepaid during the fifth year. No prepayment penalty is due on the loan thereafter.

5. **Loan Purpose:** The purpose of the loan is to refinance existing debt and related costs and fees.

6. **Collateral:**
   - Tax revenues
   - Related real estate and improvements.
   - Related equipment and infrastructure

7. **USDA Guarantee.** A condition precedent to the loan and the closing of the construction loan is the receipt by the Lender from the USDA of a Conditional Commitment for the Guarantee of 70% of the loan that is acceptable to the Lender. Borrower agrees to execute all documents, furnish all information, and satisfy all conditions necessary to comply with the rules, regulations, and requirements of USDA applicable to this loan and the guaranty thereof. Borrower agrees to cooperate with the Lender in modifying any of the loan documents to meet requirements of USDA. The Borrower will be responsible for paying the USDA $143,850 guarantee fee ($6,850,000 x 70% x 3%) due at closing and the USDA annual renewal fee of .5% of the outstanding principal multiplied by the 70% guarantee percentage. Annual renewal fee payments are due to USDA by January 31st of each year. For loans where the Loan Note Guarantee is issued between October 1 and December 31, the first annual renewal fee will be due January 31st of the second year following the date the Loan Note Guarantee is issued.

8. **Insurance Requirement**:
   - Hazard insurance naming the Lender as beneficiary must be maintained in an amount at least equal to the insurable replacement value of the collateral. Hazard insurance includes fire, windstorm, lightning, hail, explosion, riot, civil commotion, aircraft, vehicle, marine, smoke, builder's risk during construction, and property damage.
   - If the collateral property is located in an area designated as an area for special hazards under the National Flood Insurance Act of 1968, Flood insurance naming the Lender as beneficiary must be maintained in an amount at least equal to the insurable replacement value of the collateral.
   - General liability insurance must be maintained in an amount of not less than $1,000,000.
   - Worker's Compensation must be carried in accordance with State law.

9. **Deposit Relationship:** The Borrower must maintain a deposit relationship with the Lender adequate to make debit payments for the loan.

10. **Taxes and Insurance Reserve**: The Borrower will furnish to Lender, on or before the due date, proof of payment of all property taxes, ad volorem taxes and insurance premiums. Lender may, at its sole option during the term of the loan, elect to require monthly escrow in advance for such taxes and insurance premiums.

ARTICLE III

FINANCIAL COVENANTS

1. All of Borrower financial statements must be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). Accounting terms must be those generally accepted in accordance with GAAP in the United States.

2. The Borrower must obtain independent certified public accountant prepared financial statements annually, prepared in accordance with GAAP, and submit them to the Lender within 90 days of the Business' fiscal year-end. Financial statements will contain, at a minimum, a balance sheet and a profit and loss statement reflecting the financial condition of the Borrower as of its year-end.

3. A current (not more than 90 days old) balance sheet for the Borrower prepared in accordance with GAAP is required for closing. The balance sheet must reflect the Borrower's post closing status. The Borrower must have a tangible balance sheet equity position of no less than 20% at the time the loan is closed.

4. Income tax returns for Borrower and guarantors are required within fifteen days of filing.

5. Additional financial statements as may be requested.

6. Borrower will not invest in additional fixed asset purchases that would result in Borrower not being in compliance with the loan covenants and ratios required herein and by the Lender without concurrence of the Lender. Borrower will not lease, sell, transfer, or otherwise encumber fixed assets without the concurrence of the Lender. Disposition of fixed assets serving as collateral for this loan must have the concurrence of Lender and USDA.

7. A minimum of 10% tangible balance sheet equity will be required at loan closing. Tangible balance sheet equity must be met in the form of either cash or tangible earning assets contributed to the Business and reflected on the Business' balance sheet.

8. The Borrower's debt to net worth, based upon year-end financial statements and as defined by GAAP, shall not exceed 4:1.

9. The Borrower's current ratio, based upon year-end financial statements and as defined by GAAP, shall not fall below 1:1.

10. Borrower must not enter into any merger or consolidation or sell the Business without prior written concurrence of the Lender.

11. Outside investment and loans/advances to stockholders, owners, officers, or affiliates require the prior written consent of the Lender. Loans from stockholders, owners, officers or affiliates must be subordinated to the guaranteed loan or converted to stock. No payments are to be made on these debts unless the loan is current and in good standing.

12. The Borrower by accepting "USDA Form 4279-3, Conditional Commitment", certifies that it is not delinquent on any Federal debt.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BORROWER

1. **Representations of Borrower.** The Borrower represents and warrants to the Lender that:

A. **Incorporation, Good Standing, and Due Qualification.** The Borrower is a limited liability company duly formed, validly existing, and having an active status under the laws of the State of Florida; has the corporate power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged; and is duly qualified as a foreign corporation and in each state and other jurisdiction in which such qualification is required.

B. **Corporate Power and Authority.** The execution, delivery, and performance by the Borrower of the Loan Documents to which it is a party have been duly authorized by all necessary company action and do not and will not: (1) require any consent or approval of the members of the Borrower; (2) contravene Borrower's charter or bylaws; (3) violate any provision of any law, rule, regulation (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to Borrower; (4) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease, or instrument to which the Borrower is a party or by which it or its properties may be bound or affected; (5) result in or require the creation or imposition of any lien upon or with respect to any of the properties now owned or hereafter acquired by the Borrower; and (6) cause the Borrower to be in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award or any such indenture, agreement, lease, or instrument.

C. **Legally Enforceable Agreement.** This Agreement is and each of the other Loan Documents to which the Borrower is a party, when delivered under this Agreement, will be legal, valid, and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, and other similar laws affecting creditor's rights generally and principles of equity. Borrower represents and warrants that neither it or any guarantor is insolvent or contemplating filing a voluntary petition for bankruptcy nor is Borrower aware of any possibility or threat of being subject to any petition for involuntary bankruptcy.

D. **Financial Statements.** All financial statements of Borrower which have been furnished to the Lender are complete and correct and fairly present the financial condition of the Borrower and the results of the operations of the Borrower for the periods covered by such statements, all in accordance with GAAP consistently applied to Borrower's statements, and there has been no material adverse change in the condition (financial or otherwise), business, or operations of the Borrower. There are no liabilities of the Borrower, fixed or contingent, which are material but are not reflected in the financial statements or in the notes thereto, other than liabilities arising in the ordinary course of business of Borrower. No information, exhibit, or report furnished by the Borrower to the Lender in connection with the negotiation of this Agreement contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statement contained therein not materially misleading.

E. **Other Agreements.** The Borrower is not a party to any indenture, loan, or credit agreement, or, to Borrower's knowledge, to any lease or other agreement or instrument, or subject to any charter or corporate restriction which could have a material adverse effect on the business, properties, assets, operations, or conditions, financial or otherwise, of the Borrower or the ability of the Borrower to carry out its obligations under the Loan Documents to which it is a party. The Borrower is not in default in any material respect in the performance, observance, or fulfillment of any title obligations, covenants, or conditions contained in any agreement or instrument material to its business to which it is a party.

F. **Litigation.** There is no pending or, to Borrower's knowledge, threatened action or proceedings against or affecting the Borrower before any court, governmental agency or arbitrator which may, in any one case or in the aggregate, materially adversely affect the financial condition, operations, properties, or business of the Borrower or the ability of the Borrower to perform its obligation under the Loan Documents to which it is a party.

G. **No Defaults on Outstanding Judgments or Orders.** The Borrower has satisfied all judgments, and the Borrower is not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court, arbitrator, or federal, state, municipal, or other governmental authority, commission, board, bureau, agency or instrumentality, domestic or foreign.

I. **Taxes.** The Borrower has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments, and governmental charges and levies thereon which are due, including interest and penalties, except certain tax obligations which are to be paid from the Loan proceeds of the Loan contemplated hereby.

2. **Adverse Change.** Borrower certifies that by accepting the USDA guarantee Loan, the Borrower understands that the intent of USDA Instruction 4279-B; Section 4279.181(m), is that no adverse change has occurred during the period of time from USDA's issuance of the Conditional Commitment to issuance of the Loan Note Guarantee relating to Borrower, regardless of the cause or causes of the change and whether the change or cause(s) of the change were within the Borrower's control. Upon the issuance of the USDA Loan Note Guaranty, the Borrower must certify that there have been no unremedied adverse changes since the date of the application in the financial or other condition of the Borrower, which warranty withholding or not making the Loan. Therefore, Borrower does hereby certify to Lender that there have been no adverse changes since the date of its initial loan application in its financial condition.

ARTICLE V

CERTAIN PROVISIONS OF MORTGAGE AND SECURITY AGREEMENT.

Borrower acknowledges that the Mortgage and Security Agreement shall have certain provisions including, but not limited to, a provision whereby the sale or transfer of any portion of the property which is collateral for Lender's Loan, or additional encumbrance of same, may not be made without the Lender's prior written consent, and further, that the Borrower shall be required to furnish yearly evidence of payment of property taxes to the Lender in the manner required in the Loan Documents unless the Borrower elects to utilize Escrow Fund as set forth in Article II.

ARTICLE VI

EVENTS OF DEFAULT

In the event any representation or warranty made or deemed made by the Borrower in this Agreement or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with any Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made, or in the event the Borrower should fail to perform or observe any term, covenant, or agreement contained in any of the Loan Documents, or in the event the Borrower is in default on other loans, then the Lender, at its option, may declare a default and take such action as may be provided by this Loan Agreement and all other such action as may be available to it under the laws as permitted by the State of Florida. Should an Event of Default be declared, Borrower shall be responsible for all of Lender's reasonable attorney fees and court costs, appeals, and any anticipated post-judgment collection services incurred in connection with the Lender enforcing its rights under any of the Loan Documents. This Agreement also secures all of these amounts.

If a monetary default shall occur hereunder or should a non-monetary default occur hereunder and remain uncured for thirty (30) days or more after written notice of such non-monetary default to Borrower, then, without further notice to Borrower, the full amount of the Note together with all accrued interest shall become immediately due and payable, at the option of Lender, as fully and completely as if said aggregate sum were originally stipulated to be paid at such time. A monetary default shall be deemed to include failure to make payment of the Note amount, should it be drawn or debited, as well as payments of escrow, taxes, CAM, governmental assessments, and premiums for insurance under this Loan Agreement and any other agreement securing the Note. That is to say, upon the breach of any of the terms or covenants herein to be performed by Borrower and the failure of Borrower to cure such breach within the applicable curative period set forth above, Lender shall have the right to accelerate the maturity of this Loan as though it were due and payable on the day following such curative period and to demand payment in full of the Note amount or any unpaid balance thereof including, but not limited to, the prepayment penalty as set forth in Article II, and to exercise all the rights and remedies herein or by law reserved to Lender.

ARTICLE VII

MISCELLANEOUS

1. **Amendments, Etc**. No amendment, modification, termination, or waiver of any provision of any Loan Document to which the Borrower is a party nor consent to any departure by the Borrower from any Loan document to which it is a party shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

2. **Notices, Etc**. All notices and other communications provided for under this Agreement and under the other Loan Documents to which the Borrower is a party shall be in writing (including telefacsimile or telegraphic communications) and faxed, mailed, telegraphed, or delivered

   If to Borrower and guarantor:

   If to Lender:

   or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this section. All such notices and connotations shall, when mailed or telegraphed, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid, and when faxed, when machine confirmation of receipt is acquired, except that notices to the Lender pursuant to the provisions of Article III shall not be effective until received by the Lender.

3. **No Waiver; Remedies**. No failure on the part of the Lender to exercise and no delay in exercising any right, power, or remedy under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any rights under any Loan Documents preclude any other or further exercise thereof of any other right. The remedies provided in the Loan Documents are cumulative and not exclusive of any remedies provided by law.

4. **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights under any Loan Document to which the Borrower is a party without the prior written consent of the Lender. Notwithstanding the foregoing, an assumption fee equal to one percent of the outstanding principal balance shall be paid by the Borrower to the Lender upon written consent of any assignment.

5. **Costs, Expense and Taxes**. The Borrower agrees to pay on demand all costs and expenses in connection with the preparation, execution, delivery, filing, recording, administration and termination of any of the Loan Documents including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Lender, with respect thereto and with respect to advising the Lender as to its rights and responsibilities under any of the Loan Documents, and all costs and expenses, if any, in connection with the enforcement of any of the Loan Documents all as provided in the Conditional Commitment from the Lender to the Borrower. In addition, the Borrower agrees to pay the investment

banking/packing fee and USDA guarantee fee. In addition, the Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of any of the Loan Documents and the other documents to be delivered under any such Loan Documents, and agrees to save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

6. **Governing Law**. This Agreement and the Loan Documents shall be governed by, and construed in accordance with, the laws of the State of Florida.

7. **Severability of Provisions**. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Documents or affecting the validity or enforceability of such provision in any other jurisdiction.

8. **Headings**. Article and Section headings in the Loan Documents are included in such Loan Documents for the convenience of reference only and shall not constitute a part of the applicable Loan Documents for any other purpose.

9. **Survive Closing**. The covenants contained herein, which obligate the Borrower to perform any covenant following closing, shall be deemed to survive the closing.

10. **Waiver Of Jury Trial**. As an important inducement to the Lender to enter this agreement, Borrower waives the right to trial by jury in any action arising under or in any way related to this agreement or any of the other loan documents.

11. **Attorney Opinion.** At or prior to closing of the Loan, Lender must be furnished, at Borrower's expense, with a written opinion from an attorney selected by Lender and licensed to practice law in the State of Florida, providing that this agreement and the Adjustable Rate Promissory Note, Mortgage, Deed of Trust, Security Agreement, Guaranty Agreements, and other documents evidencing or securing the Loan: (a) are duly and fully enforceable in accordance with their respective terms; (b) comply with all requirements and will not violate any law, rule, or regulation of the State of Florida and that laws, rules, or regulations unique to the Florida state law will not impede or delay Lender from foreclosing on the collateralized property, obtaining either immediate title to or the proceeds from the sale of the property.

12. **Inspections**. The Borrower will permit the Lender and USDA to visit and inspect any of the collateral securing the Loan, to conduct a periodic audit of the number of jobs to determine program effectiveness, and access to company's books and records for periodic examination. Lender reserves the right to conduct audits on an as-needed basis, as determined solely by the Lender.

13. **USDA Conditions:** The Borrower agrees to comply with all requirements in the USDA conditional commitment to guarantee and USDA loan regulations, which are incorporated herein by reference. The Borrower shall execute such certification to Lender and USDA as may be required from time to time.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

Signed, sealed and delivered
in the presence of:

LENDER: Bank

By: ______________________________

Title: ______________________________

BORROWER:

By: ______________________________

Title: ______________________________

By: ______________________________

Title: ______________________________

(Appropriate certifications, notary and etc. to be added here)