

REIMBURSEMENT AGREEMENT

between

SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA

and

JPMORGAN CHASE BANK, N.A.

Relating to

School District of St. Lucie County, Florida
Sales Tax Revenue Bonds, Series 2006

dated as of

February __, 2012

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REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT dated as of February __, 2012 between the School District of St. Lucie County, Florida, a governmental authority created by Article IX, Section 4 of the Florida Constitution (the "District") and JPMorgan Chase Bank, N.A. (together with its successors and assigns, the "Bank").

WHEREAS, the District has issued its Sales Tax Revenue Bonds, Series 2006 (the "Bonds") pursuant to that certain Sales Tax Revenue Bond Resolution adopted by the School Board of St. Lucie County, Florida (the "Board"), as the governing body of the District on May 23, 2006 (the "Resolution"); and

WHEREAS, pursuant to Section 4.05(A)(4) of the Resolution, the District is required either (i) to maintain in Reserve Account established under the Resolution an amount equal to the Reserve Account Requirement (as defined in the Resolution) or (ii) cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit (as such terms are defined in Resolution) for the benefit of the Bondholders meeting the criteria set forth in Section 4.05(A)(4) of the Resolution; and

WHEREAS, the District wishes to provide a letter of credit for deposit into the Reserve Account in satisfaction of the Reserve Account Requirement and the District has requested that the Bank issue, for this purpose, an irrevocable letter of credit substantially in the form of Exhibit A hereto (the "Letter of Credit") in the amount of \$10,100,188.

NOW, THEREFORE, in consideration of the premises and in order to induce the Bank to issue the Letter of Credit, the District and the Bank hereby act and agree as follows:

ARTICLE I.

Definitions

(a) Definitions. The following terms, as used herein, shall have the following respective meanings:

"Agreement" means this Reimbursement Agreement, as same may be from time to time amended.

"Available Amount", as in effect at any time, means, with respect to the Letter of Credit, the maximum amount available to be drawn at such time under the Letter of Credit, the determination of such maximum amount to assume compliance with all conditions for drawing and no reduction for any amount drawn under the Letter of Credit by a Deficiency Drawing (unless such amount is not to be reinstated under the Letter of Credit).

"Bank Obligations" means all obligations (now existing or hereafter arising, matured or unmatured, fixed or contingent) of the District to the Bank arising under this Agreement and/or any of the Related Documents.

“Base Rate” means the higher of (i) Prime Rate, (ii) Adjusted One Month LIBOR Rate and (iii) 7.5%. The 7.5% rate shall be adjusted to 4.5% for the first 120 days after a draw should the Bank’s short term ratings from S&P and Moody’s fall below “A-1” and “P-1.” “Adjusted One Month LIBOR Rate” is defined as the sum of 2.50% plus the quotient of (a) the LIBOR Rate on the immediately preceding business day for dollar deposits with a maturity equal to one-month, divided by (b) one minus the reserve requirement applicable to dollar deposits in the London interbank market with a maturity equal to one month.

“Bonds” has the meaning assigned to that term in the introductory clauses of this Agreement.

“Business Day” means any day which is not (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York or in the city where the principal office of the Bank (or the office of the Bank specified for draws under the Letter of Credit) or the principal office of the Paying Agent is located are required or authorized by law or by executive order to close, or (iv) a day on which the New York Stock Exchange is not open.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499, 100 Stat. 1613.

“Code” means the Internal Revenue Code of 1986, and any successor statute thereto.

“Date of Issuance” means the date on which the Letter of Credit is issued upon request of the District pursuant to Subsection 2.12(a) hereof.

“Deficiency Drawing” has the meaning assigned to such term in the Letter of Credit.

“Default” means any event or circumstance which, with the passage of time or the giving of notice or both, could become an Event of Default.

“Default Rate” means the Base Rate plus 4%.

“District” has the meaning assigned to that term in the introductory clauses of this Agreement.

“Dodd-Frank Act” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“Draw Rate” means Base Rate for the first 60 days and Base Rate plus 1% after the first 60 days through the Stated Expiration Date.

“Drawing” has the meaning assigned to such term in the Letter of Credit.

“Environmental Event” means each of: (i) the generation, storage, disposal, removal, transportation or treatment of Hazardous Substances on any of the Premises (or on any of the real property adjoining or in the vicinity of the Premises, if through soil or ground water migration,

such Hazardous Substances have come to be located at the Premises) or on any vessel or other property owned, occupied or operated by the District resulting in a level of contamination greater than the levels permitted or established by any Governmental Authority having or claiming jurisdiction over the District or any of the Premises or such vessel or any such other property; (ii) the receipt by the District of any notice or claim of any violation of any Environmental Law or of any action based upon nuisance, negligence or other tort theory alleging liability on the basis of improper generation, storage, disposal, removal, transportation or treatment of Hazardous Substances on any of the Premises or any such vessel or any other affected property; or (iii) the presence or release of Hazardous Substances at or upon any of the Premises (or upon any vessel or any other property owned, occupied or operated by the District) that has resulted in contamination or deterioration of any portion of the Premises or any such vessel or any other affected property resulting in a level of contamination greater than the levels permitted or established by any Governmental Authority having or claiming jurisdiction over the District or any of the Premises or such vessel or any such other property.

“Environmental Laws” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, licenses, or other governmental restrictions relating to the environment or the release of any materials into the environment, including, without limitation, Chapter 403 of the Florida Statutes, CERCLA and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901-6987.

“Event of Default” means any of the events specified in Section 10 hereof.

“Fee Letter” means that certain Fee Letter Agreement dated as of February ___, 2012, between the District and the Bank, as the same may be amended, modified or supplemented from time to time by written instrument executed by the District and the Bank.

“Fitch” means Fitch Ratings and any assigns or successors thereto.

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time, applied by the District on a basis consistent with the District’s most recent financial statement furnished to the Bank.

“Governmental Authority” means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“Hazardous Substances” includes “hazardous material” and “oil” as defined in Chapter 21E, “hazardous substances”, “hazardous waste” and “pollutants” as defined in CERCLA or in any Environmental Laws, as well as asbestos and materials containing asbestos.

“Indebtedness” means the total of all obligations (including, without limitation, obligations under leases, whether or not capitalized), whether current or long-term, with respect to any Person, which in accordance with generally accepted accounting principles would be included as liabilities upon such Person’s balance sheet at the date as of which Indebtedness is to be determined, and shall also include all liabilities (contingent or otherwise) with respect to

interest rate swaps, caps, collars or other rate protection products, as well as guaranties, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, whether by agreement to purchase or otherwise acquire the obligations of others, including any agreement, contingent or otherwise, to furnish funds through the purchase of goods, supplies or services for the purpose of payment of the obligations of others.

“ISP” or “ISP 98” means, with respect to the Letter of Credit, the International Standby Practices 1998 (International Chamber of Commerce Publication No. 590).

“Legal Requirements” means all statutes, ordinances, by-laws, codes, rules, rulings, regulations, restrictions, orders, judgments, decrees, writs, judicial or administrative interpretations and injunctions (including, without limitation, all applicable building, health code, zoning, subdivision and other land use statutes, ordinances, by-laws, codes, rules and regulations), whether now or hereafter enacted, promulgated or issued by any Governmental Authority affecting the District, any of the Premises or the ownership, construction, development, maintenance, management, repair, use, occupancy, possession or operation of any of the foregoing or the operation of any programs or services in connection with the foregoing, including, without limitation, any of the foregoing which may (i) require repairs, modifications or alterations in or to any of the Premises, (ii) in any way affect (adversely or otherwise) the use and enjoyment of any of the Premises or (iii) require the assessment, monitoring, clean-up, containment or removal of any oil or Hazardous Substances on, under or from any of the Premises.

“Letter of Credit Amount” means the initial stated amount of the Letter of Credit (\$10,100,188), as reduced from time to time as provided for in the Letter of Credit.

“Letter of Credit” has the meaning assigned to that term in the introductory clauses of this Agreement.

“LIBOR Rate” means, for any day, a rate per annum equal to the interest rate per annum (rounded upwards, if necessary, to the nearest 1/1000 of 1%) for deposits in Dollars for a period equal to one month, which appears on Reuters LIBOR01 Page as of 11:00 a.m. (London, England time) on such date (or, if such day is not a Business Day, on the immediately preceding Business Day).

“Material Adverse Change” means a material adverse change in the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of the District, as determined by the Bank in its sole discretion.

“Material Adverse Effect” means, as to any Person, any material adverse change in or effect on (i) the business, operations, assets, liabilities, condition (financial or otherwise) or results of operations of such Person, (ii) the ability of such Person to consummate the transactions contemplated by this Agreement or any of the Related Documents to which it is or will be a party, or (iii) the ability of such Person to perform any of its obligations under this Agreement or any of the Related Documents to which it is or will be a party.

“Maximum Lawful Rate” means the maximum non-usurious rate of interest permitted by applicable law.

“Moody’s” means Moody’s Investors Services, Inc., or its successors and assigns.

“Notice of Extension” has the meaning set forth in the Letter of Credit.

“Original Stated Amount” means \$10,100,188.00.

“Paying Agent” means, initially, U.S. Bank National Association and any other entity appointed as Paying Agent under the Resolution.

“Payment Office” means JPMorgan Chase Bank, N.A., for credit to: Routing/ABA#021000021, F/A/O: 324331754, JPMorgan Trade Services, 131 South Dearborn, 5th Floor, Mail Code IL1-0236, Chicago, IL 60603-5506, Reference: School District of St. Lucie County, Florida, and any subsequent address provided by the Bank in writing to the District and the Paying Agent.

“Permits” means all licenses, approvals, qualifications, variances, permissive uses, certificates of need, franchises, accreditations, certificates, certifications, consents, permits and other authorizations (including, without limitation, building permits, subdivision approvals and subdivision plans) benefiting, relating to or affecting any of the Premises and the ownership, construction, development, maintenance, management, repair, use, occupancy, possession or operation thereof or the operation of any programs or services in connection with the foregoing and all renewals, replacements and substitutions therefor, now or hereafter issued by or entered into with any Governmental Authority or maintained or used by the District or entered into by the District with any other Person.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, trust or unincorporated organization, or a government or any agency or political subdivision thereof, including, without limitation, the District.

“Premises” means the premises owned, leased or operated by the District.

“Prime Rate” means that variable rate of interest per annum designated by JPMorgan Chase Bank, N.A., from time to time, as being its prime rate of interest, with a change in the Prime Rate to take effect simultaneously with each change in such designated rate, without notice or demand. It is understood that such designated prime rate is merely a reference rate and does not necessarily represent the lowest or best rate being charged to any customer.

“Reimbursement Obligations” means any and all obligations of the District to reimburse the Bank for any Drawings under the Letter of Credit.

“Related Documents” means this Agreement, the Resolution, the Letter of Credit, the Bonds, the Fee Letter and any other agreement or instrument guaranteeing, securing or otherwise relating to any of the foregoing to which the District is a party.

“Resolution” has the meaning assigned to that term in the introductory clauses of this Agreement.

“Standard & Poor’s” or “S&P” means Standard and Poor’s Ratings Services, and any assigns and successors thereto.

“Stated Expiration Date” means the date set forth in the Letter of Credit as the date on which the Letter of Credit is stated to expire (*i.e.*, initially, February __, 2013), unless terminated in accordance with the terms of the Letter of Credit or as extended from time to time pursuant to the terms of the Letter of Credit and this Agreement.

“Termination Date” means, as to the Letter of Credit, the earliest of: (i) Stated Expiration Date or (ii) the earlier termination of such Letter of Credit pursuant to the terms thereof.

(b) Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with generally accepted accounting principles as in effect from time to time and consistently applied. All financial statements required under this Agreement shall be presented by the relevant entity in a manner consistent with the manner of presentation of those statements of such entity most recently furnished to the Bank prior to the date hereof.

(c) Use of Defined Terms. Any defined term used in the plural preceded by the definite article shall be taken to encompass all members of the relevant class. Any defined term used in the singular preceded by “any” shall be taken to indicate any number of the members of the relevant class.

ARTICLE II.

Letter of Credit

Section 2.01. Issuance of Letter of Credit. Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit (substantially in the form of Exhibit A hereto). The Letter of Credit shall be issued in an amount equal to the Original Stated Amount. Notwithstanding anything herein to the contrary, this Agreement shall not expire or otherwise terminate until such time as the Letter of Credit shall have terminated and all Obligations due to the Bank or to become due to the Bank hereunder shall have been paid in full.

Section 2.02. Letter of Credit Drawings. The Paying Agent is authorized to make Drawings under the Letter of Credit in accordance with its terms. No Drawing under the Letter of Credit shall be made for the payment of the principal or interest on bonds other than the Bonds. The District hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The District hereby irrevocably approves reductions and reinstatements of the Available Amount with respect to the Letter of Credit as provided in the Letter of Credit.

Section 2.03. Reimbursement of Drawings under the Letter of Credit. The District agrees to reimburse the Bank for the full amount of any Drawing immediately upon payment by the Bank of each such Drawing and on the date of each such payment.

Section 2.04. Fees. The District hereby agrees to pay to the Bank a nonrefundable Commitment Fee (as described in the Fee Letter) at the times and in the amounts set forth in the Fee Letter, the terms of such Fee Letter are incorporated herein by reference as if fully set forth herein. The District also agrees to pay to the Bank all other fees and amounts due pursuant to the terms of the Fee Letter at the times and in the amounts set forth in the Fee Letter.

Section 2.05. Method of Payment; Etc. All payments to be made by the District under this Agreement and the Fee Letter shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff and shall be made to the Bank through the Federal Reserve Wire System to JPMorgan Chase Bank, Nation Association, ABA No. 021000021, Ref: Letter of Credit No. CTCS _____, Credit to Account No. 324331754, Attention: Standby Letter of Credit Unit (or at such other address or location specified to the District in writing by the Bank), not later than 2:00 p.m. on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. All payments received by the Bank after 2:00 p.m. shall be deemed to have been on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

Section 2.06. [Reserved].

Section 2.07. Computation of Interest and Fees. Interest and fees payable hereunder shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.08. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.09. Late Payments. If any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand.

Section 2.10. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

Section 2.11. Extension of Stated Expiration Date. (a) The District may by written notice to the Bank, not later than ninety (90) days prior to the then current Stated Expiration Date in effect hereunder (such current Stated Expiration Date without regard to such requested extension, the "Existing Expiration Date"), request that the Bank consent to the extension of the Existing Expiration Date. The Bank will make reasonable efforts to respond to such request within 30 days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, the Bank shall be deemed to have refused to

grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank and consistent with this Agreement. If such an extension request is accepted by the Bank in its absolute discretion, the then current Stated Expiration Date for the Letter of Credit shall be extended to the date agreed to by the District and the Bank.

(b) As a condition precedent to the effectiveness of such consent to the extension of the Existing Expiration Date, the District shall deliver to the Bank certificates of the District dated as of the date of such extension signed by a authorized officer of the District, certifying that, before and after giving effect to such extension, (1) the representations and warranties contained in Article IV hereof and the other Related Documents are true and correct in all material respects on and as of such date, except, in each case, to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and the representations and warranties contained in Section 3.01(h) hereof shall be deemed to refer to the most recent statements furnished pursuant to Section 4.03(b) and (2) no Default or Event of Default exists or would result from the extension of the Stated Expiration Date.

(c) Any such extension of the Existing Expiration Date shall be subject to such additional terms, including payment of extension fees to the Bank, as shall be agreed with the District.

(d) Upon the effectiveness of any such consent to the extension of the Existing Expiration Date, the Bank shall deliver to the Paying Agent a written notice of such extension (a "Notice of Extension") designating the date to which the Existing Expiration Date is being extended. Such extension of the Existing Expiration Date shall be effective on the date of issue of such Notice of Extension, and thereafter all references in this Agreement to the Existing Expiration Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to the Paying Agent.

Section 2.12. Issuance of the Letter of Credit; Conditions Precedent to Issuance.

(a) Subject to satisfaction of the conditions precedent set forth in Subsections (b) and (c) of this Section, the Bank shall issue the Letter of Credit in the Letter of Credit Amount, effective on the Date of Issuance and expiring on the Termination Date.

(b) As a condition precedent to the issuance of each Letter of Credit, the Bank shall have received on or before the Date of Issuance the following, each in form and substance satisfactory to the Bank:

(i) True and correct copies of the resolution of the Board approving this Agreement and each of the Related Documents. Such resolution shall be certified as to the accuracy, due adoption and continuing force and effect thereof by an authorized officer of the District.

(ii) A certificate, executed by an authorized officer of the District, certifying the names and true signatures of the officers of the District authorized to execute this Agreement, the Related Documents and all other agreements, certificates, notices and reports referred to herein; such certificate shall contain the true signatures of such officers and shall state that the Bank may conclusively rely on the statements made therein until the Bank shall receive a further certificate of such authorized officer canceling or amending the prior certificate and submitting signatures of the officers named in such further certificate.

(iii) [Reserved].

(iv) Executed copies of the Related Documents (or duplicate originals thereof), and all other such documents relating to the Related Documents or this Agreement as the Bank shall reasonably request, each of which shall be in form and substance reasonably satisfactory to the Bank, together with evidence of the execution and delivery thereof by a person duly authorized to do so and appropriate evidence of such authorization.

(v) An opinion of counsel to the District as to legal existence and authority of the District, due authorization of transactions, enforceability of documents, no conflict with law, no conflict with other agreements, no third party consents needed, no litigation and other matters reasonably requested by the Bank, such opinion to be satisfactory in form and substance to the Bank.

(vi) Audited financial statements of the District as of June 30, 2010 as prepared by Cherry, Bekaert & Holland, L.L.P.

(vii) A certificate to the effect that (i) no Default or Event of Default hereunder, and no “default” or “event of default” under, and as defined in, any of the Related Documents shall have occurred and be continuing or will occur upon the issuance of the Letter of Credit; (ii) the representations of the District set forth in Article III or incorporated by reference from any Related Document shall be true and correct in all material respects on and as of the Date of Issuance with the same force and effect as if made on and as of such date; (iii) no material adverse change shall have occurred in the condition (financial or otherwise) or operations of the District between the date of the District’s most recent financial statements and the Date of Issuance, and non transactions or obligations having a material adverse effect on the condition (financial or otherwise) or operations of the District, whether or not arising from transactions in the ordinary course of the District’s or the Board’s business, shall have been entered into by the District or the Board subsequent to the date of the District’s most recent financial statements; (iv) except as otherwise disclosed to the Bank in writing, no transaction or event shall have occurred and no change shall have occurred in the condition (financial or otherwise) or operations of the District between the date of the District’s most recent financial statements and the Date of Issuance which materially adversely affects the security for the Bonds, or the District’s ability to repay when due its obligations under this Agreement, any of the Bonds or any of the Related Documents.

(viii) Payment of any fees due on the Date of Issuance.

(ix) The underlying Ratings assigned to the Bonds shall be “A-”, “A2” and “A” by S&P, Moody’s and Fitch, respectively.

(x) Opinion of Bond Counsel (which may be a reasoned opinion) as to the priority of the obligation to replenish draws on the Reserve Account from (A) cash, if any, on deposit in the Reserve Account; (B) the Letter of Credit and (C) the Reserve Account Insurance Policy (the “FGIC Surety”) issued by Financial Guaranty Insurance Company on deposit in the Reserve Account. Said Opinion shall also address the qualification of the FGIC Surety as a Reserve Account Insurance Policy under the Resolution.

(xi) Such other documents, instruments, approvals and opinions as the Bank may reasonably request.

(c) The Letter of Credit may, in the Bank’s sole discretion, be extended in the manner set forth in such Letter of Credit.

ARTICLE III.

Representations and Warranties of the District

Section 3.01 Representations and Warranties of the District. As an inducement to the Bank to execute this Agreement and to issue the Letter of Credit, the District hereby represents and warrants to the Bank that:

(a) The District is a governmental authority created by Article IX, Section 4 of the Florida Constitution and has the legal power and authority to enter into and perform this Agreement and each of the Related Documents to which it is a party to fulfill its obligations set forth herein and in each of the Related Documents to which it is a party and to carry out the transactions contemplated hereby and thereby. The District has all requisite legal power to own and operate its properties and to carry on its business as now conducted and as proposed to be conducted and is duly qualified to do business and in good standing in each jurisdiction where it owns, leases or operates any real or personal property or is otherwise required to qualify in order to carry out its business as now conducted and as proposed to be conducted. At the date of this Agreement, the District does not have any subsidiaries.

(b) The execution, delivery and performance of this Agreement, the Related Documents and the other documents required to be executed by the District pursuant hereto (i) have been duly authorized by all necessary corporate and other action, (ii) will not require any consent of any third party not obtained prior to the date hereof, and (iii) will not conflict with, violate the provisions of, or cause a default or constitute an event which, with the passage of time or giving of notice or both, could constitute a default on the part of the District under any contract, agreement, and, to the best of the District’s knowledge, any law, rule, order, ordinance, franchise, instrument or other document, or result in the imposition of any lien or encumbrance on any property or assets of the District. This Agreement, the Related Documents and the other documents delivered to the Bank by the District pursuant hereto have been duly executed and delivered by the District and are the legal, valid and binding obligations of the District,

enforceable in accordance with their respective terms; subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted.

(c) There are no actions, suits, proceedings or investigations pending or, to the knowledge of the District threatened, anticipated or contemplated (nor, to the knowledge of the District is there any basis therefor), against or affecting the District before any court or governmental department, commission, board, bureau, agency or instrumentality which could prevent or hinder the consummation of the transactions contemplated hereby or call into question the validity of this Agreement, any of the Related Documents or any other instrument provided for or contemplated by this Agreement or any action taken or to be taken in connection with the transactions contemplated hereby or thereby, or which, in any single case or in the aggregate, might result in any material adverse change in the business, prospects, condition, affairs or operations of the District or any material impairment of the right or ability of the District to carry on its operations as now conducted and as proposed to be conducted.

(d) The District is not in violation of any term of any indenture or judgment, decree or order, or any other material instrument, contract or agreement applicable to it.

(e) To the best of the District's knowledge, the District is in compliance with all requirements of law, federal, state and local, and all requirements of governmental bodies or agencies having or claiming jurisdiction over it, the conduct of its business, the use of its properties and assets, and all Premises occupied by it, failure to comply with any of which could (singly or in the aggregate with all other such failures) have a material adverse effect on the business, prospects or financial condition of the District. Without limiting the foregoing, the District has all Permits needed for the conduct of its business and the use of its properties and all Premises occupied by it, as now conducted, owned and used or as proposed to be conducted, owned and used. No authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary to the valid execution or delivery of, or for the performance by the District of its obligations under, this Agreement, any of the Related Documents or any other instrument provided for or contemplated by this Agreement.

(f) The District hereby represents that it is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and that no portion of the proceeds of any Bonds or any Drawing will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

(g) The District has good and clear, record and marketable title to its real estate and good and merchantable title to its other assets now carried on its books, free of any mortgages, pledges, charges, liens, security interests or other encumbrances; provided however, it is understood that the District has entered into certain leasing arrangements with the St. Lucie School Board Leasing Corporation relative to the lease purchase of certain educational facilities. The District enjoys peaceful and undisturbed possession under all leases under which it is operating, and all said leases are valid and subsisting and in full force and effect.

(h) The audited financial statements of the District for the fiscal year ended June 30, 2010, heretofore delivered to the Bank, fairly present the financial condition of the District as at the date thereof and for the period covered thereby, and have been prepared in accordance with generally accepted accounting principles consistently applied throughout the relevant periods. The District has no liability, contingent or otherwise, not disclosed in the aforesaid financial statements or in any notes thereto that could materially adversely affect the financial condition of the District. The following representations are true on the Date of Issuance: since June 30, 2010, (A) there has been no material adverse change in the business, assets or condition, financial or otherwise, of the District; (B) neither the business, condition or operations of the District nor any of its properties or assets has been materially adversely affected as the result of any legislative or regulatory change, any revocation or change in any franchise, license or right to do business, or any other event or occurrence, whether or not insured against; (C) except as heretofore disclosed in writing to the Bank, the District has not experienced any material controversy or problem with its employees or with any labor organization; and (D) except as heretofore disclosed in writing to the Bank, the District has not entered into any material transaction other than in the ordinary course of its business.

(i) The District is not a party to any contract or agreement, the terms of which now have or, as far as can be reasonably foreseen, may have a material adverse effect on the financial condition, business or properties of the District or its ability to carry out its agreements under this Agreement.

(j) The District and the Premises are in compliance in all material respects with all Environmental Laws and no Environmental Event has occurred.

(k) As of the date hereof, no part of the Premises is currently damaged by fire or other casualty.

(l) There is no condemnation or similar proceeding pending with respect to or affecting any of the Premises, and the District is not aware that any such proceeding is contemplated.

(m) Neither this Agreement, nor the financial statements referred to herein, nor any other agreement, document, certificate or written statement furnished to the Bank or to the Bank's counsel by or on behalf of the District in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. There is no fact within the special knowledge of any of the officers of the District which has not been disclosed herein or in writing by them to the Bank and which materially adversely affects, or in the future in their opinion may, insofar as they can now reasonably foresee, materially adversely affect the business, properties, assets or condition, financial or other, of the District or its ability to carry out its agreements under this Agreement.

(n) The District does not enjoy any defense on the grounds of sovereign immunity with respect to the enforcement of its obligations under this Agreement or any other Related Document.

(o) The District is a governmental authority created by Article IX, Section 4 of the Florida Constitution, and, as such, there is no person who owns a controlling interest in or otherwise controls the District.

(p) The representations and warranties of the District contained in the Related Documents are hereby incorporated herein by reference; such representations and warranties are true and correct as of the date hereof.

ARTICLE IV.

Covenants

Section 4.01. Affirmative Covenants Other Than Reporting Requirements. Without limiting any other covenants and provisions hereof, the District covenants and agrees that so long as the Letter of Credit is outstanding or any obligation of the District to the Bank, under this Agreement or any Related Document or otherwise, remains unpaid or unperformed:

(a) The District will pay promptly when due any and all amounts owing to the Bank hereunder from Pledged Funds (as defined in the Resolution), subject to and junior and subordinate in all respects to the lien on such Pledged Funds of the Bonds and any parity obligations issued under the Resolution, in accordance with the Resolution.

(b) The District will maintain in effect any and all licenses and permits which are in effect on the date hereof or which may be or become necessary or desirable for its operations.

(c) The District will comply with the requirements of all applicable laws, rules, regulations and the orders of any Governmental Authority applicable to it or any of its business, property or assets, failure to comply with which could (singly or in the aggregate) have a material adverse effect on the business, prospects or financial condition of the District.

(d) At any reasonable time and from time to time upon reasonable notice (and at any time with or without notice following the occurrence of an Event of Default), the District will permit the Bank and any agents or representatives thereof to examine and make copies of and take abstracts from the records and books of account of, and visit the properties of the District and to discuss the affairs, finances and accounts of the District with any of their respective officers, Paying Agents and independent accountants, all of whom are hereby authorized and directed to cooperate with the Bank in carrying out the intent of this Subsection 401(d).

(e) The District will keep proper and complete records and books of account in which complete entries will be made in accordance with generally accepted accounting principles consistently applied reflecting all of its financial transactions. All financial statements furnished pursuant to Section 4.02 will be complete and accurate and will fairly present the financial condition of the District as at the respective dates thereof and for the periods covered thereby, all in accordance with generally accepted accounting principles consistently applied.

(f) The District agrees to follow and observe all of the covenants in the Resolution.

(g) [Reserved].

(h) District shall ensure that the Drawing proceeds shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, to the extent required by law, District shall comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended. District agrees to provide documentary and other evidence of District’s identity as may be requested by Bank at any time to enable Bank to verify District’s identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

Section 4.02. Negative Covenants. Without limiting any other covenants and provisions hereof, the District covenants and agrees that so long as the Letter of Credit is outstanding or any obligation of the District to the Bank, under this Agreement or any Related Document or otherwise, remains unpaid or unperformed:

(a) The District will not agree to any amendment to, or waive any default under, the Resolution (but only to the extent such amendment or waiver would have a material adverse effect on the Bank) or any other Related Document without the prior written consent of the Bank.

(b) The District will not liquidate or dissolve, or merge or consolidate with any other Person, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) any material portion of its assets.

(c) The District will not change its fiscal year, unless the District promptly notifies the Bank of such change and enters into an amendment to this Agreement (to the extent reasonably required by the Bank) in order to preserve unimpaired the obligations imposed on the District by this Agreement, such amendment to be reasonably satisfactory in form and substance to the Bank.

(d) The District will not draw on the FGIC Surety unless the Available Amount under the Letter of Credit has been fully drawn.

Section 4.03. Reporting Requirements. So long as any Letter of Credit is outstanding or any other obligation of the District to the Bank, under this Agreement or any Related Document or otherwise, shall remain unpaid or unperformed, the District shall furnish to the Bank:

(a) As soon as available and in any event within 90 days after the end of each fiscal quarter of the District, collection data of the Pledged Funds as at the end of such fiscal quarter.

(b) As soon as available and in any event within 180 days after the end of each fiscal year of the District, a copy of the annual audited financial report of the District for such fiscal year, including therein the consolidated and consolidating balance sheets of the District and component units as at the end of such fiscal year and related statements of revenues and expenditures and changes in fund balances for such fiscal year, provided that with respect to

audited financial statements prepared by the Auditor General of the State of Florida, such financial statements shall be provided to the Bank within 10 days of receipt thereof.

(c) At the time of delivery of each annual or quarterly statement of the District, a certificate executed by a duly authorized officer of the District stating that he or she has reviewed this Agreement and has no knowledge of any default by the District in the performance or observance of any of the provisions of this Agreement or, if he or she has such knowledge, specifying each such default and the nature thereof.

(d) Within 10 days of adoption, the annual operating budget of the District for such fiscal year in such detail as is satisfactory to the Bank.

(e) As soon as possible and in any event within 5 days after the occurrence of each Event of Default or any event which, with the giving of notice or lapse of time or both, could constitute an Event of Default, the statement of the District setting forth details of each such Event of Default or event and the action which the District proposes to take with respect thereto.

(f) Promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any accreditation body, affecting the District which, if determined adversely to the District, could have a material adverse effect on the business, prospects, assets or financial condition of the District.

(g) Promptly after receipt, a copy of all reports submitted to the District by independent public accountants or the Auditor General in connection with any annual, special or interim audits of the books of the District and any "management letter" prepared by such accountants. The management letter relating to the District's annual financial statements will be delivered by the earlier of 180 days after the close of the fiscal year to which such management letter relates, or as soon as available.

(h) As soon as possible and in any event within 5 days after the occurrence of any Environmental Event, the statement of the District setting forth the details of such Environmental Event and the action which the District proposes to take with respect thereto.

(i) Such other information respecting the financial condition, operations, prospects, receipts or property of the District as the Bank may from time to time reasonably request.

ARTICLE V.

Events of Default

The following events shall be Events of Default hereunder, unless waived by the Bank pursuant to Section 7.02 hereof:

(a) The District shall fail to pay when due any amount payable under this Agreement;
or

(b) The District shall fail to observe or perform any covenant or agreement contained in any of Sections 4.01(a), (b) and (c), or 4.02; or

(c) The District shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in clauses (a) or (b) above) and such failure shall continue for 30 days after written notice thereof has been given to the District; or

(d) Any representation, warranty or certification made by the District in this Agreement or in any certificate, financial statement or other document now or hereafter delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made; or

(e) Any default on the part of the District shall exist, and shall remain unwaived and uncured beyond the expiration of any applicable notice and/or grace period, under any other note, contract, agreement or understanding now existing or hereafter entered into with or for the benefit of the Bank (or any affiliate of the Bank) in any capacity or capacities; or

(f) Any default shall exist and remain unwaived or uncured with respect to any other Indebtedness of the District in excess of \$1,500,000 in the aggregate; or any such Indebtedness shall not have been paid when due, whether by acceleration or otherwise, or shall have been declared to be due and payable prior to its stated maturity, or any event or circumstance shall occur and shall continue beyond the expiration of any applicable notice and/or grace period which permits the acceleration of the maturity of any such Indebtedness by the holder or holders thereof; provided, however a draw under the Letter of Credit as contemplated by Section 4.05(A)(4) of the Resolution shall not be deemed an Event of Default with respect to Indebtedness; or

(g) The District shall be dissolved or shall for any reason no longer have legal existence; or the District shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a Paying Agent, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall fail generally to pay its debts as they become due, or shall make a general assignment for the benefit of creditors, or shall take any action to authorize any of the foregoing; or

(h) An involuntary case or other proceeding shall be commenced against the District seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a Paying Agent, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the District under the federal bankruptcy laws as now or hereafter in effect; or

(i) There shall be entered against the District any final uninsured judgment which, singly or with any other final uninsured judgment or judgments against the District then remaining unpaid, exceeds \$1,000,000; or

(j) An Environmental Event shall have occurred that in the reasonable opinion of the Bank materially adversely affects the financial condition, prospects, business or operations of the District; or

(k) The underlying ratings assigned to the Bonds is less than “BBB-”, “Baa3” or “BBB-” by S&P, Moody’s or Fitch, respectively; or

(l) The District shall suffer or sustain any Material Adverse Change and the Bank shall in good faith determine that the prospect of payment by the District of its obligations hereunder is materially impaired.

(m) The District shall fail to appropriate any scheduled lease payment under any master lease arrangement with the St. Lucie School Board Leasing Corporation relative to the lease purchase of educational facilities.

If an Event of Default occurs, the Bank may exercise any one or more of the following rights and remedies (all of which shall be cumulative):

(i) The Bank may enforce the provisions of this Agreement by legal proceedings for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy, and the Bank may recover damages caused by any breach by the District of the provisions of this Agreement, including court costs, reasonable attorneys’ fees and other costs and expenses incurred in the enforcement of the obligations of the District hereunder.

(ii) The Bank may exercise all other rights and remedies which the Bank may have under the Related Documents and/or any other agreement or under applicable law.

(iii) The Bank may give the notice described in the fourth grammatical paragraph of the Letter of Credit, whereupon the amount of any Deficiency Drawing theretofore drawn and not yet reinstated in accordance with the terms of the Letter of Credit will not be so reinstated and the Available Amount under the Letter of Credit is permanently reduced to zero.

ARTICLE VI.

Notices

All notices, requests and other communications to any party hereunder shall be in writing and shall be given to such party, addressed to it, at its address set forth below or at such other address as such party may hereafter specify for the purpose by notice to the other party. Each such notice, request or communication shall be deemed delivered on the earlier of (a) the date received or (b) the date of delivery, refusal or nondelivery indicated on the return receipt, if

deposited in a United States Postal Service Depository, postage prepaid, sent certified or registered mail, return receipt requested or by telecommunication device capable of creating written record of such notice and its receipt, addressed as follows:

<u>Party</u>	<u>Address</u>
District:	School District of St. Lucie County, Florida 4204 Okeechobee Road Ft. Pierce, Florida 34947 Attention: Assistant Superintendent/CEO
Bank:	JPMorgan Chase Bank, N.A. 450 South Orange Avenue Suite 1000 Orlando, Florida 32801 Attention: Justin Back Fax: 407-218-5355

For draws under the Letter of Credit:

JPMorgan Chase Bank, National Association
131 South Dearborn
5th Floor, Mail Code IL1-0236
Chicago, Illinois 60603-5506
Attention: Manager, Standby Letter of Credit Unit
Telephone: 800-634-1969
Facsimile: 312-954-6163

ARTICLE VII.

Miscellaneous

Section 7.01. No Deductions; Increased Costs.

(a) Except as otherwise required by law, each payment by the District to the Bank under this Agreement or any other Related Document shall be made without setoff or counterclaim and without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient imposed by any jurisdiction having control of such recipient) imposed by or within the jurisdiction in which the District is domiciled, any jurisdiction from which the District makes any payment hereunder, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is so required, the District shall make the withholding, pay the amount withheld to the appropriate Governmental Authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Bank free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which the Bank would have received had such withholding not been made. If the Bank pays any amount in respect of any such additional taxes, penalties or interest, the District shall reimburse the Bank for that payment on demand in the currency in which such payment was made. If the District pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Bank on or before the thirtieth day after payment.

(b) If the Code (after the date of execution of this Agreement) or any newly adopted law, treaty, regulation, guideline or directive, or any change in any, law, treaty, regulation, guideline or directive or any new or modified interpretation of any of the foregoing by any authority or agency charged with the administration or interpretation thereof or any central bank or other fiscal, monetary or other authority having jurisdiction over the Bank or the transactions contemplated by this Agreement, whether or not having the force of law (each a "Change in Law") shall:

(i) limit the deductibility of interest on funds obtained by the Bank to pay any of its liabilities or subject the Bank to any tax, duty, charge, deduction or withholding on or with respect to payments relating to the Bonds, the Letter of Credit or this Agreement, or any amount paid or to be paid by the Bank as the issuer of the Letter of Credit (other than any tax measured by or based upon the overall net income of the Bank imposed by any jurisdiction having control over the Bank);

(ii) impose, modify, require, make or deem applicable to the Bank any reserve requirement, capital requirement, special deposit requirement, insurance assessment or similar requirement against any assets held by, deposits with or for the account of, or loans, letters of credit or commitments by, an office of the Bank;

(iii) change the basis of taxation of payments due the Bank under this Agreement or the Bonds (other than by a change in taxation of the overall net income of the Bank);

(iv) cause or deem letters of credit to be assets held by the Bank and/or as deposits on its books; or

(v) impose upon the Bank any other condition with respect to any amount paid or payable to or by the Bank or with respect to this Agreement or any of the other Related Documents;

and the result of any of the foregoing is to increase the cost to the Bank of making any payment or maintaining the Letter of Credit, or to reduce the amount of any payment (whether of principal, interest or otherwise) receivable by the Bank, or to reduce the rate of return on the capital of the Bank or to require the Bank to make any payment on or calculated by reference to the gross amount of any sum received by it, in each case by an amount which the Bank in its reasonable judgment deems material, then:

(1) the Bank shall promptly notify the District in writing of such event;

(2) the Bank shall promptly deliver to the District a certificate stating the change which has occurred or the reserve requirements or other costs or conditions which have been imposed on the Bank or the request, direction or requirement with which it has complied, together with the date thereof, the amount of such increased cost, reduction or payment and a reasonably detailed description of the way in which such amount has been calculated, and the Bank's determination of such amounts, absent fraud or manifest error, shall be conclusive; and

(3) the District shall pay to the Bank, from time to time as specified by the Bank upon at least 20 days prior written notice, such an amount or amounts as will compensate the Bank for such additional cost, reduction or payment.

The protection of this Section 7.01(b) shall be available to the Bank regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which has been imposed; provided, however, that if it shall be later determined by the Bank that any amount so paid by the District pursuant to this Section 7.01(b) is in excess of the amount payable under the provisions hereof, the Bank shall refund such excess amount to the District. Notwithstanding the foregoing, for purposes of this Agreement (a) all requests, rules, guidelines or directives in connection with the Dodd-Frank Act shall be deemed to be a Change in Law, regardless of the date enacted, adopted or issued, and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority shall be deemed a Change in Law regardless of the date enacted, adopted or issued.

Section 7.02. Amendments, Etc. No amendment or waiver of any provision or term of this Agreement or the Letter of Credit, and no consent to any departure by the District or any other party therefrom, shall be effective unless in writing signed by the Bank and the District and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment to or waiver of any term or provision of any Related Document incorporated herein by reference shall have the effect of amending or otherwise modifying any corresponding term or provision incorporated into this Agreement unless the Bank has consented to such amendment or waiver, as applicable, in writing.

Section 7.03. Notices; Effectiveness; Electronic Communication.

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the address, telecopier number, electronic mail address or telephone number specified for such Person in Article VI, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, for such Person in Article VI. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) *Electronic Communications.* Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Bank, provided that the foregoing shall not apply to notices to the Bank pursuant to Article II if the Bank has notified the District that it is incapable of receiving notices under such Article by electronic communication. The Bank or the District may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Bank otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. The District or the Bank may change its address, telecopier or telephone number for notices and other communications hereunder by written notice to the other parties hereto.

(d) Reliance by Bank. The Bank shall be entitled to rely and act upon any notices (including telephonic notices) purportedly given by or on behalf of the District even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. To the extent permitted by law, the District shall indemnify the Bank and the Related Parties of the Bank from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the District; provided, however, the District shall not be required to indemnify the Bank against its own gross negligence or willful misconduct. The foregoing notwithstanding, the obligations of the District under this Section 7.03(d) shall not be or constitute general obligations or indebtedness of the District within the meaning of any constitutional or statutory provision, but are payable from and solely secured by a lien upon and pledge of the Pledged Funds which pledge and lien is junior and subordinate in all respects to the pledge and lien upon such Pledged Funds granted to the holders of the Bonds.

Section 7.04. No Waiver; Cumulative Remedies; Enforcement; Conflict. No failure by the Bank to exercise, and no delay by the Bank in exercising, any right, remedy, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Related Document are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

To the extent of any conflict between this Agreement, the Letter of Credit, the Indenture and any other Related Documents, this Agreement shall control solely as between the District and the Bank.

Section 7.05. Liability of the Bank; Indemnification.

(a) *Liability of Bank.* With respect to the Bank, the District assumes all risks of the acts or omissions of the Paying Agent and its agents in respect of their use of this Agreement or any amounts made available by the Bank under the Letter of Credit. No Indemnitee (as hereinafter defined) shall be liable or responsible for: (i) the use which may be made of this Agreement or any amounts made available by the Bank under the Letter of Credit or for any acts or omissions of the Paying Agent or its agents in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit, except only that the District shall have a claim against the Bank, and the Bank shall be liable to the District to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the District which the District proves were caused by the Bank's gross negligence or willful failure to make payment under the Letter of Credit in

accordance with the terms hereof. In furtherance and not in limitation of the foregoing, the Bank may accept documents that the Bank in good faith determines appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. The District assumes all risks associated with the acceptance by the Bank of documents received by telecommunication, it being agreed that the use of telecommunication devices is for the benefit of the District and that the Bank assumes no liabilities or risks with respect thereto.

(b) *Indemnification by the District.* To the extent permitted by law, the District agrees to indemnify and hold harmless the Bank and each of its Related Parties (each an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever which an Indemnitee may incur (or which may be claimed against an Indemnitee by any Person) by reason of or in connection with the execution and delivery of and consummation of the transactions contemplated under the Letter of Credit and this Agreement and the other Related Documents, including, without limitation, (i) the offering, sale, remarketing or resale of the Bonds (including, without limitation, by reason of any untrue statement or alleged untrue statement contained or incorporated by reference in any preliminary official statement or official statement (other than those statements relating to the Bank supplied in writing by the Bank expressly for inclusion therein), or in any supplement or amendment thereof, prepared with respect to the Bonds, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading or the failure to deliver a preliminary official statement or an official statement to any offeree or purchaser of Bonds) and (ii) the execution and delivery of, or payment or failure to pay by any Person under, this Agreement; *provided, however*, that the District shall not be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Indemnitees. Nothing in this Section 7.05(b) is intended to limit the obligations of the District under the Bonds or of the District to pay its Obligations hereunder and under the Related Documents. The foregoing notwithstanding, the obligations of the District under this Section 7.05(b) shall not be or constitute general obligations or indebtedness of the District within the meaning of any constitutional or statutory provision, but are payable from and solely secured by a lien upon and pledge of the Pledged Funds which pledge and lien is junior and subordinate in all respects to the pledge and lien upon such Pledged Funds granted to the holders of the Bonds.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable law, the District shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, or the Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby other than for direct or actual

damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(d) *Payments.* All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(e) *Survival.* The agreements in this Section shall survive the termination of the Letter of Credit, this Agreement and the repayment, satisfaction or discharge of all the other Obligations.

Section 7.06. Payments Set Aside. To the extent that any payment by or on behalf of the District is made to the Bank and such payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a Paying Agent, receiver or any other party, in connection with any proceeding under any debtor relief law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made.

Section 7.07. Successors and Assigns.

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the other Party. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, participants to the extent provided in subsection (b) of this Section and, to the extent expressly contemplated hereby, the Related Parties of the Bank) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Participations.* The Bank shall have the right to grant participations in the Letter of Credit to one or more banking institutions (each a "*Participant*"), and such Participants shall be entitled to the benefits of this Agreement, including, without limitation, Section 2.04, Section 7.05 and Section 7.19 hereof, to the same extent as if they were a direct party hereto; *provided, however*, that no such participation by any such participant shall in any way affect the obligation of the Bank under the Letter of Credit; and *provided further* that no such participant shall be entitled to receive payment hereunder of any amount greater than the amount which would have been payable had the Bank not granted a participation to such Participant; and *provided further* that no participant shall be entitled to any greater rights than those set forth in this Section 7.07(b). The Bank agrees to provide the District with notice on any Participation.

(c) *Limitations upon Participant Rights.* A Participant shall not be entitled to receive any greater payment under Section 2.03 or 2.04 hereof than the Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the District's prior written consent.

(d) *Certain Pledges.* The Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Bank, including

any pledge or assignment to secure obligations to a Federal Reserve System; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

Section 7.08. Treatment of Certain Information; Confidentiality. The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its affiliates and to its and its affiliates' respective partners, directors, officers, employees, agents, Paying Agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required by any regulatory authority having jurisdiction over it, (c) to the extent required by applicable laws or regulations, including public records/open meeting laws and regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement, the Letter of Credit or any other Related Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the District and its obligations, (g) with the consent of the District or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Bank or any of its Affiliates on a nonconfidential basis from a source other than the District.

For purposes of this Section, "Information" means all information received from the District relating to the District, as applicable, or any of their respective businesses, other than any such information that is available to the Bank on a non-confidential basis prior to disclosure by the District, *provided* that, in the case of information received from the District after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

The Bank acknowledges that (a) the Information may include material non-public information concerning the District, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

Section 7.09. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Related Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic

imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 7.10. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Related Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Bank, regardless of any investigation made by the Bank or on its behalf and notwithstanding that the Bank may have had notice or knowledge of any Default or Event of Default at the time of any payment under the Letter of Credit, and shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied or the Letter of Credit shall remain outstanding.

Section 7.11. Severability. If any provision of this Agreement or the other Related Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Related Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.12. GOVERNING LAW; JURISDICTION; ETC. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF FLORIDA.

Section 7.13. WAIVER OF JURY TRIAL; JUDICIAL REFERENCE. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF FLORIDA AND THE NINETEENTH JUDICIAL CIRCUIT COURT IN AND FOR ST. LUCIE COUNTY, FLORIDA SITTING IN FORT PIERCE, FLORIDA FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER RELATED DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 7.14. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the District acknowledges and agrees, that: (i) each of the District and the Bank has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (ii) each of the District and the Bank is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents.

Section 7.15. Electronic Execution of Assignments and Certain Other Documents. The words “execution,” “signed,” “signature,” and words of like import in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 7.16. Government Regulations. The Bank hereby notifies the District that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the District, which information includes the name and address of the District and other information that will allow the Bank to identify the District in accordance with the Act. The District shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, “know your customer” and anti-money laundering rules and regulations, including the Act, and shall comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended.

Section 7.17. Assignment to Federal Reserve Bank. The Bank may assign and pledge all or any portion of the Obligations owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned Obligations made by the District to the Bank in accordance with the terms of this Agreement shall satisfy the District’s Obligations hereunder in respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 7.18. Unconditional Obligations. The obligations of the District under this Agreement shall, to the extent permitted by law, be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following:

(a) any lack of validity or enforceability of this Agreement, the Letter of Credit or, to the extent permitted by law, the Bonds or any other Related Document;

(b) any amendment or waiver of or any consent to departure from the terms of the Resolution or all or any of the other Related Documents to which the Bank's consent is required and the Bank has not consented in writing;

(c) the existence of any claim, counterclaim, set-off, recoupment, defense, or other right which any Person may have at any time against the Bank, the District, the Paying Agent or any other Person, whether in connection with this Agreement, the Resolution, the Related Documents, or any other transaction related thereto;

(d) any statement or any other document presented pursuant hereto or pursuant to the Letter of Credit which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) payment by the Bank of a Drawing against presentation of a request which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently is found not to comply with the terms of this Agreement; *provided that* such payment shall not have constituted gross negligence or willful misconduct of the Bank;

(f) the Bank or any of its branches or affiliates being the beneficiary of the Letter of Credit;

(g) the Bank or any correspondent honoring a drawing against a Payment Document up to the Available Amount of the Letter of Credit even if such Payment Document claims an amount in excess of the Available Amount of the Letter of Credit; *provided that* such payment shall not have constituted gross negligence or willful misconduct of the Bank;

(h) the Bank or any correspondent having previously paid against fraudulently signed or presented Payment Documents (whether or not the District shall have reimbursed the Bank for such Drawing); *provided that* such payment shall not have constituted gross negligence or willful misconduct of the Bank; and

(i) any other circumstances or happening whatsoever whether or not similar to any of the foregoing, that might, but for this paragraph, constitute a legal or equitable defense to or discharge of, or provide a right of set-off against, the District's obligations hereunder (whether against the Bank, the beneficiary or any other Person); provided, however, that subject to Section 7.18 hereof, the foregoing shall not exculpate the Bank from such liability to the District as may, be finally, judicially determined in an independent action or proceeding brought by the District against the Bank following payment of the District's obligations under this Agreement.

Section 7.19. Expenses and Taxes. The District will promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution, delivery, and administration of this Agreement and the other Related Documents, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution, delivery, and administration of this Agreement and the other Related Documents, (iii) the reasonable fees and disbursements of counsel to the Bank with respect to advising such Bank as to the rights and responsibilities under this Agreement, and (iv) all reasonable costs and expenses, if any, in connection with any amendment or the enforcement of this Agreement and

any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, the District 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 this Agreement and the security contemplated by the Related Documents and any Related Documents and agrees to hold the Bank 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. In addition, the District agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including reasonable attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the District hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the District under this Section 7.19 shall survive the termination of this Agreement.

Section 7.20. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.02 hereof.

Section 7.21. Dealing with the District and/or the Paying Agent. The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the District and/or the Paying Agent regardless of the capacity of the Bank hereunder.

Section 7.22. Maximum Interest. Anything provided in this Agreement to the contrary notwithstanding, in no event shall any Drawing bear interest in excess of the Maximum Lawful Rate. In the event that interest on any Drawing exceeds the Maximum Lawful Rate, such Drawing shall continue to bear interest at the Maximum Lawful Rate regardless of the reduction of the applicable interest rate to a rate less than the Maximum Lawful Rate until such time as interest shall accrue on such Drawing in an amount (the "Excess Interest") that would have accrued thereon had the interest rate not been limited by the Maximum Lawful Rate. To the extent permitted by law, upon the Termination Date, in consideration for the limitation of the rate of interest otherwise payable on any Drawing, the District shall pay to the Bank a fee equal to the amount of the unpaid amount of all unpaid deferred Excess Interest.

Section 7.23. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

[Signature Page to Follow]

In Witness Whereof, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

[District Seal]

SCHOOL DISTRICT OF ST. LUCIE
COUNTY, FLORIDA

Attest: _____
Superintendent/Secretary

By: _____
Name: Carol A. Hilson
Title: Chairman, School Board of
St. Lucie County, Florida

JPMORGAN CHASE BANK, N.A.

By _____
Name:
Title: Authorized Officer