

**MADISON COUNTY
\$3,750,000 ROAD PAVING NOTE
SERIES 2019**

PUBLIC MEETING AND NO CONFLICT OF INTEREST CERTIFICATE

STATE OF FLORIDA
COUNTY OF MADISON

In addition to terms defined elsewhere in this certificate, the following terms shall have the following meanings unless the context otherwise clearly requires:

“Board” shall mean the Board of County Commissioners of the Borrower.

“Borrower” shall mean Madison County, a political subdivision of the State of Florida.

“Note” shall mean the Madison County \$3,750,000 Road Paving Note Series 2019, issued by the Borrower dated January 16, 2019 issued in connection with the above-captioned obligation issued by the Borrower.

“Resolution” shall mean Resolution No. 2019-01-16 adopted by the Borrower on January 16, 2019 entitled:

RESOLUTION NO. 2019-01-16

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MADISON COUNTY, AUTHORIZING (i) THE BORROWING OF FUNDS; (ii) THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT IN CONNECTION WITH THE BORROWING OF SUCH FUNDS, AND (iii) THE ISSUANCE OF A PROMISSORY NOTE IN THE PRINCIPAL AMOUNT OF \$3,750,000; FINDING IT IS IN THE BEST INTEREST OF THE COUNTY TO NEGOTIATE THE SALE OF THE NOTE TITLED “MADISON COUNTY \$3,750,000 ROAD PAVING NOTE, SERIES 2019”; AND AUTHORIZING THE SALE OF SAID NOTE TO MADISON COUNTY COMMUNITY BANK; DESIGNATING THE PROMISSORY NOTE AS A “QUALIFIED TAX-EXEMPT OBLIGATION” WITHIN THE MEANING OF SECTION 265 (b) (3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; SECURING PAYMENT OF THE NOTE BY PLEDGING: (a) THE 5-CENTS PER GALLON LOCAL OPTION TAX ON MOTOR FUEL LEVIED BY MADISON COUNTY, FLORIDA PURSUANT TO SECTION 336.025(1)(B), FLORIDA STATUTES; AND (b) THE TWO CENTS PER GALLON TAX ON MOTOR FUEL IMPOSED PURSUANT TO SECTION 9(C), ARTICLE

XII, FLORIDA CONSTITUTION AND SECTION 206.41(1)(A), FLORIDA STATUTES. (THE “FIFTH AND SIXTH CENT GAS TAX.”); AUTHORIZING THE CHAIR OF THE BOARD OF COUNTY COMMISSIONERS AND CLERK OF CIRCUIT COURT OF MADISON COUNTY TO EXECUTE SUCH AGREEMENTS, INSTRUMENTS, DOCUMENTS OR CERTIFICATES NECESSARY OR DESIRABLE IN CONNECTION WITH THE FOREGOING; AND PROVIDING AN EFFECTIVE DATE.

We, the undersigned members of the Board, recognizing that the purchaser of the Note, will have purchased the Note in reliance upon this certificate, do hereby certify, individually and collectively, that: (a) no member of the Board, other than the undersigned members, voted or otherwise participated in any way, in any action taken by the Borrower, regarding to the Note, the Resolution or any transaction related thereto; (b) no two or more of the undersigned members of the Board, meeting together, reached any prior conclusion as to whether the actions taken by the Borrower regarding to the Note, the adoption of the Resolution or any transaction related thereto, should or should not be taken by the Borrower, or should or should not be recommended as an action to be taken or not to be taken by the Borrower, except at public meetings of the Borrower held after due notice to the public was given in the ordinary manner required by law and custom of the Borrower; (c) we, the undersigned members of the Board, do not have or hold any employment or contractual relationship with any business entity which is purchasing the Note directly or through intermediaries; and (d) we, the undersigned members of the Board, are not employees of the governing body of and do not own a controlling interest in any entity providing services to the Borrower.

IN WITNESS WHEREOF, we have hereunto affixed our official signatures, this 16th day of January, 2019.

H. Alston Kelley, Chair
District 1

Donnie Waldrep
District 2

Rick Davis
District 5

RESOLUTION NO. 2019-01-16

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MADISON COUNTY, AUTHORIZING (i) THE BORROWING OF FUNDS; (ii) THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT IN CONNECTION WITH THE BORROWING OF SUCH FUNDS, AND (iii) THE ISSUANCE OF A PROMISSORY NOTE IN THE PRINCIPAL AMOUNT OF \$3,750,000; FINDING IT IS IN THE BEST INTEREST OF THE COUNTY TO NEGOTIATE THE SALE OF THE NOTE TITLED “MADISON COUNTY \$3,750,000 ROAD PAVING NOTE, SERIES 2019”; AND AUTHORIZING THE SALE OF SAID NOTE TO MADISON COUNTY COMMUNITY BANK; DESIGNATING THE PROMISSORY NOTE AS A “QUALIFIED TAX-EXEMPT OBLIGATION” WITHIN THE MEANING OF SECTION 265 (b) (3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; SECURING PAYMENT OF THE NOTE BY PLEDGING: (a) THE 5-CENTS PER GALLON LOCAL OPTION TAX ON MOTOR FUEL LEVIED BY MADISON COUNTY, FLORIDA PURSUANT TO SECTION 336.025(1)(B), FLORIDA STATUTES; AND (b) THE TWO CENTS PER GALLON TAX ON MOTOR FUEL IMPOSED PURSUANT TO SECTION 9(C), ARTICLE XII, FLORIDA CONSTITUTION AND SECTION 206.41(1)(A), FLORIDA STATUTES. (THE “FIFTH AND SIXTH CENT GAS TAX.”); AUTHORIZING THE CHAIR OF THE BOARD OF COUNTY COMMISSIONERS AND CLERK OF CIRCUIT COURT OF MADISON COUNTY TO EXECUTE SUCH AGREEMENTS, INSTRUMENTS, DOCUMENTS OR CERTIFICATES NECESSARY OR DESIRABLE IN CONNECTION WITH THE FOREGOING; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MADISON COUNTY:

SECTION 1. In addition to terms defined elsewhere in this resolution, the following terms shall have the following meanings unless the context otherwise clearly requires:

“Bank” shall mean Madison County Community Bank, a Florida Banking corporation.

“Board” shall mean the Board of County Commissioners of the County.

“Chair” shall mean the chair of the Board as appointed by the Board or in the Chair’s absence the Vice-Chair.

“Clerk” shall mean the Clerk of the Circuit Court of Madison County, Florida.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“County” shall mean Madison County, a political subdivision of the State of Florida.

“Loan Agreement” shall mean that certain Loan and Lien Agreement to be entered into between the County and the Bank and dated of even date relative to the Note. The Loan Agreement shall be substantially upon the terms and conditions and in substantially the form attached hereto as Attachment “A” and made a part hereof by reference.

“Note” shall mean the that certain promissory note titled “Madison County \$3,750,000 Road Paving Note Series 2019” to be given by the County to the Bank and dated of even date relative to the Loan Agreement. The Note shall be substantially upon the terms and conditions and in substantially the form attached to the Loan Agreement, which is attached hereto and made a part hereof by reference.

“Pledged Revenues” shall mean that portion of the revenues to be generated by the taxes listed below which are to be paid to the Board:

(1) The 5-cents per gallon local option tax on motor fuel levied by the County pursuant to Section 336.025(1)(b), Florida Statutes; and,

(2) The two cents per gallon tax on motor fuel imposed pursuant to Section 9(c), Article XII, Florida Constitution and Section 206.41(1)(a), Florida Statutes. (This tax is commonly referred to as the “fifth and sixth cent gas tax.”)

“Projects” shall mean the construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads as part of the county road system of the County, as may be directed by the Board, from time to time. In this definition, the terms “road” and “county road system” shall have the meaning given to them in Section 334.03, Florida Statutes.

“Resolution” shall mean this resolution of the Board designated Resolution No. 2019-01-16.

“Vice-Chair” shall mean the vice-chair of the Board as appointed by the Board.

SECTION 2. It is hereby found and determined for the benefit of its inhabitants, that it is necessary for the continued preservation of the health, welfare, convenience, and safety of the County and its inhabitants for the County to engage in and complete the Projects.

SECTION 3. To finance the Projects, the Board hereby authorizes and approves a loan to the County from the Bank in the principal amount of \$3,750,000 substantially upon the terms and conditions set forth in the Loan Agreement and authorizes and approves the execution and delivery of the Note to evidence such indebtedness.

SECTION 4. The Board finds a negotiated sale of the Note to the Bank is in the best interest of the County by reason of the nature of and schedule for the contemplated completion of the Projects and because the Note will not be rated or credit enhanced.

SECTION 5. The County hereby pledges the Pledged Revenues to the payment of the Note as set forth in the Loan Agreement.

SECTION 6. The Board hereby certifies that it does not reasonably expect to issue more than \$10,000,000 in aggregate principal amount of tax-exempt obligations (including the principal amount of the Note) in the current calendar year. For purposes of qualifying the Note for the exception contained in Section 265 (b) (3) of the Code, the Commission hereby designates the Note as a “qualified tax-exempt obligation” within the meaning of Section 265 (b) (3) (B) of the Code.

SECTION 7. The Chair is hereby authorized and directed to execute and deliver, and the Clerk is hereby authorized and directed to attest, the Loan Agreement and the Note in substantially the form attached hereto, with such changes to those documents as may be approved by the Chair. The Chair and the Clerk are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents, certificates, and opinions for and on behalf of the County which are necessary or desirable in connection with the execution and delivery of the Loan Agreement and the Note and which are not inconsistent with the terms and provisions of this Resolution.

SECTION 8. This Resolution shall become effective immediately upon execution by the signature by the Chair and the Clerk.

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RESOLVED upon due motion, second, and majority vote this 16th day of January, 2019.

MADISON COUNTY, a political subdivision of
the State of Florida

By: _____
H. ALSTON KELLEY
Chair of its Board of County Commissioners

(SEAL)

ATTEST:

By: _____
WILLIAM WASHINGTON
Clerk of the Circuit Court, Madison County, Florida

Approved as to Form:
DAVIS, SCHNITKER, REEVES & BROWNING, P.A.

By: _____
GEORGE T. REEVES
For the Firm
Attorney for Madison County

ATTACHMENT “A”
TO THE RESOLUTION
(Loan and Lien Agreement)

LOAN AND LIEN AGREEMENT

This Loan and Lien Agreement (this “Agreement”) is made and entered into as of January 16, 2019, by and between the Borrower (as defined below) and the Bank (as defined below).

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I DEFINITIONS; CONTRACT

1.1 DEFINITIONS: In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings unless the context otherwise clearly requires:

“Bank” shall mean Madison County Community Bank, a Florida Banking corporation.

“Board” shall mean the Board of County Commissioners of the Borrower.

“Borrower” shall mean Madison County, a political subdivision of the State of Florida.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Holder” or “Noteholder” or “Owner” shall mean the registered owner of the Note from time to time hereunder.

“Non-Ad Valorem Funds” shall mean all revenues of the Borrower derived from any source whatsoever other than ad valorem taxation on real or personal property, which are legally available to make the payments required on the Note, but only after provision has been made by the Borrower for the payment of all essential or legally mandated services.

“Note” shall mean the Madison County \$3,750,000 Road Paving Note Series 2019, issued by the Borrower dated January 16, 2019.

“Pledged Revenues” shall mean that portion of the revenues to be generated by the taxes listed below which are to be paid to the Board:

(1) The 5-cents per gallon local option tax on motor fuel levied by the County pursuant to Section 336.025(1)(b), Florida Statutes.

(2) The two cents per gallon tax on motor fuel imposed pursuant to Section 9(c), Article XII, Florida Constitution and Section 206.41(1)(a), Florida Statutes. (This tax is commonly referred to as the “fifth and sixth cent gas tax.”)

“Projects” shall mean the construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads as part of the county road system of the County, as may be directed by the Board, from time to time. In this definition, the terms “road” and “county road system” shall have the meaning given to them in Section 334.03, Florida Statutes.

“Resolution” shall mean Resolution No. 2019-01-16 adopted by the Borrower on January 16, 2019.

- 1.2. THIS AGREEMENT CONSTITUTES A CONTRACT. This Agreement shall be deemed to be and shall constitute a contract between the Borrower and the Noteholder. The covenants and agreements herein and therein set forth to be performed by the Borrower shall be for the benefit, protection, and security of the Noteholder.

ARTICLE II AUTHORIZATION, DRAWS, PAYOFF OF PREVIOUS NOTE

- 2.1. AUTHORIZATION. This Agreement and the Note are issued pursuant to the Resolution, Chapter 159, Part I, Florida Statutes; and Chapter 125, Part II, Florida Statutes.
- 2.2. ISSUANCE AND DESCRIPTION OF NOTE. The text of the Note shall be substantially in the form attached hereto as Exhibit A with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chair or Vice-Chair of the Board prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Borrower’s delivery of the Note to the Bank). The Note shall be issued in registered form.
- 2.3. MAXIMUM INTEREST RATE. The interest on the Note shall never be greater than an amount which, if added to the amount of any discount, additional fees or charges paid by Borrower which constitute interest under the laws of the State of Florida, would cause the total amount of interest to exceed the maximum rate of interest chargeable to the Borrower under the applicable law. Holder agrees to refund, and Borrower agrees to accept refund of, any and all sums received hereunder by Holder which are determined to be usurious by any court of competent jurisdiction.
- 2.4. DRAWS UNDER THE NOTE. The principal amount of the Note shall be disbursed to Borrower as and when requested by Borrower, provided the following documents have been delivered to the Bank:
 - 2.4.1 A fully executed Tax and Non-Arbitrage Certificate, dated as of the date of Closing;
 - 2.4.2 A copy of a completed and executed Form 8038-G to be filed with the Internal

Revenue Service;

- 2.4.3 Certified copies of all necessary resolutions of Borrower, including, but not limited to, the Resolution, subject to approval of Bank's counsel;
- 2.4.4 A general certificate of Borrower in form satisfactory to the Bank; and
- 2.4.5 Such other instruments and documents as the Bank or its counsel shall reasonably require.

**ARTICLE III
INTEREST RATE
AND OTHER TERMS OF NOTE**

- 3.1 PAYMENT OF PRINCIPAL AND INTEREST; PLEDGE OF REVENUES. The Borrower covenants that it will promptly pay the principal of and interest on the Note issued under the provisions of this Agreement on the dates and in the manner provided herein and in the Note, according to the true intent and meaning thereof. The principal of and interest on the Note are payable from the Pledged Revenues and other legally available Non-Ad Valorem Funds.

The payment of the Note shall be secured forthwith by a pledge of and lien upon the Pledged Revenues, which lien is superior to all other entered on the Pledged Revenues. The Borrower does hereby irrevocably pledge the Pledged Revenues to the payment of the principal interest of the Note, and all costs incident to the Note. The Pledged Revenues shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Borrower, except the prior pledge.

- 3.2. PREPAYMENT. The Borrower may prepay the Note as provided in the Note.
- 3.3 COVENANT TO BUDGET AND APPROPRIATE. In addition, the Borrower covenants and agrees to appropriate in its annual budget from Non-Ad Valorem Funds lawfully available in each fiscal year, amounts necessary to pay all sums coming due on this Agreement or the Note in that fiscal year. Such covenant and agreement on the part of the Borrower to budget and appropriate such amounts of legally available Non-ad Valorem Funds shall be cumulative to the extent not paid, and shall continue until such legally available Non-Ad Valorem Funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated, and actually paid. Notwithstanding the foregoing covenant of the Borrower, the Borrower does not covenant to maintain any services or programs, now provided or maintained by the Borrower, which generate Non-Ad Valorem Funds.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Funds (other than the Pledged Revenues), nor does it preclude the Borrower from pledging in the future its Non-Ad valorem Funds, nor does it require the Borrower to levy and collect any particular Non-Ad Valorem Funds. Such covenant to budget and appropriate Non-Ad Valorem Funds is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad valorem Funds heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available for the payment of deficiencies, as applicable, in the manner described herein Non-Ad Valorem Funds and placing on the Borrower a positive duty to appropriate and budget, by amendment if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of the Florida Statutes which provide that the governing body of the Borrower make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation and other revenue sources, and subject, further, to the payment of services and programs which are essential public purposes affecting the health, welfare, and safety of the inhabitants of the Borrower, or which are legally required by applicable law.

- 3.4. NOTE NOT TO BE GENERAL OBLIGATION OR INDEBTEDNESS OF THE BORROWER. The Note shall not be or constitute an indebtedness, liability, general or moral obligation or a pledge of the faith, credit, and taxing power of the Borrower, the State of Florida or any political subdivision thereof, but shall be a special obligation of the Borrower payable solely from the Pledged Revenues and from other legally available Non-Ad Valorem revenues. No Holder of the Note shall ever have the right to compel the exercise of any ad valorem taxing power to pay the Note or be entitled to payment of the Note from any moneys of the Borrower, of the State of Florida, or any political subdivision thereof.
- 3.5. FEDERAL INCOME TAX COVENANTS. The Borrower represents and warrants and agrees with the Bank as follows:
- 3.5.1 The Borrower covenants and agrees that it shall take, and not omit to take, any additional action required to be taken pursuant to the instructions from counsel, whether delivered in connection with or subsequent to the issuance and sale of the Note, in order to comply with all provisions of the Code, compliance with which is required to maintain the interest payable on the Note, as excluded from the gross income of the Holder, pursuant to Section 103 of the Code, and that it shall take any such additional action required to qualify the Note for any applicable exception to the arbitrage rebate requirements imposed by the Code and to qualify the Note for any applicable exception to the provisions of the Code which deny financial institutions any deduction for interest expense allocable to tax-exempt obligations.

- 3.5.2 The Borrower covenants that not in excess of five percent (5%) of the net proceeds of the Note are to be used, directly or indirectly, to make or finance a loan (other than loans constituting non-purpose investments or assessments) to persons other than state or local government units.
- 3.5.3 If necessary, the Borrower will hire competent counsel or accountants to determine any rebate and to comply with the arbitrage rules to the U.S. Treasury which is required by Section 148 of the Internal Revenue Code. However, if the Borrower fails in the Holder's judgment to properly determine such rebate amount then the Holder may, at the Borrower's expense, hire counsel, accountants or experts which the Holder, in its sole discretion, determines advisable to determine the amount, due dates and any other rebate requirements and the Borrower shall remit such rebate amount to the federal government not later than the due date thereof. The Holder will not be liable for any failure to comply with Section 148 of the Internal Revenue Code.
- 3.5.4 The Borrower shall keep adequate records, including any necessary certifications, to evidence the fair market value of any federal securities purchased with the Note proceeds until six (6) years after final payment on the Note.
- 3.5.5 The Borrower hereby covenants and agrees that it will not, subsequent to the date of the issuance of the Note, intentionally use any portion of the proceeds of the Note to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as may be otherwise permitted by Section 148 of the Code and the regulations promulgated thereunder, and that it will take such action to ensure that the Note does not constitute an "arbitrage bond" within the meaning of section 148 (a) of the Code or the regulations promulgated thereunder, including but not limited to, complying with the requirements of Section 148 (f) of the Code and the regulations promulgated thereunder and the payments of rebate, if any, required to be made, and that it will expend the proceeds of the Note in compliance with the applicable provisions of Section 141 to 149, inclusive, of the Code. The Borrower acknowledges that the Bank has no responsibility for rebate calculations or payments.
- 3.5.6 In connection with the issuance of the Note, the Borrower covenants that it has not engaged, and will not engage, in any transaction or series of transactions which attempts to circumvent the provisions of Section 148 and 149 of the Code, Treasury Regulations Sections 1.148-1 through 1.150-1 or which (a) enables the Borrower to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (b) increases the burden on the market for tax-exempt obligations, including, without limitation, the selling of bonds that would not otherwise be sold, the selling of more bonds than would otherwise be

sold, or the issuing of bonds sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

- 3.5.7 Borrower expects that the issuance of the Note and the investment and expenditure of the proceeds therefrom, shall qualify for the small-issuer exception from the arbitrage rebate requirements. However, in the event that the Internal Revenue Service makes a determination that the Borrower is subject to the arbitrage rebate requirements, the Borrower shall be responsible for the calculation, reporting, and payment to the United States of the requisite rebate amount.
- 3.5.8 The Borrower covenants that it shall immediately give notice to the Holder of any event which establishes, causes, or may establish or cause loss of any favorable tax attributes on the Note.
- 3.5.9 Notwithstanding any other provision of the Agreement or the Note to the contrary, as long as necessary in order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Note, the covenants contained in the Note and the Agreement shall survive the payment of the Note and the interest thereon.

3.6. ADDITIONAL COVENANTS REPRESENTATIONS, WARRANTIES, AND AGREEMENTS OF THE BORROWER. The Borrower represents and warrants to an agrees with the Bank as follows:

- 3.6.1 Borrower is a duly organized and validly existing political subdivision of the State of Florida.
- 3.6.2 The Borrower has full power and authority to issue the Note; to execute, deliver, and perform the Note; to pledge the Pledged Revenues; and to carry out and consummate all transactions contemplated by the Note and the Agreement.
- 3.6.3 The Borrower has duly authorized and approved: (i) the issuance of the Note to evidence a loan to be made to the Borrower; (ii) the execution, delivery, and due performance of the Note; and (iii) the taking of any and all action as may be required on the part of the Borrower to carry out, give effect to an consummate the transactions contemplated hereby and thereby.
- 3.6.4 The Borrower has complied with all applicable open meeting laws, all applicable public bidding laws, and all other state and federal laws applicable to the Borrower's performance of the transactions contemplated by the Note and this Agreement, and has obtained all approvals necessary for the execution, delivery, and performance of such transactions.

- 3.6.5 The Projects are necessary to serve the Borrower's valid public purpose and are consistent with the permissible scope of the Borrower's authority.
- 3.6.6 The Borrower further warrants and represents that this Agreement and the Note are valid, binding and enforceable obligations of the Borrower and that funds have been budgeted, approved, and made available by the appropriate governing body of the Borrower for the payments during the Borrower's current fiscal year and that the Borrower will use its best efforts to budget, obtain, and appropriate, from legally available Non-ad Valorem Funds, funds sufficient to make all payments for the remainder of the Note.
- 3.6.7 There is no action, suit, proceeding, or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, or, to the best of the knowledge of the Borrower, any basis therefor, wherein an unfavorable decision, ruling, or finding would restrain or enjoin the issuance of the Note, or which in any way would adversely affect the validity of the Note or the Agreement, or any other agreement or instrument to which the Borrower is a party and which is used or contemplated for use in connection with the issuance of the Note.
- 3.6.8 The execution and delivery by the Borrower of the Note and any other agreements or certificates contemplated hereby and in compliance with the provisions of the Note and the Agreement will not conflict with, or constitute on the part of the Borrower a breach of, or a default under, any existing law, court order or any provision of any legislative act or Constitutional or other proceeding applicable to the Borrower or affairs, ordinances or agreements, or any agreement, indenture, mortgage, lease or other instrument to which the Borrower is subject or by which it is bound.
- 3.6.9 The Borrower is in compliance with and shall continue to comply with the terms and covenants of the debt described in this Agreement.
- 3.6.10 Except as provided in Section 3.3 of this Agreement or as otherwise agreed in advance and in writing by the Holder, so long as the Note is outstanding the Borrower shall not issue any obligation secured by a lien on the Pledged Revenues which lien is prior and superior to, or on a parity with, the lien created by this Agreement.
- 3.6.11 It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of the Note and completion of the Projects exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of the

Note and completion of the Projects do not violate any constitutional, statutory or charter limitations or provisions and the indebtedness evidenced by the Note is a valid exercise of the Borrower's borrowing power.

3.6.12 The Borrower shall give prompt written notice to the Bank of any Event of Default, or any event which with the passage of time would become an Event of Default, of which the Borrower has actual knowledge or written notice.

3.6.13 Budget and Other Financial Information:

3.6.13.1 The Borrower will submit to the Bank unqualified annual audited financial statements prepared in accordance with generally accepted accounting principles by the 150th day following the end of each fiscal year.

3.6.13.2 Prior to the beginning of each fiscal year, the Borrower shall provide the Bank with a copy of the Borrower's budget for the upcoming fiscal year, which shall be a balanced budget.

3.6.13.3 The Borrower shall also provide the Bank with such other financial information as it shall reasonably request from time to time, to be submitted to the Bank within a reasonable time period.

ARTICLE IV EVENTS OF DEFAULT; REMEDIES

4.1. EVENTS OF DEFAULT. Any of the following events shall constitute an Event of Default under this Agreement:

4.1.2 The Borrower shall fail to pay any principal, interest, or any other sum due on the Note on or before the applicable due date.

4.1.3 The Borrower shall breach any other covenant in this Agreement or in the Note and such breach continues for thirty (30) days after the date the Borrower has been given written notice by the Holder specifying such breach and requiring same to be remedied.

4.1.4 Proceedings under any bankruptcy, insolvency, reorganization or other similar litigation shall be instituted by or against the Borrower, or a custodian or similar officer shall be appointed by the Borrower or any of its property.

4.1.5 Any warranty, representation, or statement made by the Borrower is found to be incorrect or misleading in any material respect on the date made.

4.1.6 The Borrower shall make an assignment for the benefit of creditors, shall cease doing business as a going concern, or become insolvent.

For as long as an Event of Default has occurred and is continuing the interest rate on the Note shall be equal to the Default Rate (as defined in the Note).

4.2 ACCELERATION OF PRINCIPAL. Upon the happening and continuance of any Event of Default then, and in every such case, the Holder may, by written notice to the Borrower, declare the principal of the Note (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become due and be immediately due and payable, anything contained in the Note or in this Agreement to the contrary notwithstanding.

4.3 ENFORCEMENT OF REMEDIES AND PAYMENT OF FEES AND EXPENSES. Should an Event of Default occur under this Agreement or under the Note, the Holder may, in addition to any remedy set forth in this Agreement, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida or granted and contained in this Agreement, and may enforce and compel the performance of all duties required by this Agreement, or by any applicable statutes to be performed by the Borrower or by any officer thereof.

If an Event of Default shall occur, the Borrower agrees to pay all of the Holder's expenses and fees (including reasonable attorneys' fees and paralegals' fees) of collection, whether suit be brought or not, including reasonable attorneys' fees incurred at the trial and appellate levels. In addition, the Borrower agrees to pay all of the Holder's expenses and fees (including reasonable attorney's fees and paralegals' fees) incurred by the Holder in determining its rights under this Agreement and the Note.

4.4 NO REMEDY EXCLUSIVE. No remedy herein conferred upon the Holder is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or by law.

4.5 DELAY NOT A WAIVER. No delay or omission of the Holder to exercise any right or power accruing upon any Event of Default shall impair any Event of Default or any subsequent Event of default or an acquiescence therein; any every power and remedy given to Holder by this Agreement or by law may be exercised from time to time and as often as may be deemed expedient.

ARTICLE V MISCELLANEOUS PROVISIONS

- 5.1 MODIFICATION OR AMENDMENTS. No modification or amendment of this Agreement, or of any agreement amendatory thereof or supplemental thereto, may be made without the written consent of the of the Holder.
- 5.3 ADDITIONAL AUTHORIZATION. The Chair and/or Vice-Chair of the Board of County Commission, and the Clerk of the Circuit Court and any other proper official of the Borrower are hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Agreement.
- 5.4 PARTICIPATION OF THE LOAN. The Bank may participate the loan represented by the Note with any state or national chartered bank or financial institution.
- 5.5 SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Agreement or of the Note should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Agreement and the Note and shall in no way affect the validity of any of the other provisions of this Agreement or of the Note issued hereunder.
- 5.6 FLORIDA LAW. The Agreement and the Note shall be deemed to be contracts made under the laws of the State of Florida and for all purposes shall be governed by and construed in accordance with the laws of the State of Florida, without reference to the choice of law rules or the conflict of law rules of that state.
- 5.7. NOTICE. All notices made or required to be given pursuant to this Agreement or the Note shall be in writing and shall be deemed duly served if and when mailed, certified or registered mail, postage pre-paid, return receipt requested, to the other party at its address set forth below:

Madison County
Attention: Clerk of the Circuit Court
Post Office Box 237
Madison, Florida 32341

Madison County Community Bank
Attention: President
Post Office Box 834
Madison, Florida 32341

or at such other address as such parties shall hereafter designate in writing.

- 5.8. BINDING EFFECT. Subject to the specific provisions of this Agreement and the Note, this Agreement and the Note shall be binding upon and inure to the benefit of the parties.
- 5.9 TIME. Time is of the essence of this Agreement and the Note.
- 5.10 FURTHER ASSURANCES. Whenever requested to do so by the Holder, the Borrower will promptly execute and deliver or cause to be delivered all such other and further instruments, documents, or assurances, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully to vest in the Holder all rights, interest, powers, benefits, privileges, and advantages conferred or intended to be conferred upon the Holder by this Agreement.
- 5.11 HEADINGS NOT PART HEREOF. The headings and sections in this Agreement shall be solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction, or effect.
- 5.12 REPEALER. All agreements and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed, and this Agreement shall take effect upon its passage in the manner provided by law.
- 5.13 EFFECTIVE DATE. This Agreement shall be effective immediately upon its adoption.

NEITHER THIS AGREEMENT NOR THE NOTE SHALL BE OR CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH, CREDIT, AND TAXING POWER OF THE BORROWER, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE A SPECIAL OBLIGATION OF THE BORROWER PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER LEGALLY AVAILABLE NON-AD VALOREM FUNDS. NO HOLDER OF THE NOTE SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OR ANY AD VALOREM TAXING POWER TO PAY THE NOTE OR BE ENTITLED TO PAYMENT OF THE NOTE FROM ANY MONEYS OF THE BORROWER, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, OR OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF.

THE BORROWER AND THE BANK (UPON ITS PURCHASE OF THE NOTE) EACH KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY, WITH RESPECT TO ANY LITIGATION OR LEGAL PROCEEDINGS BASED ON, OR ARISING OUT OF THE RESOLUTION, NOTE, OR ANY OTHER LOAN DOCUMENT, INCLUDING ANY COURSE OF CONDUCT, COURSE OF DEALINGS, VERBAL OR WRITTEN STATEMENTS, OR ACTIONS OR OMISSIONS OF

ANY PARTY WHICH IN ANY WAY RELATES TO THE LOAN.

THIS WAIVER BY THE BORROWER IS MATERIAL INDUCEMENT FOR THE BANK'S PURCHASE OF THE NOTE AND THE BANK'S WAIVER IS A MATERIAL INDUCEMENT FOR THE BORROWER'S ISSUANCE OF THE NOTE.

(The remainder of this page was intentionally left blank.)

Entered into as of the date first written above by the Borrower, MADISON COUNTY, a political subdivision of the State of Florida.

MADISON COUNTY, a political subdivision of the State of Florida

By: _____
H. ALSTON KELLY
Chair of its Board of County Commissioners

(SEAL)

ATTEST:

By: _____
WILLIAM WASHINGTON
Clerk of the Circuit Court, Madison County, Florida

Approved as to Form:
DAVIS, SCHNITKER, REEVES & BROWNING, P.A.

By: _____
GEORGE T. REEVES
For the Firm
Attorney for the Borrower

Entered into as of the date first written above by the Bank, MADISON COUNTY COMMUNITY BANK, a Florida banking corporation.

MADISON COUNTY COMMUNITY BANK

By: _____
D. EDWARD MEGGS, SR.
Its President

Approved as to Form:
HARDEE LAW FIRM, PL

By: _____
CARY A. HARDEE, II
For the Firm
Attorney for the Bank

EXHIBIT “A”
TO THE LOAN AND LIEN AGREEMENT
(Madison County \$3,750,000 Road Paving Note Series 2019)

MADISON COUNTY
\$3,750,000 ROAD PAVING NOTE
SERIES 2019

NOTE DATE: January 16, 2019

MATURITY DATE: June 1, 2023

REGISTERED OWNER: Madison County Community Bank, a Florida Banking corporation.

PRINCIPAL AMOUNT: \$3,750,000.00

FOR VALUE RECEIVED, MADISON COUNTY, a political subdivision of the state of Florida (the "Borrower"), hereby promises to pay to the Registered Owner, MADISON COUNTY COMMUNITY BANK, a Florida Banking corporation (the "Bank") or registered assigns as hereinafter provided, the Principal Amount of Three Million Seven Hundred Fifty Thousand and No/100 Dollars (\$3,750,000.00) plus interest at the rate of The Wall Street Journal's Published Prime Lending Rate less one and 76/100 percentage points (1.76%), per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) on such principal sum actually disbursed from the Note Date. The interest rate shall be adjusted semi-annually (twice per year) based on the stated rate on June 1 and December 1 of each year during the term of this Note; and may be further adjusted as set forth herein. The initial interest rate on this Note, computed as stated above, is three and 74/100 percent (3.74%) per annum.

Interest shall be due and payable semi-annually (twice per year) on June 1 and December 1 of each and every year until this Note is paid in full, beginning on December 1, 2019. In addition to such interest payments, principal payments shall be due and payable semi-annually (twice per year) on June 1 and December 1 of each and every year, beginning on December 1, 2019, in the amount of four hundred sixty eight thousand seven hundred fifty and no/100 Dollars (\$468,750.00) each.

All payments on this Note shall be applied first to the payment of interest and then to principal. Both principal and interest are payable in lawful money of the United States of America. All payments shall be paid to the "Bank" at its main office located in Madison, Florida.

1. **DEFINITIONS:** In addition to terms defined elsewhere in this Note, the following terms shall have the following meanings unless the context otherwise clearly requires:

"Board" shall mean the Board of County Commissioners of the Borrower.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

“Default Rate” shall mean the rate of interest borne by this Note in the Event of Default as defined by the Loan Agreement, which rate shall be three percentage points (3%) above The Wall Street Journal’s Published Prime Lending Rate.

“Determination of Taxability” shall mean the circumstance of interest paid or payable on this Note becoming includable for federal income tax purposes in the gross income of the Holder as a consequence of an act, omission, or event whatsoever and regardless of whether the same was within or beyond the control of the Borrower. A Determination of Taxability will be deemed to have occurred upon (i) the receipt by the Borrower or Holder of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or statutory Notice of Deficiency which holds that any interest payable on this Note is includable in the gross income of the Holder for federal income tax purposes; (ii) the issuance of any public or private ruling of the Internal Revenue Service that any interest payable on this Note is includable in the gross income of the Holder for federal income tax purposes; or (iii) receipt by the Borrower or Holder of an opinion of counsel that any interest on this Note has become includable in the gross income of the Holder for federal income tax purposes. For all purposes of this definition, the effective date of a Determination of Taxability will be the date as of which the interest on this Note is deemed includable in the gross income of the Holder for federal income tax purposes.

“Holder” or “Noteholder” or “Owner” shall mean the registered owner of the Note from time to time hereunder.

“Holder’s Adjusted Cost of Funds” shall mean the fraction (expressed as a percentage), determined by the Holder of the total interest expense of the Holder for each calendar year divided by the total average adjusted basis of all assets of the Holder during the calendar year as determined under Section 265 (b) (2) (B) of the Code or any successor provision thereto.

“Loan Agreement” shall mean that certain Loan and Lien Agreement between the Borrower and the Bank dated of even date herewith relative to this Note.

“Non-Ad Valorem Funds” shall mean all revenues of the Borrower derived from any source whatsoever other than ad valorem taxation on real or personal property, which are legally available to make the payments required on the Note, but only after provision has been made by the Borrower for the payment of all essential or legally mandated services.

“Note” shall mean this Madison County \$3,750,000 Road Paving Note Series 2019, issued by the Borrower dated January 16, 2019.

“Pledged Revenues” shall mean that portion of the revenues to be generated by the taxes listed below which are to be paid to the Board:

(1) The 5-cents per gallon local option tax on motor fuel levied by the Borrower pursuant to Section 336.025(1)(b), Florida Statutes.

(2) The two cents per gallon tax on motor fuel imposed pursuant to Section 9(c), Article XII, Florida Constitution and Section 206.41(1)(a), Florida Statutes. (This tax is commonly referred to as the “fifth and sixth cent gas tax.”)

“Projects” shall mean the construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads as part of the county road system of the County, as may be directed by the Board, from time to time. In this definition, the terms “road” and “county road system” shall have the meaning given to them in Section 334.03, Florida Statutes.

“Resolution” shall mean Resolution No. 2019-01-16 adopted by the Borrower on January 16, 2019.

2. AUTHORIZATION FOR THIS NOTE.

2.1 This Note is issued pursuant to the Resolution, and Part II, Chapter 166, and Part I, Chapter 159 of the Florida Statutes for the purpose of financing the Projects which are essential to the operation of the county road system and other public roads of the Borrower.

2.2 The Borrower hereby certifies and recites that all acts, conditions, and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this Note exist, have happened and have been performed in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of the Note does not violate any constitutional, statutory or other limitation of power of the Borrower.

3. PAYMENT OF NOTE. This Note is payable from the Pledged Revenues and from other legally available Non-Ad Valorem Funds of the Borrower. This Note and the obligation evidenced hereby shall not constitute a debt or a pledge of the faith and credit of the State of Florida or any political subdivision thereof, including, without limitation, the Borrower. Neither the State of Florida nor any political subdivision thereof, including, without limitation the Borrower, shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except from the Pledged Revenues and other legally available Non-Ad Valorem Funds. Neither the faith and credit nor the taxing power of the State of Florida or any political subdivision thereof, including without limitation the Borrower, is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

4. INTEREST RATE ADJUSTMENTS; MAXIMUM RATE.

- 4.1 If the interest on this Note becomes includable in the gross income of the registered owner for federal income tax purposes as a result of a Determination of Taxability, the interest rate on this Note prior to the effective date of the Determination of Taxability shall be equal to the Interest Rate identified on the first page of this Note; and thereafter, for as long as interest on this Note is includable in the gross income of the Holder, the interest rate on this Note shall be adjusted to a rate necessary to produce a yield on this Note equal to the yield the holder would enjoy on this Note if the interest on this Note was excluded from gross income of the Holder for federal income tax purposes (the “Taxable Rate”). If the effective date of the Determination of Taxability has passed at the time a Determination of Taxability is determined to have occurred, then this Note shall bear interest at the Taxable Rate retroactive to the effective date of the Determination of Taxability.
- 4.2 In the event of a Determination of Taxability, the Borrower covenants that it shall also pay any additions to tax or penalties resulting from the interest on this Note being includable in the Holder’s gross income for federal income tax purposes, and any arrears in interest resulting from such Determination of Taxability. Any such additional amounts (established to the satisfaction of the Holder) shall be payable by the Borrower to the Holder within 60 days of the date the Borrower is notified by the Holder that such amounts are due. The Borrower’s obligation to pay any such additional amounts and increased interest shall survive payment of the Note.
- 4.3 If the portion of the non-deductible interest expense incurred or continued as a result of the purchase or ownership of this Note, which interest expense would otherwise be allowable as a deduction to the Holder during any period (the “Related Interest”), is increased above 20% because of any change in the tax laws or regulations (within the meaning of Section 265 or any successor provision of the Internal Revenue Code), or because this Note is not or ceases to be qualified as a “qualified tax-exempt obligation” under Section 265 (b) (3) (B) of the Code, then the Interest Rate on this Note during such period shall be increased each calendar year by a percentage amount equal to $(A-.20) \times B \times C$ where:
- 4.3.1 “A” equals the fraction (expressed as a decimal) of the Related Interest not allowable as a deduction to the Holder after the effective date of the change;
- 4.3.2 “B” equals the maximum Federal corporate tax rate then in effect on the Holder’s upper marginal taxable income (expressed as a decimal and currently .35); and
- 4.3.3 “C” equals the Holder’s Adjusted Cost of Funds.

- 4.4 If the tax laws or regulations are amended to cause interest on this Note to be taxable, to be subject to minimum tax or other alternative minimum tax, or to otherwise decrease the after tax yield on this Note to the Holder (directly or indirectly, other than a change described in A. Above or because of a Determination of taxability), then the Interest Rate on this Note shall be adjusted to cause the yield on this Note, after payment of any increase in tax, to equal what the yield on this Note would have been in the absence of such change or amendment in the tax laws or regulations.
- 4.5 The above adjustments shall be cumulative, but in no event shall the Interest Rate on this Note, as a result of these adjustments, exceed the maximum rate permitted by law. The above adjustments to the interest rate on this Note shall be effective on the effective date of the applicable change in circumstances or change in the tax laws or regulations. Interest on this Note and all other tax rates and interest rates are expressed as annual rates. However, proper partial adjustment shall be made if the change is effective after the first day of the Holder's tax year (which is currently a calendar year for the Bank) or if interest on this Note does not accrue for the entire tax year of the Holder. Adjustments which create a circular calculation because the Interest Rate on this Note is affected by the calculation shall be carried out sequentially, increasing the Interest Rate on this Note accordingly in each successive calculation using as the new value the increase in the Interest Rate on this Note, until the change on the Interest Rate on this Note caused by the next successive calculation of the adjustment is de minimis.
- 4.6 To the extent an adjustment to the Interest Rate on this Note is not affected within nine (9) months of the event giving rise to the adjustment, the additional interest due as a result of such adjustment shall be paid with interest thereon compounded monthly at the rate which is equal to the Interest Rate on this Note. All unpaid amounts determined to be owing as a result of such calculation shall be due and payable within thirty (30) days after delivery of notice of the amount of such adjustment, and shall be paid to the Holder of record during the period to which the adjustment relates. This obligation shall survive the payment and cancellation of this Note.
- 4.7 Notwithstanding any of the foregoing, it is the intention of the Bank (and any subsequent Holder of this Note) and the Borrower that the interest rate on the Note never exceed the maximum rate permitted by law (the "Maximum Rate"). In the event any of the adjustments provided for in this Section or as a result of this Note bearing interest at the Default Rate would produce an interest rate on this Note in excess of the Maximum Rate, the Holder shall not be entitled to receive interest in excess of the Maximum Rate (herein, such amount is referred to as "Excess Interest"). At any time thereafter, if this Note shall bear interest at an Interest Rate, which is less than the Maximum Rate, the Borrower shall also pay

to the Holder the unpaid Excess Interest until the earlier of (i) the Maturity Date, (ii) the date all of the Excess Interest has been paid, or (iii) any date the combination of the Interest Rate on this Note, plus the Excess Interest, would exceed the Maximum Rate.

5. DEFAULT. In the event of default in the payment of any of the principal or interest, or if the Borrower breaches any other covenant of this Note or of the Loan Agreement, and that breach continues for thirty (30) days after notice to the Borrower: (a) the Holder may by written notice to the Borrower, declare the principal of the Note (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become due and payable immediately, (b) interest shall be paid at the Default Rate, and (c) if the same is collected by an attorney at law, the Borrower agrees to pay all costs and fees of collection, including reasonable attorneys' and paralegals' fees, whether suit be brought or not, including but not limited to those incurred by the Holder in any trial or appellate proceeding.
6. PREPAYMENT. The Borrower may prepay this Note, in whole or in part and on any date, by paying all or part of the principal amount plus interest accrued to the prepayment date, without prepayment penalty or premium. At least ten (10) business days before the prepayment date, the Borrower shall deliver to the Holder written notice of its intent to prepay all or any part of the Note, whereupon the principal amount of the Note specified in such prepayment notice shall be due and payable in full on the prepayment date specified in such notice. Any prepayment shall be applied first to interest and then to principal installments in inverse order of their maturities.
7. NEGOTIABILITY; TRANSFER. This Note is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida. The transfer of this Note shall be registered in the manner provided in the Resolution.
8. WAIVER OF PRESENTMENT. Presentment, demand, protest, Notice of dishonor, and all other notices are waived by the Borrower.
9. SEVERABILITY. In case one or more of the provisions of this Note shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Note and this Note shall be construed and enforced as if such illegal and invalid provision has not been contained therein.
10. NO WAIVER. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other rights under this Note.
11. GOVERNING LAW. This Note shall be deemed to be a contract made under the laws of the State of Florida and for all purposes shall be governed by and construed in accordance with the laws of the state of Florida, without reference to the choice of law rules or the

conflict of law rules of that state.

12. HEADINGS NOT PART HEREOF. The headings and sections in this Note shall be solely for convenience of reference and shall not constitute a part of this Note or affect its meaning, construction or effect.
13. NO DOCUMENTARY STAMP TAX DUE. This Note is an obligation executed by a political subdivision of the State of Florida and therefore no documentary stamp tax is due pursuant to Rules 12B-4.002(3)(b) and 12B-4.054(24), Florida Administrative Code.

IN WITNESS WHEREOF, the Borrower, MADISON COUNTY, a political subdivision of the State of Florida has issued this Note and has caused the same to be signed by the Chair of its Board of County Commissioners, and attested and countersigned by the Clerk of the Circuit Court of Madison County, Florida all as of the Note Date set forth above.

MADISON COUNTY, a political subdivision of
the State of Florida

By: _____
H. ALSTON KELLEY
Chair of its Board of County Commissioners

(SEAL)

ATTEST:

By: _____
WILLIAM WASHINGTON
Clerk of the Circuit Court, Madison County, Florida

Registration Date: January 16, 2019.

Approved as to Form:
DAVIS, SCHNITKER, REEVES & BROWNING, P.A.

By: _____
GEORGE T. REEVES
For the Firm
Attorney for the Borrower

GENERAL CERTIFICATE OF THE BORROWER

The undersigned Chair of the Board of County Commissioners (the “Board”) of Madison County, a political subdivision of the State of Florida (the “Borrower”) and Clerk of the Circuit Court of Madison County, Florida (the “Clerk”), on behalf of the Borrower and in connection with the issuance by the Borrower of its Madison County \$3,750,000 Road Paving Note Series 2019 (the “Note”) and the execution and delivery of a Loan Agreement, dated January 16, 2019 (the “Loan Agreement”), by and between the Borrower and Madison County Community Bank, a Florida Banking corporation (the “Bank”), hereby certify:

1. The Borrower is a duly organized political subdivision of the State of Florida, active, existing, and in good standing under and by virtue of the laws of the State of Florida and, as such, has all requisite power and authority to issue the Note, execute, deliver and perform its obligations under the Loan Agreement and to carry on its business as now being conducted.
2. The names of the members of the Board, which is the governing body of the Borrower, and the dates of commencement and expiration of their respective terms of office and whether they voted on and participated in the instant matter are as follows:

<u>Dist.</u>	<u>Commissioner</u>	<u>Term Begins</u>	<u>Term Ends</u>	<u>Voting and Participating</u>
1	H. Alston Kelly, Chair	Nov., 2016	Nov., 2020	Yes (Voted)
2	Donnie Waldrep, Vice Chair	Nov., 2018	Nov., 2022	Yes (Voted)
3	Ronnie Moore	Nov., 2016	Nov., 2020	No (Abstained)
4	Alfred Martin	Nov., 2018	Nov., 2022	No (Abstained)
5	Rick Davis	Nov., 2016	Nov., 2020	Yes (Voted)

3. William Washington is the duly elected and serving Clerk.
4. The purposes of the Borrower as a political subdivision of the State of Florida are essentially public in nature. The Borrower’s construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads as part of the county road system located within the corporate limits of Borrower as may be directed by the Board, from time to time, will enable the Borrower to serve that public purpose. The terms “road” and “county road system” shall have the meaning given to them in Section 334.03, Florida Statutes.
5. Included in the transcript, of which this Certificate forms a part, is a true, correct, and complete copy of Resolution No. 2019-01-16 adopted by the Borrower and executed by the Chair of the Board and attested by the Clerk on January 16, 2019, (the “Resolution”), authorizing the execution and delivery of the Loan Agreement and the issuance of the

Note by the Borrower and related matters, which was adopted by at least the majority of the members of the Board at a meeting duly called and held at which a requisite number of members of the Board were present and acting throughout, and the Resolution has not been repealed, revoked, rescinded, or otherwise amended, and is in full force and effect on the date hereof.

6. The Note and the Loan Agreement were executed by the Chair of the Board, and attested by the Clerk. On this date, such officers were and are the duly chosen, qualified, and authorized officers to execute and deliver the Loan Agreement and the Note. The seal which has been impressed upon the Loan Agreement, the Note and this Certificate is the legally adopted, proper, and only official seal of the Borrower.
7. The Borrower is not in default in the payment of the principal of or interest on any indebtedness and is not in default under any instrument under and subject to which any indebtedness may be incurred. No event has occurred and is continuing under the provisions of any such instrument which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.
8. The Pledged Revenues (as defined in the Loan Agreement) are not now pledged or encumbered in any manner.
9. The execution, issuance, sale, delivery, and due performance of the Loan Agreement, the Note and the Resolution and the Borrower's compliance with the provisions thereof will not conflict with or constitute on the Borrower's part a breach or a default under any existing law, court or administrative regulation, decree or order, or any agreement, indenture, lease or other instrument to which the Borrower is subject or by which the Borrower is or may be bound.
10. There is no action, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of our knowledge, threatened against or affecting the Borrower wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Resolution or the validity and enforceability of the Loan Agreement and Note.
11. All approvals, consents, authorizations and orders of and filings with any governmental authority or regulatory agency which would constitute a condition precedent to: (i) the adoption of the Resolution and issuance of the Note, and (ii) the execution and delivery of or the performance by the Borrower of its obligations under the Loan Agreement, Note and Resolution and (iii) the completion of the Projects, have been obtained or made and any consents, approvals and orders so received or filings so made are in full force and effect.
12. The Borrower has duly performed all of its obligations under the Resolution to be

performed by it at or before the date hereof. All representations and warranties of the Borrower contained in the Loan Agreement and Resolution are true and correct as of the date hereof as if made on this date.

- 13. The average net interest cost rate for the Note does not exceed a rate computed by adding 150 basis points to The Bond Buyer "20 Bond Index" published immediately preceding the first day of the calendar month in which the Note was sold. The Borrower hereby certifies that the interest rate, as calculated on the date of the initial sale, does not exceed a rate of interest permitted by Section 215.84, Florida Statutes.
- 14. The Borrower has complied with all applicable public bidding requirements.

Witness my hand on behalf of the Borrower as of this 16th day of January, 2019.

Signatures

Official Titles

H. ALSTON KELLEY

Chair of the Board of County
Commissioners of Madison County, Florida

WILLIAM WASHINGTON

Clerk of the Circuit Court of Madison
County, Florida

TAX AND NON-ARBITRAGE CERTIFICATE

Pursuant to Treasury Regulation §1.148-2(b) (2) (I), the undersigned officials of MADISON COUNTY, a political subdivision of the State of Florida (the “Borrower”) hereby certify that the following are the Borrower’s reasonable expectations with regard to the “Madison County \$3,750,000 Road Paving Note Series 2019”, dated January 16, 2019 (the “Note”) sold by the Borrower to MADISON COUNTY COMMUNITY BANK, a Florida Banking corporation (the “Bank”), authorized by the Borrower’s Resolution No. 2019-01-16 (the “Resolution”):

ARTICLE I GENERAL

- 1.2 **AUTHORITY OF UNDERSIGNED.** The undersigned are officers of the Borrower and are charged, among others, with responsibility for executing and issuing the Note and related documents and are acting for and on behalf of the Borrower in executing this Certificate.
- 1.3 **NATURE OF CERTIFICATION.** This Certificate accompanies the transcript of proceedings for the execution of the Note and described the Borrower’s reasonable expectations, as of this date, regarding the amount and use of the Note proceeds and moneys pledged to the repayment of the Note.
- 1.4 **DATE OF CERTIFICATE.** This Certificate is made as of the “issue date”, i.e., the date on which the Borrower receives the purchase price of the Note.
- 1.5 **CAPITALIZED TERMS.** All terms used herein in capitalized form and not otherwise defined shall have the same meanings as ascribed to them in the Loan and Lien Agreement between the Borrower and the Bank dated January 16, 2019 (the “Loan Agreement”).

ARTICLE II PURPOSE

- 2.1 **GOVERNMENTAL PURPOSES.** The Note is being executed for the purposes of financing the construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads as part of the county road system located within the corporate limits of the Borrower as may be directed by the Board, from time to time (the “Projects”). The terms “road” and “county road system” shall have the meaning given to them in Section 334.03, Florida Statutes.
- 2.2 **NO CONTEMPORANEOUS ISSUE.** No other obligations are being sold at substantially the same time, i.e., within 15 days of the date hereof, and sold pursuant to the same plan of financing, which will be paid out of (or will have substantially the same claim to be

paid out of) substantially the same source of funds.

ARTICLE III PROCEEDS AND THE PROJECTS

3.1 Sale Proceeds. The aggregate amount actually or constructively received by the Borrower as a result of the delivery of the Note will be \$3,750,000.00, and no accrued interest will be paid to the Borrower with respect to the Note. The proceeds from the Note will be paid by the Bank to the Borrower as and when requested by the Borrower for the Projects as the Projects proceeds. It is expected that all of the proceeds from the execution of the Note will be expended within 12 months following the date of the Note for the purpose of paying the costs of the Projects.

3.2 THE PROJECTS.

3.2.1 The “Projects” shall have the meaning set out above.

3.2.2 The sale proceeds received from the sale of the Note, including any investment earnings thereon, will be expended on costs of the Projects within three years of the date hereof.

3.2.3 The Borrower’s completion of the Projects and the expenditure of the net sale proceeds of the Note will proceed with due diligence to the completion thereof.

3.2.4 The Borrower has entered into, or within six months of the Issue Date will enter into, a substantial binding obligation to a third party requiring the payment of at least 5 percent of the net sale proceeds of the Note. Such obligation will not be subject to contingencies within the Borrower’s control.

3.3 NO OTHER FUND OR ACCOUNT.

3.3.1 The Note is payable solely from legally available non-ad valorem funds and from a pledge of the Pledged Revenues as defined in the Loan Agreement. No funds or accounts other than those mentioned in this Certificate are expected to be used for, or are expected to be available for, either directly or indirectly, the payment of debt service on the Note.

3.3.2 The sum of the sale proceeds and the anticipated investment earnings thereon, if any, is not greater than the amount necessary to accomplish the purposes set forth herein.

3.3.3 There are no amounts which would have been used for the Projects if the sale proceeds of the Note were not available for such purpose. The weighted average

maturity of the Note does not exceed 120 percent of the reasonably expected economic life of the Projects.

- 3.3.4 The Borrower reasonably expects that 85 percent of the Spendable Proceeds [as defined in Treasury Regulations 1.103-14 (b) (2) (iii)] of the Note will be expended for the governmental purpose of the issue within three years. In addition, not more than 50 percent of the proceeds of the Note will be invested in Nonpurpose Investments having a substantially guaranteed yield for 4 years or more.

ARTICLE IV REBATE

- 4.1 SMALL BORROWER EXCEPTION. The Borrower covenants that it is a governmental unit with general taxing powers, that at least 95 percent of the net proceeds of the Note will be used for local governmental activities of the Borrower, and that the aggregate face amount of all tax-exempt obligations, other than private activity bonds [as defined in Section 141 (a) of the Internal Revenue Code of 1986, as amended (the “Code”)] issued by the Borrower all subordinate entities thereof) during the 2019 calendar year, is not reasonably expected to exceed \$5,000,000.
- 4.2 COMPLIANCE WITH REBATE REQUIREMENT. If necessary, the Borrower covenants and agrees to employ a nationally recognized certified public accountant or other qualified consultant to calculate the amount of any arbitrage rebate due on the investment of the sale proceeds of the Note prior to their expenditure and to advise the Borrower as to compliance with other requirements relating to arbitrage rebate, exceptions therefrom and other related matters. If required then the rebate computation shall be performed annually and any payments required shall be made in accordance with the Loan Agreement, Resolution and the then applicable regulations.
- 4.3 INVESTMENT LIMITATIONS FOR THE PROCEEDS OF THE NOTE. The Borrower understands that the following provisions and procedures also apply to the proceeds of the Note:
- 4.3.1 No portion of the gross proceeds of the Note may be invested, directly or indirectly, in a manner inconsistent with the expectations set forth in Section 3 of this Tax and Non-Arbitrage Certificate.
- 4.3.2 Except as provided below, the Borrower shall not invest five percent or more of the proceeds of the Note in federally insured deposits or accounts or otherwise invest the proceeds of the Note in any obligation the payment of principal or interest on which is (in whole or in part) a direct obligation of or guaranteed by the United States (or any Borrower or instrumentality thereof). Notwithstanding

the preceding sentence, the Borrower may invest the proceeds of the Note in any of the following:

4.3.2.1 Any investment guaranteed by the following agencies of the United States:

- 4.3.2.1.1 Federal Housing Administration;
- 4.3.2.1.2 Veterans Administration;
- 4.3.1.3 Federal National Mortgage Association;
- 4.3.1.4 Federal Home Loan Mortgage Corporation; and,
- 4.3.1.5 Government National Mortgage Association.

4.3.2.2 Any investment described in the following subparagraphs:

- 4.3.2.2.1 Investments during an initial temporary period until such proceeds are needed for the purpose for which the Note was issued;
- 4.3.2.2.2 Investments of amounts in a bona fide debt service fund;
- 4.3.2.2.3 Investments of amounts in a reasonably required reserve fund;
- 4.3.2.2.4 Investments in obligations issued by the United States Treasury; and,
- 4.3.2.2.5 Investments in obligations issued pursuant to section 21B (d) (3) of the Federal Home Loan Bank Act, as amended by section 511 (a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

4.4 RESTRICTIONS ON NON-GOVERNMENTAL USE.

4.4.1 The Borrower does not expect that more than 10 percent of the proceeds of the Note will be either (i) used to make or finance loans to any person other than a governmental unit, or (ii) used for “private business use” as defined in Section 141 (b) (6) of the Code. The Note is not a “private activity bond” as defined in Section 141 (a) of the Code.

4.4.2 The Borrower shall not enter into a management agreement with respect to the

management, operation or use of the Projects with any person or entity other than a state or local government unit unless the management agreement complies with the requirements set forth in Revenue Procedure 93-19.

- 4.5 INFORMATION REPORTING. The Borrower has reviewed the Internal Revenue Service Form 8038-G to be filed in connection with the Note, a copy of which is attached hereto as Exhibit A, and all of the information contained therein is, to the best of the Borrower's knowledge, true and complete.
- 4.6 COVENANT REGARDING REBATE AND EXPENDITURE OF PROCEEDS. The Borrower has covenanted and agreed in the Loan Agreement providing for the issuance and delivery of the Note that it will not, subsequent to the date of the issuance of the Note, intentionally use any portion of the proceeds of the Note to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as may be otherwise permitted by Section 148 of the Code and the regulations promulgated thereunder, and that it will take such action to ensure that the Note does not constitute an "arbitrage bond" within the meaning of Section 148 (a) of the Code or the regulations promulgated thereunder, including, but not limited to, complying with the requirements of section 148 (f) of the Code and the regulations promulgated thereunder and the payments of rebate, if any, required to be made, and that it will expend the proceeds of the Note in compliance with the applicable provisions of section 141 to 149, inclusive, of the Code. The Borrower acknowledges that the Bank has no responsibility for rebate calculations or payments.
- 4.7 ANTI-ABUSE LIMITATION. In connection with the issuance of the Note, the Borrower has not engaged, and will not engage, in any transaction or series of transactions which attempts to circumvent the provision of Section 148 and 149 of the Code, Treasury Regulations Sections 1.148-1 through 1.150-1 or which (a) enables the Borrower to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (b) increases the burden on the market for tax-exempt obligations, including, without limitation, the selling of bonds that would not otherwise be sold, the selling of more bonds than would otherwise be sold, or the issuing of bonds sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

ARTICLE V CONCLUSION

- 5.1 BORROWER MAY CERTIFY ITS NOTE. The Borrower has not been notified that the Commission of Internal Revenue has published in the Internal Revenue Bulletin notice that the Borrower is disqualified from certifying its Note, nor has the Borrower been notified that such disqualification is contemplated.
- 5.2 EXPECTATIONS ARE REASONABLE. To the best of our knowledge and belief, there

are no other facts, estimates or circumstances that would materially change any of the Borrower's expectations as to future events described in this Certificate, and said expectations are reasonable.

5.3 NO ARBITRAGE. Based upon the foregoing, the Borrower does not reasonably expect that the proceeds of the Note will be used in a manner which would cause the Note to be or become an "arbitrage bond" within the meaning of the Code and regulations and has covenanted in the Resolution not to take any action or fail to take any action which would cause the Note to be an "arbitrage bond" within the meaning of the Code and applicable regulations.

IN WITNESS WHEREOF, we have set our hands this 16th day of January, 2019.

MADISON COUNTY, a political subdivision of
the State of Florida

By: _____
H. ALSTON KELLEY
Chair of its Board of County Commissioners

(SEAL)

ATTEST:

By: _____
WILLIAM WASHINGTON
Clerk of the Circuit Court, Madison County, Florida

Approved as to Form:
DAVIS, SCHNITKER, REEVES & BROWNING, P.A.

By: _____
GEORGE T. REEVES
For the Firm
Attorney for the Borrower

EXHIBIT "A"
TO THE TAX AND NON-ARBITRAGE CERTIFICATE
(Internal Revenue Service Form 8038-G)

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

▶ Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Madison County, Florida		2 Issuer's employer identification number (EIN) 59-6000722	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) William Washington, Clerk of the Circuit Court, Madison County, Florida		3b Telephone number of other person shown on 3a 850-973-1500	
4 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 237	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Madison, FL 32341		7 Date of issue January 16, 2019	
8 Name of issue MADISON COUNTY \$3,750,000 ROAD PAVING NOTE SERIES 2019		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) William Washington, Clerk of the Circuit Court, Madison County, Florida		10b Telephone number of officer or other employee shown on 10a 850-973-1500	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13	3,750,000	00
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ▶	18		
19a If bonds are TANs or RANs, check only box 19a			<input type="checkbox"/>
b If bonds are BANs, check only box 19b			<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box			<input type="checkbox"/>

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	June 1, 2023	\$ 3,750,000.00	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	0	00
23 Issue price of entire issue (enter amount from line 21, column (b))	23	3,750,000	00
24 Proceeds used for bond issuance costs (including underwriters' discount)	24		
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27		
28 Proceeds used to refund prior taxable bonds. Complete Part V	28		
29 Total (add lines 24 through 28)	29	0	00
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	3,750,000	00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	▶	N/A	years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	▶		years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	▶		
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	▶		

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____		
c	Enter the EIN of the issuer of the master pool bond ▶ _____		
d	Enter the name of the issuer of the master pool bond ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>		
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box <input type="checkbox"/>		
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box <input type="checkbox"/>		
44	If the issuer has established written procedures to monitor the requirements of section 148, check box <input type="checkbox"/>		
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____		

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ _____ Date

▶ **H. Alston Kelly, Chair Bd. of Co. Com.** Type or print name and title

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			