

**SUMMARY OF
SECOND SUPPLEMENT TO SUBLEASE AGREEMENT WITH
THE UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.**

Terms and Conditions of Sublease

The University of West Florida will enter into an amendment to the existing sublease agreement with the University of West Florida Foundation (the "Foundation") in order to obtain tax-exempt financing for the design and construction of a new 200-bed housing project on the University of West Florida campus.

Property: Approximately 6 acres will be subleased for the Phase I 2002 Project. The existing sublease, when so amended, will encompass a total of approximately 35 acres. The original sublease and the first amendment thereto previously have been approved by the Board (BOR Agenda 9-11-98 and 9-17-99).

Term: Commences September 1, 1998 , and ends August 31, 2038.

Title: Title to the facilities will remain with the Foundation until the debt service is paid. Upon expiration of the lease term or payment of the outstanding debt, title to the facilities will be transferred to the University.

Financing and Refinancing the Project: The Foundation will finance the Phase I 2002 Project by the issuance of a revenue note, and will charge the occupants of the Student Housing System rates sufficient to meet the debt service requirements of the note and the bonds previously issued to finance the Student Housing System. The Foundation shall not refinance the project without the prior approval and written consent of the Board of Education or its successor.

Rent: Annual rent for the sublease will be of nominal consideration at \$10/year; however, the Foundation will pass on any surplus earnings from the rental income and operation of facilities to the University after funding costs of operation and maintenance and funding required reserves. The University has agreed that surplus earnings from prior years will be deposited to a Contingency and Improvement Reserve Fund.

Use of Property: The property will be used for the purpose of designing, constructing, managing and maintaining a new 200 bed student housing complex and maintaining and operating the existing Student Housing System that has been previously subleased to the Foundation.

Construction Standards: The facilities will be constructed to comply with the following codes during execution of the project: current Standard Building code; applicable wind load criteria; National Fire Protection Association codes and regulations, including Life Safety Code; Standard Plumbing Code; Standard Mechanical Code; Standard Gas Code; National Electrical Code, Americans with Disabilities Act of 1990; Florida Accessibility Code for Building Construction; and HUD Fair Housing Act for Multi-family Construction.

Insurance Requirements During Construction: The Foundation will be responsible for ensuring that the following insurance coverages are provided during construction - builder's risk; public liability; worker's compensation; and comprehensive automobile liability.

Management and Maintenance of Housing Project: The Foundation and the University have entered into a management agreement pursuant to which the University operates and maintains the Student Housing System.

Maintenance and Repair Requirements: The Foundation will be responsible for the following - maintaining exterior and interior of the property; maintaining the foundations, roof and structural portions of the facilities; maintaining fixtures; maintaining heating, air conditioning, electrical, plumbing and sewer systems.

Utilities: The Foundation will be responsible for obtaining all necessary utility services, including electricity, water, gas and sewage.

Insurance Requirements During Operation: The Foundation will be responsible for maintaining the following coverages during operation of the project - hazard (building and improvements); worker's compensation and employer's liability; public liability; comprehensive automobile liability.

Alteration or Improvements: The Foundation can make interior alterations or improvements at its own expense. Structural improvements or exterior additions/improvements require the written approval of the university.

Default: Conditions of default include failure to pay monies due; nonperformance of covenants; bankruptcy involving the appointment of a trustee, receiver or liquidator; attempt to mortgage property. If the Foundation fails to cure the default, the Board may repossess the property, terminate the sublease and pursue any remedy provided in law or the Board may file suit without terminating the sublease. If the property is repossessed, the Foundation will still be responsible for the payment of rent and other payments associated with the facilities. The Foundation's lending institution has the option of curing the default.

Damage or Destruction: In the event of damage or destruction, the Foundation will have the responsibility for repairing or reconstructing the facilities, including all fixtures, furnishings, equipment, etc. Hazard insurance proceeds to be used for the repair or reconstruction will be held in a trust by a mutually agreed upon bank Trustee.

Assignment or Subletting: The Foundation cannot assign or sublet the property without the written consent of the Board. However, it may pledge its leasehold interest as security for loans to construct and furnish the project.

Holding Over: If the Foundation is still in possession of the property upon expiration of the sublease, it shall be subject to immediate eviction and shall pay, as liquidated damages, a sum to be determined.