

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT, dated as of March 1, 2011 (the "Agreement"), is by and between the Sumter County Industrial Development Authority (the "Sumter Authority"), an industrial development authority and public body corporate and politic created and existing under the laws of the State of Florida (the "State") and the City of Leesburg, Florida, (the "City") a municipality and a public body corporate and politic, created and existing under the laws of the State of Florida (the "State"), and, and is to be effective upon the filing hereof with the Clerk of the Circuit Court for Sumter County, Florida and with the Clerk of the Circuit Court for Sumter County, Florida as provided in Section 8 below.

RECITALS

The City previously issued its \$75,000,000 City of Leesburg, Florida Hospital Revenue Bonds (The Villages Regional Hospital Project), Series 2006 (the "2006 Bonds") to make a loan to Leesburg Regional Medical Center, Inc. ("LRMC"), LRMC Home Health Services, Inc. ("HHS") and The Villages Tri-County Medical Center, Inc. d/b/a The Villages Health System ("TVHS") to finance the current refunding of the Sumter Authority's Sumter County Industrial Development Authority Adjustable Rate Demand Revenue Bonds, Series 2001 (The Villages Tri-County Medical Center, Inc. Project) and to finance improvements and renovations to The Villages Regional Hospital. The City previously issued its \$40,000,000 City of Leesburg, Florida Hospital Revenue Refunding Bonds (The Villages Regional Hospital Project), Series 2008B (the "2008B Bonds") and its \$35,000,000 City of Leesburg, Florida Hospital Revenue Refunding Bonds (The Villages Regional Hospital Project), Series 2008C (the "2008C Bonds") to make a loan to LRMC, HHS and TVHS to finance a portion of the cost of currently refunding the 2006 Bonds. The City also previously issued its \$7,500,000 City of Leesburg, Florida Taxable Hospital Revenue Refunding Bonds (The Villages Regional Hospital Project), Series 2009B (the "2009B Bonds") to make a loan to LRMC, HHS and TVHS to currently refund a portion of the 2008B Bonds.

The Sumter Authority has been requested by LRMC and TVHS, as the current Members of the Obligated Group under the Master Trust Indenture between such Obligated Group and The Bank of New York Mellon Trust Company, N.A., as Master Trustee (the "Master Trustee") dated as of December 1, 2008 (as supplemented and amended, the "Master Indenture"), to issue its Hospital Revenue Refunding and Improvement Bonds, in one or more series, in an aggregate principal amount not to exceed \$_____ (the "Bonds") to finance a loan (the "Loan") to the Obligated Group under the Master Indenture to finance the current refunding of the 2008C Bonds and the 2009B Bonds (collectively, the "Refunded Bonds") and to finance the acquisition, construction and equipping of renovations and improvements to Leesburg Regional Medical Center and to The Villages Regional Hospital (collectively, the "Project"). The Loan will be made to the Obligated Group pursuant to a Financing Agreement to be entered into between the Sumter Authority and LRMC and TVHS to be dated as of March 1, 2011 (the "Financing Agreement"), pursuant to which LRMC and TVHS will be obligated to repay the Loan in amounts and at the times necessary to pay the principal of and redemption premiums, if any,

and interest on the Bonds. The obligations of LRMC and TVHS under the Financing Agreement will be evidenced and secured by an Obligation of the Obligated Group (currently comprised of LRMC and TVHS) issued under and pursuant to the Master Indenture. The obligations of the Obligated Group under the Master Indenture, including, without limitation, the Obligation issued to evidence and secure the obligations of LRMC and TVHS under the Financing Agreement, are joint and several obligations of the Members of the Obligated Group.

The portion of the Project relating to The Villages Regional Hospital (referred to herein as the "TVHS Project") and the facilities previously refinanced with the proceeds of the Refunded Bonds are located in Sumter County, Florida ("Sumter County") which is within the jurisdiction of the Sumter Authority.

The portion of the Project relating to Leesburg Regional Medical Center (referred to herein as the "LRMC Project") is located within the municipal limits of the City, which is outside the jurisdiction of the Sumter Authority.

TVHS and LRMC have joined together as the Obligated Group under the Master Indenture in order to finance the Project and other health care facilities of such entities by leveraging the improved credit quality afforded by the combined credit quality of the Obligated Group, as opposed to the singular credit quality of TVHS and LRMC individually. The Obligated Group has requested the Sumter Authority and the City to provide for and permit the Sumter Authority to issue the Bonds as a matter of convenience and efficiency and in order to achieve economies of scale and cost and time savings and other efficiencies.

The Sumter Authority and the City, as an accommodation to the Obligated Group, are willing to have the Sumter Authority serve as the issuer of the Bonds in order to promote such convenience and efficiency in financing the Project and the refunding of the Refunded Bonds upon the terms and conditions provided herein. The Sumter Authority and the City are both "Local Agencies" within the meaning of Part II of Chapter 159, Florida Statutes and "Public Agencies" within the meaning of Part I of Chapter 163, Florida Statutes, and are authorized thereby to enter into this Interlocal Agreement to jointly assist the Obligated Group in financing the Project and the refunding of the Refunded Bonds. It is necessary that the Sumter Authority and the City enter into this Interlocal Agreement in order to enable the Sumter Authority to issue the Bonds to finance the Project and the refunding of the Refunded Bonds and thereby assist TVHS and the Obligated Group.

The Bonds will be limited obligations of the Sumter Authority payable solely from the repayment of the Loan by the Obligated Group and other security provided by the Obligated Group and shall not be a general debt, liability or obligation of the Sumter Authority. The Bonds shall not be a debt, liability or obligation of Sumter County or the City and neither Sumter County, the City nor any other political subdivision of the State of Florida nor any agency thereof, other than the Sumter Authority, shall in any way be obligated to pay the principal of, premium, if any, or interest on the Bonds as the same becomes due, and the issuance of the Bonds shall not directly, indirectly or contingently obligate the Sumter Authority

to use any funds of the Sumter Authority or Sumter County or the City to use any of their funds.

In consideration of the mutual agreements contained in this Interlocal Agreement and the joinder herein by the Obligated Group and upon the further consideration of the recitals set forth above, the Sumter Authority and the City agree as follows:

Section 1. Should the Sumter Authority determine to do so and subject to compliance with the terms and conditions of the Master Indenture, the Financing Agreement and hereof, the Sumter Authority is hereby authorized to operate within the jurisdiction of the City to issue the Bonds to make a loan to the Obligated Group to finance the LRMC Project and the refunding of the Refunding Bonds. The Sumter Authority is further authorized to issue refunding bonds from time to time to refund the Bonds or any bonds refunding the indebtedness initially evidenced thereby.

Section 2. This Interlocal Agreement shall in no way be interpreted as a delegation or abrogation of any powers of the City concerning the acquisition and construction of the LRMC Project, including but not limited to zoning, building, land use or any other powers that the City would have in the absence of this Interlocal Agreement, the sole purpose of the Interlocal Agreement is to enable the Sumter Authority to participate in the financing of the LRMC Project and refunding the Refunded Bonds as an accommodation to the Obligated Group as described herein.

Section 3. The City has determined and does hereby declare that: (i) the LRMC Project and the facilities refinanced through the issuance of the Bonds are appropriate to the needs and circumstances of and shall make a significant contribution to the economic growth of the City; shall provide or preserve gainful employment; and shall serve a public purpose of advancing the economic prosperity, the public health and the general welfare of the State of Florida and its people; (ii) the City will be able to cope satisfactorily with the impact of the LRMC Project and will be able to provide or cause to be provided, when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the LRMC Project and on account of any increases in population or other circumstances resulting therefrom; and (iii) the issuance of the Bonds will serve a public purpose of the City.

Section 4. Neither the provisions, covenants or agreements contained in this Interlocal Agreement, nor the Bonds issued pursuant to this Interlocal Agreement shall constitute an indebtedness, liability or pledge of the faith and credit of the City. The issuance of the Bonds pursuant to this Interlocal Agreement shall not directly, indirectly or contingently obligate the City to levy or to pledge any form of taxation whatsoever thereof, or to make any appropriation for their payment.

Section 5. No covenant or agreement contained in this Interlocal Agreement shall be deemed to be a covenant or agreement of any member, officer, agent or employee of Sumter

County, the Sumter Authority or the City in his or her individual capacity, and no member, officer, agent or employee of Sumter County, the Sumter Authority or the City shall be liable personally on this Interlocal Agreement or be subject to any personal liability or accountability by reason of the execution of this Interlocal Agreement.

Section 6. This Interlocal Agreement is being delivered and is intended to be performed in the State of Florida, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of such state. Venue for any legal action related to this Interlocal Agreement shall be Sumter County or Lake County.

Section 7. This Interlocal Agreement does not obligate the Sumter Authority to issue the Bonds.

Section 8. Upon execution hereof by the Sumter Authority and the City, the City shall cause this Interlocal Agreement to be filed with the Clerk of the Circuit Court for Lake County, Florida and the Sumter Authority shall cause this Interlocal Agreement to be filed with the Clerk of the Circuit Court for Sumter County, Florida as provided in Section 163.01(11), Florida Statutes.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have entered into this Interlocal Agreement as of the day and year first written above.

CITY OF LEESBURG, FLORIDA

(SEAL)

By: _____
_____, Mayor

ATTEST:

Betty M. Richardson, City Clerk

Approved as to form and correctness:

By: _____
Fred A. Morrison, City Attorney

STATE OF FLORIDA)
) ss:
COUNTY OF LAKE)

The foregoing instrument was acknowledged before me this _____ day of March, 2011, by _____, Mayor, and by Betty M. Richardson, City Clerk, of the City of Leesburg, Florida. They are personally known to me or have produced _____ and _____, respectively, as identification.

Notary Public - State of Florida

My Commission Expires:

SUMTER COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
_____, Chairman

ATTEST:

_____, Secretary

STATE OF FLORIDA)
) ss:
COUNTY OF SUMTER)

The foregoing instrument was acknowledged before me this _____ day of March, 2011, by _____, Chairman, and by _____, Secretary, of the Sumter Authority. They are personally known to me or have produced _____ and _____, respectively, as identification.

Notary Public - State of Florida

My Commission Expires:

**APPROVAL, ACKNOWLEDGMENT AND JOINDER
OF OBLIGATED GROUP**

In consideration of the accommodation of the Obligated Group by the Sumter Authority and the City in the financing of the Project and the refunding of the Refunded Bonds, as described therein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Leesburg Regional Medical Center, Inc. and The Villages Tri-County Medical Center, Inc., as the Members of the Obligated Group under the Master Trust Indenture referred to therein (the "Obligated Group"), by and through their undersigned authorized officers, hereby jointly and severally approve the Interlocal Agreement to which this document is attached and, by causing this Approval, Acknowledgment and Joinder to be executed by their proper officers as of the date of said Interlocal Agreement, hereby agree as follows:

The Obligated Group shall, upon the issuance of the Bonds shall pay the costs and expenses of the City, including legal expenses, incurred in connection herewith, in an amount not to exceed \$_____.

The Obligated Group agrees to indemnify and hold harmless the City, and its respective officers, employees and agents, from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever (including reasonable fees and expenses of attorneys, accountants, consultants and other experts) arising out of, resulting from, or in any way connected with the Interlocal Agreement or the issuance of the Bonds, other than any such losses, damages, liabilities or expenses arising from the willful misconduct of the City.

The Obligated Group shall provide copies to the City of all notices, statements and other information or filings required to be given, made or filed with the Sumter Authority pursuant to or in connection with the Financing Agreement to be entered into between the Sumter Authority and the Obligated Group in connection with the issuance of the Bonds at the same times and in the same manner as required to be given, made or filed with the Sumter Authority.

Capitalized terms used herein and not defined herein shall have the meanings given such terms in the Interlocal Agreement to which this document is attached.

LEESBURG REGIONAL MEDICAL CENTER, INC.,
a Florida not-for-profit corporation

(SEAL)

By: _____
Name: _____
Title: _____

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of March, 2011, by _____, the _____ of Leesburg Regional Medical Center, Inc. of Florida, on behalf of said corporation. He/she is personally known to me or has produced _____ as identification.

Notary Public - State of _____

My Commission Expires:

THE VILLAGES TRI-COUNTY MEDICAL CENTER, INC.,
a Florida not-for-profit corporation

(SEAL)

By: _____
Name: _____
Title: _____

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of March, 2011, by _____, the _____ of The Villages Tri-County Medical Center, Inc. of Florida, on behalf of said corporation. He/she is personally known to me or has produced _____ as identification.

Notary Public - State of _____

My Commission Expires: