



May 29, 2018

Friends of Recreation, Inc.  
Attention: Board Members  
251 Royal Palm Way, Suite 400  
Palm Beach, Florida 33480

Dear Board Members:

The Northern Trust Company ("Northern") is pleased to offer to you, subject to the terms and conditions hereof, a new up to \$2,500,000 line of credit on the following terms and conditions:

1. Borrower: Friends of Recreation, Inc.
2. Purpose: Line of credit to be used to support construction of a new recreation center by the Town of Palm Beach.
3. Facility: Line of credit.
4. Amount: Up to \$2,500,000.
5. Term: Two years.
6. Interest: Overnight LIBOR plus 200 basis points, floating. There is a 2.00% floor.
7. Repayment Schedule: Interest is payable monthly. The principal and all accrued interest is due in full at maturity.
8. Fees, Etc.: There is no commitment fee.
9. Expenses: Whether or not the contemplated transactions are consummated, the Borrower will pay all fees, costs and disbursements reasonably incurred by Northern including without limitation fees and disbursements of Northern's counsel (including without limitation time charges of attorneys who are Northern employees), cost of collateral field audits or other due diligence investigation, UCC filing and lien search fees, recording and costs incurred in administration and enforcement of the Loan Documents (as defined below).
10. Collateral: A first position UCC filing on pledges to the Borrower.

Draws are available under a borrowing base of up to 100% of eligible pledges. Eligible pledges are scheduled pledges evidenced by a completed, signed pledge card provided to the Bank and reported by the Borrower on a monthly pledge report.

11. Guaranty:

None.

12. Loan Documents,  
Covenants, Etc:

The loan documents will contain such usual types of representations, warranties, covenants, events of default and other conditions as are required by Northern, including but not limited to:

1. Borrower to provide audited financial statement annually within 120 days of year end.
2. Prior to closing, a copy of the Borrower's Board meeting minutes approving Bank financing to be provided.
3. A resolution authorizing an officer/s to sign the loan documents to be provided prior to closing.
4. Advances against pledges are available up to 100% of eligible pledges defined as scheduled pledges evidenced by a completed, signed pledge card that is reported on a monthly pledge report. The monthly pledge report is to be provided to the bank within 10 days of the prior month end.
5. Borrower to apply all collected pledge receipts to the line of credit balance.
6. Copies of all completed, signed pledge cards to be provided to the Bank.
7. Borrower to maintain a deposit account with the Bank for the pledge receipts during the term of the loan.

13. Other Provisions:

Northern's obligation to enter into the credit arrangement described therein is subject to the satisfaction of the following conditions precedent:

(a) Completion of Northern's due diligence examination of the Borrower, the results of which shall be satisfactory to Northern in its sole discretion.

(b) No material litigation shall have been instituted against the Borrower or any affiliate, subsidiary, or contemplated guarantor of any indebtedness of the Borrower to Northern.

(c) No material adverse change, as determined by Northern, shall occur or be revealed in the condition or operations, financial or otherwise, of the Borrower or any affiliate, subsidiary, or contemplated guarantor of any indebtedness of the Borrower to Northern subsequent to the date hereof.

(d) The Borrower shall have executed and delivered definitive loan documents ("Loan Documents") containing terms and provisions satisfactory to Northern, and shall have delivered each other document or agreement required to be delivered under the Loan Documents, each duly executed and each containing terms and provisions in form and substance satisfactory to Northern and its counsel.

(e) All other conditions precedent set forth in the Loan Documents shall have been satisfied.

(f) Northern shall be satisfied that, after giving effect to the initial loans, the Borrower shall have assets (excluding goodwill and other intangible assets not capable of valuation) having value, both at fair valuation and at present fair salable value, greater than the amount of its liabilities, and Northern shall be satisfied that all of the assets supporting the facility shall be sufficient in value to provide the Borrower with sufficient working capital to enable it to thereafter profitably operate its businesses and to meet its obligations as they become due.

Notwithstanding any other provisions of this letter, in the event any law or regulation affecting Northern's entering into the financing transactions contemplated hereby shall impose upon Northern any material obligation, fee, liability, loss, penalty, cost, expense or damage which is not contemplated by this letter, Northern shall have no obligation to fund any Loan to the Borrower.

You hereby agree to indemnify and hold harmless Northern and its directors, officers, employees and agent from and against any and all losses, claims, damages, liabilities and expenses (including, without limitation, fees and disbursements of counsel) which may be incurred by or asserted against any such indemnified party in connection with or arising out of any investigation, litigation, or proceeding, whether or not such indemnified party is a party thereto, related to any transaction or proposed transaction (whether or not consummated) contemplated by this commitment letter or the facility.

Notwithstanding anything to the contrary in the loan documents, the terms and conditions of this Commitment will survive the loan closing. A default by Borrower under this Commitment shall constitute a default under the Note.

If the foregoing is satisfactory, please sign where indicated below and return a signed copy of this letter to Northern Trust.

This commitment letter will expire on the close of business on June 25, 2018 unless accepted by you as provided below or extended in writing by Northern. We look forward to receiving your acceptance and closing this transaction.

Sincerely,

THE NORTHERN TRUST COMPANY

By:   
Cheryl Culp, Senior Vice President

250 Royal Palm Way, Suite 250  
Palm Beach, Florida 33480

The undersigned accepts the within Commitment, and agrees to accept the above described Loan under the foregoing terms and conditions.

BORROWER:

Friends of Recreation, Inc.

By:  \_\_\_\_\_

Date: 06/12/18

**Chairman**

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_