

RESOLUTION NO. 2010-016

A RESOLUTION AMENDING AND RESTATING RESOLUTION NO. 2010-013 OF THE CITY OF PORT ST. JOE, FLORIDA; AUTHORIZING THE ISSUANCE OF THE NOT TO EXCEED \$16,500,000 CITY OF PORT ST. JOE, FLORIDA WATER AND SEWER SYSTEM REFUNDING REVENUE NOTE, SERIES 2010, TO REFUND THE CITY'S OUTSTANDING WATER AND SEWER SYSTEM VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2008 AND TO PAY COSTS OF ISSUANCE RELATED THERETO, SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS CONTAINED HEREIN AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE COMMITMENT; APPOINTING A PAYING AGENT AND REGISTRAR; DESIGNATING THE SERIES 2010 NOTE AS QUALIFIED TAX-EXEMPT OBLIGATIONS WITHIN THE MEANING OF THE INTERNAL REVENUE CODE; APPROVING A FORM OF NOTE AND FORM OF ESCROW DEPOSIT AGREEMENT; RATIFYING PREVIOUS ACTIONS TAKEN BY THE CITY; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission (the "City Commission") of the City of Port St. Joe, Florida (the "Issuer") adopted Resolution No. 08-10 on May 23, 2008 (the "Master Bond Resolution") to authorize the issuance of not to exceed \$16,480,000 City of Port St. Joe, Florida Water and Sewer System Variable Rate Demand Revenue Bonds, Series 2008 (the "Series 2008 Bonds") and the issuance thereafter of "Additional Parity Obligations," as such term is defined therein; and

WHEREAS, although the City Commission adopted Resolution No. 09-08 on March 17, 2009 authorizing not exceeding \$7,750,000 original principal amount of its Water and Sewer System Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), the Issuer never issued such Series 2009A Bonds, and the only bonds presently outstanding under the Master Bond Resolution are the Series 2008 Bonds; and

WHEREAS, the Issuer now desires to restructure the variable rate structure of the Series 2008 Bonds by borrowing funds at a fixed interest rate and to authorize and issue its Water and Sewer System Refunding Revenue Note, Series 2010 (the "Series 2010 Note") and to use the proceeds thereof to currently refund the Series 2008 Bonds in whole and to pay costs of issuance related to the Series 2010 Note; and

WHEREAS, in connection with the issuance of the Series 2008 Bonds, the Issuer entered an Indenture of Trust with Regions Bank, as trustee (the "Trustee"), dated as of June 1, 2008 (the "Indenture"), which Indenture allows for the optional redemption of the Series 2008 Bonds on any Business Day upon providing the holders of the Series 2008 Bonds with notice of such

redemption (the "Redemption Notice") at least 30 days before the redemption date thereof by the Trustee; and

WHEREAS, pursuant to Resolution No. 2010-013 of the Issuer, which is amended and restated hereby, the Redemption Notice was sent by the Trustee to the holders of the Series 2008 Bonds on December 3, 2010, allowing the Series 2008 Bonds to be redeemed by the Issuer 30 days thereafter, on January 3, 2011 (the "Call Date"), provided however, the 30 day notice may be waived (and is expected to be waived) for a portion of the Series 2008 Bonds; and

WHEREAS, the Indenture allows for the optional tender of the Series 2008 Bonds during any Weekly Rate Period (as defined in the Indenture). On December 16, 2010, certain holders of the Series 2008 Bonds tendered their Series 2008 Bonds in the amount of \$16,000,000 (the "Tendered Bonds"), leaving \$160,000 of the Series 2008 Bonds outstanding (the "Outstanding Series 2008 Bonds").

WHEREAS, to pay the purchase price for the Tendered Bonds, moneys were drawn under the irrevocable, direct-pay letter of credit, issued by Regions Bank on June 12, 2008, in favor of the Trustee, for the account of the Issuer (the "Letter of Credit").

WHEREAS, the Issuer has determined it to be in its best interests and to serve a paramount public purpose to amend and restate Resolution No. 2010-013 hereby and to provide in this Resolution for the issuance of the Series 2010 Note for the purposes of reimbursing Regions Bank in the amount of the draw on the Letter of Credit (plus any interest accruing thereon), redeeming the Tendered Bonds on the date of issuance of the Note and redeeming the Outstanding Series 2008 Bonds on the Call Date, and this Resolution shall constitute a Supplemental Resolution for purposes of the Master Bond Resolution; and

WHEREAS, the Series 2010 Note shall be secured by the Pledged Revenues on parity and with an equal lien as to any Additional Parity Obligations that may be issued in the future pursuant to the Master Bond Resolution; and

WHEREAS, the Series 2010 Note shall not be or constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of the Constitution of the State, but shall be payable solely from and secured by a first lien upon and pledge of the Pledged Revenues in the manner and to the extent provided herein and in the Master Bond Resolution, and no Holder or Holders of the Series 2010 Note issued hereunder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form of any real or personal property therein, or to compel the Issuer to pay such principal and interest from any other funds of the Issuer; and

WHEREAS, the Pledged Revenues are not pledged or encumbered in any manner except to the payment of the to be refunded Series 2008 Bonds; and

WHEREAS, Regions Bank (the "Bank") has indicated that it is willing to enter into the Term Sheet, a copy of which is attached hereto as Exhibit A (the "Term Sheet"), with the Issuer pursuant to the terms of which the Bank has agreed to purchase the Series 2010 Note; and

WHEREAS, due to the present volatility of the market, the characteristics of the Series 2010 Note, the need to access the market very quickly, the willingness of the Bank to purchase the Series 2010 Note at an interest rate favorable to the Issuer, and the critical importance of repaying the draw on the Letter of Credit and issuing the Series 2010 Note prior to the end of this calendar year, the Issuer has determined to sell the Series 2010 Note through a negotiated sale to the Bank, and it is hereby determined that it is in the best interest of the public and the Issuer to delegate to the Mayor, the Mayor Pro Tem and/or the City Manager the authority to fix the final details of the Series 2010 Note, and accept the offer of the Bank to purchase the Series 2010 Note at a negotiated sale pursuant to the terms of the Term Sheet, if certain conditions set forth in this Resolution are satisfied; and

WHEREAS, prior to acceptance by the Issuer of the offer of the Bank to purchase the Series 2010 Note, the Bank will provide the Issuer with all applicable disclosure information required by Section 218.385, Florida Statutes; and

WHEREAS, the Issuer desires to make such determinations as are required to afford the Series 2010 Note "bank qualified" status for purposes of Section 265(b)(3) of the Code; and

WHEREAS, the Issuer desires to appoint a paying agent and registrar with respect to the Series 2010 Note; and

NOW THEREFORE BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF PORT ST. JOE, FLORIDA, AS FOLLOWS:

SECTION 1. Amendment and Restatement of Resolution No. 2010-013; Authorization of Series 2010 Note.

(a) Resolution No. 2010-013 of the Issuer, dated December 1, 2010, is hereby amended and restated by this Resolution. Resolution No. 2010-13 shall have no further force or effect.

(b) Subject and pursuant to the provisions hereof and the terms and provisions of the Term Sheet, an obligation of the Issuer to be known as the "Water and Sewer System Refunding Note, Series 2010" is authorized to be issued in the aggregate principal amount of not to exceed \$16,500,000. All covenants, terms and conditions contained in the Master Bond Resolution with respect to the Note shall be applicable to the Series 2010 Note, except as specifically supplemented by this Resolution.

SECTION 2. Award of Sale of the Series 2010 Note; Acceptance and Execution of Term Sheet.

(a) Due to the willingness of the Bank to purchase the Series 2010 Note at interest rates favorable to the Issuer, the present volatility of the market for tax-exempt public obligations such as the Series 2010 Note and the critical importance of repaying the draw on the Letter of Credit and issuing the Series 2010 Note, the Issuer hereby approves the negotiated sale of the Series 2010 Note to the Bank pursuant to the Term Sheet, and authorizes the Mayor, the Mayor Pro Tem and/or the City Manager to execute and deliver, on behalf of the Issuer, the Term Sheet, in the form attached hereto as Exhibit A, which form is hereby approved. The Issuer also hereby authorizes the payment of the one time facility fee to the Bank as provided in the Term Sheet. Bond Counsel and the City Attorney are authorized and directed to proceed (i) to prepare the necessary documents to consummate and (ii) to consummate the delivery of the Series 2010 Note on or before December 31, 2010.

(b) Prior to the issuance of the Series 2010 Note, the Issuer shall receive from the Original Purchaser a Purchaser's Certificate, the form of which is attached hereto as Exhibit B and a Disclosure Letter containing the information required by Section 218.385, Florida Statutes, the form of which is attached hereto as Exhibit C.

SECTION 3. Description of Series 2010 Note. The Series 2010 Note shall be dated its date of delivery; shall be issued in a single denomination in an amount equal to the original principal amount authorized hereunder; shall bear interest payable monthly commencing February 1, 2011, at the rate of interest reflected in the Term Sheet; principal shall be payable semiannually on each December 1 and June 1 commencing June 1, 2011 and continuing through December 1, 2015, in amounts shown in the form of the Series 2010 Note; shall be subject to redemption prior to maturity; and shall have such other characteristics as specified in the Series 2010 Note and in the Term Sheet. The Series 2010 Note may be transferred in Authorized Denominations not less than \$100,000 to an "accredited investor" within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.

SECTION 4. Approval of Form of Series 2010 Note; Execution of Series 2010 Note; Approval of Necessary Action. The text of the Series 2010 Note shall be in substantially the form of Exhibit D hereto, with such omissions, insertions, and variations as may be necessary and desirable, and as may be authorized or permitted by the Resolution or required by the terms of the Term Sheet, and approved by Bond Counsel and the City Attorney. The Mayor, the Mayor Pro Tem, the City Manager and the Clerk are hereby authorized to execute and deliver the Series 2010 Note and to take such other actions and sign such other documents as shall be necessary to consummate the issuance of the Series 2010 Note. The delivery of the Series 2010 Note to the Bank is hereby authorized. The Mayor, the Mayor Pro Tem, the Clerk, the City Manager, and the City Attorney are each designated agents of the Issuer in connection with the execution and delivery of the Series 2010 Note and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf

of the Issuer which are necessary or desirable in connection with the execution and delivery of the Series 2010 Note to the Bank, including, but not limited to, modifications to the Series 2010 Note to conform to or supplement the Term Sheet.

SECTION 5. Application of Series 2010 Bond Proceeds. The proceeds received from the sale of the Series 2010 Note shall be applied by the Issuer simultaneously with the delivery of the Series 2010 Note to the Bank as follows:

(A) An amount equal to the price of the Tendered Bonds on the tender date thereof, at 100% of the principal amount thereof, plus interest accruing on the principal amount of the Tendered Bonds at the rate provided in the Letter of Credit Reimbursement Agreement dated June 1, 2008, as amended on December 13, 2010, by and between the Issuer and the Bank (the "Letter of Credit and Reimbursement Agreement") shall be paid to the provider of the Letter of Credit to reimburse the draw made on the Letter of Credit to purchase the Tendered Bonds; and

(B) The Trustee is hereby directed to make a final draw on the Letter of Credit on the date the Series 2010 Note is issued in an amount sufficient to redeem the Outstanding Series 2008 Bonds that are not Tendered Bonds, which amount shall be deposited into an irrevocable escrow account entered pursuant to the Escrow Deposit Agreement; and

(C) On the date of issue of the Series 2010 Note the proceeds thereof shall be used to reimburse the Bank for all amounts outstanding under the Letter of Credit and Reimbursement Agreement. To the extent necessary, legally available funds of the Issuer may be used for such reimbursement.

(D) The Issuer shall pay and/or reimburse all costs and expenses in connection with the refunding of the Series 2008 Bonds and the preparation, issuance and sale of the Series 2010 Note, including, but not limited to legal, structuring, and accounting fees from legally available funds of the Issuer.

SECTION 6. No Reserve Fund. In the Master Bond Resolution, the Issuer created and established the Reserve Fund and provided that Additional Parity Obligations may be issued without being secured by the Reserve Fund or any account therein to the extent so provided by a Supplemental Resolution. It is hereby determined that the Series 2010 Note shall not be secured by the Reserve Fund or any account therein.

SECTION 7. Authorization of Refunding; Escrow Deposit Agreement. There is hereby authorized the current refunding of the Series 2008 Bonds. The Issuer hereby selects Regions Bank as Escrow Agent. The Issuer hereby authorizes the Mayor to execute the Escrow Deposit Agreement and the City Clerk to attest the same under the seal of the Issuer, and to deliver the Escrow Deposit Agreement to the Escrow Agent for its execution. The Escrow Deposit Agreement shall be in substantially the form attached hereto as Exhibit E, with such changes, amendments, modifications, omissions and additions as may be approved by the

Mayor or Mayor Pro Tem. Execution by the Mayor or Mayor Pro Tem of the Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes.

In addition, the Issuer is authorized to redeem and cancel the Tendered Bonds prior to the Call Date; provided the 30 day notice requirement is waived by the Bank as owner of the Tendered Bonds. A draw has been made on the existing Credit Facility to pay the purchase price of the Tendered Bonds, which draw shall be reimbursed from proceeds of the Series 2010 Note as described herein.

SECTION 8. Tax Covenant. The Issuer covenants to the purchaser of the Series 2010 Note that the Issuer will not make any use of the proceeds of the Series 2010 Note at any time during the term of the Series 2010 Note which, if such use had been reasonably expected on the date the Series 2010 Note was issued, would have caused such Series 2010 Note to be an "arbitrage bond" within the meaning of the Code. The Issuer will comply with the requirements of the Code and any valid and applicable rules and regulations promulgated thereunder necessary to ensure the exclusion of interest on the Series 2010 Note from the gross income of the holders thereof for purposes of federal income taxation.

SECTION 9. Default. Upon an Event of Default (as defined in the Master Bond Resolution), the Bank may charge a default rate of interest of 4.00% greater than the rate of interest on the Series 2010 Note.

SECTION 10. Taxability.

(A) If the tax laws or regulations are amended to cause interest on the Series 2010 Note to become taxable to the extent not otherwise taxable on the date of issuance hereof, or in the event the Holder of the Series 2010 Note is unable to deduct any other amounts as a result of purchasing or carrying the Series 2010 Note, or in the event of a change in the alternative minimum tax or in the method of calculating the alternative maximum tax to which the Holder of the Series 2010 Note may be subject, or in the event of any other tax action which would otherwise decrease the after-tax yield to the Holder of the Series 2010 Note (in each case other than because of a Determination of Taxability described in (B) below or a Loss of Bank Qualified Status described in (C) below; in the event of a Determination of Taxability or a Loss of Bank Qualified Status the provisions of paragraph (D) below would apply), and, in all events, all rights to appeal or contest such determination or declaration have expired or been exhausted and such determination or declaration remains effective, the interest rate on the Series 2010 Note shall be adjusted (retroactively, if necessary) by the Holder of the Series 2010 Note so as to preserve the after-tax yield to the Holder of the Series 2010 Note. The Holder of the Series 2010 Note shall certify to the Issuer in writing the additional amount, if any, due to the Holder of the Series 2010 Note as a result of an adjustment pursuant to this paragraph. To the extent an adjustment to the interest rate on the Series 2010 Note is not effective within three 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 the Series 2010 Note; provided, however, in no event shall such interest rate exceed the maximum rate permitted by law. All unpaid amounts determined to be owing as a result of such calculation shall be due and payable within thirty (30) days after written notice of the amount of such adjustment.

(B) "Determination of Taxability" shall mean interest on the Series 2010 Note is determined or declared, by the Internal Revenue Service or a court of competent jurisdiction to be included in the gross income of the Holder of the Series 2010 Note for federal income tax purposes under the Code and all rights to appeal or contest such determination or declaration have expired or been exhausted and such determination or declaration remains effective.

(C) "Loss of Bank Qualified Status" shall mean the Series 2010 Note is determined not to be a "qualified tax-exempt obligation" within the meaning and contemplation of Section 265(b) of the Code.

(D) Upon the occurrence of a Determination of Taxability, the interest rate on the Series 2010 Note shall be adjusted to a rate of 4.77%, and upon the occurrence of a Loss of Bank Qualified Status, the interest rate on the Series 2010 Note shall be adjusted to a rate of 4.12% (each, an "Adjusted Interest Rate") calculated on the basis of a 360-day year consisting of twelve 30-day months for the actual number of days elapsed, as of and from the date such Determination of Taxability or Loss of Bank Qualified Status is applicable with respect to the Series 2010 Note (each, an "Accrual Date"); and (i) the Issuer shall on the next interest payment date (or if the Series 2010 Note shall have matured, within 30 days after written demand by the Holder of the Series 2010 Note) hereon pay to the Holder of the Series 2010 Note an amount equal to the sum of (1) the difference between (A) the total interest that would have accrued on the Series 2010 Note at the Adjusted Interest Rate from the Accrual Date to such next interest payment date (or maturity date), and (B) the actual interest paid by the Issuer on the Series 2010 Note from the Accrual Date to such next interest payment date (or maturity date), and (2) any interest and penalties required to be paid as a result of any additional federal income taxes imposed upon the Holder of the Series 2010 Note hereof and/or former Holder of the Series 2010 Note hereof arising as a result of such Determination of Taxability or Loss of Bank Qualified Status; and (ii) from and after the Date of the Determination of Taxability or Loss of Bank Qualified Status, the Series 2010 Note shall continue to bear interest at the Adjusted Interest Rate for the period such determination continues to be applicable with respect to this Note. This adjustment shall survive payment of the Series 2010 Note until such time as the federal statute of limitations under which the interest on the Series 2010 Note could be declared taxable under the Code shall have expired. For so long as this Note is owned by the Owner, the Adjusted Interest Rates set forth above assumes a maximum corporate tax rate of 35%. In the event of a change in the maximum corporate tax rate, so long as this Note is owned by the Bank, or its successors and assigns, the Bank shall have the right to adjust such interest rate in order to maintain the same after-tax yield.

SECTION 11. Designation of the Series 2010 Note. The Issuer hereby designates the Series 2010 Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The Issuer and any subordinate entities of the Issuer and any issuer of "tax-exempt" debt that issues "on behalf of" the Issuer do not reasonably expect during the calendar year 2010 to issue more than \$30,000,000 of "tax-exempt" obligations including the Series 2010 Note, exclusive of any private activity bonds as defined in Section 141(a) of the Code (other than qualified 501(c)(3) bonds as defined in Section 145 of the Code).

SECTION 12. Appointment of Registrar and Paying Agent. The City Manager is hereby appointed as the initial Registrar and Paying Agent relating to the Series 2010 Note.

SECTION 13. Ratification of Actions.

(a) The execution and delivery of the First Amendment to Letter of Credit and Reimbursement Agreement, dated December 13, 2010, by and between the Issuer and the Bank is hereby ratified, confirmed and approved. Such amendment lowered the interest rate paid by the Issuer on the Tendered Bonds from prime plus 3% to prime.

(b) The authority and direction to issue the Redemption Notice given in Resolution No. 2010-013 is hereby ratified and confirmed as of the date of such Resolution No. 2010-013.

SECTION 14. Amendments to Master Bond Resolution. The following amendments to the Master Bond Resolution shall be effective upon issuance of the Series 2010 Note and the defeasance of the Series 2008 Bonds. By accepting the Series 2010 Note, the holder thereof will have consented to these amendments which shall apply to the Series 2010 Note and all Additional Parity Obligations which may be issued in the future pursuant to the Master Bond Resolution.

(a) The following definitions in Section 2 of the Master Bond Resolution are hereby added or amended to read as follows:

(i) "Bond Year" shall mean each period commencing on October 1 and ending twelve months later on September 30.

(ii) "Series Cumulative Bond Service Requirement" shall mean for each Series of Bonds, the sum of the Bond Service Requirements for every Bond Year, calculated at the time of issuance of each Series of Bonds.

(iii) "Sewer System Capital Facilities Fees" shall mean the impact fees, if any, imposed by the Issuer upon and collected from new users of the Sewer System which represent an equitable share of the capital costs of the Sewer System which are attributable to the increased demand such additional connections create upon the Sewer System; provided, however, that the amounts to be paid to the St. Joe Company by the City pursuant to the Construction Agreement to be entered related to the WindMark

Beach DRI shall not be deposited herein and do not constitute Pledged Revenues hereunder. The term "Sewer System Capital Facilities Fees" for each Series of Bonds shall not include any amounts in excess of the Series Cumulative Bond Service Requirement multiplied by the Expansion Percentage for the Sewer System.

(iv) "Water System Capital Facilities Fees" shall mean the impact fees, if any, imposed by the Issuer upon and collected from new users of the Water System which represent an equitable share of the capital costs of the Water System which are attributable to the increased demand such additional connections create upon the Water System. The term "Water System Capital Facilities Fees" for each Series of Bonds shall not include any amounts in excess of the Series Cumulative Bond Service Requirement multiplied by the Expansion Percentage for the Water System.

(b) Subsections (J) and (K) are hereby added to Section 16 of the Master Bond Resolution to read as follows:

(J) A Supplemental Resolution may provide for a renewal and replacement fund or other short lived asset fund to be funded from Net Revenues after the funding of the Bond Service Fund in a reasonable amount. Amounts deposited in such account shall be used for (i) improvement to the System or replacement of short lived assets which have a useful life less than the repayment period of the Series of Bonds authorized by such Supplemental Resolution, or (ii) to pay debt service on all Outstanding Bonds if a deficiency exists in the Bond Service Fund and Reserve Fund.

(K) By Supplemental Resolution, the issuer may establish within the Accounts in the Bond Service Fund separate subaccounts for each Series of Bonds. To the extent so established, such separate subaccounts for each Series of Bonds shall be funded on a pro rata basis and shall be on parity with each other).

(c) Subsection (B)(1)(c) of Section 20 of the Master Bond Resolution is hereby amended to read as follows:

(c) Principal Account: Taking into account actual and anticipated earnings in the Principal Account of the Bond Service Fund within the current Bond Year, such sum as will be sufficient to pay one-sixth (1/6th) or one-twelfth (1/12th), or such other portion as appropriate to have on deposit herein the principal amount of the Outstanding Bonds which will mature and become due on the next maturity date beginning the month following the issuance of a Series of Bonds, unless provided otherwise by a Supplemental Resolution or the Indenture; provided, however, that monthly deposits for principal, or portions thereof, shall not be required to be made to the extent that money on deposit within such Principal Account is sufficient for such purpose. Any monthly payment out of Net Revenues to be deposited as set forth above, for the purpose of meeting principal payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of principal payment dates

applicable to such Series. Moneys in the Principal Account may be used only for the purposes set forth in this paragraph (c). The portion of this account relating to the Series 2008 Bonds shall be transferred on a monthly basis to the Series 2008 Principal Subaccount held by the Trustee as required by the terms of the Trust Indenture on a pro rata basis to the transfer to a Series Subaccount, if any, created by a Supplemental Resolution.

(d) Subsections (R) and (S) of Section 20 of the Master Bond Resolution are hereby amended to read as follows:

(R) SEWER SYSTEM CAPITAL FACILITIES FEES. During such time that the amount of Sewer System Capital Facilities Fees previously used to pay debt service on any Series of Bonds does not exceed the Series Cumulative Bond Service Requirement multiplied by the Expansion Percentage related to such Series of Bonds, all Sewer System Capital Facilities Fees, if any, shall be deposited into the Sewer System Capital Facilities Fees Fund. All moneys remaining on deposit in such fund shall be utilized on or before the 26th day of each month and shall be applied by the Issuer as follows:

(1) Such moneys (i) shall, in the case of a deficiency in the Bond Service Fund, first be applied and allocated, together with Water System Capital Facilities Fees pursuant to Section 20(S) hereof on a pro rata basis, to the Bond Service Fund to supplement other Pledged Revenues to be deposited therein or, (ii) may be transferred to the Bond Service Fund at the election of the Issuer in substitution of other Pledged Revenues to be deposited therein. To the extent amounts are transferred from the Sewer System Capital Facilities Fee Fund to the Bond Service Fund, such amounts shall be allocated to a specific Series of Bonds meeting the requirements of this section.

(2) Thereafter, all moneys in the Sewer System Capital Facilities Fees Fund may be applied by the Issuer for any use allowed by law.

Notwithstanding any provision of this Resolution to the contrary, the amount of Sewer System Capital Facilities Fees used for the payment of principal of, redemption premium, if any, and interest on any Series of Bonds shall never exceed the maximum amount permitted by law. In connection with the issuance of any Series of Bonds, the Consulting Engineer shall certify as to the Expansion Percentages for the Sewer System, the Expansion Percentages for the Water System and the Series Cumulative Bond Service Requirements related to every Series of Bonds outstanding under this Resolution at the time of issuance of the Additional Parity Obligations and shall certify as to the amount of Sewer System Capital Facilities Fees and Water System Capital Facilities Fees that have been used to date to pay principal and interest on each respective Series of Bonds since issuance of such Series to the date of such certificate.

(S) WATER SYSTEM CAPITAL FACILITIES FEES. During such time that the amount of Water System Capital Facilities Fees previously used to pay debt service on any Series of Bonds does not exceed the Series Cumulative Bond Service Requirement multiplied by the Expansion Percentage related to such Series of Bonds, all Water System Capital Facilities Fees, if any, shall be deposited into the Water System Capital Facilities Fees Fund. All moneys remaining on deposit in such fund shall be utilized on or before the 26th day of each month and shall be applied by the Issuer as follows:

(1) Such moneys (i) shall, in the case of a deficiency in the Bond Service Fund, first be applied and allocated, together with Sewer System Capital Facilities Fees pursuant to Section 20(S) hereof on a pro rata basis, to the Bond Service Fund to supplement other Pledged Revenues to be deposited therein or, (ii) may be transferred to the Bond Service Fund at the election of the Issuer in substitution of other Pledged Revenues to be deposited therein. To the extent amounts are transferred from the Water System Capital Facilities Fee Fund to the Bond Service Fund, such amounts shall be allocated to a specific Series of Bonds meeting the requirements of this section.

(2) Thereafter, all moneys in the Sewer System Capital Facilities Fees Fund may be applied by the Issuer for any use allowed by law.

Notwithstanding any provision of this Resolution to the contrary, the amount of Water System Capital Facilities Fees used for the payment of principal of, redemption premium, if any, and interest on the Bonds in any Bond Year shall never exceed the maximum amount permitted by law. In connection with the issuance of any Series of Bonds, the Consulting Engineer shall certify as to the Expansion Percentages for the Sewer System, the Expansion Percentages for the Water System and the Series Cumulative Bond Service Requirements related to every Series of Bonds outstanding under this Resolution at the time of issuance of the Additional Parity Obligations and shall certify as to the amount of Sewer System Capital Facilities Fees and Water System Capital Facilities Fees that have been used to date to pay principal and interest on each respective Series of Bonds since issuance of such Series to the date of such certificate

SECTION 15. Impairment of Contract. The Issuer covenants with the Owners of the Series 2010 Note that it will not, without the written consent of the Owner of the Series 2010 Note, enact any ordinance or adopt any resolution which repeals, impairs or amends in any manner adverse to the Owner of the Series 2010 the rights granted to the Owner of the Series 2010 Note hereunder or under the Master Bond Resolution. All provisions of the Master Bond Resolution as altered hereby shall apply to the Series 2010 Note.

SECTION 16. General Authority. The Mayor, the Mayor Pro Tem, the City Manager, the City Clerk, the Finance Director, the City Attorney or any other appropriate officers of the

Issuer are hereby authorized and directed to execute any and all certifications or other instruments or documents required by the Master Bond Resolution and this Resolution, the Series 2010 Note, the Escrow Deposit Agreement or any other document referred to above as a prerequisite or precondition to the issuance of the Series 2010 Note and any such representation made therein shall be deemed to be made on behalf of the Issuer. All action taken to date by the officers of the Issuer in furtherance of the issuance of the Series 2010 Note is hereby approved, confirmed and ratified.

SECTION 17. No Third Party Beneficiaries. Except as may be expressly described herein or in a Supplemental Resolution, nothing in the Master Bond Resolution or this Resolution, or in the Series 2010 Note, expressed or implied, is intended or shall be construed to confer upon anyone of another entity other than the Issuer and the Holders of the Series 2010 Note, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof or the Master Bond Resolution or any provision thereof, or of the Series 2010 Note, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Holders from time to time and the Insurer with respect to the Series 2010 Note, if any.

SECTION 18. Severability. If any one or more of the covenants, agreements or provisions of the Master Bond Resolution or this Resolution shall 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 separable from the remaining covenants, agreements and provisions of the Master Bond Resolution or this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof, thereof or of the Series 2010 Note issued under the Master Bond Resolution or this Resolution.

SECTION 19. No Personal Liability. Neither the members of the City Commission, nor any officials or employees of the Issuer, nor any person executing the Series 2010 Note shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 20. Repeal Of Inconsistent Instruments. All prior resolutions of the Issuer inconsistent with the provisions of this Resolution are hereby repealed to the extent of such conflict and, except as otherwise repealed hereby, shall remain in full force and effect.

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SECTION 21. Effective Date. This Resolution shall take effect immediately upon its adoption

Passed in open and special session by the City Commission of the City of Port St. Joe, Florida this 21st day of December, 2010.

ATTEST:

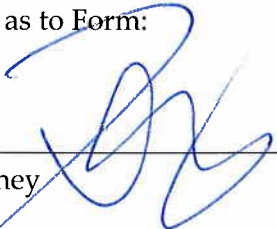
CITY OF PORT ST. JOE, FLORIDA



City Clerk

By: 

Mayor

Approved as to Form:


City Attorney

EXHIBIT A
TERM SHEET

EXHIBIT B

FORM OF PURCHASER'S CERTIFICATE

This is to certify that Regions Bank (the "Purchaser") has not required the City of Port St. Joe, Florida (the "Issuer") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with the issuance of the \$_____ City of Port St. Joe, Florida Water and Sewer System Refunding Revenue Note, Series 2010 (the "Note"), and no inference should be drawn that the Purchaser, in the acceptance of said Note, is relying on Bryant Miller Olive P.A. ("Note Counsel") or Rish, Gibson, Scholz & Groom, P.A. ("City Attorney") as to any such matters other than the legal opinions rendered by Note Counsel and by the City Attorney, respectively. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. 08-10 adopted by the City Commission of the Issuer on May 23, 2008, as amended and supplemented (the "Resolution").

We acknowledge and understand that the Resolution is not being qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act") in reliance upon an exemption contained therein, and is not being registered in reliance upon the exemption from registration under Section 3(a)(2) of the Securities Act of 1933, Section 517.051(1), Florida Statutes, and/or Section 517.061(7), Florida Statutes, and that neither the Issuer, Note Counsel nor the City Attorney shall have any obligation to effect any such registration or qualification.

We are not acting as a broker or other intermediary and are purchasing the Note as an investment for our own account and not with a present view to a resale or other distribution to the public. We understand that the Note may not be transferred except to an "accredited investor" as described below, in minimum denominations of \$100,000 and other restrictions set forth in the Note.

We are a bank as contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the Note for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

We are an "accredited investor" as such term is defined in the Securities Act of 1933, as amended, and Regulation D thereunder.

DATED this __ day of December, 2010.

REGIONS BANK

By: _____
Name:
Title:

EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as purchaser, proposes to negotiate with the City of Port St. Joe, Florida (the "Issuer") for the private purchase of the \$_____ City of Port St. Joe, Florida Water and Sewer System Refunding Revenue Note, Series 2010 (the "Note"), as authorized by Resolution No. 08-10 adopted by the City Commission of the Issuer on May 23, 2008, as amended and supplemented by Resolution No. 2010-__ adopted by the City Commission of the Issuer on December 21, 2010 (collectively, the "Resolution"). Prior to the award of the Note, the following information is hereby furnished to the Issuer:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us (the "Bank") in connection with the issuance of the Note (such fees and expenses to be paid by the Issuer):

2. (a) No fee, bonus or other compensation is estimated to be paid by the Bank in connection with the issuance of the Note to any person not regularly employed or retained by the Bank (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes) except for the fee of the Bank's counsel which will be paid by the Issuer.

(b) No person has entered into an understanding with the Bank, or to the knowledge of the Bank, with the Issuer, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Bank or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Note.

3. The amount of the underwriting spread expected to be realized by the Bank is \$0.

4. The management fee to be charged by the Bank is \$0.

5. Truth-in-Bonding Statement:

The City of Port St. Joe, Florida is proposing to issue \$_____ of debt or obligation for the primary purpose of refunding the City of Port St. Joe, Florida Water and Sewer System Variable Rate Demand Revenue Bonds, Series 2008. The Note is expected to be repaid over a period of approximately 5 years. At a fixed interest rate of 3.25%, total interest paid over the life of the Note will be approximately \$_____.

The source of repayment or security for this proposal is the Net Revenues of the Issuer's Water System and Sewer System as further described in the Resolution. Authorizing this debt or obligation will result in \$_____ of such Net Revenues not being available to finance the other

service of the Issuer each year for approximately five years with a final payment of \$____ coming due at the end of such approximate five year period..

6. The name and address of the Bank is as follows:

Regions Bank
10245 Centurion Parkway
Jacksonville, Florida 32256
Attn: Michael Nursey

DATED this __ day of December, 2010.

REGIONS BANK

By: _____

Name:

Title:

EXHIBIT D

FORM OF SERIES 2010 NOTE

EXHIBIT E

FORM OF ESCROW DEPOSIT AGREEMENT