

AMENDED AND RESTATED
MASTER WATER AND SEWER SYSTEM BOND RESOLUTION
RESOLUTION NO. 2021-16

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RESOLUTION NO. 2021-16

A RESOLUTION AMENDING AND RESTATING RESOLUTION NO. 08-10, AS AMENDED, IN ITS ENTIRETY; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$9,706,000 WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2021 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING DEBT OF THE CITY ATTRIBUTABLE TO THE WATER AND SEWER SYSTEM AND PAYING COSTS RELATED THERETO; PLEDGING CERTAIN NET REVENUES OF THE WATER AND SEWER SYSTEM AND CERTAIN WATER AND SEWER SYSTEM CAPITAL FACILITIES FEES FOR THE PAYMENT OF SUCH BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; AUTHORIZING THE ISSUANCE OF SUCH BONDS IN VARIOUS SERIES; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; REPEALING OTHER INSTRUMENTS; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. Authority for this Resolution. This Resolution is adopted pursuant to Chapter 159, Part I, Chapter 166, Part II, Florida Statutes, the municipal charter of the City of Port St. Joe, Florida, and other applicable provisions of law (collectively, the "Act").

SECTION 2. Definitions. Unless the context otherwise requires, the terms used in this Resolution shall have the meanings specified in this Section 2. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment upon redemption of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a 360-day year.

"Acquired Obligations" shall mean cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, defeased municipal bonds rated AA by S&P or Aa by Moody's (or any combination thereof) or direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank, certificates of beneficial ownership of the Farmers Home Administration, obligations of the Federal Financing Bank, participation certificates of the General Services Administration, Guaranteed Title XI financings of the U.S. Maritime Administration and project notes of the U.S. Department of Housing and Urban Development.

With respect to any Series of Bonds, the definition of Acquired Obligations set forth above may be further limited as set forth in a Supplemental Resolution of the Issuer adopted prior to the issuance of such Bonds.

"Additional Parity Obligations" shall mean additional obligations issued or incurred in compliance with the terms, conditions and limitations contained herein and which (i) shall have a lien on the Pledged Revenues equal to that of the Outstanding Bonds and any Parity Contract Obligations, (ii) shall be payable from the Pledged Revenues on a parity with the Outstanding Bonds and any Parity Contract Obligations, and (iii) shall rank equally in all other respects with the Outstanding Bonds and any Parity Contract Obligations.

"Amortization Installment" shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to any Term Bonds.

"Average Annual Bond Service Requirement" shall mean, as of each date on which a Series of Bonds is issued, the total amount of Bond Service Requirement which is to become due on all Bonds deemed to be Outstanding immediately after the issuance of such Series of Bonds divided by the total number of years for which Bonds are deemed to be Outstanding, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal coming due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds that are to be redeemed from Amortization Installments to be made in prior Bond Years.

"Balloon Indebtedness" shall mean debt twenty-five percent (25%) or more of the original principal amount of which matures during any one Fiscal Year.

"Bond Counsel" shall mean Bryant Miller Olive P.A., or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Service Fund" shall mean the Bond Service Fund created and established pursuant to Section 16 of this Resolution.

"Bond Service Requirement" shall mean, for any Bond Year, at any time, the amount required to be deposited in such Bond Year into the Bond Service Fund, as provided herein including any Reimbursement Obligations (any interest shall not include interest to the extent it is to be paid from a direct subsidy payment expected to be received from the United States Treasury relating to Direct Subsidy Bonds issued pursuant to Section 54AA of the Code, or any other interest subsidy or similar payments made by the Federal government). In calculating such amount, the Issuer shall subtract therefrom any amounts to be transferred from the Project Fund for the purpose of paying interest on the Bonds. With respect to Variable Rate Bonds which are not subject to a Qualified Agreement, if any, the interest rate used to calculate the Bond Service Requirement shall be (i) the actual rate on the date of calculation, or if the indebtedness is not yet outstanding, the initial rate (if established and binding), (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) if the indebtedness has been outstanding for twelve months or less, (1) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus fifty (50) basis points; provided, however, that for purposes of any rate covenant measuring actual debt service coverage during a test period, Variable Rate Bonds which are not subject to a Qualified Agreement shall be deemed to bear interest at the actual rate per annum applicable during the test period. The Bond Service Requirement on debt that constitutes Balloon Indebtedness, whether bearing interest at a fixed interest rate or, Balloon Indebtedness that constitutes Variable Rate Bonds, shall be determined assuming it is amortized over 20 years on an approximately level annual debt service basis. If Bonds are Option Bonds, the date or dates of tender shall be disregarded, unless actually tendered and not remarketed, and the stated maturity dates thereof shall be used for purposes of this calculation, if such Option Bonds are required to be paid from Pledged Revenues hereunder on such date of tender. If the Issuer has entered into a Qualified Agreement with respect to certain Variable Rate Bonds Outstanding hereunder or to be issued hereunder, the interest coming due on such Variable Rate Bonds for purposes of this definition shall be deemed to be based upon the synthetic fixed interest rate under the Qualified Agreement, without giving any regards to fees and expenses incurred in connection with the purchase of a liquidity facility.

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

"Bonds" shall mean (i) the Series 2021 Bonds, and (ii) any Additional Parity Obligations issued hereafter in accordance with the provisions hereof and in accordance with one or more Supplemental Resolutions.

"Capital Appreciation Bonds" shall mean the aggregate principal amount of the Bonds that bear interest payable solely at maturity or upon redemption prior to maturity in the amounts determined by reference to the Accreted Value, all as shall be determined by Supplemental Resolution of the Issuer. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

"Capital Appreciation Income Bonds" shall mean those Bonds initially issued as Capital Appreciation Bonds and which become Serial Bonds when the original issue amount and the Accreted Value equals \$5,000 principal amount or an integral multiple thereof as determined by Supplemental Resolution of the Issuer.

"City Attorney" shall mean the City Attorney of the City, or any assistant or deputy City Attorney of the City.

"City Clerk" shall mean the City Clerk of the City, or any assistant or deputy City Clerk of the City.

"City Manager" shall mean the City Manager of the City, or any assistant or deputy City Manager of the City.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

"Connection Fees" shall mean the charges imposed on those connecting to the System for the actual cost of physically connecting into the System; provided, however, that "Connection Fees" shall not include Sewer System Capital Facilities Fees or Water System Capital Facilities Fees.

"Consulting Engineers" shall mean one or more independent, qualified and recognized consulting engineers or firm of consulting engineers having favorable repute, skill and experience with respect to the planning and operation of the System who shall be retained from time to time by the Issuer.

"Contributions in Aid of Construction" shall mean any amount or item of money, services, or property received by the Issuer, any portion of which is provided at no cost to the System, which represents an addition or transfer to the capital of the System, and which is utilized to offset the acquisition, improvement or construction costs of the System.

"Cost of Operation and Maintenance" of the System shall mean the then current expenses, paid or accrued, in the operation, maintenance and repair of the System, as calculated in accordance with generally accepted accounting principles, including, but not limited to,

general administrative and indirect labor costs, personal services, contractual services, repairs and maintenance, and materials and supplies, but shall not include expenses not annually recurring, any reserve for renewals and replacements, extraordinary repairs or any allowance for depreciation, any Bond Service Requirement, any payments in lieu of taxes, franchise fees or other transfers.

"Credit Facility" or "Credit Facilities" shall mean either individually or collectively, as appropriate, any bond insurance policy, surety bond, letter of credit, line of credit, guaranty or other instrument or instruments that would enhance the credit of the Bonds.

"Credit Facility Issuer" or "Credit Facility Issuers" shall mean the provider or providers of a Credit Facility or Credit Facilities.

"Direct Subsidy Bonds" shall mean any taxable bonds issued by the Issuer pursuant to Section 54AA of the Code for which either (1) the Issuer receives direct subsidy payments in an amount equal to a percentage of the interest paid on such bond, or (2) the holder of such bond receives a tax credit in an amount equal to a percentage of the interest paid on such bond.

"Expansion Percentage" with respect to the Sewer System, shall mean that number, expressed as a percentage, which represents that portion of the total cost of any Project or Projects financed from the proceeds of Bonds which is attributable to any improvements, extensions and additions to the Sewer System, together with all lands or interest therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property real or personal, tangible or intangible, heretofore or hereafter constructed or acquired in order to meet the increased demand upon the Sewer System, whether actual or anticipated, created by new users connecting to the Sewer System, as shall be calculated or re-calculated by the Consulting Engineers and set forth in a certificate delivered each time a Series of Bonds are issued hereunder. Upon completion of a Project, the Consulting Engineers shall adjust the Expansion Percentage to take into consideration proceeds expected to be utilized for Project purposes which in fact were not utilized for Project purposes.

"Expansion Percentage" with respect to the Water System, shall mean that number, expressed as a percentage, which represents that portion of the total cost of any Project or Projects financed from the proceeds of Bonds which is attributable to any improvements, extensions and additions to the Water System, together with all lands or interest therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property real or personal, tangible or intangible, heretofore or hereafter constructed or acquired in order to meet the increased demand upon the Water System, whether actual or anticipated, created by new users connecting to the Water System, as shall be calculated or re-calculated by the Consulting Engineers and set forth in a certificate delivered each time a Series of Bonds are issued hereunder. Upon completion of a Project, the Consulting Engineers shall adjust the Expansion Percentage to take into consideration proceeds expected to be utilized for Project purposes which in fact were not utilized for Project purposes.

"Finance Director" shall mean the Finance Director of the City, or any assistant or deputy Finance Director of the City.

"Financial Advisor" shall mean Ford & Associates, Inc., or any other financial advisor appointed from time to time by the Issuer.

"Fiscal Year" shall mean the period commencing on October 1 of each year and ending on the next succeeding September 30 or such other annual period as may be prescribed by law from time to time for the Issuer.

"Fitch" shall mean Fitch Ratings, and any assigns or successors thereto.

"Gross Revenues" or "Revenues" shall mean all income and earnings, including Connection Fees, received by the Issuer or accrued to the Issuer from the ownership, use or operation of the System and all parts thereof, including, without limitation, unencumbered, non-ad valorem special assessments which are legally available to be used as contemplated hereunder, and shall also include investment income, if any, earned on any fund or account created pursuant to this Resolution, except the Rebate Fund, the Sewer System Capital Facilities Fee Fund, the Water System Capital Facilities Fee Fund, all as calculated in accordance with generally accepted accounting principles, and any payment received by the Issuer as contemplated in Section 27 hereof, but "Gross Revenues" or "Revenues" shall not include proceeds from the sale or other disposition of the System or any part thereof, condemnation awards or proceeds of insurance received with respect to the System, Contributions in Aid of Construction, Sewer System Capital Facilities Fees, Water System Capital Facilities Fees, any direct subsidy payments received from the United States Treasury relating to Direct Subsidy Bonds issued pursuant to Section 54AA of the Code or any other interest subsidy or similar payments made by the Federal government, or unrealized gains or losses from investments.

"Holder" or "Bondholders" or any similar term shall mean any persons who shall be the registered owner of any outstanding Bonds.

"Interest Account" shall mean the special account of the same name created within the Bond Service Fund.

"Interest Date" or "interest payment date" shall be such date or dates for the payment of interest on a Series of Bonds as shall be provided in Section 6 hereof.

"Issuer" or "City" shall mean the City of Port St. Joe, Florida.

"Maximum Bond Service Requirement" shall mean, as of any particular date of calculation, the greatest amount of aggregate Bond Service Requirement for the then current or any future Bond Year, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal coming due on the final maturity

date with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds that are to be redeemed from Amortization Installments which were to be made in Refunded Bond Years.

"Mayor" shall mean the Mayor or Vice Mayor of the City.

"Moody's" or "Moody's Investors Service" shall mean Moody's Investors Services, Inc., and any assigns or successors thereto.

"Net Revenues" shall mean the Gross Revenues or Revenues, after deduction of the Cost of Operation and Maintenance.

"Option Bonds" shall mean Bonds subject to tender for payment prior to their maturity at the option of the Holder thereof.

"Original Purchaser" shall mean Regions Capital Advantage, Inc.

"Outstanding" or "Bonds Outstanding" shall mean all Bonds which have been issued pursuant to this Resolution, except:

(i) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which cash funds or Acquired Obligations or any combination thereof shall have been theretofore irrevocably set aside in a special account with an escrow agent (whether upon or prior to the maturity or redemption date of any such Bonds) in an amount which, together with earnings on such Acquired Obligations, will be sufficient to pay the principal of, interest on and any redemption premium with respect to such Bonds at maturity or upon their earlier redemption; provided that, if such Bonds are to be redeemed before the maturity thereof, notice of such redemption shall have been given according to the requirements of this Resolution or irrevocable instructions directing the timely publication of such notice and directing the payment of the principal of and interest on all such Bonds at such redemption dates shall have been given; and

(iii) Bonds which are deemed paid pursuant to this Resolution or in lieu of which other Bonds have been issued under Sections 11 and 13 hereof.

"Parity Contract Obligation" shall have the meaning set forth in Section 27 hereof.

"Parity Contract Obligation Account" shall mean the special account of the same name created within the Bond Service Fund.

"Paying Agent" shall mean any paying agent for Bonds appointed by or pursuant to a Supplemental Resolution and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to a Supplemental Resolution. Once appointed, no resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent. Each Credit Facility Issuer, if any, shall be furnished with written notice of the resignation or removal of the Paying Agent and the appointment of any successor thereto.

"Permitted Investments" shall mean any of the following if and to the extent the same are legal for investment under the laws of the State and those investments authorized by the Issuer's investment policy, as amended:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation);

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including:

U.S. Treasury obligations (including State and Local Government Series)

- All direct or fully guaranteed obligations
- Farmers Home Administration obligations
- General Services Administration obligations
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA) obligations;

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration

- Federal Financing Bank;

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of this Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other government sponsored agencies approved by the Insurer, or, if a Series of Bonds is uninsured, the holders of at least 51% of the uninsured Bonds;

(5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating on the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated in the highest credit quality ratings from a nationally recognized rating agency;

(8) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized

independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(10) the Local Government Surplus Funds Trust Fund created and established pursuant to Chapter 218, Part IV, Florida Statutes, as amended;

(11) Investment agreements approved in writing by the Insurer or, if a Series of Bonds is uninsured, the holders of at least 51% of the uninsured Bonds (supported by appropriate opinions of counsel); and

(12) Other forms of investments (including repurchase agreements) approved in writing by the Insurer or, if a Series of Bonds is uninsured, the holders of at least 51% of the uninsured Bonds.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Revenues" shall mean (i) the Net Revenues, (ii) the Sewer System Capital Facilities Fees, (iii) the Water System Capital Facilities Fees, and (iv) until applied in accordance with this Resolution, the moneys on deposit in the various funds and accounts created pursuant to this Resolution, except (A) as for the Rebate Fund, (B) to the extent moneys therein shall be required to pay the Cost of Operation and Maintenance in accordance with the terms hereof, and (C) to the extent moneys on deposit in a subaccount of the Reserve Fund or the Project Fund shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions hereof.

"Principal Account" shall mean the special account of the same name created within the Bond Service Fund.

"Project" or "Projects" shall mean any actual, proposed or potential acquisition, addition, extension, supplement, or replacement of the System or joint ownership of similar properties or any interest therein or any right to use the capacity from any facilities or services thereof, or any other lawful purpose related to the System, all as determined by the Issuer and in accordance with plans and specifications on file or to be filed with the Issuer.

"Project Costs" shall mean all costs authorized to be paid from the Project Fund pursuant to Section 18 hereof to the extent permitted under the laws of the State. It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of the Issuer

related to the System which on the date of this Resolution or in the future shall be permitted to be funded with the proceeds of any Series of Bonds pursuant to the laws of the State.

"Project Fund" shall mean the Project Fund created and established pursuant to Section 16 of this Resolution.

"Prudent Utility Practice" shall mean, in respect of any particular municipal utility industry, any of the practices, methods and acts which, in the exercise of reasonable judgment, in light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of such utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

"Qualified Agreement" means, to the extent from time to time permitted pursuant to law, any contract or contracts, in whole or in part, based on the interest rate, currency, cashflow, or other basis desired by the Issuer, including, without limitation, contracts commonly known as current or forward interest rate swap or swaption agreements, currency swap agreements, forward payment conversion agreements, futures, or contracts providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, or contracts to exchange cash flows or a series of payments, or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency, rate, spread, or similar exposure. The contracts or arrangements may also be entered into by the Issuer in connection with or incidental to entering into or maintaining any agreement which secures all or a portion of the Bonds.

"Qualified Agreement Provider" means, an entity whose senior long term obligations, other senior long term obligations or claims paying ability or whose payment obligations under a Qualified Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated at the time of execution of such Qualified Agreement either (i) at least as high as Aa3 by Moody's, or AA- by S&P, or the equivalent thereof by any successor thereto for so long as such rating agency is then maintaining a rating on the Bonds Outstanding, or (ii) any such lower rating categories which each such rating agency then maintaining a rating on the Bonds Outstanding indicates in writing to the Issuer will not, by itself, result in a reduction or withdrawal of its rating on the Bonds Outstanding that is in effect prior to entering into such Qualified Agreement.

"Qualified Independent Consultant" shall mean one or more qualified and recognized independent consultants, having favorable repute, skill and experience with respect to the acts and duties of the Qualified Independent Consultant to be provided to the Issuer, as shall from

time to time be retained by the Issuer to perform the acts and carry out the duties herein provided for such consultants.

"Rebate Fund" shall mean the Rebate Fund created pursuant to Section 16 of this Resolution.

"Record Date" shall mean each date that is 15 days prior to an interest payment date on the Bonds.

"Redemption Account" shall mean the special account of the same name created within the Bond Service Fund.

"Refunded Bonds" shall mean the outstanding City of Port St. Joe, Florida Water and Sewer System Revenue Note, Series 2010, State Revolving Fund Loan DW230110 and State Revolving Fund Loan WW230100, being refunded hereby.

"Refunding Bonds" shall mean that amount of any Series of Bonds, the proceeds of which will be applied to the refunding of any previously issued Bonds.

"Registrar" shall mean the City Clerk for the Series 2021 Bonds or any registrar for the Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution. Once appointed, no resignation or removal of the Registrar shall become effective until a successor has been appointed and has accepted the duties of Registrar. The Credit Facility Issuers shall be furnished with written notice of the resignation or removal of the Registrar and the appointment of any successor thereto.

"Reimbursement Obligation" shall have the meaning set forth in Section 27 hereof.

"Reserve Fund" shall mean the Reserve Fund created and established pursuant to Section 16 of this Resolution.

"Reserve Fund Insurance Policy" shall mean an insurance policy or surety bond deposited in the Reserve Fund in lieu of or in substitution for cash on deposit therein pursuant to Section 19 hereof.

"Reserve Fund Letter of Credit" shall mean an unconditional irrevocable letter of credit or line of credit (other than a Reserve Fund Insurance Policy) deposited in the Reserve Fund in lieu of or in substitution for cash on deposit therein pursuant to Section 19 hereof.

"Reserve Requirement" shall be the lesser of (i) the Maximum Bond Service Requirement with respect to Bonds secured by the Reserve Fund and/or any subaccount created therein, (ii) one hundred twenty-five percent (125%) of the Average Annual Bond Service Requirement with respect to Bonds secured by the Reserve Fund and/or any subaccount created

therein, or (iii) the largest amount as shall not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes with respect to Bonds secured by the Reserve Fund and/or any subaccount created therein; provided, however, the Issuer may establish by Supplemental Resolution a different Reserve Requirement or no Reserve Requirement at all for a Series of Bonds. For the Series 2021 Bonds authorized herein, the Reserve Requirement shall equal \$0.00 and the Series 2021 Bonds shall not be secured by the Reserve Fund or any account therein.

"Resolution" shall mean this Resolution as from time to time may be amended or supplemented by Supplemental Resolution, in accordance with the terms hereof.

"Revenue Fund" shall mean the Revenue Fund created and established pursuant to Section 16 of this Resolution.

"Separately Financed Project" means any Project described as such in Section 26 hereof.

"Serial Bonds" shall mean all of the Bonds other than Term Bonds.

"Series" or "Series of Bonds" or "Bonds of a Series" shall mean all Bonds designated as being of the same Series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Resolution.

"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.

"Series 2021 Bonds" shall mean the Issuer's Water and Sewer System Refunding Revenue Bonds, Series 2021, authorized herein.

"Sewer System" shall mean the complete sewer, wastewater and residential reuse system now owned, operated and maintained by the Issuer and which the Issuer is, or shall be responsible for maintaining, together with any and all acquisitions, improvements, extensions and additions thereto, hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible (including agreements for the providing of such services), now or hereafter constructed and/or owned or used in connection therewith.

"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. 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.

"Sewer System Capital Facilities Fees Fund" shall mean the Sewer System Capital Facilities Fees Fund created and established pursuant to Section 16 of this Resolution.

"State" shall mean the State of Florida.

"Standard & Poor's" or "Standard & Poor's Corporation" or "S&P" shall mean Standard and Poor's Ratings Group and any assigns and successors thereto.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution enacted and becoming effective in accordance with the terms hereof.

"System" or "Water and Sewer System" shall mean, collectively, the Water System and the Sewer System of the Issuer. Upon compliance with the provisions of Section 25 hereof, the term "System" may be deemed to include other utility functions added to the System, including, but not limited to a stormwater system, the acquisition, distribution and sale of natural gas, the providing of electricity, the providing of cable television services, the providing of telecommunication services or other utility functions that are authorized from time to time pursuant to the Act. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interest in properties of the Issuer which the Issuer determines shall not constitute a part of the System for the purpose of this Resolution.

"Term Bonds" shall mean the Bonds other than Serial Bonds which shall be stated to mature on one date, and shall have such Amortization Installments, as shall be determined by Supplemental Resolution of the Issuer.

"Variable Rate Bonds" shall mean obligations issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage at the date of issue for the entire term thereof as shall be determined herein, or by Supplemental Resolution of the Issuer.

"Water System" shall mean the complete water system now owned, operated and maintained by the Issuer or which is proposed to be acquired by and operated and maintained by the Issuer and which the Issuer is, or shall be responsible for maintaining, together with any and all acquisitions, improvements, extensions and additions thereto, hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible (including agreements for the providing of such services), now or hereafter constructed and/or owned or used in connection therewith.

"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.

"Water System Capital Facilities Fees Fund" shall mean the Water System Capital Facilities Fees Fund created and established pursuant to Section 16 of this Resolution.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include every other gender. Words importing the singular number include the plural number, and vice versa.

SECTION 3. Findings. It is hereby ascertained, determined and declared that:

(A) The Issuer has determined that it is in the best interest of the health and welfare of the residents of the City and other users of the System to refund the Refunded Bonds as more particularly described herein.

(B) The Issuer will own, operate and maintain the System and will derive certain revenue from rates, fees, rentals and other charges made and collected for the services of such System, which such revenues are not now pledged or encumbered in any manner except to payment of the Refunded Bonds which will be refunded by the proceeds of the Series 2021 Bonds issued hereunder and certain Bonds held by the United States Department of Agriculture which are expected to be prepaid prior to the issuance of the Series 2021 Bonds.

(C) The costs associated with issuance of the Bonds shall be deemed to include, but not limited to, legal and financial advisory fees and expenses, engineering expenses, fiscal expenses, underwriting fees and expenses, rating agency fees, expenses for estimates of costs and of revenues, accounting expenses, municipal bond insurance premiums, surety policy premiums, if applicable, costs of printing, fees and expenses for the paying agent and registrar, fees and expenses for verification, accrued and capitalized interest, if any, provisions for reserves, and such other fees and expenses as may be necessary or incidental for the financing herein authorized.

(D) Each series of Additional Parity Obligation shall be issued upon approval by Supplemental Resolution of the Issuer and compliance with the terms hereof. The proceeds of any Series of Bonds shall be applied as provided in a Supplemental Resolution.

(E) The principal of and interest and redemption premium on the Bonds and all reserve and other payments shall be payable solely from the Pledged Revenues. The Issuer shall never be required to levy ad valorem taxes on any real or personal property therein to pay the principal of and interest on the Bonds herein authorized or to make any other payments provided for herein. The Bonds shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer or upon any property other than the Pledged Revenues.

(F) The Pledged Revenues are expected to be sufficient to pay all principal of and interest and redemption premium on the Bonds to be issued hereunder, as the same become due, and to make all required deposits or payments required by this Resolution.

SECTION 4. Authorization of the Refunding. The refunding of the Refunded Bonds with the proceeds of the Series 2021 Bonds and other legally available funds of the City is hereby authorized.

SECTION 5. This Resolution to Constitute Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Holders and the Credit Facility Issuer, if any. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of the Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 6. Authorization of Bonds. Subject and pursuant to the provisions hereof, obligations of the Issuer to be known as "Water and Sewer System Revenue Bonds" which may be issued from time to time are hereby authorized to be issued. Such name may be revised to identify the structure of the financing such as adding variable rate or other appropriate description. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is provided in this Resolution or as limited by the Act or by law.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution or Supplemental Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful

money of the United States of America on such dates; all as determined herein or by Supplemental Resolution of the Issuer.

The Bonds shall be issued in such denominations and such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined by Supplemental Resolution of the Issuer. The Issuer may issue Bonds, including Bonds which may be secured by a Credit Facility, all as shall be determined by Supplemental Resolution of the Issuer.

SECTION 7. Description Of the Series 2021 Bonds. (A) The "Water and Sewer System Refunding Revenue Bonds, Series 2021" are hereby authorized to be issued in the aggregate principal amount of not to exceed \$9,706,000, for the purpose of providing funds to refund the Refunded Bonds and paying the costs of issuing the Series 2021 Bonds. Because of the characteristics of the Series 2021 Bonds and the Refunded Bonds, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Series 2021 Bonds, it is in the best interest of the Issuer to accept the offer of the Original Purchaser to purchase the Series 2021 Bonds at a private negotiated sale in accordance with the term sheet of the Original Purchaser attached hereto as Exhibit A (the "Term Sheet").

Prior to the issuance of the Series 2021 Bonds, the Issuer shall receive from the Original Purchaser a Purchaser's Certificate, in substantially the form attached hereto as Exhibit B and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, in substantially the form attached hereto as Exhibit C.

(B) Private Placement. The Issuer acknowledges and agrees that the Lender is purchasing the Series 2021 Bonds in evidence of a privately negotiated loan, and, in that connection, the Series 2021 Bonds shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with DTC or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

(C) Role of Lender. The Issuer acknowledges that the Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to the Series 2021 Bonds and any related information, materials or communications provided by the Lender, the Issuer further acknowledges that: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not

acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to the Series 2021 Bonds and any related information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Issuer has been informed that it should discuss the issuance of the Series 2021 Bonds and any such other information, materials or communications with any and all internal and external advisors and experts that the Issuer deems appropriate with respect to the Series 2021 Bonds and any related information, materials or communications.

(D) Patriot Act. The Issuer represents and warrants to the Lender that neither it nor any of its principals, shareholders, members, partners, or affiliates, as applicable, is a person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Issuer further represents and warrants to the Lender that the Issuer and its principals, shareholders, members, partners, or affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any person named as a Specially Designated National and Blocked Person.

(E) Waiver of Jury Trial. To the extent permitted by applicable law, each of the Issuer and the Lender irrevocably and voluntarily waives any right it may have to a trial by jury with respect to any controversy or claim between the Issuer and the Lender, whether arising in contract or tort or by statute, including but not limited to any controversy or claim that arises out of or relates to this Resolution or the Series 2021 Bonds. This provision is a material inducement for the Lender's determination to enter into this Agreement.

(F) Application of Series 2021 Bond Proceeds. The proceeds, including any accrued interest received from the sale of the Series 2021 Bonds, shall be applied by the Issuer as follows:

(1) The Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2021 Bonds.

(2) A sum which, together with other legally available funds of the Issuer, if any, is equal to the principal of and interest and redemption premiums, if any, on the Refunded Bonds to be redeemed and prepaid, shall be transferred to the Paying Agent or Holders of the Refunded Bonds or the holder of the Refunded Bonds, as applicable, and be used to redeem the Refunded Bonds.

Simultaneous with the delivery of the Series 2021 Bonds, the Issuer is authorized to transfer or cause to be transferred to the Paying Agent or Holders of the Refunded Bonds, moneys, if any, accumulated in any sinking and/or reserve funds which were intended to be used to pay debt service on the Refunded Bonds.

The Issuer hereby ratifies issuance of the redemption notice for the Refunded Bonds for early redemption at a redemption price of 100% of the principal amount of such Refunded Bonds to be redeemed, plus accrued interest thereof to the redemption date.

(G) Reserve Fund. The Issuer hereby determines that the Reserve Requirement for the Series 2021 Bonds shall be \$0.00.

(H) Redemption. Except as provided in the next sentence, on and after September 30, 2028, the Series 2021 Bonds may be redeemed in whole or in part on any date. Notwithstanding the prior sentence, on any date after the date hereof, the Issuer shall be entitled to redeem Series 2021 Bonds in an aggregate principal amount not exceeding \$2,000,000. Such redemptions may be made with ten days advance written notice to the Holder thereof without prepayment penalty, The Issuer shall also pay all accrued interest accrued to the date of prepayment. Principal payments shall be applied to the latest principal installments, in inverse order of maturity.

(I) Registrar and Paying Agent. The City Clerk shall act as the Registrar and the Paying Agent for the Series 2021 Bonds.

(J) Interest Rate and Calculation. The Series 2021 Bonds shall bear interest at the annual rate of 1.64% computed on a 30-day month/360 day year basis.

(K) Principal and Interest Payment. For the Series 2021 Bonds, payments of principal and interest shall occur semi-annually on March 30th and September 30th of each year commencing March 30, 2022. The final maturity date is September 30, 2035.

(L) Interest Rate Adjustments. The following terms and adjustments shall apply to the Series 2021 Bonds.

“Determination of Taxability” means with respect to the Series 2021 Bonds, the circumstance that shall be deemed to have occurred if interest paid or payable on the Series 2021 Bonds becomes includable for federal income tax purposes in the gross income of the Owner as a consequence of any action or inaction by the Issuer. A Determination of Taxability will be deemed to have occurred upon the earlier of (a) a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on the Series 2021 Bonds is or was includable in the gross income of the Owner for Federal income tax purposes as a result of action or inaction of the Issuer, or (b) receipt by the Issuer of an opinion of the Issuer’s Bond Counsel to the effect that an action or inaction by the Issuer has caused or will cause the interest on the Series 2021 Bonds to be includable in the gross income of the Holder for federal income tax purposes. In the case of (a) above, no Determination of Taxability shall be deemed to occur unless the Issuer has been given written notice of such occurrence and, to the extent permitted by law, an opportunity to participate in and seek (for a period not to exceed two years), at the Issuer’s own expense, a final

administrative determination by the Internal Revenue Service or determination by a court of competent jurisdiction (from which no further right of appeal exists) as to the occurrence of such Determination of Taxability.

“Taxable Period” means the period of time between (a) the date that any interest on the Series 2021 Bonds is deemed to be includable in the gross income of the Holder for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability.

“Taxable Rate” means a rate of interest that would provide the Lender with an after-tax yield on the then outstanding principal amount of the Series 2021 Bond equal to the after-tax yield the Lender would have received if a Determination of Taxability had not occurred.

Upon the occurrence of a Determination of Taxability and for as long as the Series 2021 Bonds remains outstanding, assuming no Event of Default shall have occurred and remains ongoing, the Interest Rate on the Series 2021 Bonds shall be converted to the Taxable Rate. In addition, upon a Determination of Taxability, the Issuer shall pay to the Holder (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Series 2021 Bonds during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Series 2021 Bonds borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) and reasonable costs owed by the Holder as a result of the Determination of Taxability. This adjustment shall survive payment of the Series 2021 Bonds until such time as the federal statute of limitations under which the interest on the Series 2021 Bonds could be declared taxable under the Code shall have expired.

Notwithstanding anything herein to the contrary, upon occurrence and during the continuance of an Event of Default hereunder, the Interest Rate on the Series 2021 Bonds shall be the Default Rate. “Default Rate” for the Series 2021 Bonds shall mean the interest rate otherwise applicable to the Series 2021 Bonds plus 3.00%.

SECTION 8. Execution of Bonds. The Series 2021 Bonds shall be in the form included in Section 15 of this Resolution, shall be signed by the Mayor and shall be attested and countersigned by the City Clerk, shall be approved as to form and correctness by the City Attorney, and the official seal of the Issuer shall be imprinted on the Bonds.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such Person remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons who, at the actual time of the execution of such Bond, shall be the

proper officers to sign such Bonds although, at the date of such Bond, such persons may not have been such officers.

SECTION 9. Authentication of Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinbelow set forth, duly executed by the Registrar, as authenticating agent, shall be entitled to any benefit or security under this Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar, and such certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication of all of the Bonds that may be issued hereunder at any one time.

SECTION 10. Exchange of Bonds. Any Bonds, upon surrender thereof at the designated corporate trust office of the Registrar, together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Registrar, may, at the option of the Bondholder, be exchanged for an aggregate principal amount of Bonds of the same Series equal to the principal amount of the Bond or Bonds so surrendered.

The Registrar shall make provision for the exchange of Bonds at the designated corporate trust office of the Registrar.

SECTION 11. Negotiability, Registration and Transfer of Bonds. The Registrar shall keep books for the registration of and for the registration of transfers of Bonds as provided in this Resolution. The transfer of any Bonds may be registered only upon such books and only upon surrender thereof to the Registrar together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such registration of transfer, the Issuer shall execute and the Registrar shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Bond or Bonds so surrendered and of the same Series.

In all cases in which Bonds shall be exchanged, the Issuer shall execute and the Registrar shall authenticate and deliver, at the earliest practicable time, a new Bond or Bonds of the same type (e.g., Serial Bonds will be exchanged for Serial Bonds and Capital Appreciation Bonds will be exchanged for Capital Appreciation Bonds) and of the same Series in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Registrar. The Issuer or the Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of

exchanging or registering the transfer of Bonds under the provisions of this Resolution. Neither the Issuer nor the Registrar shall be required to make any such exchange, registration or transfer of Bonds after the Record Date.

SECTION 12. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Bond, and the interest on any such Bonds shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

SECTION 13. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, cause to be executed, and the Registrar shall authenticate and deliver, a new Bond of like date and tenor as the Bond so mutilated, destroyed, stolen or lost (e.g., Serial Bonds shall be issued in exchange for Serial Bonds and Capital Appreciation Bonds shall be issued in exchange for Capital Appreciation Bonds) in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer and the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered shall be canceled by the Issuer. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 13 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Bonds issued hereunder.

SECTION 14. Provisions for Redemption. The Bonds shall be subject to redemption prior to their maturity, at the option of the Issuer, at such times and in such manner as shall be fixed by the Supplemental Resolution of the Issuer prior to or at the time of sale of such Bonds. The provisions of this Section may be modified as to any Series of Bonds by Supplemental Resolution adopted prior to the issuance thereof.

Unless otherwise provided herein or by Supplemental Resolution, notice of such redemption shall, at least ten (10) days prior to the redemption date, be filed with the Registrar, and mailed by the Registrar on behalf of the Issuer, first class mail, postage prepaid, to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books

hereinbefore provided for on the Record Date, but failure to mail such notice to one or more Holders of such Bonds, or any defect therein, shall not affect the validity of the proceedings for such redemption with respect to Holders of Bonds to which notice was duly mailed hereunder and no defect occurred. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of such Bonds, of one maturity are to be called, the distinctive numbers of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed.

Any notice of optional redemption given pursuant to this Section 14 may state that it is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price, plus interest accrued to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price and accrued interest if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Paying Agent to affected Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Official notice of redemption having been given as aforesaid, such Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Each check or other transfer of funds issued by the Registrar for the purpose of the payment of the redemption price of Bonds being redeemed shall bear the CUSIP number, if any, identifying, by issue and maturity, such Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any such Bond, there shall be prepared for the Holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such partially redeemed Bond. All such Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

SECTION 15. Form of Bonds. The text of the Bonds, together with the certificate of authentication to be endorsed therein, shall be in substantially the following form, with such omissions, insertions and variations as may be necessary, desirable, authorized or permitted by this Resolution or by any Supplemental Resolution adopted prior to the issuance of a Series of Bonds, or as may be necessary if such Bonds or a portion thereof are issued as Capital Appreciation Bonds, Capital Appreciation Income Bonds, Option Bonds, Variable Rate Bonds, or as may be necessary to comply with applicable laws, rules and regulations of the United States and of the State in effect upon the issuance thereof.

[FORM OF BOND]

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF GULF
CITY OF PORT ST. JOE
WATER AND SEWER SYSTEM [REFUNDING] REVENUE BONDS, SERIES 20__

MATURITY DATE: INTEREST RATE: DATED DATE: CUSIP:

Registered Owner:

Principal Amount:

The City of Port St. Joe, Florida (hereinafter called the "Issuer") for value received, hereby promises to pay to the order of the Registered Owner identified above or registered assigns, as herein provided, on the Maturity Date identified above subject to the earlier redemption provisions herein, upon the presentation and surrender hereof [or, if a single holder, upon the due date without presentation or surrender] at the designated office of _____, _____, Florida, as Paying Agent hereof, from the sources hereinafter mentioned, the Principal Amount identified above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said sources, to the Registered Owner hereof by wire transfer or check transmitted to the Registered Owner at his address as it appears on the Bond registration books of the Issuer as it appears on the 15th day of the calendar month preceding the applicable interest payment date, interest on said Principal Amount at the Interest Rate per annum identified above on each _____ 1 and _____ 1 commencing _____ 1, _____ from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which case it shall bear interest from said interest payment date, or unless this Bond is registered and authenticated prior to _____, _____, in which event this Bond shall bear interest from _____, _____.

[Insert Optional and/or Mandatory Redemption Provisions]

Notice of such redemption shall be given in the manner required by the Resolution (as defined below).

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$ _____ of like date, tenor and effect, except as to number, principal amount, maturity, redemption provisions and interest rate, issued to _____, all in full compliance

with Article VIII, Section 2 of the Constitution of the State of Florida, Chapter 159, Part I, Florida Statutes, Chapter 166, Part II, Florida Statutes, the municipal charter of the City of Port St. Joe, Florida, and other applicable provisions of law and Resolution No. 2021-16 duly adopted by the Issuer on September 21, 2021, as amended and supplemented (the "Resolution") and is subject to all the terms and conditions of such Resolution. All capitalized undefined terms used herein shall have the meaning set forth in the Resolution.

[On parity and equal status with the _____, this] This Bond is payable solely from and secured by a pledge of the Net Revenues of the Water and Sewer System levied and collected by the Issuer, and the moneys in certain funds and accounts created pursuant to the Resolution (collectively, the "Pledged Revenues") in the manner and to the extent provided in the Resolution. Reference is made to the Resolution for more complete definition and description of the Water and Sewer System and the Pledged Revenues.

This Bond does not constitute a general indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and it is expressly agreed by the Holder of this Bond that such Bondholder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment of the principal of and interest on this Bond or the making of any debt service fund, reserve or other payments provided for in the Resolution.

It is further agreed between the Issuer and the Holder of this Bond that this Bond and the indebtedness evidenced thereby shall not constitute a lien upon the Water and Sewer System, or any part thereof, or on any other property of or in the Issuer, but shall constitute a lien only on the Pledged Revenues all in the manner provided in the Resolution.

Net Revenues will not be reduced so as to render them insufficient to provide revenues for the purposes provided therefor by the Resolution.

The Issuer has entered into certain covenants with the Holders of the Bonds of this issue for the terms of which reference is made to the Resolution.

It is certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and Statutes of the State of Florida.

This Bond is and has all the qualities and incidents of a negotiable instrument under Article 8 of the Uniform Commercial Code, the State of Florida, Chapter 678, Florida Statutes, as amended.

The transfer of this Bond is registrable by the Bondholder hereof in person or by his attorney or legal representative at the designated office of the Registrar but only in the manner and subject to the conditions provided in the Resolution and upon surrender and cancellation of this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until it shall have been authenticated by the execution by the Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, said City of Port St. Joe, Florida, by resolution duly adopted by its City Commission, has caused this Bond to bear the signatures of its Mayor, to be attested by the signature of its City Clerk, to be approved by the City Attorney, and the official seal of the Issuer to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the ____ day of _____, 20__.

(SEAL)

CITY OF PORT ST. JOE, FLORIDA

Mayor

ATTEST:

APPROVED AS TO FORM AND
CORRECTNESS:

City Clerk

City Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within mentioned Resolution.

Date of Authentication: _____

City Clerk of the City of Port St. Joe, Florida,

By: _____
City Clerk, as
Registrar and Authenticating Agent

ASSIGNMENT AND TRANSFER

For value received the undersigned hereby sells, assigns and transfers unto _____
_____(Please insert Social Security or other identifying number of transferee) _____
_____ the attached bond of the City of Port St. Joe, Florida, and does hereby constitute
and appoint, _____, attorney, to transfer the said Bond on the books kept for
Registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed by _____
[member firm of the New York Stock
Exchange or a commercial bank or a trust
company]

By: _____ (manual or facsimile)
Authorized Officer

NOTICE: No transfer will be registered and no new Bonds will be issued in the name of the transferee, unless the signature to this assignment corresponds with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the transferee is supplied.

[END OF FORM OF BOND]

SECTION 16. Creation of Funds. There are hereby created and established the following funds and accounts, which funds and accounts shall be trust funds for the purposes herein provided and used only in the manner herein provided:

(A) The "City of Port St. Joe Water and Sewer System Revenue Fund" (hereinafter sometimes called the "Revenue Fund") to the credit of which deposits of Gross Revenues shall be made as required by Section 19(A) hereof.

(B) The "City of Port St. Joe Water and Sewer System Bond Service Fund" (hereinafter sometimes called the "Bond Service Fund") to the credit of which deposits shall be made as required by Section 19(B)(1) hereof. In such fund there shall be maintained the following accounts: the Principal Account, the Interest Account, the Parity Contract Obligation Account and the Redemption Account. Within such accounts, there shall be created, established and maintained separate subaccounts for each Series of Bonds.

(C) The "City of Port St. Joe Water and Sewer System Debt Service Reserve Fund" (hereinafter sometimes called the "Reserve Fund") to the credit of which deposits shall be made as required by Section 19(B)(2) hereof.

(D) The "City of Port St. Joe Water and Sewer System Subordinated Debt Service Fund" (hereinafter sometimes called the "Subordinated Debt Service Fund") to the credit of which deposits shall be made as required by Section 19(B)(3) hereof.

(E) The "City of Port St. Joe Water and Sewer System Project Fund" (hereinafter sometimes called the "Project Fund") to the credit of which deposits shall be made as required by a Supplemental Resolution hereto. Within such fund there shall be created, established and maintained separate accounts for each Series of Bonds.

(F) The "City of Port St. Joe Sewer System Capital Facilities Fees Fund" (hereinafter sometimes called the "Sewer System Capital Facilities Fees Fund") to the credit of which deposits shall be made as required by Section 19(R) hereof.

(G) The "City of Port St. Joe Water System Capital Facilities Fees Fund" (hereinafter sometimes called the "Water System Capital Facilities Fees Fund") to the credit of which deposits shall be made as required by Section 19(S) hereof.

(H) The "City of Port St. Joe Water System Rebate Fund" (hereinafter sometimes called the "Rebate Fund") to the credit of which deposits shall be made as required by Section 30 hereof.

The Revenue Fund, the Bond Service Fund (including the accounts and subaccounts therein), the Reserve Fund, the Project Fund (including the accounts therein), the Sewer System Capital Facilities Fees Fund, the Water System Capital Facilities Fees Fund, and any other special funds herein or a Supplemental Resolution established and created shall be held by the Issuer unless provided otherwise herein or by Supplemental Resolution and shall be deemed to be held in trust for the purposes provided herein for such funds. 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 only for 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.

The money in all such funds shall be continuously secured in the same manner as state and municipal deposits are authorized to be secured by the laws of the State of Florida.

Notwithstanding anything herein to the contrary, the cash required to be accounted for in each of the funds and accounts described in this Section 16 except for the Rebate Fund may be deposited in a single bank account, provided that adequate accounting records are

maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds and accounts as herein and therein provided. The designation and establishment of the various funds in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues and assets of the Water and Sewer System for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided.

The Issuer may at any time and from time to time appoint one or more depositaries to hold, for the benefit of the Bondholders, any one or more of the funds, accounts and subaccounts established hereby. Such depository or depositaries shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than ten million dollars (\$10,000,000).

SECTION 17. Disbursements from Project Fund. Moneys on deposit from time to time in the Project Fund shall be used to pay or reimburse the following Project Costs:

(A) Costs incurred directly or indirectly for or in connection with a Project or a proposed or future Project or acquisition including, but not limited to, those for preliminary planning and studies, architectural, construction management services, legal, financial, engineering and supervisory services, labor, services, materials, equipment, accounts receivable, acquisitions, land, rights-of-way, improvements and installation;

(B) Premiums attributable to all insurance required to be taken out and maintained during the period of construction with respect to a Project to be acquired or constructed, the premium on each surety bond, if any, required with respect to work on such facilities, and taxes, assessments and other charges hereof that may become payable during the period of construction with respect to such a Project;

(C) Costs incurred directly or indirectly in seeking to enforce any remedy against a contractor or subcontractor in respect of any default under a contract relating to a Project or costs incurred directly or indirectly in defending any claim by a contractor or subcontractor with respect to a Project;

(D) Financial, legal, accounting, appraisals, title evidence and printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of such Series of Bonds;

(E) Capitalized interest funded from Bond proceeds, if any, for a reasonable period of time;

(F) Any other incidental and necessary costs including without limitation any expenses, fees and charges relating to the acquisition, construction or installation of a Project, and the making of extraordinary repairs, renewals and replacements, decommissioning or retirement of any portion of the System, including the cost of temporary employees of the Issuer retained to carry out duties in connection with the acquisition, construction or erection of a Project and costs related to transition of such Project into ownership by the Issuer;

(G) Costs incurred directly or indirectly in placing any Project in operation in order that completion of such Project may occur;

(H) Costs of acquiring an existing Water and Sewer System from a Person, including but not limited to the costs relating to any real estate transaction related thereto;

(I) Any other costs relating to the System authorized pursuant to a Supplemental Resolution of the Issuer and permitted under the laws of the State subject to the prior written approval of Bond Counsel; and

(J) Reimbursements to the Issuer for any of the above items hereinbefore paid by or on behalf of the Issuer, to the extent deemed permissible by Bond Counsel.

Notwithstanding anything else in this Resolution to the contrary, in the Event of Default, the trustee acting for the Holders of Bonds and the Credit Facility Issuer, if any, shall, to the extent there are no other available funds held hereunder, use the remaining funds in each account of the Project Fund to (i) reimburse the Credit Facility Provider for any amounts due, including unreimbursed draws under the Credit Facility and (ii) to pay principal and interest on the Series of Bonds to which such funds relate and were provided by.

SECTION 18. Special Obligations of Issuer. The Bonds and any Parity Contract Obligations shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of the Constitution of the State, but shall be payable solely from and secured by a first lien upon and a pledge of the Pledged Revenues as herein provided. No Holder or Holders of any Bonds issued hereunder or Qualified Agreement Provider 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.

The payment of principal of and interest on the Bonds and any Parity Contract Obligations shall be secured forthwith equally and ratably by, and the Issuer hereby grants to the Bondholders and any Qualified Agreement Provider (to the extent set forth in the related Qualified Agreement) an irrevocable lien on the Pledged Revenues, prior and superior to all

other liens or encumbrances on such Pledged Revenues and the Issuer does hereby irrevocably pledge such Pledged Revenues to the payment of the principal of, redemption premium, if any, and interest on the Bonds and any Parity Contract Obligations, for the reserves therefor and for all other payments required hereunder. Such amounts hereby pledged and assigned shall immediately be subject to the lien of this pledge without any further physical delivery thereof or any 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 Issuer, irrespective of whether such parties have notice thereof.

SECTION 19. Covenants of the Issuer. For so long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid or until the Issuer has made provision for payment of principal, interest and redemption premiums, if any, with respect to the Bonds, as provided herein, the Issuer covenants with the Holders of any and all Bonds as follows:

(A) REVENUE FUND. All Gross Revenues of the System and any direct subsidy payments received from the United States Treasury relating to Direct Subsidy Bonds issued pursuant to Section 54AA of the Code or any other interest subsidy or similar payments made by the Federal government shall, upon receipt thereof, be deposited in the Revenue Fund. All deposits into such Revenue Fund shall be deemed to be held in trust for the purposes herein provided and used only for the purposes and in the manner herein provided.

(B) DISPOSITION OF REVENUES. All amounts on deposit in the Revenue Fund shall be disposed of monthly, but not later than the twenty-fifth (25th) day of each month commencing in the month immediately following the delivery of the Series 2021 Bonds only in the following manner and the following order of priority:

(1) The Issuer shall first fund the Cost of Operation and Maintenance for the next month.

(2) The Issuer shall next deposit into the Bond Service Fund and credit to the following accounts and subaccount on a pro rata basis for each Series of Bonds outstanding, in the following order (except that payments into the subaccounts of the Interest Account and the subaccounts of the Parity Contract Obligations Account shall be on parity with each other, and the payments into the subaccounts of the Principal Account and the subaccounts of the Redemption Account shall be on a parity with each other), the following identified sums:

(a) Interest Account: Taking into account actual and anticipated earnings in the Interest Account of the Bond Service Fund within the current Bond Year, such sum as will be sufficient to pay one-sixth (1/6th) of all interest coming due on all Outstanding Bonds on the next interest payment date; provided, however, that monthly deposits of interest, or portions thereof, shall not be required to be made to the extent that money on deposit within such

Interest Account is sufficient for such purpose. In the event the Issuer has issued Variable Rate Bonds pursuant to the provisions hereof, amounts transferred from the Revenue Fund shall be deposited at such other or additional times and amounts as necessary to pay any interest coming due on such Variable Rate Bonds on the next interest payment date, all in the manner provided in a Supplemental Resolution of the Issuer. Any monthly payment out of from such amounts to be deposited as set forth above, for the purpose of meeting interest payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of interest payment dates applicable to such Series. Moneys in the Interest Account may be used only for the purposes set forth in this paragraph (a). Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to timely pay interest next becoming due and payable after making allowance for any accrued and capitalized interest, and to make up any deficiency or loss that may otherwise arise in such fund or account. Any direct subsidy payments received from the United States Treasury relating to Direct Subsidy Bonds issued pursuant to Section 54AA of the Code or any other interest subsidy or similar payments made by the Federal government shall be used to pay interest on Bonds issued as Direct Subsidy Bonds.

(b) Parity Contract Obligations Account: Taking into account the actual and anticipated earnings in the Parity Contract Obligations Account in the Bond Service Fund within the current Bond Year, a pro rata estimated amount necessary to build up over time the amount of any Parity Contract Obligation which will next be due and payable or reasonably expected to be due and payable under any Qualified Agreement on the next payment date thereunder; provided, however, that the monthly amount to be so deposited may be adjusted, as appropriate, to reflect the frequency of payment dates thereunder (e.g., if such Parity Contract Obligations are required to be paid semi-annually, the Issuer shall be required to deposit monthly an amount which is estimated to equal one-sixth (1/6th) of the next such payment). Moneys in the Parity Contract Obligations Account may be used only for the purposes set forth in this paragraph (b). A separate subaccount shall be established by a Supplemental Resolution for each Qualified Agreement.

(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 from amounts transferred from the Revenue Fund 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). Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to timely pay Amortization Installments next becoming due and payable and to make up any deficiency or loss that may otherwise arise in such fund or account.

(d) Redemption Account: Taking into account actual and anticipated earnings in the Redemption 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 Amortization Installment established for the mandatory redemption of Outstanding Bonds on such maturity date beginning the month which is six (6) or twelve (12) months, as appropriate, prior to the first Amortization Installment date; provided, however, that monthly deposits into the Redemption Account, or portions thereof, shall not be required to be made to the extent that money on deposit in the Redemption Account is sufficient for such purpose. Any monthly payment out of the Revenues Fund for the purpose of meeting Amortization Installments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of dates established for Amortization Installments applicable to such Series. The moneys in the Redemption Account shall be used solely for the purchase or redemption of the Term Bonds payable therefrom. The Issuer may at any time purchase any of said Term Bonds at prices not greater than the then redemption price of said Term Bonds. If the Term Bonds are not then redeemable prior to maturity, the Issuer may purchase said Term Bonds at prices not greater than the redemption price of such Term Bonds on the next ensuing redemption date. If Term Bonds are so purchased by the Issuer, the Issuer shall credit the account of such purchased Term Bonds against any current Amortization Installment to be paid by the Issuer. If the Issuer shall purchase or call for redemption in any year Term Bonds in excess of the Amortization Installment requirement for such year, such excess of Term Bonds so purchased or redeemed shall be credited in such manner and at such times as the Issuer shall determine. Moneys in the Redemption Account in the Debt Service Fund may be used only for the purposes set forth in this paragraph (d). Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to timely pay Amortization Installments next becoming due and payable and to make up any deficiency or loss that may otherwise arise in such fund or account.

(3) To the extent that the amounts on deposit in the Reserve Fund (or any subaccount therein) are less than the applicable Reserve Requirement, the Issuer shall next make deposits into the Reserve Fund (or any subaccount therein) in the manner described below from moneys remaining in the Revenue Fund. Any withdrawals from the Reserve Fund (or any subaccount therein) shall be subsequently restored from the first moneys available in the Revenue Fund (or any subaccount therein), after all required current payments for Cost of Operation and Maintenance as set forth above and all current applications and allocations to the Bond Service Fund, including all deficiencies for prior payments have been made in full. Notwithstanding the foregoing, in case of withdrawal from the Reserve Fund (or any subaccount therein), in no event shall the Issuer be required to deposit into the Reserve Fund (or any subaccount therein) an amount greater than that amount necessary to ensure that the difference between the Reserve Requirement and the amounts on deposit in the Reserve Fund (or any subaccount therein) on the date of calculation shall be restored not later than sixty (60) months after the date of such deficiency (assuming equal monthly payments into the Reserve Fund (or any subaccount therein) for such sixty (60) month period).

Notwithstanding anything herein, the Issuer may establish a separate subaccount in the Reserve Fund for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Fund, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Fund or any other subaccount therein. Moneys in a separate subaccount of the Reserve Fund shall be maintained at the Reserve Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Requirement relating to such separate subaccount of the Reserve Fund at such level as the Issuer deems appropriate. Moneys shall be deposited in the separate subaccounts in the Reserve Fund on a pro-rata basis.

Notwithstanding any other provision contained herein, no deposit in the Reserve Fund or any account therein shall be required in connection with the issuance of the Series 2021 Bonds and the Series 2021 Bonds are not secured by the Reserve Fund or any account therein.

A series of Bonds may be issued without being secured by the Reserve Fund or any account therein to the extent so provided by a Supplemental Resolution. Further, a Supplemental Resolution may for the deposit of a Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit and requirements surrounding the deposit thereof.

Moneys in the Reserve Fund and subaccounts therein shall be used only for the purpose of the payment of Amortization Installments, principal of, or interest on the

Outstanding Bonds secured thereby when the other moneys allocated to the Bond Service Fund are insufficient therefor, and for no other purpose.

Permitted Investments on deposit in the Reserve Fund shall be valued at fair value pursuant to generally accepted accounting principles at least annually. In the event of the refunding of any Series of Bonds, the Issuer may withdraw from the Reserve Fund or subaccount securing such Series, all or any portion of the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts as required by the resolution authorizing the refunding of such Series of Bonds; provided that such withdrawal shall not be made unless (a) immediately thereafter, the Bonds being refunded shall be deemed to have been paid pursuant to the provisions hereof, and (b) the amount remaining in the Reserve Fund after giving effect to the issuance of such refunding obligations and the disposition of the proceeds thereof shall not be less than the Reserve Requirement for any Bonds then Outstanding which are secured thereby.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next deposit into the Subordinated Debt Service Fund an amount required to be paid as provided in the resolution or agreement of the Issuer authorizing such Subordinated Debt, but for no other purposes.

(5) The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used for any lawful purpose of the Issuer; provided, however, that none of such moneys shall be used for any purposes other than those hereinabove specified unless all current payments, including any deficiencies for prior payments, have been made in full and unless the Issuer shall have complied fully with all the covenants and provisions of this Resolution.

(C) INVESTMENTS. Moneys in any fund or account created hereunder may be invested and reinvested in Permitted Investments which mature not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund. All income on such investments, except as otherwise provided, shall be deposited in the respective funds and accounts from which such investments were made and be used for the purposes thereof unless and until the maximum required amount (or, with respect to the Project Fund, the amount required to acquire, construct and erect the Project) is on deposit therein, and thereafter shall be deposited in the Revenue Fund.

In determining the amount of any of the payments required to be made pursuant to this Section 19(C), credit may be given for all investment income accruing to the respective funds and accounts described herein, except as otherwise provided.

(D) OPERATION AND MAINTENANCE. The Issuer will maintain the System and all parts thereof in good condition and will operate the same in an efficient and economical

manner, making such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof.

(E) RATE COVENANT. The Issuer will fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide,

(i) Net Revenues in each Fiscal Year sufficient to pay one hundred ten percent (110%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year, or

(ii) Net Revenues in each Fiscal Year sufficient to pay one hundred five percent (105%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year; and Net Revenues, Water System Capital Facilities Fees and Sewer System Capital Facilities Fees in each Fiscal Year sufficient to pay at least one hundred twenty percent (120%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year.

In addition to compliance with either subparagraph (i) or (ii) above, Net Revenues in each Fiscal Year shall also be sufficient to provide one hundred percent (100%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year, any amounts required by the terms hereof to be deposited into the Reserve Fund or with any Credit Facility Issuer as a result of a withdrawal from the Reserve Fund and debt service on other obligations payable from the Revenues of the System, and other payments, and all allocations and applications of revenues herein required in such Fiscal Year.

Net Revenues shall not be reduced so as to render them insufficient to provide revenues for the purposes provided therefor by this Resolution. Nothing herein will obligate the Issuer to impose Sewer System Capital Facilities Fees or Water System Capital Facilities Fees.

(F) BOOKS AND ACCOUNTS; AUDIT. The Issuer shall keep proper books, records and accounts, separate and apart from all other records and accounts, showing correct and complete entries of all transactions of the System, and the Credit Facility Issuer or Holders of any of the Bonds or any duly authorized agent or agents thereof shall have the right at any and all reasonable times to inspect such books, records and accounts. The Issuer shall, within two hundred seventy (270) days following the close of each Fiscal Year of the Issuer, cause an audit of such books, records and accounts to be made by an independent firm of certified public accountants.

Copies of each such audit report shall be placed on file with the Issuer and be made available at reasonable times for inspection by Holders of the Bonds.

(G) DISPOSITION OF SYSTEM.

The System may be sold or otherwise disposed of as a whole or substantially as a whole, only if the net proceeds to be realized, together with other moneys available for such purpose, shall be sufficient to fully retire all of the Outstanding Bonds issued pursuant to this Resolution and all interest thereon to their respective dates of maturity or earlier redemption dates and to make any termination payments required under any Qualified Agreement. The proceeds from such sale or other disposition of the System shall immediately be deposited first in the Bond Service Fund and then in the Subordinated Debt Service Fund and shall be used only for the purpose of paying Parity Contract Obligations, and paying the principal of and interest on the Bonds and Subordinated Debt as the same shall become due, or the redemption of callable Bonds and Subordinated Debt, or the purchase of Bonds and Subordinated Debt at a price not greater than the redemption price of said Bonds and Subordinated Debt, or, if the Bonds or Subordinated Debt are not then redeemable prior to maturity, at prices not greater than the redemption price of such Bonds or Subordinated Debt on the next ensuing redemption date.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease, exchange or otherwise dispose of any of the tangible property or ownership interest in tangible property comprising a part of the System in the following manner, if any one of the following conditions exist: (a) such property is not necessary for the operation of the System or (b) such property is not useful in the operation of the System or (c) such property is not profitable in the operation of the System.

Prior to any sale, lease, exchange or other disposition of said property:

(1) if the amount to be received therefor is not in excess of one-half (1/2) of one percentum (1%) of the value of the gross plant investment in the System, the officer of the Issuer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought, may determine that such property comprising a part of such System is either no longer necessary, useful or profitable in the operation thereof.

(2) if the amount to be received therefor is in excess of one-half (1/2) of one percentum (1%) of the value of the gross plant investment in the System, the officer of the Issuer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought and the Consulting Engineers shall each first make a finding in writing determining that such property comprising a part of such System is either no longer necessary, useful or profitable in the operation thereof, and the Issuer shall, by resolution duly adopted, approve and concur in the finding of such authorized officer and the Consulting Engineers.

The net proceeds realized from such disposal of a part of the System shall be used for any capital expenditures in connection with the System or the purchase or redemption of Outstanding Bonds.

Notwithstanding any other provision of this Section 19(G) or this Resolution to the contrary, except for the initial paragraph of this Section 19(G), the Issuer may sell, lease, exchange or otherwise dispose of tangible property or an ownership interest in tangible property comprising a part of the System provided the duly authorized officer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought, and the Qualified Independent Consultant each make a finding in writing, adopted and confirmed by resolution of the Issuer, determining that (i) such sale, lease, exchange or other disposition will not materially impair or restrict the Issuer's ability to realize Gross Revenues in compliance with the requirements therefor as set forth herein, and (ii) such sale, lease, exchange or other disposition is in the economic best interests of the Issuer.

Notwithstanding any other provision of this Section 19(G) or this Resolution to the contrary, the Issuer may transfer ownership and/or operation of all or a portion of the System to any public body authorized by the laws of the State to own and/or operate such System on an installment sale basis provided that the Issuer (i) has received an opinion of Bond Counsel stating the federal income tax exemption of the interest on the Bonds (not including taxable Bonds) will not be affected and has received an opinion of Bond Counsel stating that such sale is not prohibited by any applicable Florida law, and (ii) the Issuer adopts a resolution to the effect that, based upon such certificates and opinions of its Consulting Engineers, independent certified public accountants, Bond Counsel or other Qualified Independent Consultant as the Issuer shall deem necessary, desirable or appropriate, such transfer will not materially adversely affect the rights of the Holders of the Bonds.

(H) INSURANCE. The Issuer shall provide protection for the System both in accordance with the requirements of all agreements, if any, to which the Issuer may at the time be a party with respect to joint ownership of properties by the Issuer with others which is part of the System, and in accordance with Prudent Utility Practice. Said protection may consist of insurance, self insurance and indemnities. The Issuer will keep, or cause to be kept, the works, plants and facilities comprising the properties of the System insured, and will carry such other insurance against fire and other risks, accidents or casualties at least to the extent and of the kinds that insurance is usually carried by utilities operating like properties. Any insurance shall be in the form of policies or contracts for insurance with insurers of good standing, shall be payable to the Issuer and may provide for such deductibles, exclusions, limitations, restrictions, and restrictive endorsements customary in policies for similar coverage issued to entities operating properties similar to the properties of the System. Any self insurance shall be in the amounts, manner and of the type provided by entities operating properties similar to the properties of the System. In the event of any loss or damage to the System covered by insurance, the Issuer will, with respect to each such loss, promptly repair, reconstruct or replace the parts of the System affected by such loss or damage to the extent necessary to the proper conduct of the operation of the business of the System in accordance with Prudent Utility Practice, shall cause the proceeds of such insurance to be applied for that purpose to the extent required therefor, and pending such application, shall hold the proceeds of any insurance

policy covering such damage or loss in trust to be applied for that purpose to the extent required therefor. Any excess insurance proceeds received by the Issuer may be used by the Issuer for any lawful purpose. Notwithstanding the foregoing or any provisions of this Resolution to the contrary, the Issuer shall not be required to maintain insurance with respect to facilities for which insurance shall not be available or for facilities which, in accordance with Prudent Utility Practice, are not customarily insured.

(I) NO FREE SERVICE. So long as any Bonds are outstanding, the Issuer shall not furnish or supply the facilities, services and commodities of the System either free of charge or for a nominal charge to any person, firm or corporation, public or private, including the Issuer's departments, agencies and instrumentalities which avail themselves of the services of the System. The Issuer shall promptly enforce the payment of any and all accounts owing to the Issuer and delinquent, by discontinuing service or by filing suits, actions or proceedings, or by both discontinuance of service and filing suit.

(J) MANDATORY CUT OFF. The Issuer shall establish a written policy consistent with sound business judgment for the disconnection from the System of any customer who fails to pay for services rendered by the System, and shall enforce such policy diligently and fairly.

(K) ENFORCEMENT OF COLLECTIONS. The Issuer will diligently enforce and collect the rates, fees and other charges for the services and facilities of the System and will take all steps, actions and proceedings for the enforcement and collection of such rates, charges and fees as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues shall, as collected, be held in trust to be applied as herein provided.

(L) OPERATING BUDGET. The Issuer shall annually, prior to commencement of each of its Fiscal Years, prepare and adopt a budget of the estimated expenditures for the operation and maintenance of the System during such next succeeding Fiscal Year. The Issuer shall mail copies of such annual budgets (including any amendments thereto) to any Holder or Holders of Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets be furnished him and shall make available such budgets of the System at all reasonable times to any Holder or Holders of Bonds or to anyone acting for and on behalf of such Holder or Holders. Bondholders shall pay reasonable actual cost of printing and mailing of such copies.

(M) MANDATORY CONNECTIONS; NO COMPETING SYSTEM. So long as service is in fact available as reasonably determined by the Issuer, the Issuer will, to the full extent permitted by law, require all lands, buildings and structures within the area being served by the System to connect with and use such facilities within sixty (60) days after notification. To the extent permitted by law, the Issuer will not grant a franchise for the operation of any competing Water and Sewer System or systems within the area served by the System as of the date of issuance of the Series 2021 Bonds until all Bonds issued hereunder, together with the interest

thereon, and premium, if any, have been paid in full. Notwithstanding the foregoing, the Issuer shall not be required to duplicate services being provided by private or public utilities in the area being served by such private or public utilities on the date of issuance of the Series 2021 Bonds. In addition, the Issuer shall not be prohibited from allowing other private or public utilities to provide services within the area being served by the System as of the date of issuance of the Series 2021 Bonds, if the Issuer shall not be providing such service in such area on that date. Nothing herein shall be deemed to constitute the approval of the Issuer for any private or public utility (other than the System) to provide any services within the boundaries of the Issuer or within the area being served by the System as of the date of issuance of the Series 2021 Bonds or within any other area of the Issuer.

(N) SUPERVISORY PERSONNEL. The Issuer, in operating the System, will employ or designate, as manager, one or more of its qualified employees, or an independent contractor, who have demonstrated ability and experience in operating similar facilities, and will require all such employees or independent contractors, as the case may be, who may have possession of money derived from the operation of the System to be covered by a fidelity bond, written by a responsible indemnity company in amounts fully adequate to protect the Issuer from loss.

(O) PAYMENT OF TAXES, ASSESSMENTS AND OTHER CLAIMS. The Issuer shall from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed upon the properties constituting the System or the Gross Revenues, Sewer System Capital Facilities Fees or Water System Capital Facilities Fees when the same shall become due, as well as all lawful claims for labor and materials and supplies which, if not paid, might become a lien or charge upon such properties or any part thereof, or upon the Gross Revenues, Sewer System Capital Facilities Fees or Water System Capital Facilities Fees or which might in any way impair the security of the Bonds, except assessments, charges or claims which the Issuer shall in good faith contest by proper legal proceedings.

(P) ISSUANCE OF OTHER OBLIGATIONS. The Issuer shall issue no bonds or obligations of any kind or nature payable from or enjoying a lien on the Pledged Revenues if such obligations have priority over the Bonds or any Parity Contract Obligations with respect to payment or lien, nor shall the Issuer create or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Bonds and any Parity Contract Obligations upon said Pledged Revenues. Notwithstanding any other provision in this Section 19(P), the Issuer may issue Additional Parity Obligations under the conditions and in the manner provided herein. Any obligations of the Issuer, other than the Bonds and any Parity Contract Obligations, which are payable from the Pledged Revenues shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds and any Parity Contract Obligations as to lien on and source and security for payment from such Pledged Revenues.

(Q) ISSUANCE OF ADDITIONAL PARITY OBLIGATIONS. No Additional Parity Obligations shall be issued after the issuance of the Series 2021 Bonds herein authorized, except upon the conditions and in the manner hereinafter provided:

(1) The facility or facilities to be built from the proceeds of the Additional Parity Obligations is or are made a part of the System or its or their revenues are pledged as additional security for the Additional Parity Obligations and the outstanding Bonds.

(2) The Issuer is in compliance with all covenants and undertakings in connection with all of its Bonds then outstanding and payable from the Pledged Revenues or any part thereof and has not been in default as to any payments required to be made under this Resolution for a period of at least the next preceding 24 months, or if at such time the Bonds shall have not been outstanding for 24 months then for the period that the Bonds have been outstanding.

(3) The annual Pledged Revenues for the most recently audited fiscal year preceding the issuance of Additional Parity Obligations are certified by the Finance Director to have been equal to at least one and twenty hundredths (1.20) times the Average Annual Bond Service Requirement on all the Bonds then outstanding and payable from such Pledged Revenues and the proposed Additional Parity Obligations.

(4) The estimated average annual Net Revenues of the facility or facilities to be constructed and acquired with the proceeds of such Additional Parity Obligations (and any other funds pledged as security), when added to the estimated future average annual Net Revenues of the then existing System shall be at least one and twenty hundredths (1.20) times the Average Annual Bond Service Requirement on all outstanding Bonds payable from the Pledged Revenues and on the Additional Parity Obligations proposed to be issued. Estimates of future revenues and operating expenses shall be furnished by recognized independent consulting engineers and approved by the City Commission of the Issuer and by the Mayor thereof, and shall be forecast over a period of not less than ten years from the date of the Additional Parity Obligations proposed to be issued. Provided, however, the conditions provided by this paragraph and by the next preceding paragraph (c) may be waived or modified by the written consent of the holders of seventy-five percent (75%) of the Bonds then outstanding.

(5) The Issuer need not comply with the provisions of paragraph (1) through (4) of this Section 19(Q) if and to the extent the Bonds to be issued are refunding bonds, if the Issuer shall cause to be delivered a certificate of the Finance Director of the Issuer setting forth the Average Annual Bond Service Requirement (i) for the Bonds then Outstanding and (ii) for all Series of Bonds to be immediately Outstanding thereafter

and stating that the Average Annual Bond Service Requirement pursuant to (ii) above is not greater than that set forth pursuant to (i) above.

(6) The Issuer need not comply with the provisions of paragraph (1) through (4) of this Section 19(Q) if and to the extent the Bonds to be issued are for the purpose of providing any necessary additional funds required for completion of any improvements to the System ("Completion Bonds") if originally financed with the proceeds of Bonds; provided that such Completion Bonds for which the Issuer need not comply with the provision of such paragraph (1) through (4) of this Section 19(Q) may not exceed 10% of the total principal amount of Bonds estimated to be required for such improvements to the System at the time of issuance of the initial Series of Bonds to finance such improvements.

(7) The Finance Director of the Issuer shall have certified that the Issuer is not in default in the carrying out of any of the obligations assumed under this Resolution and no event of default shall have occurred under this Resolution and shall be continuing, and all payments required by this Resolution to be made into the funds and accounts established hereunder shall have been made to the full extent required.

(8) The Supplemental Resolution authorizing the issuance of the Additional Parity Obligations shall recite that all of the covenants contained herein will be applicable to such Additional Parity Obligations.

(9) 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.

(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 19(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.

(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 19(R) 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.

SECTION 20. Defaults; Events of Default and Remedies. Except as provided below, if any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default:"

(A) Default in the due and punctual payment of any interest on the Bonds; or

(B) Default in the due and punctual payment of the principal of and premium, if any, on any Bond, at the stated maturity thereof, or upon proceedings for redemption thereof; or

(C) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in this Resolution, a Supplemental Resolution, or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer, the Credit Issuer, if any, the Trustee, if any, given by Trustee or the Holders of not less than twenty-five percent (25%) of aggregate principal amount of any Series of Bonds then Outstanding, provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the Issuer performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured, and, provided further, that if a Credit Facility is then in effect, that the Credit Issuer shall have consented to the same constituting an Event of Default as it pertains to the Series of Bonds secured by such Credit Facility; or

(D) The Issuer admits in writing its inability to pay its debts generally as they become due or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself; or

(E) The Issuer is adjudged insolvent by a court of competent jurisdiction, or it is adjudged a bankrupt on a petition in bankruptcy filed by or against the Issuer, or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver or trustee of the Issuer or of the whole or any part of its property, and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 90 days from the date of entry thereof; or

(F) the Issuer shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State.

The term "default" shall mean default by the Issuer in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Resolution, any Supplemental Resolution, or in the Bonds, exclusive of any period of grace required to constitute a default or an "Event of Default" as hereinabove provided.

For purposes of Section 20(A) and (B) hereof, no effect shall be given to any payments made under any Credit Facility.

Any Holder of Bonds issued under the provisions hereof or any trustee acting for the Holders of such Bonds may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under State or federal law, or

granted and contained herein, and may enforce and compel the performance of all duties required herein or by any applicable law to be performed by the Issuer or by any officer thereof.

Nothing herein, however, shall be construed to grant to any Holder of the Bonds any lien on any property of the Issuer, except the Pledged Revenues.

The foregoing notwithstanding:

(i) No remedy conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder.

(ii) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient.

(iii) No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

(iv) Except as provided by a Supplemental Resolution, acceleration of the payment of principal of and interest on any Series of Bonds shall not be a remedy in the case of an Event of Default.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under this Resolution, the Bondholders including a trustee on behalf of Bondholders shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and the funds pending such proceedings, with such powers as the court making such appointment shall confer. All Series of Bonds issued hereunder shall be entitled to pro rata payment of principal, interest and any other payments due under such Bond result from such judicial proceeding until such time as all Bonds have been paid in full.

Notwithstanding any provision of this Resolution to the contrary, for all purposes of this Section 20, except the giving of notice of any Event of Default to the Holder of the Bonds, any Credit Facility Issuer shall be deemed to be the Holder of the Bonds to which the Credit Facility relates.

On the occurrence of an Event of Default, to the extent such rights may then lawfully be waived, neither the Issuer nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Resolution, and the Issuer, for itself and all who

may claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws and all right of redemption to which it may be entitled.

Within 30 days of knowledge thereof, both the Issuer and the Paying Agent shall provide notice to each Credit Facility Issuer of the occurrence of any Event of Default.

The respective Credit Facility Issuers shall be included as a party in interest and as a party entitled to (i) notify the Issuer or any applicable receiver of the occurrence of an Event of Default, and (ii) request the receiver to intervene in judicial proceedings that affect the Bonds or the security therefor. The receiver is required to accept notice of default from each Credit Facility Issuer.

Anything in this Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Credit Facility Issuer shall be entitled to control and direct the enforcement of all rights and remedies pertaining to the related Series of Bonds granted to the Bondholders under this Resolution, and each Credit Facility Issuer shall also be entitled to approve all waivers of events of default pertaining to a Series of Bonds.

SECTION 21. Amending and Supplementing of Resolution without Consent of Holders of Bonds. The Issuer, from time to time and at any time and without the consent or concurrence of any Holder of any Bonds, may adopt a Supplemental Resolution amendatory hereof or supplemental hereto if the provisions of such Supplemental Resolution shall not materially adversely affect the rights of the Holders of the Bonds then Outstanding, for any one or more of the following purposes:

(A) To make any changes or corrections in this Resolution as to which the Issuer shall have been advised by Bond Counsel that are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or omission or mistake or manifest error contained in this Resolution, or to insert in this Resolution such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;

(B) To add additional covenants and agreements of the Issuer for the purpose of further securing the payments of the Bonds and any Parity Contract Obligations;

(C) To surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of this Resolution;

(D) To confirm, as further assurance, any lien, pledge or charge or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Resolution;

(E) To grant to or confer upon the Holders or any Qualified Agreement Provider any additional right, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

(F) To assure compliance with federal "arbitrage" provisions in effect from time to time;

(G) To provide such changes as may be necessary in order to adjust the terms hereof (but not including the provisions of Section 19(E) and Section 19(Q) hereof) so as to facilitate the issuance of Variable Rate Bonds, Option Bonds, the execution of any Qualified Agreement, or to obtain a Credit Facility;

(H) To provide for the combination of the System with any other utility provided the conditions set forth in Section 25 hereof are satisfied;

(I) To provide for the transfer of the ownership and/or operation of the System pursuant to a governmental reorganization as set forth in Section 24 hereof;

(J) To modify any of the provisions of this Resolution in any other aspects provided that such modifications shall not be effective until after the Bonds Outstanding at the time such Supplemental Resolution is adopted shall cease to be Outstanding, or until the holders thereof consent thereto pursuant to Section 22 hereof, and any Bonds issued subsequent to any such modification shall contain a specific reference to the modifications contained in such Supplemental Resolution; or

(K) To amend covenants relating to Direct Subsidy Bonds, if appropriate.

Except for Supplemental Resolutions providing for the issuance of Bonds pursuant hereto, the Issuer shall not adopt any Supplemental Resolution authorized by the foregoing provisions of this Section unless, in the opinion of Bond Counsel, the adoption of such Supplemental Resolution is permitted by the foregoing provisions of this Section.

Notwithstanding anything else in this Resolution to the contrary, any amendment or supplement to this Resolution shall be subject to the prior written consent of each Credit Facility Issuer. Any rating agency rating the Bonds must receive notice of each amendment and a copy thereof at least fifteen (15) days in advance of its execution or adoption. Each Credit Facility Issuer shall be provided with a full transcript of all proceedings relating to the execution of any such amendment or supplement.

SECTION 22. Amendment of Resolution with Consent of Holders of Bonds. Except as provided in Section 21 hereof, no material modification or amendment of this Resolution or of any resolution supplemental hereto shall be made without the consent in writing of the Holders of fifty-one percent (51%) or more in the principal amount of the Bonds of each Series so affected and then Outstanding and any Qualified Agreement Provider. For purposes of this Section, to the extent any Bonds are secured by a Credit Facility and such Bonds are then rated in as high a rating category as the rating category in which such Bonds were rated at the time of initial issuance and delivery thereof by either S&P, Moody's or Fitch or successors and assigns,

then the consent of the Credit Facility Issuer of a Series of Bonds shall be deemed to constitute the consent of the Holder of such Series of Bonds. No modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon or in the amount of the principal obligation thereof or reduce the percentage of the Holders of the Bonds required to consent to any material modification or amendment hereof without the consent of the Holder or Holders of all such obligations. For purposes of the immediately preceding sentence, a Credit Facility Issuer shall not consent on behalf of the Holders of the Bonds. No amendment or supplement pursuant to this Section 22 shall be made without the consent of each Credit Facility Issuer.

Notwithstanding anything else in this Resolution to the contrary, any amendment or supplement to this Resolution, shall be subject to the prior written consent of each Credit Facility Issuer. Any rating agency rating the Bonds must receive notice of each amendment and a copy thereof at least fifteen (15) days in advance of its execution or adoption. Each Credit Facility Issuer shall be provided with a full transcript of all proceedings relating to the execution of any such amendment or supplement.

SECTION 23. Defeasance. Unless provided otherwise in a Supplemental Resolution for a Series of Bonds issued in accordance therewith, the covenants and obligations of the Issuer shall be defeased and discharged under terms of this Resolution as follows:

(A) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to any Qualified Agreement Provider any and all Parity Contract Obligations and to the Holders of all Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated herein, then the pledge of the Pledged Revenues and all covenants, agreements and other obligations of the Issuer to any Qualified Agreement Provider and the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to any Qualified Agreement Provider any and all Parity Contract Obligations and to the Holders of any Outstanding Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated herein, such Parity Contract Obligations and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and all covenants, agreements and obligations of the Issuer to any Qualified Agreement Provider and the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(B) The Bonds, redemption premium, if any, and interest due or to become due for the payment or redemption of which moneys shall have been set aside and shall be held in trust (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section 23. Subject to the provisions of paragraph (C) and (D) of this Section 23, any Outstanding Bonds shall, prior to the maturity or

redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the escrow agent instructions accepted in writing by the escrow agent to notify Holders of Outstanding Bonds in the manner required herein of the redemption of such Bonds on said date, and (ii) there shall have been deposited with the escrow agent either moneys in an amount which shall be sufficient, or Acquired Obligations (including any Acquired Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the escrow agent at the same time, shall be sufficient, to pay when due the principal of and premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be. In the event of a defeasance pursuant to clause (ii) above, the Issuer shall cause to be delivered a verification report of an independent nationally recognized certified public accountant (a "Verification Report"), provided, however, that if the Issuer elects to gross fund the escrow by depositing funds with the escrow agent in an amount equal to or exceeding the amount necessary to pay when due the principal of and premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date as certified to be the amount to become due by the Holder of the Bond being refunded, without regard to any investment earnings that may be received on such deposited amounts, then the Issuer may elect not to cause to be delivered a Verification Report. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding project relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement and this Resolution, the terms of the escrow agreement and this Resolution shall be controlling.

(C) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Acquired Obligations and moneys, if any, in accordance with paragraph (B) of this Section 23, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated assuming that interest thereon will accrue at the maximum rate of interest such Variable Rate Bonds may bear pursuant to the Supplemental Resolution authorizing the issuance thereof, or the maximum rate permitted by law if such Supplemental Resolution provides no maximum rate of interest.

(D) Option Bonds shall be deemed to have been paid in accordance with the second sentence of paragraph (B) of this Section 23 only if, in addition to satisfying the requirements of clauses (i) and (ii) of such sentence, there shall have been deposited with the escrow agent moneys in an amount which shall be sufficient to pay when due the maximum amount of

principal of and redemption premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the escrow agent pursuant to paragraph (B) of this Section 23, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (D). If any portion of the moneys deposited with the escrow agent for the payment of the principal of and redemption premium, if any, and interest on Option Bonds is not required for such purpose, the escrow agent shall, if requested by the Issuer, pay the amount of such excess to the Issuer free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under the Resolution.

SECTION 24. Governmental Reorganization. Notwithstanding any other provisions of this Resolution, this Resolution shall not prevent any lawful reorganization of the governmental structure of the Issuer, including a merger or consolidation of the Issuer with another public body or the transfer of a public function of the Issuer to another public body, provided that any reorganization which affects the System shall provide that the System shall be continued as a single enterprise and that any public body which succeeds to the ownership and operation of the System shall also assume all rights, powers, obligations, duties and liabilities of the Issuer under this Resolution and pertaining to all Bonds and any Qualified Agreement.

SECTION 25. Additional Utility Functions. The Issuer may expand the utility functions of the System as they exist on the date hereof as permitted in the definition of "System" contained herein, provided that the Issuer has received the prior written consent of the holders of at least 51% of the uninsured Bonds and of each Credit Facility Issuer (provided the Credit Facility Issuer is not in default of its obligations under its Credit Facility) and adopted resolutions of the Issuer to the effect that, based upon such certificates and opinions of its Consulting Engineers, independent certified public accountants, Bond Counsel or other Qualified Independent Consultants as the Issuer shall deem necessary, desirable or appropriate, the addition of such utility functions (a) will not impair the ability of the Issuer to comply with the provisions of this Resolution, and (b) will not materially adversely affect the rights of the Holders of the Bonds.

SECTION 26. Separately Financed Project. Nothing in this Resolution shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness other than Bonds or Subordinated Debt, for any purpose of the Issuer authorized by the Act or from financing any such purpose from other available funds (such purpose being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Issuer's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project or from other legally available funds of the Issuer, including but not limited to funds withdrawn from the Revenue Fund pursuant to Section 19(B)(5) hereof.

SECTION 27. Qualified Agreements. Any payments received by the Issuer from a Qualified Agreement Provider shall constitute Gross Revenues hereunder. Any payments to a Qualified Agreement Provider under a Qualified Agreement so designated by the Issuer, can constitute Parity Contract Obligations or Subordinated Debt. Notwithstanding the foregoing, termination payments, indemnification payment, or other fees to be paid by the Issuer to a Qualified Agreement Provider under a Qualified Agreement and which do not constitute regularly scheduled payments determined by reference to interest on a notional amount may only constitute Subordinated Debt, and may not constitute Parity Contract Obligations.

The Issuer may enter into one or more Qualified Agreements with respect to one or more Series of Bonds (or portions thereof); provided, however, that if such Qualified Agreement is not entered into at the time of initial issuance of the Series of Bonds to which it relates, the requirements of Section 19(Q)(1) hereof must be met, applying the same as if \$1.00 in principal amount of Additional Parity Bonds is being issued as of the effective date of such Qualified Agreement.

SECTION 28. Payments to Credit Facility. In connection with any Bonds, the Issuer may obtain or cause to be obtained one or more Credit Facilities and agree with any Credit Facility Issuer to reimburse such issuer directly for amounts paid under the terms of such Credit Facility, together with interest thereof; provided, however, that no obligation to reimburse a Credit Facility Issuer shall be created, for purposes of this Resolution, until amounts are paid under such Credit Facility. Such payments are referred to herein as "Reimbursement Obligations." Any Reimbursement Obligation may be secured by a pledge of and a lien on the Pledged Revenues on a subordinate basis to the lien created herein in favor of the Holders of the Bonds and any Qualified Agreement Provider. Any such Reimbursement Obligation shall be deemed to be a part of the Series to which the Credit Facility which gave rise to such Reimbursement Obligation relates. Payments to reimburse the issuer of a Credit Facility shall constitute Subordinated Debt.

SECTION 29. Capital Appreciation Bonds. For the purposes of (i) receiving payment of the redemption price of a Capital Appreciation Bond if redeemed prior to maturity, (ii) computing Bond Service Requirement, and (iii) computing the amount of Holders required for any notice, consent, request or demand hereunder for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 30. Tax Covenants. With respect to any Bonds for which the Issuer intends on the date of issuance thereof for the interest thereon to be excluded from gross income for purposes of Federal income taxation:

(A) The Issuer shall not use or permit the use of any proceeds of any such Series of Bonds or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Issuer with respect to such Series of Bonds in any manner, and shall not take or permit to be taken any

other action or actions, which would cause any such Series of Bonds to be a "private activity bond" within the meaning of Section 141 or an "arbitrage bond" within the meaning of Section 148, or "federally guaranteed" within the meaning of Section 149(b), of the Internal Revenue Code of 1986, as amended (the "Code"), or otherwise cause interest on such Series of Bonds to become subject to federal income taxation.

(B) The Issuer shall, at all times, do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to ensure that interest paid on such Series of Bonds will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being so excluded.

(C) The Issuer shall pay or cause to be paid to the United States Government any amounts required by Section 148(f) of the Code and the regulations thereunder (the "Regulations"). In order to insure compliance with the rebate provisions of Section 148(f) of the Code with respect to any such Series of Bonds for which the Issuer intends on the date of issuance thereof to be excluded from gross income for purposes of Federal income taxation, the Issuer shall hold the Rebate Fund created herein. The Rebate Fund need not be maintained so long as the Issuer timely satisfies its obligation to pay any rebatable earnings to the United States Treasury; however, the Issuer may, as an administrative convenience, maintain and deposit funds in the Rebate Fund from time to time. Any moneys held in the Rebate Fund shall not be considered Pledged Revenues and shall not be pledged in any manner for the benefit of the Holders of the Bonds. Moneys in the Rebate Fund (including earnings and deposits therein) shall be held for future payment to the United States Government as required by the Regulations and as set forth in instructions of Bond Counsel delivered to the Issuer upon issuance of such Bonds.

SECTION 31. Book Entry Only System. Notwithstanding any provisions herein, this Section 31 shall not apply to the Series 2021 Bonds which shall be registered in the name of the holder thereof.

Except as provided otherwise by Supplemental Resolution, the person in whose name any Bonds shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Bonds, and the interest on any such Bonds (or, in the case of the Capital Appreciation Bonds, Accreted Value with respect thereto), shall be made only to or upon the order of the registered owner thereto or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

Except as provided otherwise by Supplemental Resolution, the Issuer elects to use an immobilization system or pure book-entry system with respect to issuance of the Bonds, provided adequate records will be kept with respect to the ownership of Bonds issued in book-entry form or the beneficial ownership of Bonds issued in the name of a nominee. The Bonds

shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in this Section 31 or by Supplemental Resolution, all of the Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC. As long as the Bonds shall be registered in the name of Cede & Co., all payments of principal on the Bonds shall be made by the Paying Agent by check or draft or by wire transfer to DTC, as Holder of the Bonds.

With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation to any participant in the DTC book-entry program (a "Participant") or to any indirect participant. Without limiting the immediately preceding sentence, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, or any Participant with respect to any ownership interest on the Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, redemption premium, if any, or interest on the Bonds. The Issuer, the Registrar and the Paying Agent shall treat and consider the Person in whose name each Bond is registered in the registration books kept by the Registrar as the Holder and absolute owner of such Bond for the purpose of payment of principal, redemption premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, redemption premium, if any, and interest on the Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal, redemption premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Holder, as shown in the registration books kept by the Registrar, shall receive a certificated bond evidencing the obligation of the Issuer to make payments of principal, redemption premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to transfers or mailing of notice of redemption, the words "Cede & Co." in this Master Resolution shall refer to such new nominee of DTC; and upon receipt of such notice, the Issuer shall promptly deliver a copy of same to the Registrar and the Paying Agent.

Upon (A) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Issuer that such book-entry only system is burdensome to the Issuer, the Bonds shall no longer be restricted to being registered in registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions hereof. In such event, the Issuer shall issue and the Registrar shall authenticate, transfer and exchange Bonds of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof.

A blanket letter of representation will be entered into by the Issuer with respect to DTC (the "Letter of Representation"). The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Letter of Representations executed by the Issuer and delivered to DTC in order to induce DTC to act as securities depository for the Bonds shall apply to the payment of principal of and interest on the Bonds.

SECTION 32. Additional Rights to Credit Facility Issuers. All notices required to be given to any party hereunder shall also be given to each Credit Facility Issuer. Pursuant to one or more Supplemental Resolutions, the Issuer may provide additional rights, covenants, agreements and restrictions relating to any Credit Facility and Credit Facility Issuer.

SECTION 33. Severability. If any one or more of the covenants, agreements or provisions of this Resolution 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 or shall in any manner be held to adversely affect the validity of the Bonds, 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 Resolution or of the Bonds issued hereunder.

SECTION 34. Sale of Bonds. The Bonds may be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the requirements of this Resolution and other applicable provisions of law.

SECTION 35. General Authority. The members of the City Commission of the Issuer and the Issuer's officers, attorneys and other agents and employees are hereby authorized to perform all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms,

covenants and agreements contained in the Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the underwriters of the Bonds to effectuate the sale of the Bonds to said initial purchasers.

SECTION 36. No Third Party Beneficiaries. Except such other Persons as may be expressly described herein, in the Bonds, or in a Qualified Agreement, nothing in this Resolution, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person, other than the Issuer and the Holders, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds or any Qualified Agreement, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holders and any Qualified Agreement Provider.

SECTION 37. No Personal Liability. Neither the members of the City Commission of the Issuer nor any person executing the Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 38. Repeal of Inconsistent Instruments. All resolutions or parts or resolutions in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 39. Governing Law. This Resolution and the Bonds issued hereunder shall be governed by and construed in accordance with the laws of the State of Florida.


[Remainder of page intentionally left blank]

SECTION 40. Effective Date. This Resolution shall take effect immediately upon its passage.

Passed in open and special session by the City Commission of the City of Port St. Joe, Florida this 21st day of September, 2021.

ATTEST:

CITY OF PORT ST. JOE, FLORIDA

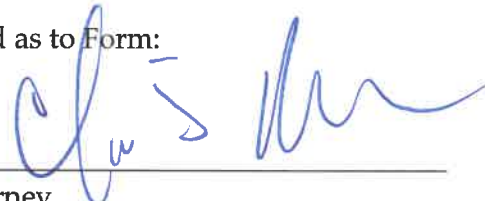


City Clerk

By: 

Mayor

Approved as to Form:



City Attorney

**EXHIBIT A
TERM SHEET**

EXHIBIT B
PURCHASER'S CERTIFICATE

This is to certify that Regions Capital Advantage, Inc. (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 \$9,706,000 City of Port St. Joe, Florida, Water and Sewer System Refunding Revenue Bonds, Series 2021 (the "Bonds") and no inference should be drawn that the Purchaser, in the acceptance of said Bonds, is relying on Bryant Miller Olive P.A. ("Bond Counsel") or Clinton T. McCahill, P.A. ("City Attorney") as to any such matters other than the legal opinion rendered by Bond Counsel and by the City Attorney. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. 2021-16 adopted by the City Commission of the Issuer on September 21, 2021 (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"), 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, Bond 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 Bonds 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 Bonds may not be transferred except to an "accredited investor" or "qualified institutional buyer" as described below in accordance with the restrictions set forth in the Bonds, except for certain exceptions provided in the Resolution.

We are a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the Bonds 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 either (i) an "accredited investor" as such term is defined in the Securities Act of 1933, as amended, and Regulation D thereunder, or (ii) a "qualified institutional buyer" as such term is defined in Rule 144A promulgated under the Securities Act of 1933, as amended.

DATED this 24th day of September, 2021.

REGIONS CAPITAL ADVANTAGE, INC.

By: _____

Name: _____

Title: _____

Exhibit C

DISCLOSURE LETTER

The undersigned, as purchaser, proposes to negotiate with the City of Port St. Joe, Florida (the "Issuer") for the private purchase of its City of Port St. Joe, Florida, Water and Sewer System Refunding Revenue Bonds, Series 2021 in the principal amount of \$9,706,000 (the "Bonds"). Prior to the award of the Bonds, 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 "Lender") in connection with the issuance of the Bonds (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 Lender in connection with the issuance of the Bonds to any person not regularly employed or retained by the Lender, including any "finder" as defined in Section 218.386(1)(a), Florida Statutes).

(b) No person has entered into an understanding with the Lender, or to the knowledge of the Lender, 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 Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bonds.

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

4. The management fee to be charged by the Lender on the Bonds is \$0.

5. Truth-in-Bonding Statement:

The Bonds are being issued primarily to currently refund the Issuer's Refunded Bonds as further described in Resolution 2021-16 of the Issuer adopted on September 21, 2021, and pay related costs in connection therewith.

Unless earlier redeemed, the Bonds are expected to be repaid by September 30, 2035. At an annual interest rate of 1.64%, total interest paid over the life of the Bonds is estimated to equal approximately \$1,199,386.

The Bonds will be payable solely from net revenues of the Issuer's water and sewer system as defined in the Resolution. Issuance of the Bonds is estimated to result in a maximum of approximately \$779,677 of revenues of the Issuer not being available to finance the services of the Issuer in any one year during the life of the Bonds.

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

Regions Capital Advantage, Inc.
1900 5th Avenue North, Suite 2400
Birmingham, Alabama 35203

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Lender this 21st day of September, 2021.

REGIONS CAPITAL ADVANTAGE, INC.

By: _____

Name: _____

Title: _____

EXHIBIT C