

ORDINANCE NO. 88

AN ORDINANCE RESCINDING ORDINANCE NUMBER 46
AND RECREATING AND PROVIDING FOR THE MANAGEMENT
OF THE MEXICO BEACH VOLUNTEER FIRE DEPARTMENT.

WHEREAS, the Town Council is of the opinion that it is necessary for the protection and preservation of the peace, safety, health and property of the town and its inhabitants, now, therefore, BE IT ORDAINED BY THE PEOPLE OF THE TOWN OF MEXICO BEACH:

Section 1. ORGANIZATION. There is hereby organized, created and established within the town, a volunteer fire department to be known as the Mexico Beach Volunteer Fire Department. The supervision, control, compensation, selection, qualification, duties, appointment and enrollment of the members thereof shall be as provided in this ordinance.

Section 2. RESPONSIBILITY & CONTROL. The fire chief of the town shall have control of all volunteer firemen in so far as such control shall be necessary to assure the proper functioning and carrying out the purpose of the volunteer fire department, subject, however, to the supervision of the fire commissioner, and subject to the provisions of this ordinance or the Charter of the Town.

Section 3. RULES & BY-LAWS. The volunteer firemen may make and promulgate their own rules and by-laws providing for the regulation and government of the volunteer fire department. Provided, however, that such rules and by-laws shall not be in conflict with the provisions of this ordinance and of the Charter of the Town. Such rules and by-laws shall be reviewed and approved or disapproved by the Town Council.

Section 4. APPOINTMENT OF MEMBERS. At the first regular meeting of the month of the Town Council the fire chief will submit in writing a roster containing the name of each person who has, during the preceding month, been a member of the volunteer fire department or has made application for membership therein. If there appears upon the roster of members the name of any person not previously duly appointed and enrolled as a member of the volunteer fire department, the Town Council shall approve or disapprove such new member, by motion, and such approval or disapproval shall be entered in the minutes of the meeting, at which time such persons shall be deemed to have been duly appointed and enrolled or rejected as a member.

Section 5. QUALIFICATIONS OF MEMBERS. Any person may be eligible for membership in the volunteer fire department who shall be eighteen (18) years of age or over and in good physical health, the volunteer fire department may, by its own rules and by-laws, establish any other qualifications for membership as to them may be reasonable and necessary.

Section 6. NUMBER OF MEMBERS. The membership of the volunteer fire department shall not exceed thirty (30) members, and shall contain in addition to the fire chief at least two (2) assistance fire chiefs; one (1) administrative and one (1) operational, elected by the volunteer fire department members as provided in its rules and by-laws.

Section 7. WAGES-COMPENSATION. Wages or compensation for the members of the volunteer fire department shall be paid by the Town at the time, and computed in the manner following: A list of members attending fires, regularly scheduled drills or meetings of the volunteer fire department shall be submitted to the Town Council at a regular meeting of each month, certified by the fire chief or administrative assistant chief. The Town Clerk shall be directed to pay each member a sum of two dollars (\$2.00) for one scheduled drill or meeting per month and two dollars (\$2.00) for each and every fire attended by such member. This does not preclude additional non-payment drills or meetings to be scheduled during this period. A member may direct payment to the volunteer fire department fund. Disbursement of such monies from the volunteer fire department fund shall be as provided in the rules and by-laws of the volunteer fire department.

Section 8. MEMBERSHIP AND PARTICIPATION. Membership and participation by the members of the volunteer fire department, as well as attendance at fires, regularly scheduled drills or meetings shall be entirely on a volunteer basis, and no person, because of such membership, shall be compelled to attend any specific number of fires, drills or meetings. The volunteer fire department may, by the provisions of its rules and by-laws, provide for the dismissal or disenrollment of any member of the volunteer fire department who shall appear to be avoiding or shirking his duty with regard to attendance at fires, drills and/or meetings without good cause. The Town Council may also, for good cause shown, dismiss or disenroll any member of the volunteer fire department.

Section 9. DRILLS AND MEETINGS. There shall be a minimum of one (1) drill or meeting of the volunteer fire department held in each month. Time, date and place of such drill or meeting to be provided for in the rules and by-laws of the volunteer fire department.

Section 10. EFFECTIVE DATE. This ordinance shall take effect as provided by law.

INTRODUCED at a Regular Meeting of the Town Council on this 13th day of February, 1979, and ADOPTED by the Town Council on this 27th day of February, 1979.

TOWN OF MEXICO BEACH, FLORIDA

M. L. (Bob) Hale

M. L. (Bob) Hale
Mayor-Councilman

ATTEST:

Patricia L. Hutchinson
Town Clerk

SEAL

ORDINANCE NO. 85

ORDINANCE PROVIDING FOR THE ACQUISITION OF AN EXISTING WATER SYSTEM BY THE TOWN OF MEXICO BEACH, FLORIDA; AUTHORIZING THE ISSUANCE BY THE TOWN OF NOT EXCEEDING \$557,700 WATER REVENUE BONDS TO FINANCE THE COST THEREOF; PLEDGING THE GROSS REVENUES OF SAID SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS.

BE IT ORDAINED BY THE PEOPLE OF THE TOWN OF MEXICO BEACH, FLORIDA,
as follows:

ARTICLE I

GENERAL

1.01 Definitions. When used in this Instrument, the following terms shall have the following meanings, unless the text clearly otherwise requires:

"Annual Budget" shall mean the Annual Budget adopted by the Issuer pursuant to Section 3.04(A) of this Instrument.

"Bonds" shall mean the obligations of the Issuer authorized to be issued pursuant to Section 2.01 of this Instrument and shall be deemed to include also any obligations issued hereafter by the Issuer pursuant to the provisions of Section 3.04 (H) of this Instrument.

"Clerk" shall mean the Town Clerk of the Issuer.

"Cost", when used in connection with the Project, shall mean all expenses necessary, appurtenant or incidental to the acquisition of the Project, including without limitation the cost of any land or interest therein or of any fixtures, equipment or personal property necessary or convenient therefor, engineering and legal expenses, fiscal expenses, expenses for estimates of costs and of revenues, expenses for plans, specifications and surveys, administrative expenses related solely to the acquisition of the Project.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing to and including the succeeding September 30.

"Government" shall mean the United States of America, acting through the Farmers Home Administration, U.S. Department of Agriculture.

"Gross Revenues" shall mean all moneys received from rates, fees, rentals or other charges or income received by the Issuer or accruing to it in the management and operation of the System, all calculated in accordance with

accepted accounting methods employed in the operation of public water systems similar to the System.

"Instrument" shall mean this resolution and all resolutions amendatory hereof which may be hereafter duly adopted by the Issuer.

"Issuer" shall mean the Town of Mexico Beach, Florida.

"Mayor-Councilman" shall mean the Mayor-Councilman of the Issuer.

"Net Revenues" shall mean Gross Revenues less Operating Expenses.

"Operating Expenses" shall mean the current expenses, paid or accrued, for the operation, maintenance and repair of all facilities of the System, as calculated in accordance with such accepted accounting methods, and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the Issuer related solely to the System, labor, cost of materials and supplies used for such operation and charges for the accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with such accepted accounting methods, but shall exclude payments into the Sinking Fund or the Reserve Account therein and any allowance for depreciation or for renewals or replacements of capital assets of the System.

"Operation and Maintenance Fund" shall mean the account created pursuant to the provisions of Section 3.04(D) of this Instrument for the purpose of receiving funds transferred from the Revenue Fund for the purpose of paying Operating Expenses.

"Project" shall mean the acquisition of the System.

"Project Account" shall mean the account created pursuant to Section 3.03 of this Instrument for the purpose of receiving bond proceeds and other funds to pay the Cost of the Project.

"Revenue Fund" shall mean the account created pursuant to the provisions of Section 3.04(B) of this Instrument, into which all Gross Revenues shall be deposited by the Issuer.

"Sinking Fund" shall mean the account created pursuant to Section 3.04(C) of this Instrument, into which moneys shall be transferred from the Revenue Fund for the payment of the principal of and interest on the Bonds.

"System" shall mean the existing water system to be acquired by the Issuer, described in plans and specifications on file with the Clerk, together with any and all improvements, extensions and additions thereto hereafter constructed or acquired.

1.02 Authority for this Instrument. This Instrument is adopted pursuant to the provisions of Chapter 166, Parts I and II, and Chapter 159, Part I, Florida Statutes, and other applicable provisions of law.

1.03 Findings. It is hereby found and determined that:

(A) The Issuer does not presently own or operate a water system for the benefit of its inhabitants, and the Project is necessary for the continued preservation of the health, welfare, convenience and safety of the Issuer and its inhabitants.

(B) The Issuer has been advised by its consulting engineers and it is hereby found and determined that the estimated Cost of the Project is estimated at \$557,700, which shall be paid with the proceeds of the sale of the Bonds.

(C) The Revenues to be derived annually from the rates, rentals, fees and other charges made and collected for the services and facilities of the System are estimated to be \$68,460.00, and will be sufficient to pay, as the same shall become due and payable, the principal of and interest on the Bonds and Operating Expenses, the aggregate annual amount of which is estimated to be \$31,191.00. It is estimated that the period of usefulness of the System will exceed forty-one years.

(D) It is deemed necessary and desirable to pledge the Gross Revenues to the payment of the principal of and interest on the Bonds. No part of the Gross Revenues have been pledged or hypothecated except with respect to the Bonds.

(E) This Instrument is declared to be and shall constitute a contract between the Issuer and all of the holders of the Bonds; and the covenants and agreements herein set forth to be performed by the Issuer are and shall be for the equal benefit, protection and security of all 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, except as hereinafter provided.

(F) The Issuer is not, under this Instrument, obligated to levy any ad valorem taxes on any real or personal property situated within its corporate territorial limits to pay the principal of or interest on the Bonds or to pay Operating Expenses. The Bonds shall not constitute a lien upon the System or any other property of the Issuer or situated within its corporate territorial limits.

1.04 Project Authorized. The Project is hereby authorized.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND
REGISTRATION OF REVENUE BONDS

2.01 Authorization of Revenue Bonds. Subject and pursuant to the provisions of this Instrument, obligations of the Issuer to be known as "Water Revenue Bonds" are hereby authorized to be issued in an aggregate principal amount not exceeding Five Hundred Fifty-seven Thousand Seven Hundred Dollars (\$557,700) for the purpose of providing funds to pay the Cost of the Project.

2.02 Description of Bonds. The Bonds shall be dated as of the date of their delivery; shall bear interest at the rate of 5% per annum, payable on September 1, 1980 and annually thereafter on September 1 of each year; shall be numbered consecutively from one upward in order of maturity; and shall be in the denominations, be numbered and mature on September 1 of each year as follows:

<u>YEAR</u>	<u>DENOMINATION</u>	<u>BOND NO.</u>	<u>YEAR</u>	<u>DENOMINATION</u>	<u>BOND NO.</u>
1982	\$ 5,700	1	2004	\$10,000	30
1983	5,000	2		5,000	31
1984	6,000	3	2005	10,000	32
1985	6,000	4		6,000	33
1986	6,000	5	2006	10,000	34
1987	7,000	6		6,000	35
1988	7,000	7	2007	10,000	36
1989	7,000	8		8,000	37
1990	8,000	9	2008	10,000	38
1991	8,000	10		8,000	39
1992	8,000	11	2009	10,000	40-41
1993	9,000	12	2010	10,000	42-43
1994	9,000	13	2011	10,000	44-45
1995	10,000	14		1,000	46
1996	10,000	15	2012	10,000	47-48
1997	10,000	16		2,000	49
	1,000	17	2013	10,000	50-51
1998	10,000	18		4,000	52
	1,000	19	2014	10,000	53-54
1999	10,000	20		4,000	55
	2,000	21	2015	10,000	56-57
2000	10,000	22		6,000	58
	3,000	23	2016	10,000	59-60
2001	10,000	24		7,000	61
	3,000	25	2017	10,000	62-63
2002	10,000	26		9,000	64
	3,000	27	2018	10,000	65-67
2003	10,000	28	2019	10,000	68-70
	5,000	29		2,000	71

Provided, however, if the Bonds shall be issued on September 1, 1980 or thereafter, each of such maturity dates shall be deferred by one year for each year or fraction of a year that the issuance of the Bonds shall be deferred beyond August 31, 1980, and all other dates herein shall be deferred correspondingly.

2.03 Places of Payment. The Bonds shall be issued in coupon form; shall be payable as to both principal and interest at such place or places as the Issuer shall hereafter by resolution designate, in lawful money of the United States of America; and shall bear interest from the date of issue, in accordance with and upon surrender of the appurtenant interest coupons as they severally mature, unless registered; provided, however, that Bonds held by the Government shall be payable at "Finance Office, U.S. Department of Agriculture, Farmers Home Administration, 1520 Market Street, St. Louis, Missouri 63101," or at such other places as the Government shall from time to time in writing designate to the Issuer.

2.04 Provisions for Redemption. Bonds maturing on or before September 1, 1989 are not subject to redemption prior to their respective stated dates of maturity. Bonds maturing September 1, 1990 and thereafter shall, at the option of the Issuer, be redeemable in whole or in part, in inverse numerical and maturity order, on September 1, 1989 or on any interest payment date thereafter at par and accrued interest, plus the following premiums, expressed as percentages of the par value of the Bonds so redeemed, if redeemed in the following years:

- 5%, if redeemed on September 1, 1989 or thereafter, to and including September 1, 1991;
- 4%, if redeemed on September 1, 1992 or thereafter, to and including September 1, 1996;
- 3%, if redeemed on September 1, 1997 or thereafter, to and including September 1, 2000;
- 2%, if redeemed on September 1, 2001 or thereafter, to and including September 1, 2004;
- 1%, if redeemed on September 1, 2005 or thereafter, to and including September 1, 2008;

Without premium, if redeemed September 1, 2009 or thereafter, but prior to maturity;

provided, however, that at least thirty (30) days prior to the redemption date written notice of such redemption shall be given to the paying agents for the Bonds and to each of the registered owners at their respective addresses as they appear upon the registration books of the Clerk and shall be published at least once in a financial newspaper published in the City of New York, New York. Bonds held by the Government may be redeemed by the Issuer on any interest payment date prior to maturity at the price of par and accrued interest, without premium.

2.05 Execution of Bonds. The Bonds shall be executed in the name

of the Issuer with the manual or facsimile signature of the Mayor-Councilman and the corporate seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk, provided that the signature of one of such officers shall be manually executed thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The validation certificate endorsed on the Bonds shall be executed with the manual or facsimile signature of the Mayor-Councilman. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized. The coupons attached to the Bonds shall be authenticated with the facsimile signatures of any present or future Mayor-Councilman and Clerk. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Instrument, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

The Town Attorney shall certify on the face of each Bond that such Bond and the attached coupons (if it is not a fully registered Bond) have been approved by him as to form and correctness.

2.06 Negotiability and Registration. The Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the law merchant and the Laws of the State of Florida, and each successive holder, in accepting any of the Bonds or the coupons appertaining thereto, shall be conclusively deemed to have agreed that the Bonds shall be and have all of said qualities and incidents of negotiable instruments.

The Bonds may be registered, at the option of the holder, as to both principal and interest upon the books kept for the registration and transfer of Bonds by the Clerk, as Bond Registrar, and endorsed upon the Bonds by the Bond Registrar in the space provided thereon. After such registration, no

transfer of the Bonds shall be valid unless made at the office of the Bond Registrar by the registered owner or by his duly authorized agent or representative and similarly noted on the Bonds, but at the expense of the holder the Bonds may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored. At the option and expense of the holder, the Bonds may thereafter again from time to time be registered or transferred to bearer as before. The Bond Registrar shall not be required to make any such transfer of Bonds during fifteen (15) days next preceding an interest payment date on the Bonds, or in the case of any proposed redemption of Bonds, after such Bonds have been selected for redemption. 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 of any Bond and the interest on any Bond 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 interest thereon to the extent of the sum or sums so paid.

2.07 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 issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, 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 owner furnishing the Issuer satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be cancelled by the Clerk. If any such 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 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 Gross Revenues to the same extent as all other Bonds issued hereunder.

2.08 Form of Bonds. The text of the Bonds shall be in substantially the following form, with only such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor-Councilman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the Government or other purchaser thereof):

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF BAY
TOWN OF MEXICO BEACH
WATER REVENUE BOND

KNOW ALL MEN BY THESE PRESENTS, that the Town of Mexico Beach, a public body created and existing under and by virtue of the Laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay to the bearer, or if this Bond be registered to the registered holder as herein provided, on the first day of September, 19__, from the special funds hereinafter mentioned, the principal sum of

_____ THOUSAND DOLLARS

and to pay interest thereon, from the date of the delivery of this Bond to the purchaser thereof, solely from said special funds, at the rate of five per centum (5%) per annum, payable on September 1, 1980 and annually thereafter on the first day of September of each year upon the presentation and surrender of the annexed coupons as they severally fall due, unless registered. Both principal of and interest on this Bond are payable at _____, _____, _____, in lawful money of the United States of America.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$557,700 of like date, tenor and effect, except as to number, denomination and date of maturity, issued to finance the cost of acquiring an existing water system (the "System") operating within the corporate territorial limits of the Issuer, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, particularly Chapter 166, Parts I and II, and Chapter 159, Part I, Florida Statutes, and an ordinance duly enacted by the Issuer on _____, 19__ (the "Ordinance"), and is subject to all the terms and conditions of the Ordinance.

This Bond and the interest thereon are payable solely from and secured by a prior lien upon and a pledge of the gross revenues to be derived from the operation of the System, in the

manner described in the Ordinance. It is expressly agreed by the holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of and interest on this Bond and that such holder shall never have the right to require or compel the exercise of any taxing power of the Issuer to the payment of such principal and interest or the cost of maintaining, repairing and operating the System. This Bond and the obligation evidenced hereby shall not constitute a lien upon the System or any part thereof or upon any other property of the Issuer or situated within its corporate limits, but shall constitute a lien only on the gross revenues derived from the operation of the System.

In and by the Ordinance, the Issuer has covenanted and agreed with the holders of the Bonds of this issue that it 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 product, services and facilities of the System which will always produce cash revenues sufficient to pay, and out of such funds pay, as the same shall become due, the principal of and interest on the Bonds, the necessary expenses of operating and maintaining the System and all reserve, Sinking Fund or other payments required by the Ordinance, and that such rates, rentals, fees and other charges will not be reduced so as to be insufficient to provide funds for such purposes.

The Bonds of this issue maturing on or before September 1, 1989 are not subject to redemption prior to their respective stated dates of maturity. Bonds maturing September 1, 1990 and thereafter shall, at the option of the Issuer, be redeemable in whole or in part, in inverse numerical and maturity order, on September 1, 1989 or on any interest payment date thereafter at par and accrued interest, plus the following premiums, expressed as percentages of the par value of the Bonds so redeemed, if redeemed in the following years:

5%, if redeemed on September 1, 1989 or thereafter, to and including September 1, 1991;

- 4%, if redeemed on September 1, 1992 or thereafter, to and including September 1, 1996;
- 3%, if redeemed on September 1, 1997 or thereafter, to and including September 1, 2000;
- 2%, if redeemed on September 1, 2001 or thereafter, to and including September 1, 2004;
- 1%, if redeemed on September 1, 2005 or thereafter, to and including September 1, 2008;

Without premium, if redeemed September 1, 2009 or thereafter, but prior to maturity;

provided, however, that notice of such redemption shall be given in the manner required by the Ordinance.

It is hereby certified and recited that all acts, conditions, and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, does not violate any constitutional, statutory or charter limitations or provisions.

This Bond and the coupons appertaining thereto are and have all the qualities and incidents of negotiable instruments under the law merchant and the Laws of the State of Florida.

This Bond may be registered as to both principal and interest in accordance with the provisions endorsed hereon.

IN WITNESS WHEREOF, the Town of Mexico Beach, Florida, has issued this Bond and has caused the same to be signed by its Mayor-Councilman and attested and countersigned by its Clerk, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, and the interest coupons hereto attached to be executed with the facsimile signatures of such officers, all as of _____, 19__.

TOWN OF MEXICO BEACH, FLORIDA

By _____
Mayor-Councilman

(SEAL)

ATTESTED AND COUNTERSIGNED: Approved as to Form and Correctness:

Clerk

Town Attorney

FORM OF COUPON

No. _____ \$ _____

On the 1st day of September 19__, unless the Bond to which this coupon is attached is callable and shall have been previously duly called for prior redemption and payment thereof duly made or provided for, the Town of Mexico Beach, Florida, will pay to bearer at _____, Florida, from the special funds described in the Bond to which this coupon is attached, the amount shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being one year's interest then due on its Water Revenue Bond, dated _____, 19__, No. _____.

TOWN OF MEXICO BEACH, FLORIDA

By _____
Mayor-Councilman

(SEAL)

ATTESTED AND COUNTERSIGNED:

Clerk

FORM OF VALIDATION CERTIFICATE

This Bond is one of a series of Bonds which were validated by judgment of the Circuit Court for Bay County, Florida rendered on _____, 19__.

Mayor-Councilman

PROVISIONS FOR REGISTRATION

This Bond may be registered as to both principal and interest on books kept for such purpose by said Clerk, as Bond Registrar, such registration being noted hereon by the Bond Registrar in the registration blank below, the coupons being

surrendered and the interest being payable only to the registered holder, remitted by mail, after which registration no transfer shall be valid unless made by the registered holder or his legal representative and similarly noted by the Bond Registrar on said books and in the registration blank below, but it may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, or it may again be registered as before. Upon reconversion of this Bond into a coupon Bond, coupons representing the interest to accrue upon the Bond to date of maturity shall be attached hereto.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

3.01 Bonds Not to Be Indebtedness of Issuer. Neither the Bonds nor the coupons attached thereto shall be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and pledge of the Gross Revenues as herein provided. No owner or holder of any Bond or coupon appertaining thereto shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond or coupon or Operating Expenses, or be entitled to payment of such Bond or coupon from any moneys of the Issuer except from the Gross Revenues in the manner provided herein.

3.02 Security for Bonds. The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Gross Revenues. The Issuer does hereby irrevocably pledge the Gross Revenues to the payment of the principal of and interest on the Bonds and to the payment into the Sinking Fund at the times provided of the sums required to secure to the holders of the Bonds the payment of the principal thereof and interest thereon at the respective maturities of the Bonds and coupons so held by them.

3.03 Application of Bond Proceeds. The Issuer hereby covenants that it will establish with the FLORIDA FIRST NATIONAL Bank, PORT ST. JOE, Florida, a separate account to be known as the "Town of Mexico Beach Water System Project Account," into which shall be deposited the proceeds from the sale of the Bonds and the additional funds, if any, required to assure payment in full of the Cost of the Project. Withdrawals from the Project Account shall be made only for such purposes as shall have been previously specified in the Project Cost estimates and as shall be approved by the Issuer's consulting engineers for the

Project.

Moneys in the Project Account shall be secured by the depository bank in accordance with U.S. Treasury Department Circular 176 and in the manner prescribed by the Laws of the State of Florida relating to the securing of public funds.

When the Project has been completed and the Cost thereof has been paid in full, all funds remaining in the Project Account shall be deposited in the Sinking Fund, and the Project Account shall be closed.

All moneys deposited in the Project Account shall be and constitute a trust fund created for the purposes stated, and there is hereby created a lien upon such fund in favor of the holders of the Bonds until the moneys thereof shall have been applied in accordance with this Instrument.

3.04 Covenants of the Issuer. So long as any of the principal of or interest on any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund, including the Reserve Account therein, a sum sufficient to pay, when due, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer covenants with the holders of any and all of the Bonds as follows:

(A) Annual Budget of Operating Expenses. The Issuer covenants and agrees that on or before the date of delivery of the Bonds to the purchaser thereof, it will adopt a budget of Operating Expenses for the remainder of the then current Fiscal Year and thereafter on or before the first day of each Fiscal Year during which any of the Bonds are outstanding, it will adopt an Annual Budget of Operating Expenses for the ensuing Fiscal Year, and will mail a copy of such Annual Budget or amendments thereto to any requesting bondholder. The Issuer covenants that the Operating Expenses incurred in any year will not exceed the reasonable and necessary amounts required therefor, and that it will not expend any amount or incur any obligations for the operation, maintenance and repair of the System in

excess of the amount provided for Operating Expenses in the Annual Budget, except upon resolution of the Town Council that such expenses are necessary to operate and maintain the System.

(B) Revenue Fund. The Issuer covenants and agrees that on or before the date of delivery of the Bonds to the purchaser thereof, it will establish with a depository in the State of Florida, which is a member of the Federal Deposit Insurance Corporation and which is eligible under the Laws of the State of Florida to receive municipal funds, and maintain so long as any of the Bonds are outstanding, a special fund to be known as the "Town of Mexico Beach Water System Revenue Fund." Into the Revenue Fund the Issuer shall deposit promptly as received all Gross Revenues. The Revenue Fund shall be held by the Issuer separate and apart from all other funds and shall be expended and used only in the manner and order specified in this subsection (B) and in subsections (C), (D), and (E) of this Section.

(C) Bond and Interest Sinking Fund. The Issuer covenants and agrees to establish with a depository in the State of Florida, which is a member of the Federal Deposit Insurance Corporation, and which is eligible under the Laws of the State of Florida to receive municipal funds a special fund or funds, collectively called the "Town of Mexico Beach Water Revenue Bond and Interest Sinking Fund," to be used exclusively for the purposes hereinafter mentioned. After delivery of the Bonds to the purchaser thereof, the Issuer shall transfer on or before the 15th day of each month from the Revenue Fund and deposit to the credit of the Sinking Fund the following amounts:

(1) A sum equal to $1/12$ of the amount of one year's interest on all the Bonds then outstanding, together with the amount of any deficiency in prior deposits for interest; and

(2) Beginning on September 15, 1981, a sum equal to $1/12$ of the principal of the Bonds maturing on the next succeeding anniversary date, together with the amount of any deficiency in prior deposits for principal.

(3) After fulfillment of the requirements of paragraphs (C)(1) and (2), the Issuer shall transfer on or before the 15th day of each month from the Revenue Fund and deposit to the credit of a Reserve Account in the Sinking Fund the sum of Two Hundred Seventy-six Dollars (\$276) until such time as the funds and investments therein shall equal Thirty-three Thousand One Hundred Twenty Dollars (\$33,120), and monthly thereafter such amount as may be necessary to maintain in the Reserve Account the sum of Thirty-three Thousand One Hundred Twenty Dollars (\$33,120) but not exceeding Two Hundred Seventy-six Dollars (\$276) monthly. Moneys in the Reserve Account shall be used only for (1) paying the cost of repairing or replacing any damage to the System which shall be caused by an unforeseen catastrophe, (2) constructing improvements or extensions to the System which shall increase its Net Revenues and which shall be approved by said consulting engineers, if the Issuer shall not then be in default under any of the provisions of this Instrument, and (3) paying the principal of and interest on the Bonds in the event that the other moneys in the Sinking Fund shall ever be insufficient to meet such payments.

(D) Operation and Maintenance Fund. The Issuer covenants and agrees to establish with a depository in the State of Florida, which is a member of the Federal Deposit Insurance Corporation, and which is eligible under the Laws of the State of Florida to receive municipal funds, a special fund to be known as the "Town of Mexico Beach Water System Operation and Maintenance Fund," which shall be used exclusively for the purpose of receiving funds to be transferred monthly by the Issuer from the Revenue Fund, and for paying, as they accrue, Operating Expenses pursuant to the Annual Budget. After having made the deposits to the Sinking Fund as provided in subsection (C) above, the Issuer shall transfer on or before the fifteenth day of each month from the Revenue Fund and deposit to the credit of the Operation and Maintenance Fund a sum sufficient to pay Operating Expenses for the current month, all in accordance with

the Annual Budget. Any balance remaining in the Operation and Maintenance Fund at the end of each Fiscal Year and not required to pay costs incurred during such Fiscal Year shall be deposited promptly into the Revenue Fund.

(E) Deficiency or Excess Funds. Whenever by reason of the insufficiency of moneys on deposit in the Revenue Fund the Issuer is not able to make promptly the current monthly payments required to be made pursuant to the provisions of subsection (C) above, the Issuer covenants and agrees that it will pay into the Revenue Fund from any moneys of the Issuer derived from sources other than ad valorem taxation and legally available for such purpose, whatever sums are necessary to cure such existing deficit. Subject to the provisions for the disposition of Gross Revenues in subsections (C) and (D), which are cumulative, the Issuer shall, on or before the 15th day of each month, transfer to the Reserve Account in the Sinking Fund the balance of moneys remaining in the Revenue Fund until the funds and investments in the Reserve Account equal the amount of Thirty-three Thousand One Hundred Twenty Dollars (\$33,120), and thereafter whenever funds and investments in the Reserve Account equal Thirty-three Thousand One Hundred Twenty Dollars (\$33,120) the Issuer may use the surplus funds in the Revenue Fund for the purchase or redemption of Bonds or for any other lawful municipal purpose.

(F) Trust Funds. The funds and accounts created and established by this Instrument shall constitute trust funds for the purpose provided herein for such funds. All of such funds, except as hereinafter provided, shall be continuously secured in the same manner as municipal deposits of funds are required to be secured by the Laws of the State of Florida. Moneys on deposit to the credit of the Reserve Account shall be invested by the depository bank, upon request by the Issuer, in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America and which shall be subject to redemption at face value at anytime by the

holder thereof at the option of such holder; and the moneys on deposit to the credit of the Sinking Fund may be so invested in such obligations which shall mature not later than fifteen (15) days prior to the date on which such moneys shall be needed to pay the principal of and interest on the Bonds in the manner herein provided, but moneys on deposit to the credit of the Revenue Fund and the Operation and Maintenance Fund shall be not invested at any time. The securities so purchased as an investment of funds shall be deemed at all times to be a part of the account from which the said investment was withdrawn, and the interest accruing thereon and any profit realized therefrom shall be credited to such account and any loss resulting from such investment shall likewise be charged to said account.

(G) Rates and Charges. The Issuer covenants and agrees that it will fix, establish, revise from time to time whenever necessary and maintain always, so long as any of the Bonds are outstanding, such schedule of rates, fees, rentals and charges for the services and facilities of the System which will produce revenues which shall be sufficient to provide for current debt service and reserve requirements for the Bonds and pay Operating Expenses and that such rates, fees, rentals or other charges will not be reduced so as to be insufficient to provide funds for such purposes; and the Issuer covenants and agrees that so long as any of the Bonds are outstanding and unpaid, at the same time and in like manner that the Issuer prepares its Annual Budget of Operating Expenses, the Issuer shall annually prepare an estimate of Gross Revenues for the ensuing Fiscal Year, and to the extent that Gross Revenues are insufficient to pay such debt service requirements during such ensuing year, build up and maintain the required reserves for all such obligations and pay Operating Expenses, the Issuer shall revise the fees and rates charged for the use of the services and facilities of the System sufficiently to provide the funds required.

(H) Issuance of Other Obligations.

(1) The Issuer covenants and agrees that in the event the cost of the Project shall exceed the dollar amount of Bonds herein authorized, it shall deposit into the Project Account the amount of such excess out of funds available to it for such purpose, and the Issuer may provide such excess, and only such excess, through the issuance of parity Bonds conforming to the requirements of paragraph (3) of this subsection; but except to complete the Project, it will not issue any other obligations payable from or secured by the Gross Revenues or any part thereof, unless the conditions hereinafter set forth shall be met, or unless the lien of such obligations is junior and subordinate in all respects to the lien of the Bonds.

(2) The Issuer shall have the right to finance additional water and/or sewer facilities and related auxiliary facilities, by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the Gross Revenues and any other security pledged to the Bonds, provided in each instance that:

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

(b) The Issuer is in compliance with all covenants and undertakings of the Issuer (i) herein contained, in connection with all Bonds then outstanding and (ii) made with respect to any other bonds or other obligations of the Issuer payable from the Gross Revenues or any part thereof and has not been in default as to any payments required to be made under this Instrument for a period of at least the next preceding 24 months, or if at such time the Bonds shall not have been outstanding for 24 months then for the period that the Bonds shall have been outstanding.

(c) The annual Net Revenues for the Fiscal Year next preceding the issuance of additional parity bonds are certified

by an independent certified public accountant not regularly employed by the Issuer, to have been equal to at least one and twenty-hundredths (1.20) times the average annual requirements for the payment of the principal of and interest on all Bonds then outstanding.

(d) The estimated average annual net revenues of the facility or facilities to be constructed and acquired with the proceeds of such additional bonds (and any other funds pledged and set aside for such purpose), 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 debt service requirements for principal and interest on all outstanding Bonds and on the additional bonds proposed to be issued. Estimates of future revenues and Operating Expenses shall be furnished by recognized independent consulting engineers and approved by the Town Council of the Issuer and by the Mayor-Councilman thereof, and shall be forecast over a period of not exceeding ten years from the date of the additional bonds 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 per centum (75%) of the Bonds then outstanding.

(3) The Issuer hereby covenants and agrees that in the event additional series of parity bonds are issued, it will provide that said parity bonds shall mature according to a schedule which most closely approximates equal annual installments of combined principal and interest payments for such parity bonds and all other Bonds payable from the revenues of the System; it will adjust the required deposits into and the maximum amount to be maintained in the Sinking Fund, including the Reserve Account therein, on the same basis as hereinabove prescribed, to reflect the average annual debt service on the additional bonds; and it will make such additional bonds payable as to principal on September 1 of each year in which principal

falls due and the coupons attached thereto payable on September 1 of each year. If in any subsequently issued series of bonds secured by a parity lien on the revenues of the System it is provided that excess revenues shall be used to redeem bonds in advance of scheduled maturity, or if the Issuer at its option undertakes to redeem outstanding bonds in advance of scheduled maturity, the Issuer covenants that calls of bonds will be applied to each series of bonds on an equal pro rata basis (reflecting the proportion that the amount originally issued of each series bears to the amount originally issued of each of the other series) to the extent that this may be accomplished in accordance with the call provisions of the respective bond series, but the Issuer shall have the right to call any or all outstanding bonds which may be called at par prior to calling any bonds that are callable at a premium.

(I) Disposal of Facilities. The Issuer covenants and agrees that, so long as any of the Bonds are outstanding, it will maintain its corporate identity and existence and will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for above, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Bonds. Notwithstanding the foregoing, the Issuer may at any time permanently abandon use of, or sell at fair market value, any of its System facilities, provided that:

(a) It is in compliance with all covenants and undertakings in connection with all of its Bonds then outstanding, and the debt service reserve for such Bonds has been fully established;

(b) It will, in the event of sale, apply the proceeds to either (1) redemption of outstanding Bonds in accordance with the provisions governing repayment of Bonds in advance of maturity, or (2) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(c) It is certified, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(d) It is certified that the estimated Net Revenues of the remaining System facilities for the next succeeding Fiscal Year, plus the estimated net revenues of the facility, if any, to be added to the System, satisfy the earnings test hereinbefore provided in this subsection governing issuance of additional parity bonds.

(J) Insurance on System. While any of the Bonds shall remain outstanding, the Issuer shall carry at least the following insurance coverage:

(1) Fire and extended coverage on the insurable portions of the System, in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty per centum (80%) of the full insurable value of the damaged facility; and flood damage insurance shall be carried to the full insurable value, as recommended by consulting engineers, of all property of the System which may be subject to flood damage and shall be situated in flood plain area.

(2) Public liability insurance relating to the operation of the System, with limits of not less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, to protect the Issuer from claims for bodily injury and/or death and not less than \$10,000 for claims for damage to property of others which may arise from the Issuer's operation of the System.

(3) If the Issuer owns or operates a vehicle in the operation of the System, vehicular public liability insurance with limits of not less than \$100,000 for one person and \$300,000 for more than one person involved in one accident to protect the Issuer from claims for bodily injury and death, and not less than \$10,000 against claims for damage to property of others which may arise from the Issuer's operation of vehicles.

All such insurance shall be carried for the benefit of the holders of the Bonds. All moneys received by the Issuer by reason of insurance coverage, except liability coverage, shall be deposited to the credit of the Reserve Account and are hereby pledged by the Issuer as security for the Bonds, until and unless such proceeds are used to remedy the loss or damage for which such proceeds are received, either by repairing the property damaged or replacing the property destroyed within ninety (90) days from the receipt of such proceeds.

(K) Maintenance of System. The Issuer will complete the construction of the Project in an economical and efficient manner with all practicable dispatch, and thereafter will maintain the System in good condition and continuously operate the same in an efficient manner at a reasonable cost.

(L) No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System, nor will any preferential rates be established for users of the same class; and if the Issuer shall avail itself of the facilities or services provided by the System, or any part thereof, then the same rates, fees or charges applicable to other customers receiving like service under similar circumstances shall be charged to the Issuer. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

(M) Failure of User to Pay for Services. Upon failure of any user of any product, services or facilities of the System to pay for the same within sixty (60) days after the Issuer shall have billed such user therefor, the Issuer shall shut off the connection of such user and shall not furnish him or permit him to receive from the System further service until all obligations owed by him to the Issuer on account of ser-

vices, including disconnection and reconnection charges, shall have been paid in full. This covenant shall not, however, prevent the Issuer from causing any System connection to be shut off sooner.

(N) Enforcement of Collections. The Issuer will diligently enforce and collect the rates, fees, rentals 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, fees, rentals and other charges as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereto. All such fees, rates, rentals, charges and revenues herein pledged shall, as collected, be held in trust to be applied as provided in this Instrument and not otherwise.

(O) Compliance with Laws and Regulations. The Issuer covenants and agrees to perform and comply with, in every respect, the loan and grant agreements which it might have with the Government or with any other governmental agency and all applicable Federal and State Laws and regulations.

(P) Remedies. Any holder of the Bonds or any coupons appertaining thereto issued under the provisions of this Instrument, or any trustee acting for the holders of such Bonds and coupons, 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 the Laws of the State of Florida, or granted and contained in this Instrument, and may enforce and compel the performance of all duties required by this Instrument or by any applicable State or Federal statutes to be performed by the Issuer or by any officer thereof.

Nothing herein, however, shall be construed to grant to any holder of such Bonds or coupons any lien on any real property of the Issuer.

(Q) Records and Audits. The Issuer shall keep books

and records of the Gross Revenues, which such books and records shall be kept separate and apart from all other books, records and accounts of the Issuer, and any holder of a Bond or Bonds or the coupons applicable thereto shall have the right, at all reasonable times, to inspect such books and records.

(R) Connection with System. The Issuer will, to the full extent permitted by law, require all lands, buildings, residences and structures within its corporate limits which can use the facilities and services of the System to connect therewith and use the facilities and services thereof and to cease the use of all other facilities. The Issuer will not grant a franchise for the operation of any competing water System until all Bonds issued hereunder, together with interest thereon, shall have been paid in full.

(S) Fidelity Bond. The Issuer will require each employee who may have possession of any Gross Revenues to be covered by a fidelity bond written by a responsible indemnity company in an amount fully adequate to protect the Issuer from loss.

(T) Government Approval of Extensions and Financing. Anything herein to the contrary notwithstanding, while the Government is the holder of any of the Bonds, the Issuer will not borrow any money from any source or enter into any contract or agreement or incur any other liability in connection with making extensions of or improvements to the System, other than normal maintenance of the System, or permit others to do so, without obtaining the prior written consent of the Government.

(U) Reimbursement of Advances and Interest Thereon. While the Government shall be the holder of any of the Bonds, the Government shall have the right to make advances for the payment of insurance premiums and/or other advances which, in the opinion of the Government, may be required to protect the Government's security interest. In the event of any such advances, the Issuer covenants and agrees to repay the same, together with interest thereon at the same rate per annum as specified in

the Bonds, upon demand made at any time after any such expenditure by the Government. Any such amount due the Government shall be secured by a pledge of and lien upon the Gross Revenues, on a parity with the Bonds, and payment thereof shall take priority over any other payments from the Reserve Account.

ARTICLE IV

MISCELLANEOUS PROVISIONS

4.01 Modification or Amendment. No material modification or amendment of this Instrument may be made without the consent in writing of the holders of two-thirds or more in principal amount of the Bonds then outstanding; provided, however, that 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, or affect the unconditional promise of the Issuer to charge and collect such rates, fees, rentals and charges for the use of the product, services and facilities of the System and apply the same as herein provided, or reduce the number of such Bonds the written consent of the holders of which are required by this Section for such modification or amendment, without the consent of the holders of all such Bonds.

4.02 Creation of Superior Liens. The Issuer covenants that except as herein provided it will not issue any other Bonds, certificates or obligations of any kind or nature or create or cause or permit to be created any debt, lien, pledge, assignment or encumbrance or charge payable from or enjoying a lien upon any of the Gross Revenues ranking prior and superior to the lien created by this Instrument for the benefit of the Bonds.

4.03 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Instrument or of the Bonds 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, 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 Instrument and of the Bonds.

4.04 Validation Authorized. The Issuer's Town Attorney is hereby authorized and directed to institute appropriate proceedings in the Circuit Court for Bay County, Florida, for the validation of the Bonds and the proper officers of the Issuer are hereby authorized to verify on behalf of the Issuer any pleadings in such proceedings.

4.05 Sale of Bonds. The Bonds are hereby sold and awarded to the Government at the price of par.

4.06 Conflicts Repealed. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

4.07 Effective Date. This Instrument shall take effect as provided by law.

INTRODUCED at a Regular Meeting of the Town Council on the 24th day of October, 1978, and ADOPTED by the Town Council at a Regular Meeting on the 14th day of November, 1978.

TOWN OF MEXICO BEACH, FLORIDA

By:

W. L. (Bob) Hall
Mayor-Councilman

ATTEST:

Patricia L. Hutchinson
(Acting) Town Clerk