

RESOLUTION NO. 2013-04

A RESOLUTION APPROVING THE NEGOTIATED AND PRIVATE SALE OF NOT TO EXCEED \$2,153,000 PRINCIPAL AMOUNT OF CITY OF MEXICO BEACH, FLORIDA SUBORDINATE WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2013; AWARDED SAID SERIES 2013 BONDS TO THE PURCHASER THEREOF; APPROVING THE TERMS OF SAID SERIES 2013 BONDS; PROVIDING FOR THE DELIVERY OF SAID SERIES 2013 BONDS TO THE PURCHASER; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MEXICO BEACH, FLORIDA (the "Issuer"), as follows:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution (the "Award Resolution") is adopted pursuant to the provisions of the Florida Constitution, Chapter 166, Part II, Florida Statutes, and other applicable provisions of law (the "Act"), and Ordinance No. 337, duly enacted by the City Council of the Issuer (the "City Council") on February 17, 1997, as amended by Ordinance No. 356, duly enacted by the City Council on March 30, 1999 (collectively, the "Master Bond Ordinance"), and as supplemented by Ordinance No. 589, duly enacted by the City Council on March 13, 2012 (the "Supplemental Bond Ordinance" and, together with the Master Bond Ordinance, the "Bond Ordinance"). All capitalized undefined terms used herein shall have the meaning given them in the Bond Ordinance.

SECTION 2. AUTHORIZATION OF SERIES 2013 BONDS. Subject and pursuant to the provisions hereof, the obligation of the Issuer to be known as "Subordinate Water and Sewer System Revenue Bonds, Series 2013" is authorized to be issued in the aggregate principal amount of not to exceed \$2,153,000 (the "Series 2013 Bonds").

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

A. The Supplemental Bond Ordinance authorized the issuance of the Issuer's not to exceed \$2,153,000 Subordinate Water and Sewer System Revenue Bonds and Subordinate Water and Sewer System Revenue Bond Anticipation Note to finance the construction of improvements to the Water System of the Issuer in accordance with plans and specifications prepared by the Issuer's Consulting Engineer on file from time to time with the City Clerk of the Issuer (the "Project").

B. The Subordinate Water and Sewer System Revenue Bonds, the Subordinate Water and Sewer System Revenue Bond Anticipation Note and the Bond Ordinance were validated pursuant to Chapter 75, Florida Statutes, by the Circuit Court in and for Bay County, Florida on June 18, 2012.

C. The Issuer issued its \$2,153,000 Subordinate Water and Sewer System Revenue Bond Anticipation Note, Series 2012 (the "Bond Anticipation Note") in order to obtain immediately available funds to finance the commencement of the Project. The Bond Anticipation Note is secured by the proceeds of the Series 2013 Bonds. It is the finding and determination of the Issuer that it is necessary and appropriate to repay the Bond Anticipation Note with the proceeds of the Series 2013 Bonds as soon as is practicable.

D. The City Council hereby determines that the purposes of the Issuer will be best facilitated and accomplished by selling the Series 2013 Bonds through the means of a negotiated and private sale because the United States of America, acting through the U.S. Department of Agriculture, Rural Development, Rural Utilities Service (the "Purchaser"), has offered to purchase the Series 2013 Bonds at an interest rate less than the rates that could be obtained from private investors. The size of the issue and the rate of interest demanded by the current market for

municipal bonds is such that if the Issuer must sell the Series 2013 Bonds at a rate of interest in excess of the rate obtainable from said sale to the Purchaser, the Project would not be financially feasible.

E. The Issuer must also establish the terms for the Series 2013 Bonds, including the redemption provisions thereof.

F. The Series 2013 Bonds, the Senior Lien Bonds and the Parity Bonds will be payable solely from and secured by a lien on the Pledged Revenues to be derived annually from the rates, rentals, fees and other charges made and collected for the services and facilities of the System. Pursuant to the Supplemental Bond Ordinance, the Issuer has covenanted and agreed to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues, as defined in the Supplemental Bond Ordinance, amounts sufficient to pay principal of and interest on Series 2013 Bonds and other payments or deposits due under the Supplemental Bond Ordinance related to the Series 2013 Bonds not being paid from Pledged Revenues or other amounts as the same shall become due, all as further provided in the Supplemental Bond Ordinance.

G. The proceeds of the Series 2013 Bonds will be used to (1) repay the Bond Anticipation Note, presently outstanding in the principal amount of \$2,153,000, and thereby provide long term financing for the costs associated with the Project, and (2) pay costs of issuance associated with the Series 2013 Bonds.

H. The Issuer has been or will be provided all applicable disclosure information required by Section 218.385, Florida Statutes, a copy of which is attached hereto as Exhibit A.

SECTION 4. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase of the Series 2013 Bonds by the Purchaser, this Award Resolution shall be deemed to be

and shall constitute a contract between the Issuer and the Purchaser. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Purchaser of the Series 2013 Bonds, which shall be of equal rank and without preference, priority or distinction of any of the Parity Bonds, but such covenants and agreements herein shall be subordinate in all respects to any of the Senior Lien Bonds, except as expressly provided therein and herein. To the extent of any conflict between the Series 2013 Bonds and the Bond Ordinance, the terms of the Bond Ordinance shall apply.

SECTION 5. DESCRIPTION OF THE SERIES 2013 BONDS. The Series 2013 Bonds shall be in substantially the form provided in Section 2.07 of the Master Bond Ordinance, shall be issued as one fully registered bond in the principal amount not to exceed \$2,153,000, shall be dated as of the date of delivery to the Purchaser and shall mature as provided therein. The Series 2013 Bonds shall bear interest at a rate of three and 25/100 percent (3.25%) per annum, payable September 1, 2013 and September 1, 2014. Principal and interest shall be payable on each September 1st thereafter in the amounts calculated to provide substantially level debt service, with a final payment of all unpaid principal and interest coming due on September 1, 2052. The Series 2013 Bonds shall be secured in the manner described in the Bond Ordinance and shall be subject to redemption as provided in Exhibit B attached hereto.

The Series 2013 Bonds shall not be or constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of the Florida Constitution, but the payment of the principal of and interest thereon shall be payable solely from and secured by a lien of the Pledged Revenues. No Holder 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 thereon.

SECTION 6. MODIFICATION AND AMENDMENT. No material modification or amendment of this Award Resolution or of any resolution amendatory hereof or supplemental hereto may be made without the consent in writing of the Purchaser.

SECTION 7. TAX COVENANTS. No use will be made of the proceeds of the Series 2013 Bonds which, if such use were reasonably expected on the date of issuance thereof, would cause the same to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer at all times while the Series 2013 Bonds and the interest thereon are outstanding will comply with the requirements of the Code, including any amendments thereto and any valid and applicable rules and regulations promulgated thereunder necessary to maintain the exclusion of the interest on the Series 2013 Bonds from federal gross income including the creation of any rebate funds or other funds and/or accounts required in that regard.

SECTION 8. SALE OF SERIES 2013 BONDS. The negotiated and private sale of the Series 2013 Bonds in the aggregate principal amount of not to exceed \$2,153,000 are hereby authorized and approved. The Series 2013 Bonds shall be sold to the Purchaser.

SECTION 9. PAYMENT OF THE BOND ANTICIPATION NOTE. Simultaneously with the delivery of the Series 2013 Bonds to the Purchaser, the Issuer shall pay the Bond Anticipation Note in full. Such funds shall be accounted for separately from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein and in the Bond Ordinance. The City Clerk is authorized to transfer moneys of the Issuer, which with other moneys on deposit, will be sufficient for the purposes set forth in this Section.

SECTION 10. NECESSARY ACTIONS. The appropriate officials of the Issuer are

authorized and directed to receive on behalf of the Issuer the proceeds of the sale of the Series 2013 Bonds and to deposit, apply and disburse the proceeds of said Series 2013 Bonds, in the manner and for the purposes provided herein and in the Bond Resolution. The Mayor, the City Clerk and other appropriate officers of the Issuer are authorized to execute such delivery papers, receipts and documents as may be necessary in connection with the delivery of the Series 2013 Bonds and receipt of the proceeds and to take all actions and do all things necessary to deliver said Series 2013 Bonds to the Purchaser and to receive the proceeds of the sale of the Series 2013 Bonds.

SECTION 11. BANK QUALIFIED. The Issuer designates the Series 2013 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The Issuer and any subordinate entities of the Issuer and any issuer of "tax-exempt" debt that issues "on behalf of" the Issuer do not reasonably expect during calendar year 2013 to issue more than \$10,000,000 of "tax-exempt" obligations, exclusive of any private activity bonds, as defined in Section 141(a) of the Code.

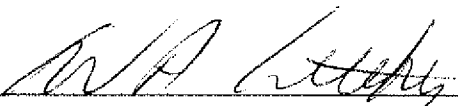
SECTION 12. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Award Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reasons whatsoever 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, and in no way affect the validity of all the other provisions of this Award Resolution or of the Series 2013 Bonds.

SECTION 13. EFFECTIVE DATE. This Award Resolution shall take effect immediately upon its adoption.

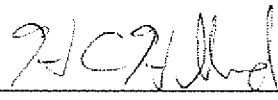
ADOPTED by the City Council of the City of Mexico Beach, Florida, on the 23rd day of April, 2013.

CITY OF MEXICO BEACH, FLORIDA

(SEAL)

By: 
William A. Cathey, Mayor

ATTEST WITH SEAL:


Chris Hubbard, City Administrator

APPROVED AS TO FORM
AND CORRECTNESS:

City Attorney

EXHIBIT A

DISCLOSURE STATEMENT

City Council
City of Mexico Beach, Florida
Mexico Beach, Florida

In connection with the proposed issuance by the City of Mexico Beach, Florida (the "Issuer") of its \$2,153,000 Subordinate Water and Sewer Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), the U.S. Department of Agriculture, Rural Development on behalf of Rural Utilities Service (the "Purchaser"), has agreed to purchase the Series 2013 Bonds.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6) and (2), Florida Statutes, as amended, certain information in respect to the arrangement contemplated for the purchase of the Series 2013 Bonds as follows:

(1) The nature and estimated amount of expenses to be incurred by the Purchaser and paid by the Purchaser in connection with the purchase and reoffering of the Series 2013 Bonds is as follows:

None

(2) No person has entered into an understanding with the Purchaser, or to the knowledge of the Purchaser, 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 Purchaser or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2013 Bonds.

(3) The amount of underwriting spread, including the management fee, expected to be realized is as follows:

None

(4) No other fee, bonus or other compensation is estimated to be paid by the Purchaser in connection with the issuance of the Series 2013 Bonds to any person not regularly employed or retained by the Purchaser (including any "finder", as defined in Section 218.386(1)(a), Florida Statutes, as amended).

(5) The name and address of the Purchaser are set forth below:

United States of America, acting through the U.S. Department of Agriculture, Rural
Development on behalf of Rural Utilities Service
2741 Pennsylvania Avenue, Suite 5
Marianna, Florida 32448

(6) The Issuer is proposing to issue the Series 2013 Bonds for the purpose of providing funds which, together with other available funds of the Issuer will be used to refund on a current basis the outstanding principal amount of the Issuer's Subordinate Water and Sewer System Revenue Bond Anticipation Note, Series 2012, the proceeds of which were used to finance the cost of the acquisition, construction and erection of certain improvements to the Issuer's water system, and to pay certain costs of issuance of the Series 2013 Bonds. The Series 2013 Bonds are expected to be repaid over a period of 38 years. At a fixed interest rate of 3.25% total interest paid over the life of the Series 2013 Bonds is expected not to exceed \$_____.

(7) The source of repayment or security for the Series 2013 Bonds is the Pledged Revenues, all as defined in the Bond Ordinance. Authorizing the Series 2013 Bonds will result in a maximum of \$_____ of the Issuer's Pledged Revenues not being available to the Issuer each year for other uses during the term of the Series 2013 Bonds.

DATED this ____ day of April, 2013.

Respectfully submitted,

EXHIBIT B

The Series 2013 Bonds or principal installments thereof maturing before September 1, 2021, are not subject to redemption prior to their respective stated dates of maturity. The Series 2013 Bonds or principal installments thereof maturing on September 1, 2021, 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, 2020, or on any interest payment date thereafter at par and accrued interest, plus the following premiums, expressed as a percentage of the principal amount thereof, if redeemed in the following years:

3% if redeemed September 1, 2020, or thereafter,
but prior to August 31, 2021;

2% if redeemed September 1, 2021 or thereafter,
but prior to August 31, 2022;

1% if redeemed September 1, 2022, or thereafter,
but prior to August 31, 2023;

Without premium, if redeemed September 1, 2023,
or thereafter;

provided, however, that Series 2013 Bonds or principal installments thereof held by the United States of America, acting through the U.S. Department of Agriculture, Rural Development, Rural Utilities Service, may be redeemed on any date, including dates prior to September 1, 2020, without the payment of a premium; that the Issuer shall have the right to call Series 2013 Bonds or principal installments thereof redeemable at no premium prior to calling Series 2013 Bonds or principal installments thereof redeemable at a premium.