

RESOLUTION NO. 20-75

A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA SUPPLEMENTING RESOLUTION NO. 20-52 ADOPTED ON JANUARY 23, 2020; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$40,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS CAPITAL IMPROVEMENT REVENUE BONDS (FRONT BEACH ROAD PROJECT), SERIES 2020 TO FINANCE CAPITAL PROJECTS AND PAY THE COSTS OF ISSUANCE OF SUCH SERIES 2020 BONDS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH SERIES 2020 BONDS CERTAIN PLEDGED FUNDS; DELEGATING THE AWARD OF THE SALE OF THE SERIES 2020 BONDS TO THE CITY MANAGER; APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT; APPOINTING A PAYING AGENT AND REGISTRAR; AUTHORIZING AND APPROVING THE COSTS OF ISSUANCE FOR SUCH SERIES 2020 BONDS; PROVIDING FOR A BOND INSURANCE POLICY AND/OR A RESERVE FUND INSURANCE POLICY; AMENDING RESOLUTION NO. 15-69 ADOPTED ON MARCH 12, 2015; PROVIDING FOR SECURITY FOR THE HOLDER OF SUCH SERIES 2020 BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDER OF SUCH SERIES 2020 BONDS; AND PROVIDING AN EFFECTIVE DATE.

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BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PANAMA CITY BEACH, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Chapter 166, Part II, Florida Statutes, Chapter 163, Part III, Florida Statutes, the Bond Resolution and other applicable provisions of law.

SECTION 2. DEFINITIONS. All capitalized undefined terms shall have the same meaning as set forth in the Bond Resolution, as hereinafter defined, and those definitions are incorporated by reference in this Resolution. In addition, the following terms shall have the following meanings herein, unless the text expressly requires otherwise. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

“Authorized Denomination” shall mean \$5,000 and any integral multiple thereof, except to the extent otherwise determined by subsequent resolution of the Issuer.

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement between the Issuer and the Underwriters to be dated the date of sale and substantially in the form attached hereto as Exhibit “B” and incorporated herein by reference.

“Bond Resolution” shall mean the Master Resolution, as supplemented by the 2020 Supplemental Resolution.

“Bonds” shall mean the Parity Bonds, the Series 2020 Bonds and any Additional Bonds, authorized pursuant to the Master Resolution.

“Business Day” shall mean a day of the year which is not a Saturday or Sunday or a day on which the Paying Agent is lawfully closed or on which the New York Stock Exchange is closed.

“Financial Advisor” shall mean PFM Financial Advisors LLC and their successors and assigns.

“Finance Director” shall mean the Assistant to the City Manager for Finance.

“Issuer” shall mean the City of Panama City Beach, Florida.

“Master Resolution” shall mean Resolution No. 02-30 adopted by the Issuer on June 20, 2002 authorizing the Bonds, as amended and restated by Resolution No. 06-60 adopted by the Issuer on August 16, 2006.

“Parity Bonds” shall mean the Issuer’s remaining outstanding \$42,915,000 Capital Improvement Refunding Revenue Bonds, Series 2015 (Front Beach Road Project) issued on March 26, 2015.

“Paying Agent” shall mean Regions Bank, Jacksonville, Florida and its successors and assigns.

“Registrar” shall mean Regions Bank, Jacksonville, Florida and its successors and assigns.

“Reserve Fund Bonds” shall mean (i) the Parity Bonds, (ii) the Series 2020 Bonds, if designated per Section 12 hereof, and (iii) any Additional Bonds authorized pursuant to the Master Resolution and which by supplemental resolution designates such Series of Bonds as Reserve Fund Bonds.

“Reserve Fund Requirement” shall mean the lesser of (i) the Maximum Debt Service Requirement on the Reserve Fund Bonds, (ii) 125% of the average Debt Service Requirement on the Reserve Fund Bonds, or (iii) the maximum amount allowed under the Internal Revenue Code of 1986, as amended; or such other amount as determined by the City Manager evidenced by a certificate of the Issuer.

“Reserve Fund Requirement for Series 2020 Bonds” shall mean the lesser of (i) the Maximum Debt Service Requirement on the Series 2020 Bonds, (ii) 125% of the average Debt Service Requirement on the Series 2020 Bonds, or (iii) the maximum amount allowed under the Internal Revenue Code of 1986, as amended; or such other amount as determined by the City Manager evidenced by a certificate of the Issuer.

“Resolution” shall mean this instrument, as the same may from time to time be amended, modified or supplemented.

“Series 2020 Bonds” shall mean the Issuer’s not to exceed \$40,000,000 Capital Improvement Revenue Bonds, Series 2020 (Front Beach Road Project), authorized pursuant to this Resolution and the Bond Resolution.

“2020 Project” shall mean such projects as described on Exhibit “A” attached hereto.

“2020 Supplemental Resolution” shall mean Resolution No. 20-52 adopted on January 23, 2020.

“Underwriters” shall mean, collectively, Raymond James & Associates, Inc. and Jefferies LLC.

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

A. The Issuer is a municipal corporation organized under the laws of the State of Florida and is authorized under the Act to issue the Series 2020 Bonds and use the proceeds thereof for the purposes of financing the 2020 Project.

B. The Issuer previously approved the Master Resolution authorizing the Bonds.

C. On January 23, 2020, the Issuer adopted the 2020 Supplemental Resolution authorizing its not to exceed \$80,000,000 Capital Improvement Revenue Bonds (Front Beach Road Project) to be issued in one or more series.

D. The Issuer now desires to supplement the 2020 Supplemental Resolution to authorize its not to exceed \$40,000,000 Capital Improvement Revenue Bonds (Front Beach Road Project), Series 2020 to finance the 2020 Project.

E. It is necessary and desirable to acquire and construct the 2020 Project, as provided herein, in order to enhance, preserve and protect the public health, safety and welfare of the inhabitants of the Issuer and to issue the Series 2020 Bonds to provide funds for such purposes.

F. The Series 2020 Bonds shall be considered Bonds under the terms of the Master Resolution. The principal of and interest on the Series 2020 Bonds and all required reserve and other payments shall be payable solely from Pledged Funds. The Issuer shall never be required to levy ad valorem taxes on any real or personal property within the City of Panama City Beach to pay the principal of and interest on the Series 2020 Bonds herein authorized or to make any other payments provided for herein. The Series 2020 Bonds shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer.

G. The revenues pledged for the payment thereof are not now pledged or encumbered in any manner, except for the payment of principal and interest on the Parity Bonds.

H. The estimated revenues pledged for the payment thereof will be sufficient to pay all principal of and interest on the Series 2020 Bonds to be issued hereunder and the Parity Bonds as the same become due, and to make all required reserve or other payments required by this Resolution and the Bond Resolution.

I. The Issuer is advised that due to the present volatility of the market for tax-exempt public obligations such as the Series 2020 Bonds, it is in the best interest of the Issuer to sell the Series 2020 Bonds by negotiation, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 2020 Bonds; and, accordingly, the Issuer does hereby find and determine that it is in the best interest of the Issuer that a negotiated sale of the Series 2020 Bonds be authorized.

SECTION 4. AUTHORIZATION OF THE 2020 PROJECT. There is hereby authorized the design, acquisition, construction and improvement of the 2020 Project. The cost of such 2020 Project, in addition to the items set forth in the plans and specifications on file or to be filed with the City Clerk, may include, but not be limited to, all costs permitted under the Bond Resolution and this Resolution. Provided however, the Issuer reserves the right, if it be found at the time of construction of the 2020 Project that the amounts allocated for a portion thereof are inadequate therefor, to allocate additional amounts from other portions of said 2020 Project

and, if it be found at the time of construction of the 2020 Project that less than the amounts allocated to certain purposes are needed for such purposes, to allocate the amount so saved to other portions of the 2020 Project or, if through unusual conditions or circumstances it is deemed necessary and advisable to change or delete any of the portions of the 2020 Project described above, to make such necessary changes or deletions in such 2020 Project as the Issuer deems necessary so long as all said funds are used for the purposes provided by law, this Resolution and the Bond Resolution and, to the extent used for construction, according to the plans and specifications to be on file with the Issuer prior to disbursement of such funds.

SECTION 5. THIS RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2020 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. The covenants and agreements herein set forth and in the Bond Resolution 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 Series 2020 Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 2020 Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 6. AUTHORIZATION OF SERIES 2020 BONDS. Subject and pursuant to the provisions hereof, obligations of the Issuer to be known as "Capital Improvement Revenue Bonds, Series 2020 (Front Beach Road Project)" are authorized to be issued in the aggregate principal amount of not exceeding \$40,000,000.

SECTION 7. PROVISIONS FOR REDEMPTION. The Series 2020 Bonds may be subject to redemption prior to their maturity, at the option of the Issuer, at such times and in such manner as shall be provided in Bond Purchase Agreement.

SECTION 8. APPLICATIONS OF PROVISIONS OF THE MASTER RESOLUTION AND THE 2020 SUPPLEMENTAL RESOLUTION. The Series 2020 Bonds, herein authorized, shall for all purposes (except as herein expressly provided) be considered to be issued under the authority of the Master Resolution and the 2020 Supplemental Resolution, and shall be entitled to all the protection and security provided therein for Bonds issued thereunder. The Series 2020 Bonds constitute "Additional Bonds" under the terms of the Master Resolution.

SECTION 9. SERIES 2020 BONDS NOT TO BE INDEBTEDNESS OF ISSUER. The Series 2020 Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds equal and ratable to the lien on the Parity Bonds, in accordance with the terms of this Resolution and the Bond Resolution. No Holder of any Series 2020 Bond shall ever have the right to compel the exercise of the ad valorem taxing power of the State, Bay County or any

governmental entity to pay such Series 2020 Bond or shall be entitled to payment of such Bond from any moneys of the Issuer except the Pledged Funds, in the manner provided in the Master Resolution and this Resolution.

The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Series 2020 Bonds, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in tort, contract or otherwise.

SECTION 10. APPOINTMENT OF PAYING AGENT AND REGISTRAR. Regions Bank, Jacksonville, Florida is hereby appointed as Paying Agent and Registrar for the Series 2020 Bonds. The Mayor and the City Manager are hereby authorized to enter into any agreements with such Paying Agent and Registrar, which may be necessary to reflect the obligation of such Paying Agent and Registrar to accept and perform the respective duties imposed upon each and to effectuate the transactions contemplated, by this Resolution and the Bond Resolution in substantially the form attached hereto as Exhibit "D" with such changes, amendments, modifications, omissions and additions thereto as shall be approved by the Mayor or the City Manager. The execution and delivery of the Paying Agent and Registrar Agreement by the Mayor or the City Manager shall be deemed conclusive evidence of the approval of such changes.

SECTION 11. DELEGATION OF AWARD OF SERIES 2020 BONDS. Subject to full satisfaction of the conditions set forth in this Section, the City Council of the Issuer hereby authorizes a delegated negotiated sale of the Series 2020 Bonds to the Underwriters in accordance with the terms of the Bond Purchase Agreement, with such changes, amendments, modifications, omissions and additions thereto as shall be approved by the City Manager in accordance with the provisions of this Section (including, without limitation, making the final determination concerning the structuring and marketing of the Series 2020 Bonds to obtain the most favorable rating and interest rate on the Series 2020 Bonds), and the execution and delivery of the Bond Purchase Agreement by the City Manager shall be deemed conclusive evidence of the approval of such changes and the full and complete satisfaction of the conditions set forth in this Section.

The Issuer hereby delegates to the City Manager the authority (a) to determine (i) the dated date, (ii) the maturity dates, prices or yields, and amounts, (iii) the interest rates, (iv) the redemption provisions, (v) the delivery date, and (vi) all other details of the Series 2020 Bonds; (b) to take such further action as shall be required for carrying out the purposes of this Resolution all with respect to the Series 2020 Bonds; and (c) to execute and deliver, on behalf of the Issuer, the Bond Purchase Agreement as provided above; provided, however, that the City Manager shall not take any action pursuant to this Section unless the City Manager shall have received from the Underwriters all required disclosure information required by Section 218.385,

Florida Statutes, a good faith deposit check from the Underwriters made out to the Issuer in an amount not less than 1% of the principal amount of the Series 2020 Bonds, and a certificate from the Financial Advisor recommending to the Issuer that it accept the offer of the Underwriters as set forth in the Bond Purchase Agreement, and finding that (i) the par amount of the Series 2020 Bonds is not in excess of \$40,000,000, (ii) the true interest cost rate of the Series 2020 Bonds is not more than 4.50%, (iii) the final maturity of the Series 2020 Bonds is not later than September 30, 2049, and (iv) the underwriting discount is not greater than \$4.00 per bond. All actions of the City Manager taken pursuant to the authority contained in this Section shall be evidenced by the Bond Purchase Agreement, and the execution of the Bond Purchase Agreement shall constitute complete evidence of the actions of the City Manager and shall constitute the action of the Issuer.

Upon satisfaction of the conditions set forth in this Section, the City Manager and the City Clerk are hereby authorized to execute and deliver the Series 2020 Bonds and any other documents, agreements or certificates relating to the Series 2020 Bonds, and are further authorized and directed to prepare and furnish to the purchasers of the Series 2020 Bonds, when the Series 2020 Bonds are issued, certified copies of all the proceedings and records of the Issuer relating to the Series 2020 Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Series 2020 Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Issuer as to the truth of all statements contained therein.

SECTION 12. RESERVE FUND REQUIREMENT. There is hereby created and established the "City of Panama City Beach Capital Improvement Revenue Bonds (Front Beach Road Project), Series 2020 Reserve Fund" (the "Series 2020 Reserve Fund"). The Issuer may deposit in the Series 2020 Reserve Fund, on the date of issuance of the Series 2020 Bonds, the Reserve Fund Requirement for the Series 2020 Bonds.

Notwithstanding the above, the Issuer may choose to deposit moneys in the Reserve Fund Subaccount created by Resolution No. 15-69 adopted on March 12, 2015 (the "2015 Supplemental Resolution"), as provided by Section 13 below. In order to produce the lowest true interest cost possible for the Series 2020 Bonds, the City Manager, in consultation with the Financial Advisor and Bond Counsel, shall make a determination to (i) deposit moneys in the Series 2020 Reserve Fund or (ii) designate such Series 2020 Bonds as Reserve Fund Bonds and deposit moneys in the Reserve Fund Subaccount, in compliance with the Reserve Fund Requirement, as provided in Section 13 below. Such deposit, determination and designation shall be evidenced by a certificate of the City Manager dated the date of issuance of the Series 2020 Bonds.

The provisions of Section 4.05(D) of the Master Resolution shall apply to any reserve fund deposits pursuant to this Section 12.

SECTION 13. AMENDMENT OF RESOLUTION NO. 15-69. SECTION 14. RESERVE FUND SUBACCOUNT of the 2015 Supplemental Resolution is hereby amended as follows:

SECTION 14. RESERVE FUND SUBACCOUNT. There is hereby created and established a subaccount in the Reserve Fund called the "City of Panama City Beach Capital Improvement Revenue Bonds, Series 2015 (Front Beach Road Project) Reserve Fund Subaccount" (the "~~Series 2015~~ Reserve Fund Subaccount"). On the date of issuance of the Series 2015 Bonds and any other Reserve Fund Bonds, there shall be on deposit therein, the Reserve Fund Requirement. ~~Amounts on deposit in the 2015 Reserve Subaccount shall be used solely for security and payment of debt service on the Series 2015 Bonds.~~ On or prior to each principal and interest payment date for the Series 2015 Bonds and other any Reserve Fund Bonds, money in the ~~Series 2015~~ Reserve Fund Subaccount shall be applied by the Issuer for payment of principal of, interest on, or the Redemption Price of, the Series 2015 Bonds and any other Reserve Fund Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose.

Such amendment shall only take effect upon the consent of the Holder of the Parity Bonds.

SECTION 14. PRELIMINARY OFFICIAL STATEMENT. The Issuer hereby authorizes and directs a Preliminary Official Statement to be prepared, which shall be in substantially the form attached hereto as Exhibit "C" and incorporated herein by reference, with such changes, insertions and omissions as shall be approved by the City Manager. The City Manager is hereby authorized to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, except for "permitted omissions," as defined in the Rule, with such changes, insertions and omissions as shall be approved by the City Manager.

SECTION 15. BOND INSURANCE POLICY AND/OR RESERVE FUND INSURANCE POLICY. In order to produce the lowest true interest cost possible for the Series 2020 Bonds or any portion thereof, the City Manager is hereby authorized to secure a Bond Insurance Policy in the form of a municipal bond insurance policy and/or a Reserve Fund Insurance Policy or a Reserve Fund Letter of Credit, with respect to the Series 2020 Bonds, if, after consultation with the Financial Advisor and the Finance Director determines that obtaining such Bond Insurance Policy and/or Reserve Fund Insurance Policy or a Reserve Fund Letter of Credit is in the best interests of the Issuer. The City Manager is hereby authorized to provide for the payment of

any premium(s) on such Bond Insurance Policy and/or Reserve Fund Insurance Policy or a Reserve Fund Letter of Credit from the proceeds of the issuance of such Series of Series 2020 Bonds and the City Manager is hereby authorized to negotiate, enter into, execute, and deliver such agreements as may be necessary to secure such Bond Insurance Policy and/or Reserve Fund Insurance Policy or a Reserve Fund Letter of Credit, in a form acceptable to the Finance Director, the Financial Advisor, the City Attorney and Bond Counsel. The City Manager's executions of any such agreements, after consultation with the Finance Director, the Financial Advisor, the City Attorney, and Bond Counsel, is to be conclusive evidence of the Issuer's approvals thereof, the final form of which is to be approved by the City Attorney.

SECTION 16. COSTS OF ISSUANCE. For purposes of this Resolution, "Costs of Issuance" includes, legal, financial advisory and all other miscellaneous costs associated with the issuance of the Series 2020 Bonds, without limitation, and specifically excludes underwriting discount and municipal bond insurance premium. The Costs of Issuance are hereby authorized and approved as set forth on Exhibit "E" attached hereto. The City Clerk is hereby authorized to make such payments with no further authorization needed from the City Council. The City Manager is hereby authorized to execute and deliver engagement letters and agreements with any of the parties listed on Exhibit "E", upon approval of the City Attorney.

SECTION 17. GENERAL AUTHORITY. The Mayor, City Manager, City Clerk, City Attorney and other agents and employees of the Issuer are hereby authorized to do 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 Series 2020 Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Series 2020 Bonds to effectuate the sale of the Series 2020 Bonds.

SECTION 18. NO PERSONAL LIABILITY. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series 2020 Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series 2020 Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the City Council, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series 2020 Bonds, or any certificate or other instrument to be executed in connection with the issuance of the Series 2020 Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 19. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or

against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Series 2020 Bonds issued hereunder.

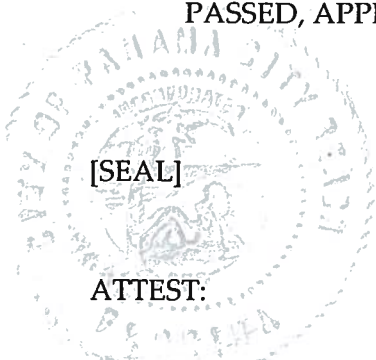
SECTION 20. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 21. HEADINGS NOT A PART HEREOF. The headings preceding the several sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 22. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 12th day of March, 2020.

CITY OF PANAMA CITY BEACH, FLORIDA



[SEAL]

ATTEST:

By: [Signature]
Mayor

By: Mary Jan Bossert
City Clerk

By: [Signature]
City Manager

EXHIBIT "A"

DESCRIPTION OF 2020 PROJECTS

"2020 Project" shall mean the design, acquisition of land, rights and easements, construction, improvement and streetscaping of the following projects:

- (a) Front Beach Road Segment 3/Hwy 79
- (b) Powell Adams Phase 2
- (c) Front Beach Road Segment 4.1 (1.35 miles from Lullwater Drive to Hills Road)
- (d) If there are additional Series 2020 Bonds proceeds remaining, any other project approved by Resolution No. 20-52

EXHIBIT "B"

FORM OF BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

[] [], 2020

City of Panama City Beach, Florida
110 South Arnold Road
Panama City Beach, Florida 32413

Re: \$[] City of Panama City Beach, Florida Capital Improvement Revenue Bonds, Series 2020 (the "Series 2020 Bonds")

Ladies and Gentlemen:

Raymond James & Associates, Inc. (the "Senior Managing Underwriter"), acting on behalf of itself and as the representative of Jefferies LLC (collectively, the "Underwriters") offers to enter into this Bond Purchase Agreement (the "Purchase Contract") with the City of Panama City Beach, Florida (the "Issuer"), which, upon the Issuer's acceptance hereof, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's acceptance by execution of this Purchase Contract and its delivery to the Underwriters on or before 6:00 P.M., City of Panama City Beach, Florida time, on the date hereof. Terms not otherwise defined herein shall have the same meanings ascribed to them in the Bond Resolution and the Official Statement as each is described below.

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and covenants set forth herein, the Underwriters hereby agree to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the aggregate principal amount of the \$[] City of Panama City Beach, Florida Capital Improvement Revenue Bonds, Series 2020 (the "Series 2020 Bonds"). If any of the Series 2020 Bonds are purchased pursuant to this Purchase Contract, the Underwriters are obligated to purchase all of the Series 2020 Bonds. The aggregate purchase price of the Series 2020 Bonds (the "Purchase Price") shall be \$[] (calculated as \$[] principal amount of the Series 2020 Bonds, [plus][less] an original issue [premium][discount] of \$[], less an Underwriters' discount of \$[]). The Purchase Price shall be payable to the Issuer on the Closing Date (as such term is hereinafter defined), by wire transfer of federal funds as provided in Section 8 below.

2. Description and Purpose of the Bonds. The Series 2020 Bonds shall be issued pursuant to and under the authority of the Constitution and laws of the State of Florida, including particularly the Community Redevelopment Act of 1969, as amended, being Chapter 163, Part III, Florida Statutes, as amended, and other applicable provisions of law (the "Act"), Resolution No. 02-30 adopted by the City Council of the City of Panama City Beach, Florida (the "City Council")

on June 20, 2002, as amended, restated and supplemented by Resolution No. 06-60 on August 16, 2016 (the "Master Bond Resolution") and a Supplemental Resolution adopted by the City Council on March 12, 2020 (collectively, the Bond Resolution").

The Series 2020 Bonds are being issued for the purpose of providing funds, together with certain other available funds of the Panama City Beach Community Redevelopment Agency (the "Agency"), to (i) finance certain public improvements as described in the Bond Resolution (the "2020 Project"); (ii) make a deposit to the 2020 Debt Service Reserve Fund to satisfy the Reserve Fund Requirement for the Series 2020 Bonds; and (iii) pay certain costs of issuing the Series 2020 Bonds [, including the premium for the Policy (defined below)].

The Series 2020 Bonds are limited obligations of the Issuer, solely payable from and secured by a pledge of and first lien on the Pledged Funds (as defined in the Bond Resolution) of the Issuer in amounts sufficient to pay the principal of and interest on the Series 2020 Bonds, all in the manner and to the extent provided in the Bond Resolution. The Series 2020 Bonds shall mature, bear interest and be subject to redemption as set forth in Exhibit A attached hereto, and have all such other terms and provisions, as set forth in the Bond Resolution and as described in the Official Statement (as hereinafter defined). The information required by Section 218.385(6), Florida Statutes, to be provided by the Underwriters is set forth in Exhibit B attached hereto. Further, in order to assist the Issuer in complying with Section 218.385(2) and (3), Florida Statutes, the Senior Managing Underwriter is providing the Issuer with a completed truth-in-bonding statement, the form of which is attached to Exhibit B as Schedule I. The Issuer, by its acceptance hereof, accepts such disclosure and agrees that it does not require any further disclosure from the Underwriters prior to the delivery of the Series 2020 Bonds with regard to the matters set forth in Section 218.385, Florida Statutes.

[_____ (the "Insurer") will, concurrently with the issuance of the Series 2020 Bonds, issue a municipal bond insurance policy (the "Policy") guaranteeing the scheduled payment of principal of and interest [on the Series 2020 Bonds] [on the Series 2020 Bonds maturing _____ 1, 20__ through and including _____ 1, 20__] (collectively, the "Insured Series 2020 Bonds"), when due.]

3. Good Faith Deposit. Upon execution of this Purchase Contract, the Senior Managing Underwriter shall deliver to the Issuer a check (the "Good Faith Deposit"), in the amount of \$[_____] ([_____]), calculated as 1% of the estimated principal amount of the Series 2020 Bonds as reflected in the Preliminary Official Statement (as defined below), as security for the performance by the Underwriters of their obligation to accept and pay for the Series 2020 Bonds on the Closing Date in accordance with the provisions of this Purchase Contract. In the event the Issuer does not accept this offer, such check shall be immediately returned to the Senior Managing Underwriter. If the offer made hereby is accepted, the Issuer agrees to hold the check uncashed until the Closing (as such term is hereinafter defined), as security for the

performance by the Underwriters of their obligation to accept and pay for the Series 2020 Bonds, and in the event of their compliance with such obligations, such check shall be returned to the Senior Managing Underwriter at the Closing. In the event of failure by the Issuer to deliver the Series 2020 Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions of the Closing contained herein, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Contract, such check shall be immediately returned to the Senior Managing Underwriter and such return shall constitute a full release and discharge of any claims the Underwriters may have against the Issuer arising out of the transactions contemplated hereby. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2020 Bonds at the Closing as herein provided, such check shall be retained and cashed by the Issuer as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters, and the Issuer's collection and retention of such check shall constitute a full release and discharge of all claims by the Issuer against the Underwriters arising out of the transactions contemplated hereby.

4. Delivery of Official Statement and Other Documents.

(a) Prior to the date hereof, the Issuer has prepared for use in connection with the public offering, sale and distribution of the Series 2020 Bonds, and has provided to the Underwriters for their review, the Preliminary Official Statement dated [____], 2020 (including the cover page, inside cover pages and appendices thereto, the "Preliminary Official Statement"). The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Series 2020 Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (the "Rule"). Such Preliminary Official Statement, as amended to delete preliminary language and reflect the final terms of the Series 2020 Bonds together with such supplements and amendments as approved by the Issuer and agreed to by the Senior Managing Underwriter, is herein referred to as the "Official Statement." If the Issuer makes any changes to the Official Statement that are not also approved by the Senior Managing Underwriter, and if such changes result in the Official Statement omitting material information or containing information that is materially misleading, then the Senior Managing Underwriter may, in its discretion, terminate this Purchase Contract.

(b) The Issuer shall deliver, or cause to be delivered, at its expense, to the Underwriters, within seven (7) business days after the date hereof or within such shorter period as may be reasonably requested by the Underwriters, and in no event later than required to enable the Underwriters to comply with its responsibilities under applicable rules of the Municipal Securities Rulemaking Board ("MSRB"): (i) sufficient copies of the Official Statement to enable the Underwriters to fulfill their obligations pursuant to the securities laws of the State of Florida and the United States, in form and substance satisfactory to the Underwriters, and (ii) an executed

original counterpart or certified copy of the Official Statement at Closing. In determining whether the number of copies to be delivered by the Issuer are reasonably necessary, at a minimum, the number shall be sufficient to enable the Underwriters to comply with the requirements of the Rule, all applicable rules of the MSRB, and to fulfill their duties and responsibilities under Florida and federal securities laws generally.

(c) The Senior Managing Underwriter agrees to file the Official Statement with the Electronic Municipal Market Access system (“EMMA”) (accompanied by a completed Form G-32) by the date of Closing. The filing of the Official Statement with EMMA shall be in accordance with the terms and conditions applicable to EMMA.

(d) From the date hereof until the earlier of (i) ninety days from the “end of the underwriting period” (as defined in the Rule), or (ii) the time when the Official Statement is available to any person from the MSRB (but in no case less than twenty-five (25) days following the end of the underwriting period), if any event occurs or a condition or circumstance exists which may make it necessary to amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as they may from time to time request) and if, in the reasonable opinion of the Issuer or the reasonable opinion of the Senior Managing Underwriter, such event requires the preparation and publication of an amendment or supplement to the Official Statement, the Issuer, at its expense, promptly will prepare an appropriate amendment or supplement thereto, in a form and in a manner reasonably approved by the Senior Managing Underwriter (and file, or cause to be filed, the same with the MSRB, and mail such amendment or supplement to each record owner of the Series 2020 Bonds) so that the statements in the Official Statement, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Issuer will promptly notify the Underwriters of the occurrence of any event of which it has knowledge or the discovery of such conditions or circumstance, which, in its reasonable opinion, is an event described in the preceding sentence. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Senior Managing Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) (i) The Underwriters agree to make a bona fide public offering of substantially all of the Series 2020 Bonds to the public at initial public offering prices not greater than (or yields not less than) the initial public offering prices (or yields) set forth in Exhibit A hereto, provided, however, that the Underwriters reserve the right to make concessions to certain dealers, certain dealer banks and banks acting as agents and to

change such initial public offering prices as the Underwriters shall deem necessary in connection with the marketing of the Series 2020 Bonds.

(ii) The Senior Managing Underwriter agrees to assist the Issuer in establishing the issue price of the Series 2020 Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit C, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Senior Managing Underwriter, the Issuer and Bryant Miller Olive P.A., as bond counsel (the “Bond Counsel”), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2020 Bonds.

(iii) Except as set forth in Exhibit A attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Series 2020 Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Senior Managing Underwriter shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of the Series 2020 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2020 Bonds, the Senior Managing Underwriter agrees to promptly report to the Issuer the prices at which the Series 2020 Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Series 2020 Bonds of that maturity or until all Series 2020 Bonds of that maturity have been sold to the public, provided that, the Underwriters’ reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or Bond Counsel. For purposes of this Section, if Series 2020 Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2020 Bonds.

(iv) The Senior Managing Underwriter confirms that the Underwriters have offered the Series 2020 Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series 2020 Bonds for which the 10% test has not been satisfied and for which the Issuer and the Senior Managing Underwriter, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of each such maturity as of the sale date as the issue price of that maturity (the “hold-

the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2020 Bonds, the Underwriters will neither offer nor sell unsold Series 2020 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (1) the close of the fifth (5th) business day after the sale date; or (2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2020 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Senior Managing Underwriter will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2020 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Issuer acknowledges that, in making the representation set forth in this subsection, the Senior Managing Underwriter will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2020 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2020 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. Subject to compliance with the provisions of subsection (v) below, the Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2020 Bonds.

(v) The Senior Managing Underwriter confirms that:

(1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Senior Managing Underwriter is a party) relating to the initial sale of the Series 2020 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such

retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2020 Bonds of each maturity allotted to it until it is notified by the Senior Managing Underwriter that either the 10% test has been satisfied as to the Series 2020 Bonds of that maturity or all Series 2020 Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Senior Managing Underwriter and as set forth in the related pricing wires, and

(2) any agreement among underwriters relating to the initial sale of the Series 2020 Bonds to the public (as such term is defined below), together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2020 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2020 Bonds of each maturity allotted to it until it is notified by the Senior Managing Underwriter or the Underwriter that either the 10% test has been satisfied as to the Series 2020 Bonds of that maturity or all Series 2020 Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Senior Managing Underwriter or the Underwriter and as set forth in the related pricing wires.

(vi) The Underwriters acknowledge that sales of any Series 2020 Bonds to any person that is a related party to the Underwriters shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section:

(1) “public” means any person other than an underwriter or a related party;

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2020 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2020 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020 Bonds to the public);

(3) a purchaser of any of the Series 2020 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or

indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Purchase Contract by all parties.

(f) The Issuer hereby authorizes the Underwriters to use the forms or copies of the Bond Resolution, the Continuing Disclosure Certificate related to the Series 2020 Bonds (the “Continuing Disclosure Certificate”) and the Official Statement and the information contained therein in connection with the public offering and sale of the Series 2020 Bonds and ratifies and confirms its authorization of the distribution and use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with such public offering and sale. The Underwriters agree that they will not confirm the sale of any Series 2020 Bonds unless the confirmation of sale requesting payment is accompanied or preceded by the delivery of a copy of the Official Statement. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form. The Senior Managing Underwriter shall notify the Issuer of the occurrence of the “end of the underwriting period”, as such term is defined in the Rule, and of the passage of the date after which the Underwriters no longer remain obligated to deliver Official Statements pursuant to paragraph (b)(4) of the Rule.

5. Representation of the Underwriters as to Authority. The Senior Managing Underwriter is duly authorized to execute this Purchase Contract on behalf of the Underwriters and has been duly authorized to act hereunder in connection with the issuance of the Series 2020 Bonds.

6. Underwriters not Acting as Agents or Fiduciaries. The Issuer acknowledges and agrees that (i) the purchase and sale of the Series 2020 Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction between the Issuer and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as municipal advisors, financial advisors, agents or fiduciaries to the Issuer, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Issuer

with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters or any of their respective affiliates have provided other services or is currently providing other services to the Issuer on other matters) and the Underwriters have no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriters have financial and other interests that differ from those of the Issuer and (iv) the Issuer has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

7. Representations, Warranties and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer has reviewed the information in the Preliminary Official Statement. Except for information which is permitted to be omitted pursuant to the Rule, the Preliminary Official Statement (excluding the information regarding DTC and its book-entry system of registration, as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The Official Statement (excluding the information regarding DTC and its book-entry only system of registration, as to which no representations or warranties are made) is, as of its date and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Purchase Contract) at all times subsequent thereto during the period up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 of this Purchase Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement, as so supplemented or amended, will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Issuer is, and will be on the Closing Date, a duly organized and validly existing municipal corporation under the laws of the State of Florida, with the powers and authority set forth in the Act and with full legal right, power and authority to enact the Bond Resolution, to

issue, sell and deliver the Series 2020 Bonds to the Underwriters as provided herein, to pledge the Pledged Funds as provided in the Bond Resolution, and to execute, deliver and perform its obligations, as the case may be, under this Purchase Contract, the Bond Resolution, the Series 2020 Bonds, and the Continuing Disclosure Certificate (collectively, the “Issuer Documents”), and to otherwise carry out the transactions contemplated by each of the Issuer Documents and the Official Statement.

(e) The Issuer has duly enacted the Bond Resolution in accordance with the Act, and the Bond Resolution is in full force and effect and has not been amended, modified or repealed since March 12, 2020. Concurrently with or prior to the acceptance hereof, the Issuer has (i) duly authorized and approved the execution and delivery of the Series 2020 Bonds and the Issuer Documents, (ii) duly authorized and approved the Official Statement and the distribution thereof and has deemed the Preliminary Official Statement as of its date to be “final” for purposes of the Rule, (iii) duly authorized and approved the sale of the Series 2020 Bonds to the Underwriters, and (iv) duly authorized and approved the consummation by the Issuer of all other transactions contemplated by the Official Statement and this Purchase Contract. The Issuer Documents, when executed by the Issuer and assuming the due authorization and execution by the other parties thereto, if any, will each constitute the legal, valid and binding limited obligations of the Issuer enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency or other laws affecting creditors’ rights and remedies generally and to general principles of equity.

(f) As of the time of acceptance hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the Issuer is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative regulation of the State of Florida or the United States relating to the Issuer or any applicable judgment or decree or any trust agreement, loan agreement, indenture, bond, note, resolution, ordinance, certificate, agreement or other instrument to which the Issuer is a party or to which the Issuer or its assets is otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; the consequence of any of which or the correction of any of which would materially and adversely affect the operations or financial condition of the Issuer, or the collection or application of Pledged Funds as of such dates; and, as of such times and except as disclosed in the Official Statement, the execution and delivery of the Series 2020 Bonds, the Issuer Documents and the enactment of the Bond Resolution and compliance with the provisions on the Issuer’s part contained in each such document do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative regulation of the State of Florida or the United States or a breach of any applicable judgment, decree, trust agreement, loan agreement, indenture, bond, note, resolution, ordinance, agreement or other instrument to which the Issuer is a party or to which the Issuer or its assets is otherwise

subject, nor will such enactment, adoption, execution, delivery, authorization or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer, or under the terms of any law, administrative regulation, ordinance, resolution or instrument, except as expressly provided by the Bond Resolution. The Issuer has not, as of the date hereof or as of the Closing Date, failed to pay principal (and premium, if any) or interest when due on any of its outstanding indebtedness.

(g) On the Closing Date, all approvals, authorizations, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Bond Resolution or the other Issuer Documents will have been duly obtained.

(h) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer, including the Pledged Funds as of the dates and for the periods therein set forth, and there are no material liabilities, contingent or otherwise, of the Issuer that have not been disclosed in the Official Statement. Between the date of the Official Statement and the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer, including the Pledged Funds. The Issuer is not a party to any litigation or other proceedings pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer.

(i) Except as described in the Official Statement, there is no legislation, action, suit, proceeding, inquiry, or investigation at law or in equity before or by any court, government agency, public board or body pending or, to the best knowledge of the Issuer, after having made due inquiry with respect thereto, threatened against the Issuer, affecting the existence of the Issuer or the titles of its members and officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2020 Bonds or the collection and receipt of any of the Pledged Funds or in any way contesting or affecting the validity or enforceability of the Series 2020 Bonds, the Issuer Documents or any other material agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Series 2020 Bonds, the enactment of the Bond Resolution, or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor wherein an unfavorable decision, ruling or finding could materially adversely affect the validity or enforceability of the Series 2020 Bonds, the Bond Resolution, the other Issuer

Documents or any of them. The Issuer shall advise the Senior Managing Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Series 2020 Bonds.

(j) Between the date of this Purchase Contract and the Closing Date, the Issuer will not, without the prior written consent of the Senior Managing Underwriter, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the Pledged Funds.

(k) The Issuer has complied, and at the Closing will be in compliance, in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Series 2020 Bonds and contained in the Issuer Documents.

(l) When delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Purchase Contract, the Series 2020 Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the Issuer in conformity with the Act and the Bond Resolution, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject to general principles of equity as to enforceability.

(m) The Issuer will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Series 2020 Bonds to be applied in a manner contrary to that provided for in the Bond Resolution and as described in the Official Statement.

(n) Other than as described in the Official Statement, since December 31, 1975, and at all times subsequent thereto up to and including the Closing Date, the Issuer has not been and will not be in default with respect to payment of the principal of, or interest on, any bonds or other debt obligations that it has issued or will issue or that it has guaranteed or will guarantee (excluding bonds or other debt obligations for which it has served as a conduit issuer).

(o) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is a bond issuer whose arbitrage certifications may not be relied upon.

(p) Except as disclosed in the Official Statement, within the last five (5) years, the Issuer has not failed to comply in all material respects with any continuing disclosure undertaking made by it pursuant to the Rule in connection with outstanding bond issues for which the Issuer has agreed to undertake continuing disclosure obligations.

(q) No representation or warranty by the Issuer in this Purchase Contract, nor any statement, certificate, document or exhibit furnished to or to be furnished by the Issuer pursuant to this Purchase Contract or the Official Statement or in connection with the transactions contemplated hereby contains, or will contain on the Closing Date, any untrue statement of material fact or omits or will omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

8. The Closing. At or before 1:00 p.m., New York time, on [_____] [___], 2020, or at such other time or on such earlier or later business day as shall have been agreed upon by the Issuer and the Senior Managing Underwriter (the “Closing” or the “Closing Date”), the Issuer shall deliver, or cause to be delivered, subject to the terms and conditions hereof: (i) the Series 2020 Bonds, bearing proper CUSIP numbers, to the Senior Managing Underwriter, in definitive form, duly executed and authenticated by the Bond Registrar, via the FAST system as described below, and (ii) the closing documents hereinafter mentioned. The Underwriters, subject to the terms and conditions hereof, will accept such delivery and pay the Purchase Price as set forth in Section 1 hereof by wire transfer of federal funds to the order of the Issuer. The Series 2020 Bonds shall bear proper CUSIP numbers and shall be in typewritten form, with a single bond for each maturity and interest rate of the Series 2020 Bonds, each such bond to be in a principal amount equal to the principal amount thereof maturing on each such date. The Series 2020 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, will be made available for inspection and checking by the Underwriters not later than 3:00 P.M., New York City time, on the business day prior to the Closing Date and will be delivered through the DTC FAST system.

9. Closing Conditions. The Underwriters are entering into this Purchase Contract in reliance upon the representations, warranties, covenants and agreements of the Issuer contained herein, and in reliance upon the representations, warranties, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriters’ obligations hereunder to purchase and pay for the Series 2020 Bonds shall be subject to the performance by the Issuer of its obligations to be performed hereunder and under such other documents and instruments to be delivered at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Senior Managing Underwriter:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects as of the date hereof and at the time of the Closing, as if made at the time of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing shall be true, complete and correct as of

the Closing Date and the Issuer shall be in compliance with each of the agreements made by it in this Purchase Contract as of the Closing Date.

(b) At the time of the Closing (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented after the date of this Purchase Contract except with the prior written approval of the Senior Managing Underwriter; (ii) the Issuer Documents shall each have been duly executed and delivered by the Issuer and the other parties thereto and shall not have been amended, modified or supplemented after the date of this Purchase Contract (other than to conform to the description contained in the Official Statement) except with the prior written approval of the Senior Managing Underwriter; and (iii) the Issuer shall perform or have performed all of its obligations required under or specified in this Purchase Contract and the other Issuer Documents to be performed at or before the Closing.

(c) The Issuer shall not be in default in the payment of principal or interest on any of its bonds, notes, or other debt obligations.

(d) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in Pledged Funds or operations of the Issuer, from that set forth in the Official Statement that, in the reasonable judgment of the Senior Managing Underwriter, is material and adverse and that makes it, in the judgment of the Senior Managing Underwriter, impracticable to market the Series 2020 Bonds on the terms and in the manner contemplated in the Official Statement.

(e) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transaction contemplated by this Purchase Contract shall be reasonably satisfactory in legal form and effect to the Senior Managing Underwriter.

(f) The Senior Managing Underwriter shall have the right to terminate this Purchase Contract by notification to the Issuer if, after the execution hereof and prior to the Closing any of the following events shall occur in the sole and reasonable judgment of the Senior Managing Underwriter:

(i) An event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein in the light of the circumstances under which they were made not misleading in any material respect and, in either such event, (1) the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Senior Managing Underwriter, or

(2) the effect of the Official Statement as so supplemented is, in the reasonable judgment of the Senior Managing Underwriter, to materially adversely affect the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Series 2020 Bonds; or

(ii) Legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by Florida, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff of such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the federal or state taxation of interest received on obligations of the general character of the Series 2020 Bonds which, in the reasonable judgment of the Senior Managing Underwriter, materially adversely affects the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Series 2020 Bonds; or

(iii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Series 2020 Bonds (including any related underlying obligations) is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(iv) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form

of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Series 2020 Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Series 2020 Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(v) there shall have occurred (1) any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war, or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or (3) a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations which, in the reasonable judgment of the Senior Managing Underwriter, materially adversely affects the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Series 2020 Bonds; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (1) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Series 2020 Bonds or similar obligations, or (2) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers which, in the reasonable judgment of the Senior Managing Underwriter, materially adversely affects the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Series 2020 Bonds; or

(vii) a general banking moratorium shall have been declared by federal or New York or Florida state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred which, in the reasonable judgment of the Senior Managing Underwriter, materially

adversely affects the market price or the marketability for the Series 2020 Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Series 2020 Bonds; or

(viii) a downgrading or suspension of any rating (without regard to credit enhancement) by S&P Global Ratings, a business unit of S&P Financial Services LLC (“S&P”) or Moody’s Investors Service, Inc. (“Moody’s”) of any debt securities issued by the Issuer which are secured by the Pledged Funds (as defined in the Bond Resolution), or there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any rating by S&P or Moody’s of any debt securities issued by the Issuer which are secured by the Pledged Funds (as defined in the Bond Resolution), including the Series 2020 Bonds, which, in the reasonable judgment of the Senior Managing Underwriter, materially adversely affects the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Series 2020 Bonds.

(g) At or before the Closing, the Underwriters shall receive the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by its City Manager, or such other official as may have been agreed to by the Senior Managing Underwriter;

(2) Certified copy of the Bond Resolution;

(3) Each of the other Issuer Documents, fully executed by the respective parties thereto;

(4) A copy of the Letter of Representations with DTC;

(5) The approving opinion of Bond Counsel, as to the Series 2020 Bonds, dated the Closing Date, substantially in the form attached to the Official Statement together with a letter of Bond Counsel addressed to the Underwriters, and dated the Closing Date, to the effect that such bond approving opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters;

(6) A supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters, to the effect that, (i) the statements contained in the Official Statement under the captions “INTRODUCTION”, “PURPOSE OF THE ISSUE”, “THE

SERIES 2020 BONDS” (except for the information relating to DTC and its book-entry system of registration, as to which no view need be expressed), and “SECURITY AND SOURCES OF PAYMENT”, insofar as such information purports to summarize portions of the Bond Resolution and the Series 2020 Bonds, constitute a fair summary of the information purported to be summarized therein. The statements contained under the caption “TAX MATTERS” are accurate statements or summaries of the matters therein set forth, (ii) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and (iii) the Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(7) An opinion of Hand Arendall Harrison Sale LLC, City Attorney, dated the Closing Date and addressed to the Underwriters, to the effect that:

(A) the Issuer is a municipal corporation of the State of Florida (The “State”), duly created, organized and validly existing under the laws of the State, and has full legal right, power and authority under the Act and the Bond Resolution (1) to enter into, execute and deliver the Issuer Documents and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (2) to sell, issue and deliver the Bonds to the Underwriters as provided herein, (3) to pledge the Pledged Funds as provided in the Bond Resolution, and (4) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(B) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (1) the enactment of the Bond Resolution and the issuance and sale of the Series 2020 Bonds, (2) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in the Bonds and the Issuer Documents, (3) the pledge of the Pledged Funds as provided in the Bond Resolution, and (4) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(C) The Bond Resolution was duly and validly enacted by the Issuer and is in full force and effect and has not been amended, modified or repealed; the Bond Resolution and all other proceedings pertinent to the validity and enforceability of the Series 2020 Bonds and the receipt of the Pledged Funds and all Issuer required actions to receive all of the Pledged Funds have been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the Issuer and in compliance with the Constitution and laws of the State, including the Act;

(D) The Issuer Documents have been duly authorized, executed and delivered by the Issuer, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights; and the Series 2020 Bonds, when issued and delivered and paid for in accordance with the Bond Resolution and this Purchase Contract, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Series 2020 Bonds as aforesaid, the Bond Resolution will provide, for the benefit of the holders, from time to time, of the Series 2020 Bonds, the covenant to levy and collect the Pledged Funds it purports to create as set forth in the Bond Resolution;

(E) the information in the Preliminary Official Statement and the Official Statement under the captions "THE CITY", "THE AGENCY", "COMMUNITY REDEVELOPMENT AREA" and "LITIGATION" is true and complete in all material respects, and with respect to the other information in the Preliminary Official Statement and the Official Statement, based upon his review of the Preliminary Official Statement and the Official Statement as counsel to the Issuer and without having undertaken to determine independently the accuracy or completeness of the contents of such other portions of the Preliminary Official Statement and the Official Statement, he has no reason to believe that such other portions of Preliminary Official Statement, as of its date, and the Official Statement, as of its date and the Closing Date (in each case, except for the financial and statistical data contained therein and the information relating to DTC and its book-entry system of registration, as to which no view need be expressed) contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(F) the use of the Preliminary Official Statement by the Underwriters for the purpose of offering the Series 2020 Bonds for sale has been duly authorized and ratified by the Issuer;

(G) the Official Statement has been duly authorized, executed and delivered by the Issuer and the Issuer has consented to the use thereof by the Underwriters;

(H) the enactment of the Bond Resolution and the authorization, execution and delivery of the Issuer Documents and the Series 2020 Bonds and compliance with the provisions hereof and thereof, will not conflict with, or

constitute a breach of or default under, any constitutional provision, law or administrative regulation, or to the best of their knowledge, any consent decree, ordinance, resolution or any agreement or other instrument to which the Issuer was or is subject, as the case may be, nor will such adoption, execution, delivery, authorization or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer, or under the terms of any law, administrative regulation, ordinance, resolution or instrument;

(I) to the best of my knowledge, all approvals, authorizations, licenses, permits, consents, and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction in any matter which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Issuer Documents have been obtained and are in full force and effect;

(J) except as disclosed in the Official Statement, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of my knowledge, threatened, against the Issuer, affecting the existence of the Issuer or the titles of its members and officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2020 Bonds or the collection and receipt of any of the Pledged Funds, or in any way contesting or affecting the validity or enforceability of the Series 2020 Bonds, the Issuer Documents or any other material agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Series 2020 Bonds, the enactment of the Bond Resolution, or the execution and delivery of the Issuer Documents, nor, to the best of their knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Series 2020 Bonds or the Issuer Documents;

(8) A certificate of the Issuer dated the Closing Date signed by its City Manager and attested to by the City Clerk, in form and substance satisfactory to the Senior Managing Underwriter, to the effect that (i) the representations, covenants, agreements and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date; (ii) except as disclosed in the Official Statement, no litigation or proceeding against it is pending or, to the best of his knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (A) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (B) contest the due organization and valid existence of the Issuer, (C) contest the validity, due authorization and execution of the Bonds or the Issuer Documents,

(D) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from levying and collecting Pledged Funds, (E) contest in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (F) which may result in any material adverse change in the business, properties, assets or financial condition of the Issuer; (iii) the Bond Resolution was duly and validly enacted and is in full force and effect and has not been amended, modified or repealed; (iv) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing; (v) except for the information provided by DTC or the Underwriters (as to which no representations are made), the Preliminary Official Statement did not, as of its date, and the Official Statement did not as of its date, and does not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which such Official Statements are to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading; (vi) the Issuer has complied or is presently in compliance with all agreements related to the Series 2020 Bonds and has satisfied all conditions on its part to be observed or satisfied under the Bond Resolution and this Purchase Contract as of the Closing Date; (vii) the Issuer Documents have been duly authorized, executed and delivered by one or more duly authorized officers of the Issuer and each of the Issuer Documents is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as such enforceability may be limited by (A) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (viii) since September 30, 2018, no material adverse change has occurred in the financial position or results of the operations of the Issuer, except as disclosed in the Official Statement;

(9) Evidence that the rating agencies who have rated the Series 2020 Bonds have issued ratings of not lower than the respective ratings on the Series 2020 Bonds which are published in the Official Statement and that such ratings are in full force and effect as of the Closing Date;

(10) A certificate executed by the appropriate officer of the Issuer, delivered pursuant to Rule 15C2-12 under the Securities Exchange Act of 1934, deeming the Preliminary Official Statement to be final as of its date;

(11) An opinion of Disclosure Counsel, dated the Closing Date and addressed to the Issuer, together with a letter addressed to the Underwriters authorizing the Underwriters to rely upon the letter addressed to the Issuer, to the effect that in accordance with their understanding with the Issuer, as Disclosure Counsel such firm has rendered legal advice and assistance to the Issuer in the course of the preparation of the Official Statement; that assistance involved, among other things, inquiries concerning various legal

and related matters, their review of certain records, documents and proceedings, participation in discussions with representatives of the Issuer, the Issuer's Financial Advisor, and others concerning the contents of the Official Statement and related matters; that in accordance with their understanding with the Issuer, they are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Official Statement; that, however, they can advise that, in their capacity as Disclosure Counsel and on the basis of the information that has come to their attention, and in reliance on the certificates, opinions and documents they have reviewed in the course of their performance of the services referred to above, and without having undertaken to verify independently the accuracy, completeness or fairness of the contents of the Official Statement, nothing has come to their attention which leads them to believe that the Official Statement, as of its date and the Closing Date (in each case, excluding the financial and statistical data included in the Official Statement and the appendices thereto, and the information relating to The Depository Trust Company or its book-entry only system), as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(12) An opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that: (i) the Series 2020 Bonds are not subject to the registration requirements of the Securities Act; (ii) based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel to the Underwriters and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement, as of the Closing Date, nothing has come to the attention of such counsel that causes them to believe that the Preliminary Official Statement, as of its date, and the Official Statement as of its date and as of the Closing Date (in each case, excluding the financial statements, and the reports, financial and statistical data and forecasts included therein, and the information regarding DTC and its book-entry system of registration, as to all of which no opinion need be expressed) contained or contains any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and (iii) based upon their review of the appropriate documents regarding the Continuing Disclosure Certificate as it relates to continuing disclosure under the Rule, the requirements of the Rule have been satisfied;

(13) A certificate of Regions Bank, in its capacity as Paying Agent and Registrar, dated the Closing Date, in a form reasonably satisfactory to the Underwriters;

(14) [A true and correct copy of the Policy insuring payment of the Insured Series 2020 Bonds;]

(15) Such additional certificates, legal opinions, instruments, proceedings and other documents as the Underwriters or its counsel may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations of the Issuer, the compliance of the Issuer with legal requirements and the

due performance or satisfaction by the Issuer on or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

By its execution of this Purchase Contract, the Issuer consents to the use by the Underwriters of the documents listed above, including specifically the Official Statement, the Bond Resolution and the information contained therein, in connection with the public sale of the Series 2020 Bonds.

If the Issuer shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and an amount equal to the Good Faith Deposit shall be returned by the Issuer to the Senior Managing Underwriter as provided in Section 3, and neither the Underwriters nor the Issuer shall be under further obligation hereunder except as expressly set forth in Sections 11(a), (b) and (c) below.

10. The Issuer covenants with the Underwriters to cooperate with them in qualifying the Series 2020 Bonds for offer and sale under the securities or “Blue Sky” laws of such states as the Underwriters may request; provided that in no event shall the Issuer be obligated to take any action which would subject it to general service of process in any state where it is not now so subject or qualify to do business in connection with any such qualification or determination in any jurisdiction. It is understood that the Issuer is not responsible for compliance with or the consequences of failure to comply with applicable “Blue Sky” laws, or for any expenses incurred in such compliance.

11. (a) The Issuer shall pay (i) the cost of the preparation and printing or other reproduction (for distribution on or prior to the date hereof) of the Official Statement; (ii) the fees and expenses of Bond Counsel, Disclosure Counsel, the Paying Agent and Registrar, and the Issuer's Financial Advisor, and any other experts or consultants retained by the Issuer; (iii) the costs and fees of the rating agencies; and (iv) out-of-pocket expenses of the Issuer. The Issuer shall reimburse the Underwriters for actual expenses incurred or paid by the Underwriters on behalf of the Issuer which are directly related to the marketing, issuance, and delivery of the Series 2020 Bonds, including, but not limited to, transportation, lodging, and meals for Issuer's employees and representatives; provided, however, that (x) reimbursement for such expenses shall not exceed an ordinary and reasonable amount for such expenses and (y) such expenses are not related to the entertainment of any person and not prohibited from being reimbursed from the proceeds of an offering of municipal securities under the MSRB's Rule G-20. Such reimbursement may be in the form of inclusion in the expense component of the Underwriter's discount. The provisions of this paragraph shall not obligate the Issuer to pay any fees or expenses that are contingent upon the occurrence of the Closing, unless a successful Closing occurs. The Issuer's obligations to pay expenses incurred by the Underwriters on behalf of the Issuer and its staff related to food and lodging survive even if the underlying transaction fails to close or consummate.

(b) The Underwriters shall pay expenses related to the initial purchase and sale of the Series 2020 Bonds as follows (which may be included as an expense component of the

Underwriter's discount) (x) the cost of printing or other reproduction of this Purchase Contract and the cost of preparation and printing of the Blue Sky, if any, report to be used by them; (y) all advertising expense in connection with the public offering of the Series 2020 Bonds; and (z) all other expenses incurred by them in connection with the public offering and distribution of the Series 2020 Bonds, including the fees and expenses of counsel retained by it.

(c) If the Series 2020 Bonds are sold to the Underwriters pursuant to this Purchase Contract, the Issuer shall pay, from the proceeds of the sale of the Series 2020 Bonds or from other funds available to it, the costs of issuance with respect to the Series 2020 Bonds, other than those set forth in Section 11(b) above. If the Issuer shall be unable to, or shall otherwise fail to, satisfy the conditions to the obligation of the Underwriters to purchase, accept delivery of, and pay for the Series 2020 Bonds pursuant to the terms of this Purchase Contract, or if the obligation of the Underwriters to purchase, accept delivery of and pay for the Series 2020 Bonds shall be terminated for any reason permitted by this Purchase Contract, then the Issuer shall reimburse the Underwriters for all out-of-pocket expenses (including the fees and expenses of its counsel) reasonably incurred by the Underwriters in connection with this Purchase Contract or the offering contemplated hereunder.

12. Any notice or other communication to be given to the Issuer under this Purchase Contract shall be given by delivering the same in writing to the Issuer at 110 South Arnold Road, Panama City Beach, Florida 32413, Attention: City Manager. Any notice or other communication to be given to the Underwriters under this Purchase Contract shall be given by delivering the same in writing to Raymond James & Associates, Inc., 807 W. Morse Boulevard, Suite 200, Winter Park, Florida 32789, Attention: Jon Eichelberger.

13. This Purchase Contract shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including their respective successors or assigns). No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the Issuer in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of any of the Underwriters, and (b) the delivery of and payment for the Series 2020 Bonds hereunder.

14. This Purchase Contract may not be amended without the written consent of the Issuer and the Senior Managing Underwriter.

15. The validity, interpretation and performance of this Purchase Contract shall be governed by the internal laws of the State of Florida, without regard to conflict of law principles.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Contract to be duly executed by their duly authorized officers as of the day and year first above written.

[Counterpart Signature Page to Bond Purchase Agreement, dated [____ _], 2020]

RAYMOND JAMES & ASSOCIATES, INC.

By: _____

Name: Jon Eichelberger

Title: Managing Director

[Counterpart Signature Page to Bond Purchase Agreement, dated [____ _], 2020]

Accepted:

CITY OF PANAMA CITY BEACH, FLORIDA

By: _____
Tony O'Rourke, City Manager

ATTEST:

By: _____
Mary Jan Bossert, City Clerk

EXHIBIT A

MATURITY SCHEDULE

**City of Panama City Beach, Florida
Capital Improvement Revenue Bonds, Series 2020**

\$_[] Serial Bonds

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2020	\$	%	%	
2021		%	%	
2022		%	%	
2023		%	%	
2024		%	%	
2025		%	%	
2026		%	%	
2027		%	%	
2028		%	%	
2029		%	%	
2030		%	%	
2031		%	%	
2032		%	%	
2033		%	%	
2034		%	%	
2035		%	%	
2036		%	%	
2037		%	%	
2038		%	%	
2039		%	%	

\$_[] []% Term Bond due May 1, []*; Yield []%, Price []

\$_[] []% Term Bond due May 1, []*; Yield []%, Price []

*[Callable any time on or after _____, at par.]

REDEMPTION PROVISIONS

Optional Redemption. The Series 2020 Bonds maturing on or after November 1, 20__ are subject to redemption prior to maturity, at the option of the City, on or after November 1, 20__, in whole or in part at any time, in any order of maturity selected by the City and by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2020 Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2020 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption in part prior to maturity, by lot, through the application of Amortization Installments, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, on November 1 of each year in the following amounts and in the years specified:

Date (November 1)	Amortization Installment
	\$

*

*Final Maturity.

EXHIBIT B

**FORM OF DISCLOSURE LETTER PURSUANT TO
SECTION 218.385, FLORIDA STATUTES**

[_____] , 2020

City of Panama City Beach, Florida
110 South Arnold Road
Panama City Beach, Florida 32413

Re: City of Panama City Beach, Florida Capital Improvement Revenue Bonds, Series 2020

Ladies and Gentlemen:

In connection with the proposed issuance by the City of Panama City Beach, Florida (the "Issuer"), of \$[_____] aggregate principal amount of its Capital Improvement Revenue Bonds, Series 2020 (the "Series 2020 Bonds"), Raymond James & Associates, Inc. (the "Senior Managing Underwriter"), acting on behalf of itself and as representative for Jefferies LLC (collectively, the "Underwriters"), has agreed to underwrite a public offering of the Series 2020 Bonds. Arrangements for underwriting the Series 2020 Bonds will include a Bond Purchase Agreement (the "Contract") between the Issuer and the Underwriters that will embody the negotiations in respect thereof.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385, Florida Statutes, certain information in respect of the arrangements contemplated for the underwriting of the Series 2020 Bonds as follows:

- (a) The underwriting spread, including the management fee, expected to be realized is as follows:

<u>ITEM</u>	<u>\$/1,000</u>	<u>AMOUNT</u>
Average Takedown	[\$_____]	[\$_____]
Underwriter's Expenses	[_____]*	[_____]
Total Underwriting Spread	<u>[\$_____]*</u>	<u>[\$_____]</u>

*May not add due to rounding.

- (b) The nature and estimated amounts of expenses to be incurred by the Underwriters in connection with the purchase and offering of the Bonds are set forth in Schedule I attached hereto.

- (c) There are no “finders,” as defined in Section 218.386, Florida Statutes, who have been retained or who will be paid by the Underwriters in connection with the issuance of the Series 2020 Bonds.
- (d) No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Series 2020 Bonds to any person not regularly employed or retained by the Underwriters, except as specifically enumerated as expenses referred to in paragraph (a) above to be incurred by the Underwriters as set forth in Schedule I attached hereto.
- (e) The name and address of the Senior Managing Underwriter is set forth below:
- Raymond James & Associates, Inc.
807 W. Morse Boulevard, Suite 200
Winter Park, Florida 32789
- (f) Based on representations of the Issuer, it is our understanding that the Issuer is proposing to issue \$[_____] in aggregate principal amount of the Series 2020 Bonds for the purpose of providing funds, together with certain other available funds of the Panama City Beach Community Redevelopment Agency (the “Agency”), to (i) finance certain public improvements as described in the Bond Resolution (the “2020 Project”); (ii) make a deposit to the 2020 Debt Service Reserve Fund to satisfy the Reserve Fund Requirement for the Series 2020 Bonds; and (iii) pay certain costs of issuing the Series 2020 Bonds. The Series 2020 Bonds are expected to be repaid over a period of approximately [_____] years. At a True Interest Cost of approximately [_____]%, total interest paid over the life of the Series 2020 Bonds will be \$[_____].
- (g) Based on representations of the Issuer, it is our understanding that the Series 2020 Bonds will be payable solely from the Pledged Funds in amounts sufficient to pay the principal of and interest on the Series 2020 Bonds, in the manner provided in the Bond Resolution. The Series 2020 Bonds carry an average annual debt service of approximately \$[_____]. Assuming the Issuer pays debt service on the Series 2020 Bonds from the Pledged Funds, such funds equal to an average of \$[_____] that will not be available to finance the other services of the Issuer each year that the Series 2020 Bonds will be outstanding, which is approximately [_____] years. Notwithstanding the foregoing, we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the above-described calculations to be correct, we do not warrant them to be so.

We understand that you do not require any further disclosure from the Underwriters pursuant to Section 218.385, Florida Statutes.

Very truly yours,

RAYMOND JAMES & ASSOCIATES,
INC.

By: _____

Name: Jon Eichelberger

Title: Managing Director

SCHEDULE I

ESTIMATED EXPENSES

<u>ITEM</u>	<u>\$/1,000</u>	<u>AMOUNT</u>
Underwriter's Counsel	\$	\$
Dalcomp		
Dayloan		
CUSIP Fee		
DTC Fee		
DAC Expense		
Travel / Miscellaneous		
TOTAL	\$	\$

EXHIBIT C

ISSUE PRICE CERTIFICATE

The undersigned, Raymond James & Associates, Inc. (the “Senior Managing Underwriter”), acting on behalf of itself and as representative for Jefferies LLC (collectively, the “Underwriters”) hereby certifies as set forth below with respect to the sale and issuance by the City of Panama City Beach, Florida (the “Issuer”) of its \$[_____] Capital Improvement Revenue Bonds, Series 2020 (the “Issue”).

[Select appropriate provisions below:]

1. [Alternative 1¹ – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2² – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. Initial Offering Price of the [Bonds][Hold-the-Offering-Price Maturities/.

(a) [Alternative 1³ – All Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2⁴ – Select Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

¹ If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

² If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

³ If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

⁴ Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

(b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, the Underwriters have agreed in writing that, (i) for each Maturity of the Bonds, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Total Issue Price. The total of the issue prices of all the Maturities is \$_____.

4. Defined Terms.

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2020), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the City of Panama City Beach, Florida.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership,

association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Senior Managing Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[Signature page to follow]

RAYMOND JAMES & ASSOCIATES,
INC..

By: _____
Name: James A. Wright
Its: Managing Director – Municipal
Underwriting

Dated: [____], 2020.

Schedule A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE
MATURITIES**

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED MAY ___, 2020

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See "Ratings" herein.

In the opinion of Bond Counsel, assuming compliance by the City with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Series 2020 Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Series 2020 Bonds.

\$ _____ *
CITY OF PANAMA CITY BEACH, FLORIDA
Capital Improvement Revenue Bonds, Series 2020
(Front Beach Road Project)

Dated: Date of Delivery

Due: As shown on inside cover page

The City of Panama City Beach, Florida, Capital Improvement Revenue Bonds, Series 2020 (Front Beach Road Project) (the "Series 2020 Bonds") are being issued by the City of Panama City Beach, Florida (the "City"), under the authority of the Act (as defined herein) and Resolution No. 02-30 adopted by the City Council of the City ("City Council") on June 20, 2002, as restated, amended and supplemented on August 16, 2006 (the "Master Bond Resolution") and a Supplemental Resolution adopted by the City Council on March 12, 2020 (collectively with the Master Bond Resolution, the "Bond Resolution"). The Series 2020 Bonds will be issued as fully registered bonds, without coupons, in denominations of \$5,000 and integral multiples thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2020 Bonds. Purchasers will not receive certificates representing their ownership interests in the Series 2020 Bonds purchased. See "THE SERIES 2020 BONDS - Book-Entry-Only System" herein. Interest on the Series 2020 Bonds will accrue from their date of delivery and will be payable on November 1, 2020 and semiannually on each May 1 and November 1, thereafter. While the Series 2020 Bonds are registered through the DTC Book-Entry-Only System, principal of and interest on the Series 2020 Bonds will be payable by the Paying Agent to DTC. Regions Bank, Jacksonville, Florida, will serve as the initial Paying Agent for the Series 2020 Bonds.

The Series 2020 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.

The proceeds of the Series 2020 Bonds will be used, together with certain other available moneys of the Panama City Beach Community Redevelopment Agency (the "Agency"), to (i) finance the costs of the 2020 Project (as described herein); (ii) make a deposit to the 2020 Debt Service Reserve Fund to satisfy the Reserve Requirement for the Series 2020 Bonds; and (iii) pay certain costs of issuing the Series 2020 Bonds. The Series 2020 Bonds are solely payable from and secured by a pledge of and first lien on the Pledged Funds derived by the City from (i) FBRCRA Tax Increment Revenues (as defined herein); and (ii) until applied in accordance with the provisions of the Bond Resolution, the Series 2020 Bond proceeds and all moneys, including investments thereof, in the funds and accounts created under the Bond Resolution, except the Rebate Fund (as such terms are defined herein), on a parity with the

City's outstanding Capital Improvement Refunding Revenue Bonds, Series 2015 (Front Beach Road Project). See "SECURITY AND SOURCES OF PAYMENT" herein.

The City has received or expects to receive a commitment from _____ to issue a bond insurance policy securing all or a portion of the Series 2020 Bonds. The decision to utilize such bond insurance will be made at the time of pricing of the Series 2020 Bonds.

THE SERIES 2020 BONDS SHALL NOT BE AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE AGENCY, THE CITY, BAY COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISIONS OR LIMITATIONS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AGENCY, THE CITY, BAY COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF BUT SHALL BE PAYABLE SOLELY FROM THE PLEDGED FUNDS, AS PROVIDED IN THE BOND RESOLUTION. THE SERIES 2020 BONDS AND THE OBLIGATIONS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE CORPORATE TERRITORY OF THE AGENCY OR THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED FUNDS, ALL IN THE MANNER PROVIDED IN THE BOND RESOLUTION.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2020 Bonds are offered, subject to prior sale when, as and if issued by the City, subject to the approval of their legality by Bryant Miller Olive P.A., Miami, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Hand Arendall Harrison Sale LLC, Panama City, Florida, City Attorneys. Certain legal matters relating to disclosure will be passed upon for the City by Nabors, Giblin & Nickerson, P.A, Tampa, Florida, Disclosure Counsel. PFM Financial Advisors LLC, Orlando, Florida, is serving as Financial Advisor to the City. Nelson Mullins, Broad & Cassel LLP, Orlando, Florida, is representing the Underwriters in connection with the issuance of the Series 2020 Bonds. It is expected that settlement on the Series 2020 Bonds will occur through the facilities of DTC in New York, New York on or about _____, 2020.

RAYMOND JAMES

JEFFERIES

Dated: _____, 2020

Preliminary, subject to change.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES AND INITIAL CUSIP NUMBERS**

\$ _____*
CITY OF PANAMA CITY BEACH, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2020
(Front Beach Road Project)

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP</u> <u>No.**</u>
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* Preliminary, subject to change.

**Neither the City nor the Underwriters shall be responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

CITY OF PANAMA CITY BEACH, FLORIDA
PANAMA CITY BEACH COMMUNITY REDEVELOPMENT AGENCY

CITY COUNCIL/BOARD OF COMMISSIONERS

Mike Thomas, Mayor/Chair
Paul Casto, Councilman
Phil Chester, Councilman
Geoff McConnell, Councilman
Hector Solis, Councilman

CITY MANAGER/EXECUTIVE DIRECTOR

Anthony O'Rourke

CITY/AGENCY ATTORNEY

Hand Arendall Harrison Sale LLC
Panama City, Florida

CONSULTANTS

Bond Counsel
Bryant Miller Olive P.A.
Miami, Florida

Financial Advisor
PFM Financial Advisors LLC
Orlando, Florida

Disclosure Counsel
Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

Independent Auditor
Carr, Riggs & Ingram, LLC
Panama City Beach, Florida

No dealer, broker, salesman or other person has been authorized by the City, the Agency or the Underwriters to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. Any statement in this Official Statement involving estimates, assumptions and opinions, whether or not so expressly stated, are intended as such and are not to be construed as representations of fact, and the Underwriters and the City expressly make no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. The offering of the Series 2020 Bonds is made only by means of this entire Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the City nor the Agency plans to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2020 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR

HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE EXEMPTION OF THE SERIES 2020 BONDS FROM REGISTRATION OR QUALIFICATION IN CERTAIN STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AGENCY AND THE CITY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR RECOMMENDED THE SERIES 2020 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2020 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2020 BONDS.

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OFFICIAL STATEMENT
relating to
\$ _____*
CITY OF PANAMA CITY BEACH, FLORIDA
Capital Improvement Revenue Bonds, Series 2020
(Front Beach Road Project)

INTRODUCTION

The purpose of this Official Statement, including the cover page and all appendices, is to set forth certain information relating to the City of Panama City Beach (the "City"), the Panama City Beach Community Redevelopment Agency (the "Agency"), the Panama City Beach Community Redevelopment Area (the "FBR CRA") and the issuance by the City of its Capital Improvement Revenue Bonds, Series 2020 (Front Beach Road Project) (the "Series 2020 Bonds"). The Series 2020 Bonds are being issued pursuant to and under the authority of the Constitution and laws of the State of Florida (the "State"), including particularly the Community Redevelopment Act of 1969, as amended, being Chapter 163, Part III, Florida Statutes, as amended, and other applicable provisions of law (the "Act"), Resolution No. 02-30 adopted by the City Council of the City of Panama City Beach, Florida (the "City Council") on June 20, 2002, as amended, restated and supplemented by Resolution No. 06-60 on August 16, 2020 (the "Master Bond Resolution") and a Supplemental Resolution adopted by the City Council on March 12, 2020 (collectively the "Bond Resolution"). The Series 2020 Bonds and the Outstanding Parity Bonds (each as hereinafter defined) and any Additional Bonds which may be issued under the provisions of the Bond Resolution in the future are hereinafter referred to collectively as the "Bonds."

The Series 2020 Bonds will be issued in book-entry only form and purchasers of the Series 2020 Bonds will not receive certificates representing their interest in the Series 2020 Bonds purchased. The Series 2020 Bonds will contain such other terms and provisions, including provisions regarding redemption, as described in "THE SERIES 2020 BONDS" herein.

The Series 2020 Bonds are solely payable from and secured by a pledge of and first lien on the Pledged Funds derived by the City from (i) FBR CRA Redevelopment Trust Fund Revenues (as described herein) and (ii) until applied in accordance with the Bond Resolution, the Bond proceeds and all moneys, including investments thereof, in the funds and accounts established under the Bond Resolution, except the Rebate Fund, on a parity with the City's Capital Improvement Refunding Revenue Bonds, Series 2015 (Front Beach Road Project), currently outstanding in the principal amount of \$35,050,000 (the "Outstanding Parity Bonds"). Additional Bonds may be issued on a parity with the Series 2020 Bonds and Outstanding Parity Bonds upon satisfaction of the conditions described in the Bond Resolution. In addition, Subordinate Indebtedness may be issued payable from Pledged Funds on a subordinate basis. See "SECURITY AND SOURCES OF PAYMENT - Additional Bonds, Flow of Funds and Subordinate Indebtedness" herein.

The Series 2020 Bonds shall not be and shall not be deemed to constitute a debt, liability or obligation of the Agency, the City, Bay County, Florida (the "County"), the State or any political subdivision thereof within the meaning of any constitutional, statutory or charter provisions or limitations, or a pledge of the faith and credit of the Agency, the City, the County, the State or any political subdivision thereof but shall be payable solely from the Pledged Funds, and the obligations evidenced thereby shall not constitute a lien upon any property owned by or situated within the corporate territory of the Agency or the City, but shall constitute a lien only on the Pledged Funds, all in the manner provided in the Bond Resolution. See "SECURITY AND SOURCES OF PAYMENT – Limited Liability" herein.

This introduction is intended to serve as a brief description of the Official Statement and is expressly qualified by reference to the Official Statement as a whole. A full review should be made of the entire Official Statement, including its appendices, as well as the documents and reports summarized or described herein. The description of the Series 2020 Bonds, the documents authorizing and securing the same, and the information from various reports contained herein are not comprehensive or definitive. All references herein to such documents and reports are qualified by the entire, actual content of such documents and reports. Copies of such documents and reports may be obtained from the City. Capitalized terms used but not defined in this Official Statement shall have the meaning ascribed to such terms in the Bond Resolution. See "APPENDIX C -- THE BOND RESOLUTION", attached hereto.

PURPOSE OF THE ISSUE

General

The Series 2020 Bonds are being issued for the purpose of providing funds, together with certain other available moneys of the Agency, to (i) finance certain public improvements as described in the Bond Resolution (the "2020 Project"); (ii) make a deposit to the 2020 Debt Service Reserve Fund to satisfy the Reserve Fund Requirement for the Series 2020 Bonds; and (iii) pay certain costs of issuing the Series 2020 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2020 Project

The 2020 Project to be financed with proceeds of the Series 2020 Bonds shall consist of the preparation, planning, design, land acquisition, construction and implementation necessary to carry out the FBRCRA Redevelopment Plan, related improvements and tasks and the projects included in the FBRCRA Redevelopment Plan (see "THE AGENCY" herein), including, but not limited to:

- (i) Front Beach Road Segment 3/Hwy 79
- (ii) Alf Coleman Phase 1
- (iii) Powell Adams Phase 2
- (iv) Front Beach Road Segment 4.1 (1.35 miles from Lullwater Drive to Hills Road)

- (v) Front Beach Road Segment 4.2 (1.41 miles from Hills Road to Hutchison Boulevard)
- (vi) Front Beach Road Segment 4.3 (1.81 miles from Hutchison Boulevard to REJ Boulevard)
- (vii) Front Beach Road Segment 5 (1.68 miles from Hwy 79 to Cobb Road)
- (viii) Cobb Road
- (ix) Hills Road
- (x) Nautilus Street
- (xi) Clara Avenue
- (xii) North Thomas Drive

The portion of the proceeds from the issuance of the Series 2020 Bonds that will be deposited into the Construction Fund to finance the 2020 Project will only be used to pay costs related to such project. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from the proceeds of the Series 2020 Bonds:

Sources of Funds

Par Amount of Series 2020 Bonds	\$
Net original issue [premium][discount]	\$

Uses of Funds

Deposit to Construction Fund	\$
Deposit to 2020 Debt Service Reserve Fund	
Costs of Issuance and Underwriters' Discount ⁽¹⁾	
Total Estimated Uses of Funds	\$

⁽¹⁾ Includes fees of Financial Advisor, Bond Counsel, Disclosure Counsel, City's Counsel, the rating agency, bond insurance premium (if any), underwriters' discount and miscellaneous costs of issuance.

THE SERIES 2020 BONDS

General

The Series 2020 Bonds will be dated the date of their delivery, will be issued in denominations of \$5,000 or integral multiples thereof and will bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2020 Bonds is payable on November 1, 2020 and

semiannually thereafter on each May 1 and November 1 until maturity or earlier redemption. Such interest shall be calculated on the basis of a 360 day year consisting of twelve 30-day months. The City has appointed Regions Bank, Jacksonville, Florida, as the Paying Agent for the Series 2020 Bonds (the "Paying Agent") and as the registrar for the Series 2020 Bonds (the "Registrar").

The Series 2020 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2020 Bonds will be made in book-entry-only form, without certificates. Unless a securities depository other than DTC is selected by the City, so long as the Series 2020 Bonds shall be in book-entry-only form, the principal of and interest on the Series 2020 Bonds will be payable to Cede & Co. (or such other nominee selected by DTC), as registered owner thereof, and will be distributed by DTC and the DTC Participants to the Beneficial Owners (as such terms are hereinafter defined). See "THE SERIES 2020 BONDS - Book-Entry Only System" herein.

Optional Redemption

The Series 2020 Bonds maturing on or after November 1, 20__ are subject to redemption prior to maturity, at the option of the City, on or after November 1, 20__, in whole or in part at any time, in any order of maturity selected by the City and by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2020 Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2020 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption in part prior to maturity, by lot, through the application of Amortization Installments, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, on November 1 of each year in the following amounts and in the years specified:

Due (November 1)	Amortization Installment
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* Final maturity

Moneys in the Bond Amortization Account shall be used solely for the purchase, redemption or payment at maturity of the Term Bonds payable therefrom. However, amounts

accumulated in the Bond Amortization Account with respect to any Amortization Installment may be applied by the City, on or prior to the sixtieth (60th) day preceding the due date of such Amortization Installment (i) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established, at a price not greater than the Redemption Price at which such Term Bonds may be redeemed on the first date thereafter on which such Term Bonds shall be subject to redemption, or (ii) to the redemption at the applicable Redemption Price of such Term Bonds. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. The City shall pay out of the Bond Amortization Account and the Interest Account to the respective Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment).

Notice of Redemption

Mailing of Notice of Redemption. Unless waived by any holder of Bonds to be redeemed, notice of redemption shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least thirty (30) and not more than sixty (60) days before the redemption date to all registered owners of the Series 2020 Bonds or portions of the Series 2020 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with the provisions of the Bond Resolution. No defect in any notice given to a registered owner of a Series 2020 Bond to be redeemed nor failure to give such notice, shall defeat the effectiveness of a call for redemption of all other Series 2020 Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state:

- (1) the redemption date,
- (2) the Redemption Price,
- (3) if less than all outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,
- (4) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price plus accrued interest at the office of the Paying Agent.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of and accrued interest on all the Bonds or portions of Bonds which are to be redeemed on that date.

Effect of Redemption. Notice having been given in the manner and under the conditions described above, the Series 2020 Bonds or portions of Series 2020 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the Redemption Price provided for redemption of such Series 2020 Bonds or portions of Series 2020 Bonds on such date 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 and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Registrar and/or Paying Agent for the purpose of the payment of the Redemption Price of Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity, the 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 provided in the Bond Resolution for payment of interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

Book-Entry-Only System

The information provided immediately below concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter, the City or the Paying Agent.

Unless the book-entry system described herein is terminated, DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for the Series 2020 Bonds, and will be deposited with the Registrar on behalf of DTC. Individual purchases of beneficial interests in the Series 2020 Bonds will be made in increments of \$5,000 or integral multiples thereof.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain

other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's Rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The contents of such website do not constitute a part of this Official Statement.

Purchases. Purchases of the Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NEITHER THE CITY NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS. THE CITY CANNOT PROVIDE ANY ASSURANCE THAT DTC, DIRECT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2020 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR ANY NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Payments. Payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar on the relevant payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuance of Book Entry-Only System. DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificated Series 2020 Bonds are required to be printed and delivered to the holders of record.

The City may decide to discontinue use of the system of book entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2020 Bonds. Under current industry practices, however, DTC would notify its Direct or Indirect Participants of the

City's decision but will only withdraw beneficial interests from a Series 2020 Bond at the request of any Direct or Indirect Participant. In that event, certificates for the Series 2020 Bonds will be printed and delivered.

No Assurance Regarding DTC Practices

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City, the Underwriters and the Registrar take no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Series 2020 Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2020 Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2020 Bonds.

Neither the City, the Registrar nor the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Direct or Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of the Series 2020 Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the Series 2020 Bonds.

Registration, Transfer and Exchange

Subject to the provisions described above under "-- Book Entry-Only System" while the Series 2020 Bonds are held under a book entry system of registration, the Series 2020 Bonds will be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Laws of the State of Florida, subject to the DTC Book Entry-Only System and to the provisions for registration, exchange and transfer contained in the Resolution and in the Series 2020 Bonds. The Series 2020 Bonds will be transferable only upon the registration books maintained for such purpose at the corporate trust office of the Registrar. So long as any of the Series 2020 Bonds remain outstanding, the Registrar must maintain and keep books for the registration of the Series 2020 Bonds.

All Series 2020 Bonds presented for transfer, exchange, or payment (if so required by the City or the Registrar) must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the City or the Registrar, duly executed by the Registered Owner or by his or her duly authorized attorney.

The Registrar or the City may require payment from the Registered Owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any exchange or transfer of the Series 2020 Bonds. Such charges and expenses shall be paid before any new Series 2020 Bonds shall be delivered.

The Registrar is not required to issue, transfer or exchange any Series 2020 Bonds between the Record Date and the relative Interest Payment Date on such Series 2020 Bonds or, in the case of any proposed redemption of Series 2020 Bonds, after any such Series 2020 Bonds or any portion thereof has been selected for redemption.

New Series 2020 Bonds delivered upon any transfer or exchange will be valid obligations of the City, evidencing the same debt as the Series 2020 Bonds surrendered, will be secured by the Resolution, and will be entitled to all of the security and benefits of the Resolution to the same extent as the Series 2020 Bonds surrendered.

The City and the Registrar may treat the Registered Owner of any Series 2020 Bond as the absolute owner thereof for all purposes, whether or not such Series 2020 Bond is overdue, and will not be bound by any notice to the contrary.

SECURITY AND SOURCES OF PAYMENT

Pledged Funds

The payment of the principal of, redemption premium, if any, and interest on the Series 2020 Bonds and any Additional Bonds issued pursuant to the Bond Resolution are secured equally and ratably by a lien on and pledge of the Pledged Funds, which consist of (i) the FBRCRA Redevelopment Trust Fund Revenues, as defined below, (ii) to the extent the City shall so provide by Supplemental Resolution, the Assessments, and (iii) until applied in accordance with the provisions of the Bond Resolution, the proceeds of the Series 2020 Bonds and all moneys, including investments thereof, in the funds and accounts established under the Bond Resolution, except the Rebate Fund. **No Assessments are pledged to the Series 2020 Bonds or the Outstanding Parity Bonds.** "FBRCRA Redevelopment Trust Fund Revenues" means those FBRCRA Tax Increment Revenues received by the City from the Agency pursuant to the Agency Interlocal Agreement (as defined below). "FBRCRA Tax Increment Revenues" means the revenues derived from the Front Beach Road Community Redevelopment Area and received by the Agency from the County and any other "taxing authority" (as defined in Section 163.340(2) of the Act or any other successor statute or statutory provision) for deposit to the FBRCRA Tax Increment Trust Fund.

The City has reserved the right to impose special assessments (the "Assessments", as more fully defined below) upon property benefited by a particular Project, which amounts may be included as a part of the Pledged Funds as described above. "Assessments" is defined in the Bond Resolution to mean the proceeds derived from all or that portion of the Authorized Assessments levied against the lands and properties to be specially benefited by the construction of any Project, including interest on such assessments and any penalties thereon and moneys received upon the foreclosure of the liens on any such assessments, but excluding moneys recovered for the expense of collecting Assessments. "Authorized Assessments" means those assessments authorized to be levied against benefited property pursuant to Ordinance No. 947 of the City, enacted May 12, 2005, and specifically designated by the City as "Authorized Assessments" under one or more future supplements to the Resolution. Pursuant to the Bond Resolution, the Insurer, if any, of any Series of Bonds will have the right to consent to the

method of apportioning the cost of the Project to be financed by Bonds secured by Authorized Assessments among the properties benefited by such Project, such consent shall not be unreasonably withheld. **As of the date of issuance of the Series 2020 Bonds, the City has not imposed any Assessments. No Assessments are pledged to secure the Series 2020 Bonds.**

The FBRCRA Tax Increment Trust Fund was established in accordance with the Act. See "THE AGENCY - Creation of Agency and Redevelopment Areas" herein. Pursuant to Section 163.387 of the Act, the annual funding of the FBRCRA Tax Increment Trust Fund must be in an amount not less than that increment in the income, proceeds, revenues, and funds of each taxing authority derived from or held in connection with the undertaking or carrying out of the FBRCRA Redevelopment Plan. The increment is an amount equal to ninety-five percent (95%) of the difference between:

(1) The amount of ad valorem taxes levied each year by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of the Front Beach Road Community Redevelopment Area; and

(2) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the Front Beach Road Community Redevelopment Area, as shown on the most recent assessment roll used in connection with the taxation of such property by each taxing authority for the Front Beach Road Community Redevelopment Area, prior to the effective date of the resolution establishing the FBRCRA Tax Increment Trust Fund; provided, however, the Agency, City and County entered into an Interlocal Agreement dated July 5, 2005 (the "County Interlocal Agreement") that provided, in part, that any portion of the tax increment revenue generated due to an increase in the county-wide ad valorem millage rate (5.6620) shown on the 2004 assessment roll (such increase is referred to herein as the "Increased Millage Increment" shall be returned to the County unless otherwise required by debt service requirements related to bonds or obligations issued by the City or Agency.

The FBRCRA Tax Increment Trust Fund was established pursuant to Ordinance No. 729 enacted by the City Council on August 31, 2001. Therefore, the assessment roll used for purposes of determining tax increment revenues attributable to the FBRCRA is the 2000 tax year roll. See "THE AGENCY- Creation of Agency and Redevelopment Area" and "FBRCRA TAX INCREMENT REVENUES - Historical Tax Increment Revenues Attributable to the FBRCRA" herein.

The City and the Agency have entered into an Interlocal Agreement, dated June 20, 2002 (the "Agency Interlocal Agreement"), specifying that the Agency is required to transfer to the City, as received, sufficient tax increment revenues attributable to the FBRCRA to pay the Debt Service Requirement on the Bonds for the current or ensuing Bond Year, as appropriate, together with any amounts required to be deposited in the Reserve Fund pursuant to the Bond Resolution (the "FBRCRA Tax Increment Revenue"), plus reimbursement to the City of any moneys advanced for Debt Service Requirements. In the event moneys on deposit in the

FBRCRA Tax Increment Trust Fund are insufficient to meet the Debt Service Requirement on the Bonds in any Bond Year, the entire amount on deposit is required to nevertheless be transferred to the City to pay as much of the Debt Service Requirement as possible. The Resolution explicitly recognizes the Insurer and the Holders of the Bonds as being third-party beneficiaries under the Agency Interlocal Agreement, entitled to enforce the City's rights to receive the FBRCRA Tax Increment Revenues required to be paid under the Agency Interlocal Agreement. In addition, by Joint Resolution No. _____ adopted _____, 2020, the City and the Agency have explicitly recognized the Insurer and the Holders of the Bonds as being third-party beneficiaries under the County Interlocal Agreement for the purpose of requiring the County to fund the FBRCRA Tax Increment Revenues as thereby agreed.

The Act provides that each taxing authority must, by January 1 of each year, appropriate to the FBRCRA Tax Increment Trust Fund for so long as any Bonds are Outstanding a sum which is no less than the increment defined in the Act accruing to such taxing authority. Any taxing authority that does not pay the increment to the FBRCRA Tax Increment Trust Fund by January 1 must pay an amount equal to five percent (5%) of the amount of the increment and must pay interest on the amount of the increment equal to one percent (1%) for each month the increment is outstanding. The statutory payment method provided by the Act has been modified by the County Interlocal Agreement. The County Interlocal Agreement provides that the tax increment revenue which the County is required to appropriate to the FBRCRA Tax Increment Trust Fund by January 1 of each year (except as may be reduced by the estimated amount of tax revenues received as a result of the County millage being in excess of 5.6620 mills) shall be paid by the County to the FBRCRA Tax Increment Trust Fund in four (4) equal quarterly installments due on or before January 1, April 1, July 1 and October 1 of that same year.

The increment is used to measure the amount of the contribution which must be appropriated and contributed by each taxing authority that is required to make payments. The taxing authorities are not required and cannot be compelled to levy ad valorem taxes to generate any such increment to make such payments. The statutory obligation of a taxing authority to make the required payments to a community redevelopment trust fund continues for so long as a community redevelopment agency has indebtedness outstanding pledging tax increment revenues to the payment thereof, but not to exceed thirty (30) fiscal years from the date tax increment revenues were first deposited into the redevelopment trust fund or the fiscal year in which the redevelopment plan is subsequently amended. Additionally, the obligation of the governing body which established a community redevelopment agency to fund the community redevelopment trust fund annually continues until all loans, advances and indebtedness, if any, and interest thereon, of a community redevelopment agency incurred as a result of redevelopment in a community redevelopment area have been paid. In the case of the City, the obligation to fund the FBRCRA Tax Increment Trust Fund is only from the proceeds of the increment of County ad valorem taxes, since the City levies no ad valorem tax.

Notwithstanding the foregoing, Section 163.387(2)(c) of the Act exempts from payment of the tax increment described above the following:

(1) A special district that levies ad valorem taxes on taxable real property in more than one county;

(2) A special district for which, at the time the ordinance providing for the funding of the redevelopment trust fund is adopted, the sole available source of revenue such district has the authority to levy is ad valorem taxes; or any revenues or aid of such special district that may be dispensed or appropriated to a mosquito control district at the discretion of an entity other than such district;

(3) A library district, unless the community redevelopment agency had validated bonds as of April 30, 1984;

(4) A neighborhood improvement district created by the laws of the State under the Safe Neighborhoods Act;

(5) A metropolitan transportation authority; or

(6) A water management district created under Section 373.069, Florida Statutes; or

(7) A school district pursuant to Section 163.340(2), Florida Statutes.

In addition, Section 163.387(2)(d) of the Act provides that the City may exempt from payment of the tax increment described above special districts that levy ad valorem taxes within the community redevelopment area of the Agency, either in the City's sole discretion or in response to a request from a special district. Presently, there are two special districts within the Front Beach Road Community Redevelopment Area, the Northwest Florida Water Management District and the Gulf Mosquito Control District, and both districts are exempt pursuant to Section 163.387(2)(c) of the Act. The City has not issued any exemptions to any special districts in the Front Beach Road Community Redevelopment Area pursuant to Section 163.387(2)(d) of the Act. However, no assurance can be given that the City will not grant such exemptions in the future in accordance with the Act. Presently, Bay County, Florida is the only taxing authority contributing to the FBRCRA Tax Increment Trust Fund.

[The City and County have entered into discussions about amending the County Interlocal Agreement to require the City to remit to the County certain "excess" FBRCRA Tax Increment Revenues not needed in each Fiscal Year to pay debt service on the Bonds. Such amendment has not been concluded as of the date of issuance of the Series 2020 Bonds, but is not precluded by the issuance of the Series 2020 Bonds.]

Flow of Funds

Creation of Funds and Accounts. Pursuant to the Act, the City established the Front Beach Road Community Redevelopment Area and created the FBRCRA Tax Increment Tax Fund of the Agency. Funds from the FBRCRA Tax Increment Trust Fund will be transferred pursuant to the Agency Interlocal Agreement to the City for deposit into the Revenue Fund established by the Bond Resolution. See "THE AGENCY – Creation of Agency and

Redevelopment Areas" herein. The Bond Resolution creates the Assessment Fund and Debt Service Fund (and within the Debt Service Fund, the Interest Account, Principal Account and Bond Amortization Account) for the exclusive benefit of the Series 2020 Bonds, the Outstanding Parity Bonds and any other Additional Bonds hereafter issued under the Bond Resolution.

The Bond Resolution also creates a Rebate Fund (the "Rebate Fund"), which fund shall be maintained by the City separate and apart from all other funds and accounts of the City and which fund shall not be subject to the lien of the Bond Resolution in favor of Holders of the Bonds. The City shall deposit into the Rebate Fund the amounts required to be paid to the United States of America to satisfy the arbitrage rebate covenants made by the City in connection with the issuance of tax-exempt Bonds.

In addition, the Bond Resolution creates a Construction Fund (the "Construction Fund"). Moneys in the Construction Fund shall be disbursed pursuant to written requisitions filed in the manner provided in the Bond Resolution.

Each of the funds and accounts created under the Bond Resolution (except for the Rebate Fund) shall constitute trust funds held solely for the purposes provided in the Bond Resolution.

Assessments. After the issuance of any Series of Bonds for the purpose of financing assessable improvements, and with respect to which the City shall pledge to the debt service of that Series of Bonds Assessments pertaining to such assessable improvements, the City shall deposit into the Assessment Fund all Assessments levied and collected promptly upon receipt thereof. For any fiscal year, the City may choose not to levy all of the Authorized Assessments, provided that it is not in default under the Resolution and that it levies the minimum amount described below under the subheading "Additional Bonds." The City shall establish a subaccount in the Assessment Fund for each Series of Bonds for which Assessments are pledged. Assessments shall be deposited into the appropriate subaccount as provided by Supplemental Resolution authorizing that Series of Bonds. No Assessments are pledged to the Series 2020 Bonds or the Outstanding Parity Bonds.

FBRCRA Redevelopment Trust Fund Revenues. The City shall deposit all FBRCRA Redevelopment Trust Fund Revenues into the Revenue Fund, promptly upon the receipt thereof. FBRCRA Tax Increment Revenues received by the Agency in excess of that required to be transferred to the City pursuant to the Agency Interlocal Agreement shall remain with the Agency and will not be transferred to the City, unless later needed to satisfy the Agency's obligation under the Agency Interlocal Agreement. In any fiscal year, the tax increment revenues received by the Agency attributable to the Front Beach Road Community Redevelopment Area may exceed the FBRCRA Tax Increment Revenues required to be transferred by the Agency to the City pursuant to the Agency Interlocal Agreement. Such FBRCRA Redevelopment Trust Fund Revenues shall be used no later than ten (10) days prior to each debt service payment date (unless Bonds shall be Outstanding on which interest is payable on a monthly basis, in which case amounts to be deposited in the Interest Account of the Debt Service Fund shall be deposited no later than the 20th day of each month), and the moneys in the

Revenue Fund shall be deposited or credited in the following manner and in the following order of priority:

(1) Debt Service Fund. The City shall deposit into or credit to the Debt Service Fund such sums as are described under the subheading "Debt Service Fund" below.

(2) Reserve Fund. Next, the City shall deposit into or credit to the Reserve Fund such sums as are described under the subheading "Reserve Fund" below.

(3) Supplemental Reserve Fund. Next, the City shall deposit into or credit to the Supplemental Reserve Fund such sums as are described under the subheading "Supplemental Reserve Fund" below.

(4) Surplus Moneys. The balance of any moneys remaining in the Revenue Fund after payments and deposits described in (1), (2) and (3) above may be used for any lawful purpose of the City, including the payment of principal, premium, if any, and interest on any subordinated indebtedness issued by the City.

Debt Service Fund. The moneys on deposit in the Debt Service Fund shall be applied in the manner described below solely for the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds and shall not be available for any other purpose. The moneys transferred to the Debt Service Fund shall be deposited or credited in the following manner and in the following order of priority:

(1) Interest Account. The City shall deposit into or credit to the Interest Account the sum which, together with the balance in said account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue to the next succeeding interest payment date (unless Bonds shall be Outstanding on which interest is payable on a monthly basis, in which case such sum as will be sufficient taking into consideration amounts on deposit therein to pay one-sixth (1/6th) of all interest coming due on all outstanding Bonds on the next interest payment date). Moneys transferred from the Interest Account of the Assessment Fund shall be used to pay interest when due on the applicable Series of Bonds, whether by redemption or otherwise, prior to moneys transferred from the Revenue Fund. Moneys in the Interest Account shall be applied by the City to pay interest on the Bonds as and when the same shall become due, whether by redemption or otherwise, and for no other purpose.

(2) Principal Account. Next, the City shall deposit into or credit to the Principal Account the sum which, together with the balance in said account, shall equal the principal amount of all Outstanding Bonds due and unpaid on the next principal payment date other than Term Bonds. Serial Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Principal Account on their respective maturity dates. Not later than the month immediately preceding any principal payment date, the City shall adjust the amount of the deposit into the Principal Account so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds other than Term Bonds becoming due on such principal payment date. Moneys in the Principal Account shall be applied by the City to pay the principal of the Bonds other than Term Bonds as and when the same shall become due,

whether at maturity or otherwise, and for no other purpose. Moneys transferred from the Principal Account of the Assessment Fund shall be used to pay principal when due on the applicable Series of Bonds prior to moneys transferred from the Revenue Fund.

(3) Bond Amortization Account. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account. Commencing in the month prior to the due date of each Amortization Installment, the City shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said account held for the credit of such Amortization Installment and all Outstanding Term Bonds due and unpaid. Term Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Bond Amortization Account on the respective due dates of the Amortization Installments applicable thereto. The City shall adjust the amount of the deposit into the Bond Amortization Account not later than the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay such Amortization Installment on such date. Moneys in the Bond Amortization Account shall be applied by the City to purchase or redeem Term Bonds in the manner provided in the Bond Resolution, and for no other purpose.

Reserve Fund. The City shall deposit into or credit to the Reserve Fund such sum, if any, as will be necessary to immediately restore the funds on deposit therein to an amount equal to the Reserve Fund Requirement including the reinstatement of any Reserve Fund Insurance Policy or Reserve Fund Letter of Credit on deposit therein or the cash replacement thereof. On or prior to each principal and interest payment date for the Bonds, moneys in the Reserve Fund shall be applied by the City to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Amount and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Fund by reason of a decrease in the Reserve Fund Requirement or as a result of a deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit, such surplus moneys shall be deposited by the City into the Principal Account, or such other appropriate fund or account of the City or used to pay or provide for necessary rebate through the Rebate Fund or to pay the premium on the Reserve Fund Insurance Policy, provided such deposit to such other fund or account shall not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Whenever moneys on deposit in the Reserve Fund, together with other available amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds (including principal and interest thereon) in accordance with their terms, the funds on deposit in the Reserve Fund shall be applied to the payment of Bonds.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Fund, the City may, at its sole option and discretion, cause to be deposited a Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit in an amount equal to the difference between the Reserve Fund Requirement applicable thereto and the sums, if any, remaining on deposit in the Reserve Fund after the deposit of such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit. Such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit shall be payable to the Paying Agent for such Series (upon the giving of notice as

required thereunder) on any interest payment or redemption date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit shall be either (a) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by Standard & Poor's Ratings Group and Fitch Ratings, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has, been assigned a rating by Fitch Ratings and Standard & Poor's Ratings Group in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories).

[The City intends to satisfy its obligation to fund the Reserve Fund with respect to the Series 2020 Bonds by _____.] The City has established a separate subaccount within the Reserve Fund which secures the Outstanding Parity Bonds. Amounts on deposit in said subaccount are not pledged to secure the Series 2020 Bonds.

Supplemental Reserve Fund

If required, the City shall deposit into or credit to the Supplemental Reserve Fund such sum, if any, as will be necessary to fund the Supplemental Reserve Fund to an amount which will equal the Maximum Debt Service Requirement. Deposits to the Supplemental Reserve Fund will only be required if upon calculation made on August 1st of each year, FBRCRA Tax Increment Revenues due for the current Trust Fund Year plus Assessments due for the current Fiscal Year are less than 1.25x the Maximum Debt Service Requirement. No deposit has been made to the Supplemental Reserve Fund since the Bond Resolution was originally adopted in 2006.

Notwithstanding the foregoing, no more deposits will be required to be made to the Supplemental Reserve Fund, if: (i) on the date of calculation FBRCRA Tax Increment Revenues due for the current Trust Fund Year plus Assessments due for the current Fiscal Year are at least 1.35x the Maximum Debt Service Requirement and 50% of the Maximum Debt Service Requirement is on deposit in the Supplemental Reserve Fund; or (ii) on the date of calculation, the average of the current Trust Fund Year and the immediately preceding Trust Fund Year of FBRCRA Tax Increment Revenues plus Assessments due for the current Fiscal Year and the immediately preceding Fiscal Year is greater than 1.35x the Maximum Debt Service Requirement. If (ii) above is met, all funds in the Supplemental Reserve Fund may be released upon certificate of the City Manager given to the Insurer.

The funds on deposit in the Supplemental Reserve Fund may be applied to the payment of the Bonds or if released pursuant to (ii) above may be used for any lawful purpose of the City or be used for payment of the principal of, premium, if any, and interest on any Subordinated Indebtedness hereafter issued by the City.

Subordinated Indebtedness

In addition to the issuance of the Series 2020 Bonds and any other Additional Bonds that may be issued by the City, the Bond Resolution provides that the City may issue Subordinated Indebtedness, the payment of the principal of, redemption premium, if any, and interest on which shall be secured by a lien on and pledge of the Pledged Funds subordinate to the pledge of, lien on and priority of payment from the Pledged Funds provided for the Series 2020 Bonds and any other Additional Bonds that may be issued by the City. In addition, Subordinated Indebtedness has no right to or interest in the funds and securities held in the 2020 Debt Service Reserve Fund, including, without limitation, any Reserve Fund Insurance Policy and/or Reserve Fund Letter of Credit. The City shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which Additional Bonds may be issued.

Additional Bonds

Pursuant to the Bond Resolution, no Additional Bonds, payable out of the Pledged Funds, including, without limitation, FBRCRA Redevelopment Trust Fund Revenues, on a parity with the Series 2020 Bonds and the Outstanding Parity Bonds shall be issued unless certain conditions set forth in the Bond Resolution are met, including:

(A) The City shall certify that it is current in all deposits into the various funds and accounts established by the Bond Resolution and all payments theretofore required to have been deposited or made by it under the provisions of the Bond Resolution and has complied with the covenants and agreements of the Bond Resolution.

(B) There shall have been obtained and filed with the City a certificate of the City Manager stating that one of the following tests have been met (including all calculations):

(1) the amount of FBRCRA Tax Increment Revenues due and to become due during the current Trust Fund Year equals at least 1.75x the Adjusted Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued; or

(2) (a) the average of the revenues calculated in (1) above plus the actual FBRCRA Tax Increment Revenues due in the prior Trust Fund Year and received prior to the date of this calculation equals at least 1.60x the Adjusted Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued and (b) FBRCRA Tax Increment Revenues due and to become due during the current Trust Fund Year equals at least 1.50x the Adjusted Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds proposed to be issued; or

(3) (a) the average of the revenues calculated in (1) above and the actual FBRCRA Tax Increment Revenues due in the prior two Trust Fund Years and received prior to the date of this calculation equals at least 1.50x the Adjusted Maximum Debt

Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued and (b) FBRCRA Tax Increment Revenues due and to become due during the current Trust Fund Year equals at least 1.50x the Adjusted Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued.

In addition to the tests set forth in paragraph (B) above, if any Outstanding Bonds or the Additional Bonds then proposed to be issued required the inclusion of Qualified Assessments to meet the applicable Additional Bonds test specified in paragraph (B) above, the amount of FBRCRA Tax Increment Revenues due and to become due during the current Trust Fund Year plus the amount of Assessments due and to become due during the current Fiscal Year plus the amount of Assessments pledged to the Additional Bonds then proposed to be issued which have been levied and billed for the current Fiscal Year must equal at least 1.25x the Maximum Debt Service Requirement for all Outstanding Bonds and the Additional Bonds then proposed to be issued. If the inclusion of Qualified Assessments was not required to meet the applicable Additional Bonds test for either any portion of Outstanding Bonds or the Additional Bonds then proposed to be issued, then this paragraph shall not apply.

For purposes of the foregoing, the following definitions apply:

"Adjusted Maximum Debt Service Requirement" means, for all Outstanding Bonds and such Additional Bonds then proposed to be issued, an amount equal to the Maximum Debt Service Requirement for such Outstanding Bonds and such Additional Bonds then proposed to be issued, less an amount equal to the quotient obtained by dividing legally available Qualified Assessments by 1.10, provided that such amount deducted shall be limited to 50% of the Maximum Debt Service Requirement for such Outstanding Bonds and such Additional Bonds proposed to be issued.

"Qualified Assessments" means (a) any Authorized Assessments consented to by the Insurers or (b) (i) any Authorized Assessments which extend until the maturity of the applicable Bonds, and (ii) the lesser of at least 10% of the maximum annual Authorized Assessments or \$1,000,000 is currently levied. For purposes of (ii) in the preceding sentence, each individual series of Authorized Assessments must meet the requirement.

"Trust Fund Year" means the Fiscal Year in which the annual payment of funds are due to the FBRCRA Tax Increment Trust Fund by law regardless of the fact that such funds shall be paid pursuant to the County Interlocal Agreement on each January 1st, April 1st, July 1st and October 1st.

The Bond Resolution defines "Authorized Assessments" to mean the assessments authorized to be levied against the lands and properties to be specifically benefited by any construction of any project pursuant to Ordinance No. 947 enacted by the City on May 12, 2005 and specifically designated by the City as Authorized Assessments pursuant to the Bond Resolution as supplemented in the future. "Assessments" is defined to be the proceeds derived from all or that portion of the Authorized Assessments levied, including interest on such assessments and any penalties thereon and moneys received upon the foreclosure of liens of

any said assessments, but excluding moneys recovered for the expense of collecting Assessments. For any fiscal year, the City may choose not to levy all of the Authorized Assessments, provided that upon the issuance of Additional Bonds pursuant to the Bond Resolution, if Qualified Assessments were required to meet the applicable Additional Bonds test therein, for so long as any portion of such Additional Bonds shall remain Outstanding, the City has covenanted: (1) to levy the lesser of 10% of the maximum annual Authorized Assessments related to such Additional Bonds or \$1,000,000 of the maximum annual Authorized Assessments related to such Additional Bonds, for the term of the Series of such Additional Bonds; and (2) to levy a sufficient portion of Authorized Assessments related to such Additional Bonds (up to the maximum authorized amount) such that FBRCRA Redevelopment Trust Fund Revenues for each Trust Fund Year plus that portion of Authorized Assessments levied for the corresponding Fiscal Year equal at least 1.25x the Maximum Debt Service Requirement for such applicable Series of Bonds.

In computing Maximum Debt Service Requirement for purposes of paragraphs (A) and (B) above, the Maximum Debt Service Requirement may be adjusted by deducting any interest earned in the Revenue Fund. Additionally, the interest rate on outstanding Variable Rate Bonds, and on additional parity Variable Rate Bonds then proposed to be issued, shall be calculated as provided in the definition of Debt Service Requirement.

In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of paragraph (A) and (B) above shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal years. The conditions of paragraph (B) above shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

The term "Additional Bonds" shall be deemed to mean additional obligations evidenced by Bonds issued within the limitations of the Bond Resolution to finance or refinance community redevelopment projects within the Front Beach Road Community Redevelopment Area under the Act, payable from the Pledged Funds on a parity with the Series 2020 Bonds. The term "Additional Bonds" shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the Pledged Funds is subordinate and subject to the prior and superior liens on the Pledged Funds of the Bonds or indebtedness by tax increment revenues from any other community redevelopment areas by the Agency or the City.

The City expects to issue up to \$40,000,000 in aggregate principal amount of Additional Bonds to fund the remainder of the costs of the 2020 Project.

Other Obligations Secured by Pledged Funds

Except upon the conditions and in the manner provided in the Bond Resolution, the City has covenanted that it will not issue any other obligations payable from the Pledged Funds, including, without limitation, FBRCRA Redevelopment Trust Fund Revenues, nor

voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds on the Pledged Funds, including, without limitation, FBRCRA Redevelopment Trust Fund Revenues.

Limited Liability

The Series 2020 Bonds shall not be and shall not be deemed to constitute a debt, liability or obligation of the Agency, the City, the County, the State or any political subdivision thereof within the meaning of any constitutional, statutory or charter provisions or limitations, or a pledge of the faith and credit of the Agency, the City, the County, the State or any political subdivision thereof, but shall be payable solely from the Pledged Funds. No Holder or Holders of any Series 2020 Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the City, the County, the State or any political subdivision thereof, or taxation in any form of any real or personal property therein, or the application of any funds of the Agency, the City, the County, the State or any political subdivision thereof to pay the Series 2020 Bonds or the interest thereon or the making of any sinking fund or reserve payments provided for in the Bond Resolution, other than the Pledged Funds. The Series 2020 Bonds and the obligations evidenced thereby shall not constitute a lien upon any property owned by or situated within the corporate territory of the Agency or the City, but shall constitute a lien only on the Pledged Funds, to the extent, in the manner, and with the priority of application provided in the Bond Resolution. See "APPENDIX C -- THE BOND RESOLUTION", attached hereto.

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DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service payments to be made on the Series 2020 Bonds.

Period Ending November 1	Outstanding Parity Bonds	<u>Series 2020 Bonds</u>			Total Debt Service
		Principal	Interest	Debt Service	
2020	\$3,461,865				
2021	3,463,479				
2022	3,468,181				
2023	3,465,836				
2024	3,466,580				
2025	3,465,277				
2026	3,466,926				
2027	3,461,391				
2028	3,463,808				
2029	3,463,905				
2030	3,466,682				
2031	3,462,001				
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
TOTAL	\$41,575,929				

THE CITY

The City is located on the Gulf Coast of northwest Florida in Bay County, Florida. The City was merged with three other cities on August 12, 1970, and is a beach resort community, occupying a twelve-mile elongated area on the Gulf of Mexico. Tourism is currently the City's main industry, although the value of land located within the City and the amount of redevelopment planned and underway is changing the City's demographics. The City has an

estimated permanent resident population of 13,435, with an estimated 4,500,000 annual "overnight" tourists and another 1,500,000 annual "daytime" tourists.

The City is currently undergoing a significant amount of growth and redevelopment. See "APPENDIX A -- GENERAL INFORMATION AND ECONOMIC DATA REGARDING THE CITY OF PANAMA CITY BEACH, FLORIDA," for additional information regarding the City and the Panama City Beach area.

THE AGENCY

General

The Agency is a public body corporate and politic, and a public instrumentality, created by the City pursuant to the Act in order to pursue and fund a program of community redevelopment within designated portions of the City, as permitted by the Act. The primary objective of the Agency is to formulate, implement and fund a workable program for utilizing appropriate private and public resources to eliminate and prevent the development and spread of blighted conditions in the designated redevelopment areas. The members of the city council, ex officio, serve as the governing body of the Agency, and the City Manager serves as the Executive Director of the Agency.

The funding required to accomplish the objectives of the Agency may involve a variety of sources, but emphasis for such funding is placed primarily on tax increment revenue financing. Tax increment revenue financing provides a mechanism for tax revenues generated by properties within slum and blighted areas to effectively pay for redevelopment in the area, without reducing the amount of tax revenues received by taxing authorities in the area when the redevelopment trust fund is created. See "SECURITY AND SOURCES OF PAYMENT - Pledged Funds" herein.

Creation of Agency and Redevelopment Area

On November 30, 2000, the City Council of the City created the Panama City Beach Community Redevelopment Agency (the "Agency") pursuant to Resolution No. 00-23 and declared that the City Council would sit ex-officio as the governing body of the Agency. The City Council by Resolution No. 01-19, adopted May 24, 2001, authorized a finding of necessity and provided for the study and identification of a proposed redevelopment area generally along and associated with Front Beach Road, within the City of Panama City Beach. On June 21, 2001, by Resolution No. 01-25, the City Council determined the Front Beach Road Community Redevelopment Area, as therein depicted, and made a finding of necessity as set forth in Section 163.355, Florida Statutes, with respect to said Front Beach Road Community Redevelopment Area, declaring that one or more blighted areas exist within said Area and that the rehabilitation, conservation or redevelopment, or a combination thereof, is necessary in the interest of the public health, safety, morals or welfare of the residents of the City. On August 30, 2001, pursuant to Resolution No. 01-41, the City Council and ex-officio as the Agency governing board made certain findings and approved and adopted the Front Beach Road Community Redevelopment Plan dated August 2001 (as amended as described below, the "FBRCA

Redevelopment Plan"). On August 30, 2001, the City Council adopted the Front Beach Road Community Redevelopment Trust Fund Ordinance (Ordinance No. 729), establishing the Front Beach Road Community Redevelopment Trust Fund (the "FBR CRA Tax Increment Trust Fund") for the Front Beach Road Community Redevelopment Area. On September 26, 2019, pursuant to Resolution No. 19-140, the City Council and ex officio as the Agency governing board made certain findings and approved and adopted a First Amendment to the Front Beach Road Community Redevelopment Plan, extending the duration of the FBR CRA Redevelopment Plan. On November 14, 2019, pursuant to Resolution No. 20-16, the City Council and ex officio as the Agency governing board made certain findings and ratified the First Amendment to the Front Beach Road Community Redevelopment Plan.

Pursuant to the Act, the City (and, ex officio, the Agency) is authorized, among other things, to issue redevelopment revenue bonds and refunding bonds, payable solely out of revenues pledged to and received by the Agency, deposited into the FBR CRA Tax Increment Trust Fund and transferred to the City, to finance community redevelopment in the Front Beach Road Community Redevelopment Area in accordance with the FBR CRA Redevelopment Plan.

The City subsequently entered into validation proceedings with respect to the Bonds and the FBR CRA Redevelopment Area. See "VALIDATION" herein. The FBR CRA Redevelopment Plan provides, among other things, the duration of the redevelopment process in the Front Beach Road Community Redevelopment Area, the vision and objectives of the proposed redevelopment, strategies, an approval and an initial capital projects work plan. The duration of the plan is through September 30, 2049.

The City (and, ex officio, the Agency) has created another Community Redevelopment Area (the Pier Park Community Redevelopment Area) and may in the future create other such areas. Tax increment associated with the Pier Park Community Redevelopment Area or any other such community redevelopment area does not flow into the FBR CRA Tax Increment Trust Fund and is not pledged to secure the Bonds.

Powers

Pursuant to the Act, the City or the Agency possess all of the powers necessary or convenient to carry out and effectuate redevelopment within its redevelopment areas, including, without limitation, the power:

- (1) to acquire, dispose of, mortgage, pledge or otherwise encumber real property;
- (2) to demolish or remove buildings or improvements or to carry out plans for the voluntary or compulsory repair or rehabilitation of buildings or improvements;
- (3) to install, construct or reconstruct streets, utilities, parks, playgrounds or other improvements necessary for carrying out the community redevelopment objectives of the Agency;

(4) to provide, arrange or contract for the furnishing of services, privileges, works, streets, roads, public utilities or other facilities in connection with community redevelopment;

(5) to borrow or invest money or to accept advances, loans, grants, contributions or other forms of financial assistance and to give such security as may be required therewith; and

(6) to prepare plans for and assist in the relocation of persons or entities displaced from the community redevelopment area and to make relocation payments to such persons or entities.

The Community Redevelopment Plan

The Front Beach Road Community Redevelopment Area is generally defined by the City limits of the City of Panama City Beach, Florida on the east and west, the Gulf of Mexico on the south, and on the north by parcels contiguous to the northern right of way of Front Beach Road or certain roads connecting Front Beach Road with U.S. Highway 98 (Panama City Beach Parkway), including certain parcels at the intersections of those connector roads. Included on the next page is a map depicting the Front Beach Road Community Redevelopment Area:

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The FBRCRA Redevelopment Project focuses on creating an enhanced and interconnected network of right of way and other infrastructure projects that focuses on improving pedestrian movement, overall parking needs along the corridor, beach access, ingress/egress and evacuation routes along Front Beach Road and its major connectors throughout the year and during peak periods of visitation or emergency. Specific contemplated improvements include: street lighting, landscaping, medians and undergrounding of utilities for Front Beach Road, multi-modal transit facilities, as well as certain sidewalk, drainage and signalization improvements and additional roadway improvements to Front Beach Road and connecting roads. Additional improvements include enhanced parking structures and drainage improvements throughout the Redevelopment Area. See "PURPOSE OF THE ISSUE -- FBRCRA Series 2020 Redevelopment Project" herein.

AD VALOREM TAXATION

As ad valorem tax revenues form the basis for the FBRCRA Tax Increment Revenues pledged to secure the Series 2020 Bonds, the following information is provided with respect to ad valorem taxation within the State of Florida. The taxing power of neither Bay County nor any other entity is pledged to secure the Series 2020 Bonds.

Procedure for Property Assessment

General. Ad valorem taxes may be levied only by counties, school districts, municipalities and certain special districts (railroad properties are centrally assessed at the State level). No State ad valorem taxes are levied upon real estate or tangible personal property. State law requires that all ad valorem taxation be assessed at a uniform rate within each taxing unit and, with certain exceptions, that real and personal property subject to ad valorem taxation be assessed at 100% of its just value. See "*Limitation on Increase in Assessed Value of Property*" below. The following property is generally subject to taxation in the manner provided by law: (1) all real and personal property in the State and all personal property belonging to persons residing in the State; and (2) all leasehold interests in property of the United States, of the State, or any political subdivision, municipality, agency, authority, or other public body corporate of the State. Pursuant to the State Constitution and State law, certain of such property may be exempt from ad valorem taxation. See "*Exemptions from Ad Valorem Taxation*" below.

The City is located in northwestern Florida in Bay County (the "County"). Taxpayers pay ad valorem taxes to the County. The City does not currently impose separate ad valorem taxes.

Determination of Property Valuation. The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property subject to ad valorem taxation as of January 1 of each year. By July 1 of each year, the Property Appraiser notifies the County, each municipality, and each other legally constituted special taxing district as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. See "*Millage Set by Local*

Governing Body" and "- Limitation on Increase in Assessed Value of Property" below for limitations on increased in assessed value of property.

Limitation on Increase in Assessed Value of Property. The State Constitution limits the increases in assessed just value of homestead property to the lower of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified nonhomestead real property may not exceed ten percent (10%) of the assessment for the prior year. See *"-Legislation Relating to Ad Valorem Taxation - Recent Amendments Relating to Ad Valorem Taxation"* below.

Preparation of Tax Roll. The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which is certified to the County Tax Collector (the "Tax Collector") by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies. All ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies. See *"-Tax Collection and Distribution by County Tax Collector"* below.

Appealing Property Valuation. Concurrently with notification to the various taxing bodies, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (1) request an informal conference with the Property Appraiser to resolve the issue, or (2) file a petition with the clerk of the County value adjustment board (the "Adjustment Board"), or (3) appeal to the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final

decision by the Adjustment Board. A petition to the Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. A taxpayer receives notice of the hearing and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony prior to the hearing before the Adjustment Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser if such valuations are found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the Adjustment Board increased by more than 10 percent over the previous year. These changes are then made to the final tax roll.

Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition.

Millage Set by Local Governing Body

General. The State Constitution provides that ad valorem taxes, exclusive of taxes levied for the payment of voter-approved general obligation bonds (such as the Bonds), shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by voters. There is no limit under the Florida Constitution or statutory law on the amount of ad valorem taxes a local government may levy for the payment of debt service on voter-approved general obligation bonds.

As described above, the Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the determination of the forthcoming budget and millage levy. The form on which such certification is made by the Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added due to geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. See "*Millage Rollback Legislation*" below.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective

jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. By law, budget expenditures cannot exceed 95% of estimated revenues except for cash carry forward amounts. In adopting an annual budget, the taxing authority must first adopt tentative millage rates within 35 days of receipt from the Property Appraiser of the preliminary certificate of taxable value. A notice of the impact of the tentative millage rates adopted by each taxing authority on the proposed tax statement for each taxpayer is then mailed to each individual taxpayer. Next, the taxing authority must hold a public hearing to adopt a tentative budget with the tentative millage rate. A second public hearing is held to adopt a final budget and millage rate.

Millage Rollback Legislation. In 2007, the State Legislature adopted a property tax plan which significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities and special districts to roll back their millage rates for the 2007-2008 fiscal year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in fiscal year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Truth in Millage. The governing bodies of taxing authorities are required to fix the millage rate and assess all property at one hundred percent (100%) of its just value. Section 200.071, Florida Statutes, and Section 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the State Constitution.

Tax Collection and Distribution by County Tax Collector

General. All real and tangible personal property taxes are based on assessed values as certified and delivered to the Tax Collector by the Property Appraiser as described above. The Tax Collector mails to each property owner on the tax roll a tax bill for the taxes levied by the various taxing authorities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. Because several taxpayers pay taxes in the months where a discount is applicable, taxes collected will likely never be 100% of the tax levy.

The Tax Collector is required to distribute the taxes collected to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Delinquent Taxes. Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall

be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Tax Certificates and Tax Deeds. On or before June 1 or the sixtieth day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property that is the subject of delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. State law provides that real property tax liens and certain other governmental charges and assessments liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon.

At any time after two years have elapsed since April 1 of the year of the issuance of a tax certificate and before the expiration of seven years, the holder of the tax certificate may apply for a tax deed with respect to any tax certificate it holds. Two years after such April 1, the County may make application for a tax deed with respect to any tax certificate it holds. Upon receipt of such applications, a public sale is advertised and held (unless the property is redeemed), and the highest bidder at such sale receives a tax deed for the property. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Redemption of Land by Owners. To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Exemptions from Ad Valorem Taxation

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following

purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the County has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "*Legislation Regarding Ad Valorem Taxes - Recent Amendments Relating to Ad Valorem Taxation*" below.

Constitutional Exemptions

Exempt Entities/Exempt Purposes. The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than one thousand dollars and to every widow or widower or person who is blind or totally and permanently disabled, property not less than five hundred dollars. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a

new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire ten years from the date of approval by the electors of the county or municipality, and may be renewable by referendum as provided by general law and that exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. This exemption does not apply to the levy of taxes for the payment of bonds (such as the Bonds). The County has not enacted an ordinance granting the exemption described in this paragraph.

Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or the property no longer qualifies for the exemption. This exemption does not apply to the levy of taxes for the payment of bonds (such as the Bonds). The County has not enacted an ordinance granting the exemption described in this paragraph.

Tangible Personal Property and Solar Devices. The State Constitution provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated In Perpetuity for Conservation. The State Constitution provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. In addition to the exemptions described above, the State Constitution also provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law.

Certain Persons 65 or Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption equal to (i) of up to \$50,000 for persons age 65 or older with household income that does not exceed the statutory income limitation of \$20,000 (as increased by the percentage increase in the average cost of living index each year since 2001) or (ii) the assessed value of the property with a just value less than \$250,000, as determined the first tax year that the owner applies and is approved, for any person 65 or older who has maintained the residence as his or her permanent residence for not less than 25 years and whose household income does not exceed the statutory income. The City enacted ordinance No. 2018-7 on November 7, 2018, granting the exemption described in this paragraph. In addition, veterans 65 or older who are partially or totally permanently disabled may receive a discount from tax on homestead property if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs.

Deployed Military Personnel. The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year. During the 2018 legislative session, the statutory list of military operations eligible for the exemption was updated to remove certain operations.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions. During the 2018 legislative session, the five-year limitation on the veteran's surviving spouse's eligibility to receive the tax exemption was removed.

Certain Totally and Permanently Disabled Persons. Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/wastewater systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes and certain tangible personal property.

Legislation Relating to Ad Valorem Taxation

Recent Amendments Relating to Ad Valorem Taxation. In the 2016 legislative session, several amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as their permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the City, the City's finances in general or the City's ad valorem taxing power.

TAX INCREMENT REVENUES ATTRIBUTABLE TO THE FRONT BEACH ROAD COMMUNITY REDEVELOPMENT AREA

Assessed Valuations

Set forth below is a table that shows the assessed value of the taxable real property in the Front Beach Road Community Redevelopment Area that provided the basis for the amount of FBRCRA Tax Increment Revenues collected from the County.

**Historical Front Beach Road Community
Redevelopment Area Real Property Assessed Values**

Tax Roll Year	Fiscal Year	A		B		=A-B	
		Final Gross Taxable Value	Percentage Increase Over Prior Year	Base Year Taxable Value ⁽¹⁾	Incremental Value ⁽²⁾	Percentage Increase Over Prior Year	Dollar Increase Over Prior Year
2010	10/11	\$2,711,292,848	(9.47%)	\$616,607,224	\$2,094,685,624	(11.93%)	(\$283,638,854)
2011	11/12	2,461,180,496	(9.22%)	616,607,224	1,844,573,272	(11.94%)	(250,112,352)
2012	12/13	2,266,061,126	(7.93%)	616,607,224	1,649,453,902	(10.58%)	(195,119,370)
2013	13/14	2,263,455,114	(0.12%)	616,607,224	1,646,847,890	(0.16%)	(2,606,012)
2014	14/15	2,388,901,545	5.54%	616,607,224	1,772,294,321	7.62%	125,446,431
2015	15/16	2,570,855,176	7.62%	616,607,224	1,954,247,952	10.27%	181,953,631
2016	16/17	2,750,236,497	6.98%	616,607,224	2,133,629,273	9.18%	179,381,321
2017	17/18	2,769,316,432	0.69%	616,607,224	2,152,709,208	0.89%	19,079,935
2018	18/19	3,064,524,495	10.66%	616,607,224	2,447,917,271	13.71%	295,208,063
2019	19/20	3,274,424,413	6.85%	616,607,224	2,657,817,189	8.57%	209,899,918 ⁽³⁾

⁽¹⁾ The FBRCRA Project was created in 2001, making the 2000 tax roll the base year.

⁽²⁾ Incremental Value equals the Final Gross Taxable Value minus the Base Year Taxable Value.

⁽³⁾ Estimated.

Source: Bay County Property Appraiser Office and the City of Panama City Beach.

Historical Tax Increment Revenues

The City and the County are the only two taxing authorities that are required to make payments into the FBRCRA Tax Increment Fund. The City currently levies no ad valorem tax by which to measure a contribution to the FBRCRA Tax Increment Fund and therefore is not obligated to make such contribution. Set forth below is a table that shows the Tax Increment Revenues attributable to the Front Beach Road Community Redevelopment Area that have been collected from the County for the past ten (10) fiscal years and the amount estimated by the City to be received in Fiscal Year 2020 based upon the preliminary 2020 tax roll and expected millage. For more detailed information relating to the City and the County, see "APPENDIX A -- GENERAL INFORMATION AND ECONOMIC DATA REGARDING THE CITY OF PANAMA CITY BEACH, FLORIDA."

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Historical and Expected 2020 Tax Increment Revenues Attributable to the Front Beach Road Community Redevelopment Area

Tax Roll Year	Fiscal Year	Taxable Value	Incremental Value	Revenue⁽¹⁾
2010	10/11	\$2,711,292,848	\$2,094,685,624	\$7,263,322
2011	11/12	2,461,180,496	1,844,573,272	6,396,058
2012	12/13	2,266,061,126	1,649,453,902	5,719,481
2013	13/14	2,263,455,114	1,646,847,890	5,710,445
2014	14/15	2,388,901,545	1,772,294,321	7,829,110
2015	15/16	2,570,855,176	1,954,247,952	8,632,890
2016	16/17	2,750,236,497	2,133,629,273	9,425,307
2017	17/18	2,769,316,432	2,152,709,208	9,509,593
2018	18/19	3,064,524,495	2,447,917,271	10,316,478
2019 ⁽²⁾	19/20 ⁽²⁾	3,274,424,413	2,657,817,189	11,201,078 ⁽³⁾

⁽¹⁾ Pursuant to an Interlocal Agreement between the City and the County, revenue is received in quarterly installments due January 1, April 1, July 1 and October 1. Any adjustments, plus or minus, as a result of changes to the tax roll are corrected in the final installment due October 1.

⁽²⁾ Preliminary estimates.

⁽³⁾ Assuming the issuance of the Series 2020 Bonds at an aggregate principal amount of \$ _____ and a true interest cost of ____% per annum, this would result in a debt service coverage of maximum annual debt service on the Series 2020 Bonds and Outstanding Parity Bonds of ____x.

Source: City of Panama City Beach Finance Department.

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Set forth below is a table that shows the top ten (10) principal taxpayers in the Front Beach Road Community Redevelopment Area for the current Fiscal Year, the taxable value attributable to such taxpayers and the percentage of such value to the gross taxable value of all taxable property in the Front Beach Road Community Redevelopment Area.

**Front Beach Road Community
Redevelopment Area Principal Taxpayers**

Taxpayer	Fiscal Year 2018/19 Taxable Value	Fiscal Year 2018/19 Percentage of Gross Taxable Value

Source: Bay County Property Appraiser.

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Set forth below is a table that shows the top five (5) planned properties or developments located in the Front Beach Road Community Redevelopment Area, based on the taxable value of such property or development for fiscal year 2019.

**Front Beach Road Community
Redevelopment Area Principal Developments⁽¹⁾**

Development	Use of Property	Approx. Sq. Footage	2019 Gross Project Cost
Embassy Suites	Hotel 255 Rooms	213,366	\$39,430,344
Beckrich Office III	Office	35,732	6,200,000
Alvins Island	Retail	18,195	3,380,000
Capital City Bank	Bank	4,769	1,597,500
Shalamar	Conf. Centr./Gym	12,321	1,446,506
TOTAL			\$52,054,350

⁽¹⁾ Projects herein have received a Building Permit from the City prior to September 29, 2019, allowing construction but construction has not been completed as of February 2020.

Source: City of Panama City Beach Planning Department.

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Set forth below is a table that shows the aggregate operating millage rates levied during the past ten (10) years in the Front Beach Road Community Redevelopment Area.

Historical Millage Rates

Tax Roll Year	Aggregate Millage Rate for Property in City of Panama City Beach ⁽¹⁾	Bay County, Florida Millage Rate ⁽²⁾
2011	10.9518	3.6500
2012	10.6918	3.6500
2013	10.6780	3.6500
2014	11.8010	4.6500
2015	11.8178	4.6500
2016	11.4571	4.6500
2017	11.2225	4.4362
2018	11.1372	4.4362
2019	10.9405	4.4362
2020		

⁽¹⁾ Aggregate millage rate includes millage rates levied by the taxing jurisdictions of Bay County, Beach Mosquito Control District, Bay County School District, and Northwest Florida Water Management District; the City does not levy a millage rate.

⁽²⁾ Only the millage rate of Bay County is taken into account in determining the FBRCRA Tax Increment Revenues.

Source: Bay County Property Appraiser Office.

RISK FACTORS

The following discussion provides information relating to certain risks that could affect payments of the principal of, redemption premium, if any, and interest on the Bonds. The order in which the following information is presented is not intended to reflect the relative importance of the risks discussed. The following information is not, and is not intended to be, exhaustive and should be read in conjunction with all of the other sections of this Official Statement, including its appendices. Prospective purchasers of the Series 2020 Bonds should analyze carefully the information contained in this Official Statement, including its appendices (and including the additional information contained in the form of the complete documents referenced or summarized herein), for a more complete description of the investment considerations relevant to purchasing the Series 2020 Bonds. Copies of any documents referenced or summarized in this Official Statement are available from the City.

Limited Obligation of the City

Payment from Pledged Funds Only. The ability of the City to make timely payments of the principal of, redemption premium, if any, and interest on the Series 2020 Bonds depends upon the ability of the Agency to collect tax increment revenues attributable to the Front Beach Road Community Redevelopment Area which, together with earnings thereon and on amounts held in the funds and accounts created under the Bond Resolution, will be adequate to make such payments. The Series 2020 Bonds are not general obligations supported by the full faith and credit of the City, the Agency, the County or the State or any political subdivision of the foregoing, but are payable solely from the Pledged Funds. Neither the State, the County or the City, or any other political subdivision of the State has any obligation or power under the Bond Resolution or under Florida law to levy any taxes in order to pay debt service on the Series 2020 Bonds or to avail or cure any default in any such payments. The Agency is not authorized to levy ad valorem taxes and the City Charter prohibits the levy of ad valorem taxes by the City.

Series 2020 Bonds Not Secured by Assessments. As indicated herein, the Series 2020 Bonds are not secured by Assessments. However, future series of Bonds issued pursuant to the Master Bond Resolution and secured by the FBRCA Redevelopment Trust Fund Revenues on a parity with the Series 2020 Bonds and the Outstanding Parity Bonds may also be secured by Assessments. As described above under "SECURITY AND SOURCES OF PAYMENT – Additional Bonds," the test for issuing Additional Bonds secured by the FBRCA Redevelopment Trust Fund Revenues on a parity with the Series 2020 Bonds and the Outstanding Parity Bonds permits the consideration of Assessments authorized but not levied as long as the lesser of 10% or \$1,000,000 of the maximum annual Authorized Assessment is currently levied. As such, additional debt secured on a parity with the Series 2020 Bonds and the Outstanding Parity Bonds could be issued by taking into account additional revenues which do not secure the Series 2020 Bonds and the Outstanding Parity Bonds. In addition, the ability of the City to issue such debt based on assessments authorized but not then levied could result in a delay in such parity assessment-secured bondholders receiving sufficient assessment revenues to repay their debt, thereby putting more claim on the FBRCA Trust Fund Revenues in the interim and delaying the payment on capital improvements needed to generate projected levels of FBRCA Tax Increment Revenues.

Limited Replenishment Of Deficiencies. Except for the 2020 Reserve Fund and the Supplemental Reserve Fund, there is no fund or account under the Bond Resolution which is required to contain amounts to make up for any deficiencies in the event of one or more defaults by the Agency in making payments of debt service on the Series 2020 Bonds. There is no source from which the Debt Service Fund will be replenished, except the FBRCA Redevelopment Trust Fund Revenues, any Assessments subsequently imposed by the City and certain moneys in the funds and accounts held under the Bond Resolution. There can be no representation or assurance that the Agency will realize sufficient FBRCA Tax Increment Revenues to pay, when due, all payments due under the Agency Interlocal Agreement sufficient to pay all required payments of debt service on the Series 2020 Bonds.

Capital Improvement Financing

Concentration of Revenues. A significant portion of the tax increment revenues attributable to the Front Beach Road Community Redevelopment Area received by the Agency are from large condominium and residential developments in the Front Beach Road Community Redevelopment Area. See "TAX INCREMENT REVENUES ATTRIBUTABLE TO THE FRONT BEACH ROAD COMMUNITY REDEVELOPMENT AREA – Historical Tax Increment Revenues Attributable to the Front Beach Road Community Redevelopment Area " herein. The occurrence of any event that has a major negative impact on such developments, including, without limitation, natural disasters (such as hurricanes and other major tropical storms to which the Gulf Coast is generally subject), could significantly reduce the FBRCRA Tax Increment Revenues that can be collected by the Agency which could, in turn, have a material adverse impact on the ability of the City to pay debt service on the Series 2020 Bonds.

Stabilized Values. The amount of FBRCRA Tax Increment Revenues expected to be generated to pay debt service on the Series 2020 Bonds is dependent, in part, upon stability in the taxable value of real property in the Front Beach Road Community Redevelopment Area resulting from new construction projects and improvements to existing property in the area. No assurance can be given that such valuations will stay at current levels. A decline in values could have a material adverse impact on the ability to pay debt service on the Series 2020 Bonds.

Decreases in Property Values. The amount of FBRCRA Tax Increment Revenues expected to be collected to make payments on the Series 2020 Bonds is dependent, in part, upon future increases in the taxable value of real property in the Front Beach Road Community Redevelopment Area. Such value has actually decreased in recent years in other parts of the State as a result of downturns in the economy and specifically, in the real estate market throughout the State. Numerous events could occur that might further reduce or cause an extended stagnation in value or real property within the Front Beach Road Community Redevelopment Area, including, without limitation, natural disasters (such as hurricanes and other major tropical storms to which Florida is generally subject), public acquisition of property within the Front Beach Road Community Redevelopment Area by the State or political subdivisions exercising their respective rights of eminent domain, or social, economic or demographic factors (or adverse public perceptions related thereto) beyond the control of the City or the taxpayers in the Front Beach Road Community Redevelopment Area. Any or all of such events could materially, adversely affect the realization and collection of FBRCRA Tax Increment Revenues.

Competition from Comparable Development Projects. The current growth strategy for the Front Beach Road Community Redevelopment Area is in competition with other communities located outside the Front Beach Road Community Redevelopment Area whose growth will not generate FBRCRA Tax Increment Revenues. The growth strategy for the Front Beach Road Community Redevelopment Area is heavily dependent upon the development of condominium, rental and commercial projects. In the event that a large number of condominium, rental or commercial projects are constructed in the City or the County outside the Front Beach Road Community Redevelopment Area, the demand for residential housing

and commercial space within the Front Beach Road Community Redevelopment Area could be reduced, thereby leading to a possible reduction in future development in the Front Beach Road Community Redevelopment Area and a reduction in the collection of FBRCRA Tax Increment Revenues.

Millage Rate; Assessed Valuations. The addition of significant numbers of new taxpayers or an increase of property values outside the Front Beach Road Community Redevelopment Area could result in an environment favorable to the reduction of the County millage rate. The County could determine that its millage rates should be reduced for other reasons as well. Any reduction in millage rates by the County could reduce the amount of the FBRCRA Tax Increment Revenues payable by the County which, in turn, could negatively impact the ability of the Agency to pay debt service on the Series 2020 Bonds.

Beach Renourishment Issues. Much of the attraction of the Panama City Beach area is due to its world famous beaches. Accordingly, substantial beach erosion or other acts of nature that substantially damage the beach and natural environs could have an impact on property values within the area and its desirability as a destination. Like many coastal communities, the Panama City Beach area has experienced some beach erosion over the years, due in large part from the impact of hurricanes and other storms on the area. The Bay County Board of County Commissioners has taken action to address this by dedicating one cent of Bay County's tourist development tax collected on Panama City Beach to beach renourishment there. This has enabled the community to fund smaller scale renourishment projects and to use this funding as a local contribution toward larger state and federally funded projects. Such state and federal contributions are typically dependent on continuing legislative appropriations, which have been available to the Panama City Beach area in the past; however, no assurance can be given that such amounts will continue to be appropriated in the future.

State, National and International Economic and Political Factors. Certain economic or political developments, such as downturns in the State, national or international economy, increased national or international barriers to tourism or trade or international currency fluctuations, could all adversely affect the continued development of the Front Beach Road Community Redevelopment Area, its attraction to businesses and investors and, as a result, its ability to produce sufficient FBRCRA Tax Increment Revenues to pay debt service on the Series 2020 Bonds.

Appeals of Assessments. The amount of FBRCRA Tax Increment Revenues collected annually is dependent upon the assessed value of taxable property in the Front Beach Road Community Redevelopment Area. See "SECURITY AND SOURCES OF PAYMENT – Pledged Funds" herein. State law allows taxpayers to dispute assessment valuations. Any successful appeals of assessment valuations will result in less tax increment revenues attributable to the Front Beach Road Community Redevelopment Area being collected annually than is currently contemplated. If such appeals resulted in a significant reduction in the overall assessed value of the taxable property in the Front Beach Road Community Redevelopment Area, they could have a material adverse impact on the ability of the Agency to pay amounts due under the Agency Interlocal Agreement sufficient to pay debt service on the Series 2020 Bonds.

Adverse Legislative, Judicial or Administrative Action. The State legislature, the courts or an administrative agency with jurisdiction in the matter could enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the collection, distribution, definition or accumulation of ad valorem tax revenues generally, or tax increment revenues specifically, in a fashion that would adversely affect the ability of the Agency to receive FBRCRA Tax Increment Revenues in an amount necessary to pay amounts due under the Agency Interlocal Agreement sufficient to pay debt service on the Series 2020 Bonds.

Future Natural Disasters

The State of Florida is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, droughts, and hurricanes, which could result in negative economic impacts on communities including the City and the County. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change, as generally described in the immediately preceding paragraph), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the County. The economic impacts resulting from such extreme weather events could include a loss of ad valorem revenue, interruption of service, and escalated recovery costs.

The Front Beach Road Community Redevelopment Area is susceptible to tropical storms and hurricanes. The last hurricane that caused significant community-wide structural damage was Opal in 1995; however, within the last five (5) years, the following named storms or hurricanes came within one hundred fifty (150) miles of the Front Beach Road Community Redevelopment Area, none of which caused significant community-wide structural damage.

<u>Storm Type</u>	<u>Storm Name</u>	<u>Landfall Date</u>	<u>Landfall Location</u>	<u>Approximate Distance From Panama City Beach</u>
Hurricane	Michael	October, 2018	East of Panama City, FL	10 miles East

[to be updated]

A major storm event in the Front Beach Road Community Redevelopment Area that results in the significant destruction of improvements could result in a significant reduction in the assessed value of property resulting in a decline in FBRCRA Tax Increment Revenues. A significant reduction in FBRCRA Tax Increment Revenues could, in turn, have a material adverse impact on the ability of the City to pay debt service on the Series 2020 Bonds.

Climate Change Issues

Numerous scientific studies on climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events like Hurricane Michael will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Sea levels will continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Coastal areas

like Bay County are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the County could lose considerable tax revenues and many residents, businesses, and governmental operations could be displaced. However, the City is unable to predict whether sea level rise or other impacts of climate change or flooding from another major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City or the FBRCRA Tax Increment Revenues.

Cybersecurity

Computer networks and systems used for data transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to department operations and the provision of citizen services. Increasingly, governmental entities are being targeted by cyberattacks (including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems) seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities and avenues that attackers/hackers can exploit in attempts to cause breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Additionally, the City's computer networks and systems routinely interface and rely on third party systems that are also subject to the risks previously described. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. The potential disruptions, access, modification, disclosure or destruction of data could result in interruption of the efficiency of City commerce, initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions in operations and the services provided, and the loss of confidence in City operations. **[insert City-specific actions taken]** However, no assurances can be given that any cyberattacks, if successful, will not have a material adverse effect on the operations of the City.

Bond Insurance

In the event the City utilizes bond insurance as described on the cover page hereof, the following provisions will apply: Although the Series 2020 Bonds are insured by the bond insurance policy (the "Policy") issued by such insurer (the "Insurer") which unconditionally guarantees the payment of that portion of the principal of and interest on the Series 2020 Bonds which has become due for payment, but which is unpaid by reason of nonpayment by the City, there can be no assurance that the Insurer will make such payments. See the information under the heading "BOND INSURANCE" herein.

In the event of default of the payment of principal or interest with respect to the Series 2020 Bonds when all or some becomes due, any owner of the Series 2020 Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Series 2020 Bonds by the City which is recovered by the City from the Owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City unless the Insurer chooses to pay such amounts at an earlier date.

The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2020 Bonds are payable solely from the moneys received pursuant to the Resolution. In the event the Insurer becomes obligated to make payments with respect to the Series 2020 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2020 Bonds or the marketability (liquidity) for the Series 2020 Bonds.

The long-term rating on the Series 2020 Bonds is dependent on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term rating of the Insurer and of the rating on the Series 2020 Bonds will not be subject to downgrade, and such event could adversely affect the market price of the Series 2020 Bonds or the marketability (liquidity) for the Series 2020 Bonds. See "RATINGS" herein.

The obligations of the Insurer are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the City nor the Underwriters have made independent investigation into the claims paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the FBRCA Tax Incremental Revenues to pay principal and interest on the Series 2020 Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2020 Bonds, including their authorization, issuance and sale by the County, are subject to the unqualified approval of Bryant Miller Olive P.A., Miami, Florida, Bond Counsel, in the form attached hereto as APPENDIX D. Certain legal matters will be passed upon for the City by Hand Arendall Harrison Sale LLC, City Attorneys, Panama City, Florida, and by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Disclosure Counsel to the City. Nelson Mullins, Broad & Cassel LLP, Orlando, Florida, is representing the Underwriters in connection with the issuance of the Series 2020 Bonds.

Bond Counsel has not been engaged to, nor has it undertaken to, review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2020 Bonds; provided, however, that Bond Counsel will render an opinion to the City and the Underwriters (upon which only the City and the Underwriters may rely) relating to the accuracy of certain summaries of the Bond Resolution, the Series 2020 Bonds and the Code (as hereinafter defined) herein. Except as expressly provided in such opinion, Bond Counsel expresses, and will express no opinion as to the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Series 2020 Bonds that may be prepared or made available by the City, the Underwriters or others to the holders of the Series 2020 Bonds or other parties.

LITIGATION

There is no litigation pending that seeks to restrain or enjoin the issuance or delivery of the Series 2020 Bonds or contesting the proceedings or authority under which they are to be issued, or the creation, organization or existence of the City or the Agency.

It is anticipated that the City and the Agency will experience routine litigation and claims incidental to the conduct of its affairs. In the opinion of the City and Agency Attorney, there are no lawsuits presently pending or, to the best of his knowledge, threatened, the adverse outcome of which would impair the City's or the Agency's ability to perform its obligations to the owners of the Series 2020 Bonds.

VALIDATION

Issuance of not to exceed \$80,000,000 of the City's Bonds pursuant to the Bond Resolution was validated by judgment of the Circuit Court in and for Bay County, Florida entered on _____, 2020, for which no appeal was filed within the 30-day appeal period. Pursuant to Chapter 75, Florida Statutes, such judgment is conclusive as to all matters adjudicated therein, and the validity of said Bonds or the revenues pledged to the payment thereof may not thereafter be called into question in a Florida court of law. The judgment by its terms confirms that authority is conferred upon the City to issue the Bonds secured by pledge of FBRCRA Tax Increment Revenues promised to the City by the Agency for the purpose of funding improvements to the Front Beach Road Community Redevelopment

Area. The principal amount of Bonds validated pursuant to the validation judgment does not limit the City's ability under the Bond Resolution to issue Additional Bonds in amounts in excess of such principal amount. See "SECURITY AND SOURCES OF PAYMENT – Additional Bonds."

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2020 Bonds upon the occurrence of a default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Bond Resolution and the Series 2020 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery and to general principles of equity (whether sought in a court of law or equity).

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance of the Series 2020 Bonds in order that interest on the Series 2020 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2020 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2020 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2020 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2020 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2020 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2020 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should be aware that the ownership of Series 2020 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2020 Bonds; (ii) the reduction of the loss reserve deduction

for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2020 Bonds; (iii) the inclusion of interest on the Series 2020 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Series 2020 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2020 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2020 Bonds and of the property financed thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2020 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2020 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2020 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2020 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2020 Bonds and proceeds from the sale of the Series 2020 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2020 Bonds. This withholding generally applies if the owner of Series 2020 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2020 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2020 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2020 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2020 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2020 Bonds.

Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2020 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2020 Bonds maturing on _____ (the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2020 Bonds maturing on _____ 1 of the years _____ through and including _____ (collectively, the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable,

interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on the Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

CONTINUING DISCLOSURE

In order to provide certain continuing disclosure with respect to the Series 2020 Bonds under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City will execute a Continuing Disclosure Certificate for the benefit of the Holders of the Series 2020 Bonds to provide certain financial information and operating data relating to the City and the Pledged Funds by June 1 of the calendar year following the end of each fiscal year of the City, commencing with the City's fiscal year ended September 30, 2020, and to provide notices of the occurrence of certain enumerated events, if material. [The City has not failed to comply with its previous undertakings made with respect to the Rule.]

The form of the Continuing Disclosure Certificate is attached to this Official Statement as APPENDIX E.

FINANCIAL STATEMENTS

The Basic Financial Statements of the City for the Fiscal Year ended September 30, 2018 and the report of Carr, Riggs & Ingram, LLC independent certified public accountants, in connection therewith, dated June 3, 2019, are included in APPENDIX B as part of the public records of the City. Such financial statements and report contain information relating to the Agency and the Front Beach Road Community Redevelopment Area. Unaudited financial statements for the Agency for the Fiscal Year ended September 30, 2019 are also included in APPENDIX B.

The consent of Carr, Riggs & Ingram, LLC was not requested for the reproduction of its audit report in this Official Statement. The auditor has performed no services in connection with the preparation of this Official Statement and is not associated with the offering of the Series 2020 Bonds.

RATINGS

_____ ("_____") and _____ ("_____") have assigned ratings of "_____" and "_____" (_____ outlook), respectively, to the Series 2020 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: _____, _____, _____, _____, _____ and _____, _____, _____, _____, _____. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2020 Bonds.

FINANCIAL ADVISOR

The City has retained PFM Financial Advisors LLC, Orlando, Florida, as financial advisor with respect to the authorization and issuance of the Series 2020 Bonds (the "Financial Advisor"). The Financial Advisor will receive a fee for services provided in connection with the issuance of the Series 2020 Bonds, which fees are contingent upon the issuance of the Series 2020 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The underwriters of the Series 2020 Bonds are Raymond James & Associates, Inc. and Jefferies LLC (the "Underwriters"). The Underwriters have agreed to purchase the Series 2020 Bonds at a price of \$_____ (which represents the \$_____ principal amount of the Series 2020 Bonds, [plus] [net] original issue [premium] [discount] of \$_____, and less an Underwriters' discount of \$_____). The Underwriters will purchase all of the Series 2020 Bonds, if any are purchased. The obligation to make such purchase is subject to certain terms and conditions contained in a Bond Purchase Agreement relating to the Series 2020 Bonds and to the approval of certain legal matters by counsel.

The Underwriters may offer and sell the Series 2020 Bonds to certain dealers and others at prices lower than the respective public offering prices set forth on the inside cover of the Official Statement. After the initial public offering, the respective offering prices may be changed from time to time by the Underwriters.

Jefferies LLC has entered into an agreement (the "Distribution Agreement") with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of the Series 2020 Bonds. Pursuant to the Distribution Agreement, Jefferies will sell Series 2020 Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and Rule 3E400.003, Florida Administrative Code, requires the City to disclose each and every default as to payment of principal and interest after December 31, 1975 with respect to obligations issued or guaranteed by the City. Rule 3E400.003 further provides, however, that if the City in good faith believes that such disclosure would not be considered material by reasonable investors, such disclosure may be omitted. The City is not in default and has not been in default since its establishment in the payment of principal or interest with respect to any obligations issued or guaranteed by the City.

AUTHORIZATION CONCERNING OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the City Council of the City. At the time of the delivery of the Series 2020 Bonds, the City's Mayor and City Manager will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that this Official Statement, as of its date and as of the date of delivery of the Series 2020 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which this Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

A limited number of copies of the final Official Statement will be provided, at the City's expense, on a timely basis.

CONCLUDING STATEMENT

All information included in this Official Statement has been provided by the City, except where attributed to other sources. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. The information in this Official Statement has been compiled from official and other sources and, while not guaranteed by the City, is believed to be correct. To the extent that any statements made in this Official Statement and the appendices attached hereto involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement has been duly executed and delivered by the Mayor and the City Manager of the City of Panama City Beach, Florida.

**CITY OF PANAMA CITY BEACH,
FLORIDA**

By: _____
Mike Thomas, Mayor

By: _____
Anthony O'Rourke, City Manager

APPENDIX A

GENERAL INFORMATION AND ECONOMIC DATA REGARDING THE CITY OF PANAMA CITY BEACH, FLORIDA

THE FOLLOWING INFORMATION CONCERNING THE CITY OF PANAMA CITY BEACH, FLORIDA AND BAY COUNTY, FLORIDA, IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THE COMPILATION OF SUCH INFORMATION ON BEHALF OF THE CITY INVOLVED ORAL AND WRITTEN COMMUNICATION WITH THE VARIOUS SOURCES INDICATED. THE UNDERWRITER HAS MADE NO INVESTIGATION INTO THE ACCURACY OF SUCH INFORMATION AND THE INFORMATION IS SUBJECT TO CHANGE, ALTHOUGH EFFORTS HAVE BEEN MADE TO UPDATE THE INFORMATION WHERE PRACTICABLE.

THE SERIES 2020 BONDS ARE NOT A GENERAL OBLIGATION OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF PANAMA CITY BEACH, FLORIDA.

General Description and Location

The City of Panama City Beach, Florida (the "City"), is located on the Gulf coast of northwest Florida in Bay County, Florida (the "County"). The City has historically been a resort community, although its demographics are changing. The City was merged on August 12, 1970, with the City of Long Beach Resort, the City of West Panama City and the Town of Edgewater Beach Resort. The City occupies a twelve-mile elongated area on the Gulf of Mexico and is a sister community to the City of Panama City, Florida. Tourism is the City's main industry. The permanent resident population in the year 2019 was an estimated 13,435. Annually, an estimated 4,500,000 tourists stay overnight and another 1,500,000 visit the City for the day.

Source: Bureau of Economic and Business Research, University of Florida, as reported by the Office of Economic & Demographic Research, The Florida Legislature.

Population

Population trends for the City and the County are reflected in the following table:

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Population Trends 2005-2019
City of Panama City Beach, Florida
and Bay County, Florida

<u>Year</u>	<u>City of Panama City Beach</u>	<u>Average Annual Percentage Increase</u>	<u>Bay County</u>	<u>Average Annual Percentage Increase</u>
2005	8,972	7.81%	161,721	2.07%
2006	10,005	11.51	165,515	2.35
2007	11,651	16.45	167,631	1.27
2008	13,453	15.47	169,307	1.00
2009	14,514	7.89	164,767	(2.68)
2010	12,018	(17.20)	168,852	2.43
2011	12,025	0.53	171,291	1.45
2012	12,067	0.34	169,392	(1.12)
2013	12,094	0.22	169,866	0.28
2014	12,191	0.80	170,781	0.54
2015	12,467	0.22	173,310	1.48
2016	12,545	0.62	176,016	1.56
2017	12,741	1.56	178,820	1.59
2018	13,099	2.80	181,199	1.33
2019	13,435	2.56	167,283	(9.23)

Source: Bureau of Economic and Business Research, University of Florida, 2005-2019 estimates.

Government

The City is served by a mayor and four council members. The mayor is elected for a four-year term. The council members are elected on staggered four-year terms. Listed below are the current mayor and City Council members and their term expiration date.

<u>Elected Officials</u>	<u>Date Term Expires</u>
Mike Thomas, Mayor	2020
Phil Chester, Vice- Mayor	2020
Paul Casto	2022
Geoff McConnel	2022
Hector Solis	2020

There are currently 147 employees of the City, including a 56-member police department and a 29-member fire department. By City Charter, the City imposes no ad valorem taxes.

Source: City of Panama City Beach, Florida, Office of the City Manager.

Employee Relations

Under the State of Florida Public Employees Relations Act, Chapter 447, Florida Statutes, the employees of the City have certain rights, including the right to bargain collectively through representatives of their choosing on questions of wages, hours and other terms of employment. The Public Employees Relations Act and the Florida State Constitution prohibit strikes by municipal employees.

Florida is a right-to-work state and while employees may be designated by the State of Florida Public Employees Relations Commission as being within a bargaining unit, the employees have a statutory right to join or to refrain from joining the union, as they see fit. At the present time, the employees of the City are not represented by a union.

The City Charter creates a civil service board, which is charged with screening applicants and hearing and determining appeals for disciplinary actions.

Source: City of Panama City Beach, Florida, Office of the City Manager.

Budget Preparation

The City is required by law to formulate a budget annually with respect to all departments of the City and to hold public hearings thereon. The timetable for budget preparation is as follows:

May 1 to July 1. After preparing estimates of available revenues, department heads submit detailed expenditure budget requests to the City Manager for evaluation. The City

Manager evaluates department requests in relationship to available revenues and presents his recommended balanced budget to the City Council.

August 1 to September 30 (fiscal year ending date). The City Council reviews the City Manager's recommendations along with department budget requests at public budget hearings, making adjustments to the City Manager's recommendations as they deem appropriate.

Prior to October 1. The budget is adopted by resolution after notice as authorized by Section 166.241, Florida Statutes.

Panama City Beach Comprehensive Growth Development Plan

As required by Florida's growth management law, the City has adopted its Growth Management Development Plan (the "Plan"). The Plan serves as the blueprint for growth within the City and all City land use policies and procedures and future development are required to be consistent with the Plan. The City's planned redevelopment efforts within the Front Beach Road Community Redevelopment Area are consistent with the provisions of the Plan.

Employees' Pension Trust

The City provides a pension trust for all full-time permanent employees with at least one thousand (1,000) hours of annual service. Separate funds are maintained for general employees, police officers and firefighters. The normal retirement benefit is monthly income equal to two and one-half percent (2.5%) of average monthly compensation for years of credited service prior to October 1, 2005, and three percent (3.0%) for years of credited service thereafter for general employees, three and one-half percent (3.5%) for police officers and three and thirty-five one hundredths percent (3.35%) for firefighters for each year of credited service. Average monthly compensation is computed at one-twelfth (1/12th) of the average annual compensation of the best five (5) years of the last ten (10) years of creditable service prior to retirement. Normal retirement is available to members who have attained age fifty-five (55) with accrued credited service of at least ten (10) years or to those who have attained the age fifty (50) with accredited service of at least twenty (20) years. Firefighters may apply after twenty-five (25) years of service. The plan also provides an early retirement option and disability retirement benefits.

The employee contributes eight and seven-tenths percent (8.7%) of compensation in the case of general employees, eight and one-tenth percent (8.1%) of compensation in the case of firefighters, and eleven percent (11.0%) of compensation in the case of police officers in order to fund the plan. In addition, the Firefighters' and Police Officers' Funds receive state contributions. The City meets all additional cost for the three funds according to actuarial valuations performed annually. The annual pension costs to the City for the year ended September 30, 2018, were \$1,715,753 for general employees, a deficit of \$974,483 for police officers and \$202,014 for firefighters. Such contributions paid by the City are treated as employer contributions and thus nontaxable to the employee until the benefits are actually received. The City's most recent actuarial report (as of September 30, 2018) shows funded ratios

of 104.62%, 95.94% and 101.24% for the general employee, police officer and firefighter pension funds, respectively.

Other Postemployment Benefit Plans/Pension Plans

In accordance with Section 112.0801, Florida Statutes, because the City provides medical plans to employees of the City and their eligible dependents, the City is also required to provide retirees the opportunity to participate in the group employee health plan at their expense without any City financial participation. This post-retirement benefit plan provides medical coverage including prescription drug benefits to retired employees of the City and their eligible dependents (the "Benefit Plan"). Similar to most other jurisdictions, the City has historically accounted for the annual premiums associated with its Benefit Plan as part of its annual budget, on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities (GASB 27) to other postemployment benefits ("OPEB") and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

All retired employees of the City (except non-union City police officers and firefighters) who retire after 30 years of service or after the age of 60 with a minimum of ten years of service are entitled to participation in the Benefit Plan. Non-union police officers and firefighters must be 52 years of age with at least ten years of service or have at least 25 years of service to participate. Currently, the health benefit under the Benefit Plan provides for the City to pay 0% of the annual medical premiums. While Florida law requires the retirees be permitted to participate in the same health insurance plans as active employees, retirees can be required to pay 100% of the annual medical premium. As of September 30, 2018, the City had fifteen (15) retired employees participating in the Benefit Plan.

The City received an actuarial report in September 30, 2018 showing a \$1,384,454 net OPEB liability as of the end of fiscal year 2018 and estimating a \$_____ net OPEB liability as of the end of fiscal year 2019.

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**Major Employers in Bay County, Florida
(2019)**

<u>Firm</u>	<u>Type of Business</u>	<u>Employees</u>
Navy Support Activity	Military	5,200
Tyndall Air Force Base	Military	3,888
Bay District Schools	Government/Education	3,000
Eastern Shipbuilding	Manufacturer	1,800
Wal-Mart/Sam's	Retail	1,500
Bay County Constitutional Officers	County	1,214
Bay Medical – Sacred Heart	Health Care	1,000
Trane	Manufacturer	800
Gulf Coast Medical Center	Health Care	631

Source: *Bay County Major Employers*, Bay County Economic Development Alliance.

City Redevelopment

In 2001, the City approved and adopted its Front Beach Road Community Redevelopment Plan, providing for an enhanced and interconnected network of right of way and other infrastructure projects that focus on improving pedestrian movement, overall parking needs along the corridor, beach access, ingress/egress and evacuation routes along Front Beach Road and its major connectors throughout the year and during peak periods of visitation or emergency. Specific contemplated improvements include: street lighting, landscaping, medians and undergrounding of utilities for Front Beach Road, multi-modal transit facilities, as well as sidewalk, drainage and signalization improvements and roadway improvements. The City issued \$54,835,000 in capital improvement bonds in 2006 to fund the first phase of such improvements, and has completed the reconstruction of Churchwell Drive and associated surface parking improvements and the majority of the former Beckrich Road (now Richard Jackson Boulevard). It is anticipated that Phase I of the Front Beach Road redevelopment project will be completed in May, 2012 at a cost of \$23 million. The City has acquired right-of-way for other projects and has determined to commence construction of subsequent phases when sufficient redevelopment funds have been collected.

Pier Park—Pier Park is a 266 acre parcel which extends from U.S. 98 to the City's Pier in the Gulf of Mexico. Pier Park is designed as a fun, family-oriented retail destination containing a mix of shopping, dining and entertainment venues, as well as a bathing beach and sightseeing/fishing pier. The western third of Pier Park is a passive or low impact, public recreation area and provides a fully developed venue for programmed activities such as "Concerts in the Park." Pier Park also offers 1200 feet of gulf beach open to the public with ample, landscaped parking. Pier Park in its own right is a primary destination for residents and visitors alike.

Ripley's Entertainment—Ripley's Believe it or Not! Museum and Ripley's Moving Theater (a dynamic, high-tech simulation ride) on the east side of the City. This entertainment complex

opened in the Summer of 2006. The entertainment complex is designed to emulate a 1950's vintage luxury cruise liner run aground on the beach.

Economic Base

Total employment in Bay County in 2019 reached approximately 82,202. Leading economic sectors based on relative employment levels include: government, retail and wholesale trade, services and manufacturing.

No discussion of Bay County's economic base would be complete without special reference to the area's two military installations located in Bay County.

Tyndall Air Force Base, located on a 29,000 acre reservation in southeastern Bay County, houses the 325th Fighter Wing, Headquarters 1st Air Force, Southeast Air Defense Sector, 53rd Weapons Evaluation Group and United States Air Force Civil Engineering Support Agency. Approximately 7,000 military and civilian personnel are employed at Tyndall. The base provides support facilities for almost 9,000 military retirees. The economic impact of Tyndall AFB on Bay County in fiscal 2017 was over \$596 million.

Tyndall Air Force Base Economic Impact for 2017

<u>Type of Personnel</u>	<u>Total</u>
Military	3,644
Civilians	1,304
NAF / Others	709
Retirees	9,383
Jobs Created	1,908
Payroll	370,882,233
Expenditures	149,713,717
Value of Jobs Created	<u>75,404,160</u>
TOTAL ECONOMIC IMPACT	\$596,000,110

Source: Tyndall Air Force Base, Economic Impact Analysis 2017.

The **Naval Support Activity, Panama City**, is located on 657 acres along St. Andrews Bay. The station is a research and development facility for naval operations in coastal regions such as amphibious missions, swimmer operations, diving and salvage, and mine counter-measures. The Naval Diving and Salvage Training Center is headquartered at Navy Support Activity, Panama City. The base employs approximately 4,000 military and civilian personnel. The economic impact on Bay County is \$600 million annually.

The NSWC PCD is a major research, development, test and evaluation laboratories of the Naval Sea Systems Command (NAVSEA). It is one of the largest employers in Bay County, Florida with an annual payroll of about \$117 million. NSA PC employs approximately 2800 civilian and military personnel, for an annual payroll of over \$150 million. NSA PC contracts

services, buys local goods, and maintains an active construction program. Its economic impact on Bay County is about \$600 million annually.

Source: Naval Support Activity, Panama City.

Area industrial parks are as follows:

Bay County Industrial Park, Phase 1 consists of 300 acres, fronting U.S. Highway 231, 8 miles northeast of Panama City. Current tenants are Bay County Energy Systems, C&C Manufacturing, Eastern Auto Parts, Fiberoptic Engineering, Inc., Sunshine Pipe Company, Reverchon/Hopkins Rides, Creamer Cabinets, and Panama Mill Works.

Bay County Industrial Park, Phase 2 consists of 1511 acres located adjacent to Bay County Industrial Park Phase 1 on U.S. Highway 231, 8 miles north of Panama City and 38 miles south of Interstate 10. The site is under development.

Hugh Nelson Industrial Park consists of 193 acres and is located 4 miles north of Panama City on North Bay off State Road 390. Current tenants are Merrick Industries, Student Loan Marketing Association (SallieMae) and The Natural Light.

Lynn Haven Industrial Park consists of 105 acres and is located one block east of the intersection of State Roads 390 and 389, one mile west of U.S. Highway 231 within the city limits of Lynn Haven. Current tenants are The Trane Company, Shwinco Industries, IPSO-USA, MAP Industries, Southern Tool & Die, and Remedy Staffing.

Housing in Bay County

Housing opportunities in Bay County allow one to choose housing that will complement one's desired lifestyle. The relaxed, informal community offers traditional and modern homes, country estates, apartments, villas and condominiums. Almost all of Bay County's communities contain attractive residential areas offering housing in both new subdivisions and in older, well-established neighborhoods. The median sales price of a home in Bay County for 2019 was \$220,000*.

* Source: Florida Association of Realtors

Apartments

One, two and three bedroom furnished and unfurnished townhouses and apartments in multi-unit buildings are available as rentals. Most apartments are conveniently located close to transportation, schools, churches, shopping and recreational facilities. Most rentals include range, refrigerator, garbage collection, laundry storage and parking areas. Most new rentals feature carpeting, drapes, electric kitchens including disposals and dishwashers, recreational facilities and playgrounds for children. Utilities are not usually included in rent.

Education

Education is a dominant factor in the makeup of the community, home of Gulf Coast Community College, the Florida State University-Panama City Campus, Tom P. Haney Vocational-Technical Center, a highly regarded public school system and several private and parochial schools.

Gulf Coast Community College offers degree, university transfer, vocational and continuing education programs to more than 23,000 students. Students may earn one of approximately 76 Associate of Arts or one of more than 24 Associate of Science degrees offered by the college. Six-month to one-year certificate programs are also offered in some 20 areas of study, as well as a broad variety of non-credit offerings through its Office of Lifelong Learning.

The Panama City Campus of Florida State University currently provides 14 undergraduate and 21 graduate degree programs to area residents in a number of fields. Present enrollment is approximately 1,000 students. The local campus of Florida State University also cooperates with Gulf Coast Community College in a 2 + 2 program whereby students study for 2 years at each institution leading to a bachelor's degree.

Troy University, Florida Region at Tyndall Air Force Base currently provides undergraduate degree programs to Bay County area residents in Management and Resources Management. Graduate degree offerings cover three different fields: Counseling and Psychology, Human Resources Management, and Management.

The Resident Center of Embry-Riddle Aeronautical University at Tyndall Air Force Base offers degree programs in the Associate of Science and Bachelor of Science in Professional Aeronautics, a Bachelor of Science in Management of Technical Operations and a Masters of Aeronautical Science with specialization in Aeronautics or Management.

The Tom P. Haney Technical Center offers curriculums in various programs including data processing, welding, aviation, drafting, and computer-aided manufacturing.

Bay County School District public schools serve a population of around 169,307 people within a geographic area of 764 square miles. The school district has a current enrollment in excess of 26,000 students. The school district student population is 78.9% Caucasian, 15.6% African American, 3% American Indian, 1.9% Asian/Pacific Island and 1.7% Hispanic.

Area students attend 42 school centers throughout the County. These schools include 18 elementary schools, 6 middle schools, 5 senior high schools, 3 special purpose schools and 2 adult education facilities, including 1 vocational-technical center facility. One high school, one middle school and one elementary school are located within the City of Panama City Beach. While the age of school facilities varies, the district, through its ongoing building program, constructs and updates plant facilities as the community's growth patterns dictate.

The Bay County School Board employs almost 5,000 people to operate the school district. This includes 1,700 certified teachers.

All Bay County District public schools are fully accredited by the Florida Department of Education and the Southern Association of Colleges and Schools. Annual number of high school graduates in 2010 was 1,428. The annual percent of high school graduates continuing their education is approximately 68%.

Bay Haven Charter Academy began operating in August 2001 with 235 students, 14 teachers for K-4 through fifth grades. By the following year there were 565 students. For the 2019 school year there are 696.

Transportation to and from public schools is provided for all Bay County elementary students who live more than 3/4 miles from their assigned schools, for middle school students who live 1½ miles from their assigned schools, and senior high students who live 2 miles or more from their assigned schools.

Bay County has several private schools affiliated with religious organizations. Registration times and fees vary with each school.

Utilities

At a time when many parts of the country are experiencing power shortages and utility rates are skyrocketing, the Bay County area enjoys an adequate supply of electricity at some of the lowest rates in the country. In addition, an abundant water supply of potable water gives Bay County residents a competitive edge over other areas of Florida.

Electric, gas, telephone and water companies require deposits for first time service in the area. Deposits of varying amounts for water, garbage and sewer are required by the governmental jurisdiction which provides such service.

Medical Facilities

Serving the community for more than 57 years, Bay Medical Center (the "BMC") is a ____-bed regional referral center, serving a seven-county area. The BMC has grown with the health care demands of the community and has developed in size and technology to that of a full-service regional medical center. BMC provides a wide range of medical-surgical services, including inpatient and outpatient surgery, open heart surgery, state-of-the-art intensive care units, gastroenterology, a sleep disorders center, a dedicated pediatric unit, obstetrics and gynecology, radiation/oncology services, and 24 hour emergency services staffed with board certified emergency physicians. The medical center has many support services including the childhood communications disorders clinic, rehabilitation facilities and respiratory therapy, to name a few. There are more than ____ physicians, and a total personnel count of nearly ____.

BMC's Outpatient Center has available the latest in diagnostic services including open and closed magnetic resonance imaging systems, CT scanner, ultrasound, the latest in mammography equipment and full diagnostic X-ray equipment. The outpatient center affords patients the convenience of having their outpatient diagnostic tests completed in one easy location. Bay Medical at the Beach (located within the City of Panama City Beach) and Bay

Medical Gulf County also provide a selection of diagnostic services for patients living outside Panama City.

Gulf Coast Medical Center (the "GCMC") is a ___-bed private enterprise hospital located in Panama City. There are ___ physicians on staff and the total personnel count is approximately 625. Primarily servicing Panama City and the County, but attracting patients from many surrounding areas, GCMC provides acute care including medical, surgical, obstetrics, gynecological, coronary care, intensive care, post-coronary care, acute renal dialysis, a newborn nursery and neo-natal intensive care unit, cancer center and gastric-bypass program. A wide range of ancillary support and outpatient services are provided including: EKG/EEG, laboratory, pathology, operating and recovery rooms, pharmacy, physical therapy, respiratory therapy, general and special radiology, diagnostic nuclear medicine and ultrasound. In addition, GCMC provides a 24-hour emergency room staffed by full-time physicians.

The Tyndall Air Force Base Hospital provides medical care to active military personnel, retirees and family members for all area service branches. The base hospital has 20 beds. Although Tyndall health services assist nearly 34,000 local military residents, the base hospital also provides services to patients from Tallahassee, parts of Alabama and parts of Georgia. The base has use of the Air Force Rescue and Recovery Squadron and a helicopter rescue on call through the Sheriff's department.

HealthSouth Emerald Coast Rehabilitation Hospital is a 65-bed specialty hospital. This post acute, specialty facility focuses on physical rehabilitation and functional independence and is the only free-standing, specialty acute hospital in the area.

HealthSouth provides inpatient and outpatient services to persons with strokes, hip fractures, major trauma, spinal cord and brain injury, as well as for neurological or musculo-skeletal injuries or illnesses. Pain management, arthritis, and hydrotherapy programs are also available.

Bay Medical Center provides ambulance service and emergency medical services for all of Bay County. In addition to emergency room response, the Medical Center ambulance service provides critical care and non-emergency transport. There are 65 trained EMS professionals staffing the main unit at BMC, branch locations in Panama City Beach and Lynn Haven, and a quick response unit in northern Bay County.

Recreation

In 20___, the City's Parks and Recreation Department served _____ full-time residents and over _____ visitors through a variety of recreational opportunities, regional competitions and national tournaments. Panama City Beach is a growing coastal community that has become a tourist destination for sports and special events complimented by the City's greatest recreational asset – the "World's Most Beautiful Beaches". Hundreds of acres of land have been dedicated for passive outdoor recreation, conservation, and environmental education. Aaron Bessant Park and the Russell-Fields Fishing Pier are adjacent to the beautiful beaches of the Gulf of Mexico. This park provides an outdoor amphitheatre, stage for local cultural events, and a

historical Veteran's Memorial on site. Saltwater fishing pier, freshwater fishing lakes, and greenways and trails are open year round.

Frank Brown Park Recreational Sports Complex boasts a total of ten baseball, softball, t-ball fields, three soccer fields, three multi-purpose football fields, four tennis courts, two outdoor basketball courts, two shuffle-board courts, one gymnasium, one community center, one large group pavilion, one playground and 20-acre festival site.

In 2006, the Panama City Beach Aquatic Center was built at Frank Brown Park to include a 50-meter competitive pool to host swimming events, two 1-meter diving boards, a Kid's Activity Pool with water slide, concessions and picnic area. A Miracle League Field was also added to the park to serve those individuals in the community who have disabilities but would like to play baseball without barriers. Scott's Field and Maggi Still Parks offer neighborhood playgrounds, picnic shelters, and outdoor basketball court. The City also provides recreational, social and cultural activities for senior citizens at the Lyndell Center.

Transportation

Intercity bus transportation is provided by Southern Greyhound. Small package express service is available through Federal Express and UPS, both of which maintain terminals in Panama City.

Commercial airline service at the Northwest Florida Beaches International Airport is provided by Delta - Atlantic Southeast Airlines, which provides jet service to Atlanta, and Southwest Airlines, which provides jet service to Nashville, Orlando, Baltimore and Houston. The new airport facility, the first built in the United States in over 20 years, was completed in 2010.

The Atlanta and St. Andrews Bay Railway Company (locally known as "The Bay Line") provides rail freight service to and from Bay County, with tracks to and from industrial and port facilities.

Port Panama City has 2500 linear feet of deep water berth space and 600 linear feet of barge berthing space and construction is under way on 650 feet of additional deep water berthing space. Controlling depth of the port is 36 feet. The Port is located directly on the Gulf Intra-Coastal Waterway and average time from the sea buoy to berth is less than one hour. All deep-water berths have marginal rail tracks adjacent. Port Panama City has heavy lift capabilities including a 75-ton gantry crane and the Port has 400,000 square feet of warehouse space and three acres of open storage. Port Panama City was awarded Foreign Trade Zone status and is listed as Zone #65.

Culture

As the community grows, so do the cultural opportunities. Bay County is abundantly blessed with natural beauty from the glittering Gulf waters and white beaches, to the oak tree-

lined shore of St. Andrews Bay. In this setting, the arts and humanities have flourished and enriched the lives of area residents.

Bay County is fortunate to have had a strong beginning with groups such as the Panama City Music Association, Art Association, Friends of the Library and Historical Society providing quality cultural events for many years. Building on the successes of the past, these groups have been joined by many others in recent years. To list just a few: Ballet Theatre of Northwest Florida, Kaleidoscope Theatre, Bay Arts Alliance, Visual Arts Center, Gulf Coast Community College Symphony Orchestra, Northwest Florida Chapter of the Florida Anthropological Society, Junior Museum of Bay County, Bay County Audubon Society, Panhandle Writer's Guild, Spring Festival of the arts and several art galleries. The Museum of Man in the Sea, the only deepwater diving museum in the United States, is located in Bay County.

Taxes

Florida has no personal state income tax or inheritance tax. There is a state corporate tax of 5.5 percent on net income (with an exemption on the first \$5,000 of corporate profit), a retail sales tax of 6 percent. The Cities of Panama City and Panama City Beach each have a 1% gross receipts business tax. (In 2012, the Florida Legislature considered a proposal to abolish such taxes, but it failed to reach a vote in either house). Ad valorem (real estate) taxes combine city, county and school districts levies, plus special districts. Florida's Homestead Exemption Act exempts home owner's taxes on the first \$50,000 of assessed value. Property in the City and County is assessed at approximately 100% of true market value. Bay County ranks among the lowest in millage rates in the state.

APPENDIX B

**BASIC FINANCIAL STATEMENTS OF THE CITY OF PANAMA CITY BEACH
FLORIDA FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

AND

**UNAUDITED FINANCIAL STATEMENTS FOR THE PANAMA CITY BEACH
COMMUNITY REDEVELOPMENT AGENCY FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

APPENDIX C
THE BOND RESOLUTION

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT D

FORM OF PAYING AGENT AND REGISTRAR AGREEMENT

REGISTRAR AND PAYING AGENT AGREEMENT

THIS REGISTRAR AND PAYING AGENT AGREEMENT, made and entered into as of this __ day of _____ 2020 between City of Panama City Beach, Florida (the "Issuer") and Regions Bank (the "Bank"), having a designated corporate trust office in Jacksonville, Florida;

WHEREAS, the Issuer, pursuant to the Resolution (as hereinafter defined), has designated the Bank as Paying Agent and Registrar for its \$ _____ Capital Improvement Revenue Bonds (Front Beach Road Project), Series 2020 (the "Series 2020 Bonds"); and

WHEREAS, the Issuer and the Bank desire to set forth the Bank's duties as Paying Agent and Registrar;

NOW, THEREFORE, it is agreed by the parties hereto as follows:

(1) **Duties**. The Bank agrees to serve as Paying Agent and Registrar for the Series 2020 Bonds and to perform the duties of Paying Agent and Registrar as specified in or contemplated by the Resolution No. 06-60, adopted on August 16, 2006, as amended and supplemented from time to time, and as particularly supplemented by Resolution No. 20-52, adopted on January 23, 2020, as further supplemented by Resolution No. 20-____ adopted on March __, 2020 (collectively, the "Resolution"). In connection therewith, the Bank hereby acknowledges receipt of the following documents:

- (a) Resolution;
- (b) Specimen of the Series 2020 Bonds;
- (c) Bond Counsel Opinion; and
- (d) Official Statement.

(2) **Deposit of Funds**. The Issuer shall deposit or cause to be deposited with the Bank sufficient funds from the funds pledged for the payment of the Series 2020 Bonds under the Resolution to pay when due and payable the principal of and interest on the Series 2020 Bonds.

(3) **Use of Funds; Cancelled Series 2020 Bonds**. The Bank shall use the funds received from the Issuer pursuant to paragraph (2) of this Agreement to pay the principal of and interest on the Series 2020 Bonds in accordance with the Resolution. The Bank shall destroy cancelled Series 2020 Bonds and transmit to the Issuer a certificate of destruction therefor.

(4) Statements. The Bank shall prepare and shall send to the Issuer upon request written statements of account relating to all transactions effected by the Bank pursuant to this Agreement.

(5) Obligation to Act. The Bank shall be obligated to act only in accordance with the Resolution and any written instructions received in accordance therewith; provided, however, that the Bank is hereby authorized to comply with any orders, judgments, or decrees of any court and shall not be liable as a result of its compliance with the same.

(6) Reliance by Bank. The Bank may rely absolutely upon the genuineness and authorization of the signature and purported signature of any party upon any instruction, notice, release, request, affidavit, or other document delivered to it purportedly pursuant to the Resolution.

(7) Indemnity. To the extent permitted by law, the Issuer hereby agrees to indemnify the Bank and hold it harmless from any and all claims, liabilities, losses, action or suits., which it may incur or with which it may be threatened by reason of its acting as Paying Agent or Registrar under the Resolution, unless caused by its willful misconduct or negligence; and in connection therewith, to indemnify the Bank against any and all expenses, including reasonable attorneys' fees and the costs of defending an action, suit, or proceeding, or resisting any claim whether or not such claim is actually filed. The Issuer's obligations hereunder shall survive any termination of this Agreement.

(8) Counsel; Limited Liability. The Bank may consult with counsel of its own choice and shall have sole and complete authorization and protection for any action taken or suffered by it under the Resolution in good faith. The Bank shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or negligence.

(9) Compensation. No fees or expenses shall be paid to the Bank for its services as Paying Agent and Registrar for the Series 2020 Bonds.

(10) Furnishing Information; Authorization. The Bank shall at all times, when requested to do so by the Issuer, furnish full and complete information pertaining to its functions as the Paying Agent and Registrar with regard to the Series 2020 Bonds, as is customary and shall without further authorization, execute all necessary and proper deposit slips, checks, certificates and other documents with reference thereto.

(11) Cancellation; Termination. Either of the parties hereto, at its option, and in accordance with any such provisions of the Resolution, may cancel this Agreement after giving 30 days written notice to the other party of its intention to cancel, and this Agreement may be cancelled at any time by mutual consent of the parties hereto. This Agreement shall terminate without further action upon final payment of the Series 2020 Bonds and the interest appertaining

thereto; provided, however, the Bank's resignation shall not become effective until such time as the Issuer has appointed a successor Paying Agent and Registrar. The Issuer agrees to appoint a successor Paying Agent and Registrar within 10 days of notice of such resignation. In the event the Issuer does not appoint the Paying Agent and Registrar within 10 days, the Paying Agent and Registrar may petition a court of competent jurisdiction to require the appointment of the successor Paying Agent and Registrar. If any Series 2020 Bond shall not be presented for payment within the period of three years following the date when such Series 2020 Bond becomes due, whether by maturity or otherwise, the Bank as Paying Agent shall return to the Issuer the funds theretofore held by it for payment of such Series 2020 Bond and such Series 2020 Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer.

(12) Successor Paying Agents. Notwithstanding any of the other provisions herein contained, any successor Paying Agent appointed by the Issuer shall have combined, capital, surplus and undivided profits of at least \$50 million. No resignation or removal of any Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent under the Resolution; provided, however, if the Issuer desires to perform the duties of Paying Agent and Registrar under the Resolution, then no successor Paying Agent is necessary.

(13) Surrender of Funds, Registration Records; Notification of Bondholders. In the event of a cancellation of this Agreement, the Issuer shall deliver releases to the Bank (in a form acceptable to the Bank) upon demand and the Bank shall thereafter upon demand pay over the funds on deposit with the Bank as Paying Agent and Registrar in connection with the Series 2020 Bonds and surrender all registration books and related records, and the Issuer may appoint and name a successor to act as Paying Agent and Registrar for the Series 2020 Bonds. The Issuer shall, in such event, at its expense, notify all holders of the Series 2020 Bonds of the appointment and name of the successor, by providing notice in the manner required for the redemption of the Series 2020 Bonds.

(14) Nonassignability. This Agreement shall not be assigned by either party without the written consent of the other party.

(15) Modification. No modification of this Agreement shall be valid unless made by a written agreement, executed and approved by the parties hereto.

(16) Severability. Should any action or part of any section of this Agreement be declared void, invalid, or unenforceable by any court of law for any reason, such determination shall not render void, invalid, or unenforceable any other section or other part of any section of this Agreement.

(17) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida.

(18) Merger or Consolidation of the Bank. Any corporation into which the Bank, or its Corporate Trust Department, may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Bank shall be a party, shall be the successor Paying Agent and Registrar under this Agreement, without the execution or filing of any paper or any further act on the part of the parties hereto, unless otherwise set forth in the Resolution.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their official seals to be hereunto affixed as of the date first above written.

CITY OF PANAMA CITY BEACH, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST:

By: _____
City Clerk

[Signature Page | Registrar and Paying Agent Agreement]

REGIONS BANK, as Paying Agent and Registrar

By: _____

Title:

[Signature Page | Registrar and Paying Agent Agreement]

EXHIBIT E

COSTS OF ISSUANCE

Bond Counsel Fee	\$70,000.00
Bond Counsel Expenses	5,000.00
Financial Advisor Fee	45,000.00
Financial Advisor Expenses	1,500.00
Disclosure Counsel Fee	56,000.00
Disclosure Counsel Expenses	3,000.00
S&P (insured and underlying)	75,000.00
Issuer and Agency Counsel	60,000.00
Issuer and Agency Counsel Expenses	1,500.00
OS Printing	5,000.00
Paying Agent/Registrar	750.00
Misc.	<u>10,000.00</u>
Total	<u>\$332,750.00</u>