

RESOLUTION NO. 16-68

A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$25,000,000 UTILITY REVENUE REFUNDING BOND, SERIES 2016 TO FINANCE THE COST OF REFUNDING CERTAIN OUTSTANDING OBLIGATIONS; PLEDGING THE PLEDGED REVENUES OF THE UTILITY SYSTEM OF THE ISSUER AND CERTAIN OTHER LEGALLY AVAILABLE FUNDS OF THE ISSUER FOR THE PAYMENT OF THE SERIES 2016 BOND; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH SERIES 2016 BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND ACCEPTANCE OF THE BANK'S COMMITMENT; AWARDED THE SALE OF THE SERIES 2016 BOND TO AMERIS BANK; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN ESCROW DEPOSIT AGREEMENT; AUTHORIZING AND APPROVING THE COSTS OF ISSUANCE FOR SUCH SERIES 2016 BOND; AMENDING RESOLUTION NO. 98-6 TO PROVIDE FOR SEPARATE RESERVE ACCOUNTS IN THE RESERVE FUND; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

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, and Resolution No. 98-6 adopted March 4, 1998, as amended and supplemented, and other applicable provisions of law.

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms defined in this Section shall have the meanings specified in this Section. Words capitalized but not defined herein shall have the meaning set forth in the Original Resolution. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

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

"Bank" shall mean Ameris Bank, Panama City Beach, Florida and its successors and assigns.

"Bonds" shall mean (i) the Parity Bonds and the Series 2016 Bond, and (ii) any Additional Parity Obligations issued hereafter in accordance with the provisions hereof.

"City Council" shall mean the City Council of the City of Panama City Beach, Florida, as the governing body of the Issuer.

"Escrow Agent" shall mean Regions Bank.

"Escrow Deposit Agreement" shall mean the escrow deposit agreement between the Issuer and the Escrow Agent in substantially such form as attached hereto as Exhibit "B".

"Financial Advisor" shall mean Public Financial Management, Inc.

"Issuer" shall mean the City of Panama City Beach, Florida.

"Loan Agreement" shall mean the Loan Agreement between the Issuer and the Bank, the form of which is attached hereto as Exhibit "A".

"Original Resolution" shall mean Resolution No. 98-6 adopted by the Issuer on March 4, 1998, as amended and supplemented.

"Parity Bonds" shall mean the Series 2012 Bonds and any unrefunded Series 2009 Bonds.

"Paying Agent" shall mean, initially, the City Clerk of the City of Panama City Beach, Florida, or such other person as shall be appointed by the Issuer as registrar for the Series 2016 Bond.

"Pledged Revenues" shall mean collectively, (i) the Net Revenues of the System, (ii) the Sewer System Development Charges, (iii) the Water System Development Charges, (iv) until released as provided herein, the Public Service Taxes, and (v) the moneys on deposit in the various funds and accounts created pursuant to the Loan Agreement and the Original Resolution, with the exception of the Rebate Fund.

"Refunded Bonds" means all or a portion of the remaining outstanding Series 2009 Bonds.

"Registrar" shall mean, initially, the City Clerk of the City of Panama City Beach, Florida, or such other person as shall be appointed by the Issuer as registrar for the Series 2016 Bond.

"Resolution" shall mean this Resolution.

"Series 2009 Bonds" shall mean the remaining outstanding \$28,725,000 City of Panama City Beach, Florida Utility Revenue Bonds, Series 2009 authorized pursuant to Resolution No. 09-87.

"Series 2012 Bonds" shall mean the remaining outstanding \$20,910,000 City of Panama City Beach, Florida Utility System Refunding Revenue Bonds, Series 2012 authorized pursuant to Resolution No. 12-56.

"Series 2016 Bond" shall mean the not to exceed \$25,000,000 City of Panama City Beach, Florida Utility Revenue Refunding Bond, Series 2016 authorized pursuant to this Resolution.

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

(A) The City Council determined that it is necessary and desirable and in the best interest of the inhabitants of the Issuer to borrow funds to advance refund the Refunded Bonds and to pay the costs of issuance related thereto (the "Loan") and received proposals from a number of financial institutions in response to the Issuer's request for proposals dated February 29, 2016.

(B) The City Council hereby determines, based on recommendations from its Financial Advisor and staff, that the proposal from Ameris Bank dated March 24, 2016 (the "Commitment") contains the terms and provisions that are most favorable for the Issuer.

(C) Amounts due under the Loan will be evidenced by the issuance by the Issuer of the Series 2016 Bond and the Loan Agreement.

(D) It is in the public interest and a valid and proper public purpose to enter into the Loan to advance refund the Refunded Bonds.

(E) The Bank's offer to provide the Loan to the Issuer in an amount not to exceed \$25,000,000 at the terms set forth in the Loan Agreement, as defined herein, is the best proposal to refund the Refunded Bonds.

(F) The Issuer has previously issued the Parity Bonds pursuant to the Original Resolution, and pledged the Pledged Revenues to the payment thereof.

(G) The Pledged Revenues are not now pledged or encumbered in any manner, except to the payment of the Parity Bonds. The Series 2016 Bond shall be payable from a lien on the Pledged Revenues equal and ratable to the lien on the Parity Bonds. However, the Water System Development Charges and the Sewer System Development Charges are pledged to the Issuer's certain non-interest bearing revenue certificates more specifically identified as: (a) Water and Sewer Revenue Certificate dated February 20, 2002, in the original principal amount of \$431,834; (b) Water Revenue Certificate dated July 10, 2003, in the original principal amount of \$71,550; (c) Sewer Revenue Certificate dated August 19, 2003, in the original principal amount of \$142,993; (d) Sewer Revenue Certificate dated August 12, 2004, in the original principal amount of \$203,385; (e) Water Revenue Certificate dated September 9, 2004, in the original principal amount of \$96,430; (f) Sewer Revenue Certificate dated March 9, 2006, in the original principal amount of \$100,000; (g) Sewer Revenue Certificate dated March 9, 2006, in the original principal amount of \$490,500; (h) Sewer Revenue Certificate dated March 9, 2006, in the original principal amount of \$670,414; (i) Water Revenue Certificate dated April 13, 2006, in the original principal amount of \$68,494; (j) Sewer Revenue Certificate dated April 13, 2006, in the original principal amount of \$239,795; (k) Sewer Revenue Certificate dated November 13, 2008 in the original principal amount of \$18,357.22; (l)

Water Revenue Certificate dated April 6, 2009, in the original principal amount of \$212,496.36; (m) Water Revenue Certificate dated February 11, 2010, in the original principal amount of \$143,950; (n) Sewer Revenue Certificate dated August 8, 2013, in the original principal amount of \$12,432; and (o) Sewer Revenue Certificate dated June 15, 2015 in the original principal amount of \$250,626.09 (collectively, the "Outstanding Obligations"); and the lien on the Water System Development Charges and the Sewer System Development Charges on the Outstanding Obligations is junior and subordinate to the lien on the Bonds.

(H) The estimated Pledged Revenues will be sufficient to pay all of the principal of and interest on the Series 2016 Bond and the Parity Bonds, as the same become due, and to make all required deposits or payments required by this Resolution and the Original Resolution.

(I) The principal of and interest on the Series 2016 Bond and all required reserve and other payments shall be payable solely from the Pledged Revenues, as provided in the Original Resolution and in this Resolution. The Issuer shall never be required to levy ad valorem taxes on any property therein to pay the principal of and interest on the Series 2016 Bond or to make any of the required reserve or other payments and such Series 2016 Bond shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer or upon any property other than the Pledged Revenues.

(J) The costs associated with issuance of the Series 2016 Bond shall be deemed to include fees and expenses outlined on Exhibit "E" for the financing herein authorized.

(K) Because of the characteristics of the security pledged to repay the Loan, prevailing conditions in the financial markets, it is in the best interest of the Issuer to accept the offer of the Bank to enter into the Loan Agreement and purchase the Series 2016 Bond at a private negotiated sale. Prior to the issuance of the Series 2016 Bond, the Issuer shall have received from the Bank a Purchaser's Certificate, the form of which is attached hereto as Exhibit "C" and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, the form of which is attached hereto as Exhibit "D".

(L) Due to the present instability in the market for tax-exempt obligations, the critical importance of the timing of the sale of the Series 2016 Bond, the Issuer deems it in the best interest of the public and the Issuer to sell the Series 2016 Bond at a negotiated sale to the Bank, if certain conditions set forth in this Resolution are satisfied.

(M) The Series 2016 Bond shall constitute "Refunding Bonds" under the Original Resolution and all covenants, provisions and conditions contained in the Original Resolution relating to "Refunding Bonds" shall apply to the Series 2016 Bond, as applicable.

(N) A portion of the proceeds derived from the sale of the Series 2016 Bond, together with other legally available moneys, if any, of the Issuer, shall be deposited to a special escrow deposit fund to purchase Acquired Obligations which shall be sufficient, together with the

investment earnings therefrom and a cash deposit, if any, to pay the Refunded Bonds as the same become due and payable or are redeemed prior to maturity, all as provided herein and in the Escrow Deposit Agreement.

SECTION 4. THIS RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2016 Bond 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 Holder. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holder of the Series 2016 Bond.

SECTION 5. AUTHORIZATION OF REFUNDING. The advance refunding of the Refunded Bonds is hereby authorized and approved.

SECTION 6. AUTHORIZATION OF SERIES 2016 BOND. Subject and pursuant to the provisions hereof, obligations of the Issuer to be known as the "Utility Revenue Refunding Bond, Series 2016," are authorized to be issued in the aggregate principal amount of not exceeding \$25,000,000, which shall secure amounts outstanding under the Loan Agreement. The aggregate principal amount of the Series 2016 Bond shall not exceed \$25,000,000, the final maturity of the Series 2016 Bond shall not be later than June 1, 2036, and there shall be a net present value debt service savings of not less than 5.0% of Refunded Bonds par amount. The Series 2016 Bond shall bear interest at a fixed rate equal to 2.78% per annum, calculated on a 30/360 day basis, and shall be dated the date of delivery. Interest shall be payable semiannually commencing June 1, 2016 and on each December 1 and June 1 thereafter to June 1, 2036. Principal on the Series 2016 Bond will be payable annually commencing on June 1, 2017 and on each June 1 thereafter to June 1, 2036. Debt service on the Series 2016 Bond shall be due and paid as set forth on Schedule I attached to the Series 2016 Bond.

SECTION 7. AUTHORIZATION OF LOAN AGREEMENT. To provide for the security of the Series 2016 Bond and to express the contract between the Issuer and the holder thereof, the Issuer does hereby authorize the execution and delivery on behalf of the Issuer by the Mayor and City Manager under the seal of the Issuer, attested by the Clerk, of the Loan Agreement. The Loan Agreement shall be in substantially the form attached hereto and marked Exhibit "A" and is hereby approved, with such changes therein as shall be approved by any of the authorized officers executing the same, with such execution constituting conclusive evidence of such officer's approval and the Issuer's approval of any changes therein to the form of the Loan Agreement attached hereto. Subject and pursuant to the provisions of this Resolution and the terms and provisions of the Loan Agreement, there is hereby authorized to be issued the Series 2016 Bond to evidence the Issuer's obligations under the Loan Agreement.

SECTION 8. PROVISIONS FOR REDEMPTION. The Series 2016 Bond shall be subject to redemption prior to its maturity, at the option of the Issuer, at such times and in such manner as shall be fixed by the Loan Agreement.

SECTION 9. APPLICATION OF SERIES 2016 BOND PROCEEDS. The proceeds received from the sale of the Series 2016 Bond shall be applied by the Issuer simultaneously with the delivery of such Series 2016 Bond to the purchaser thereof, as follows:

(A) A sum as specified in the Escrow Deposit Agreement which, together with other funds described therein, will be sufficient to pay, on the date of redemption, the principal of, interest, premium, if any, and other costs and obligations incurred with respect to the Refunded Bonds as the same shall become due or are redeemed and to pay the expenses, if any, specified in the Escrow Deposit Agreement, shall be deposited into the Escrow Account established in the Escrow Deposit Agreement.

(B) A sufficient amount of the Series 2016 Bond proceeds shall be applied to the payment of costs and expenses, including, but not limited to costs and expenses as shown on Exhibit "E", relating to the issuance of the Series 2016 Bond which must be paid upon delivery of the Series 2016 Bond.

(C) Any remaining moneys from the Series 2016 Bond shall be used for the purposes permitted by law.

SECTION 10. COVENANTS OF THE ISSUER. For so long as any of the principal of and interest on any of the Series 2016 Bond shall be outstanding and unpaid or until the Issuer has made provision for payment of principal, interest and redemption premiums, if any, with respect to the Series 2016 Bond, the provisions of Section 20 of the Original Resolution shall apply to the Series 2016 Bond.

All terms, conditions, covenants and agreements of the Original Resolution, except to the extent that the same are modified and/or amended and/or supplemented hereby or deemed to specifically apply to the Series 1998 Bonds, are ratified and confirmed and are declared to be and shall be and shall remain in full force and effect and shall apply in all respects to this Resolution and to the Series 2016 Bond. Sections 31 and 32 of the Original Resolution shall not apply to the Series 2016 Bond.

SECTION 11. SALE OF SERIES 2016 BOND. The offer of Ameris Bank to purchase the Series 2016 Bond is hereby accepted, and the sale of the Series 2016 Bond is hereby awarded to the Bank. Sale of the Series 2016 Bond is subject to satisfaction of the conditions precedent of the Bank, the satisfaction of which shall be evidenced by acceptance of the Series 2016 Bond and payment therefor by the Bank.

SECTION 12. TAX COVENANTS. (A) The Issuer shall not use or permit the use of any proceeds of the Series 2016 Bond or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Issuer with respect to the Series 2016 Bond in any manner, and shall not take or permit to be taken

any other action or actions, which would cause any Series 2016 Bond to be “private activity bonds” within the meaning of Section 141 or an “arbitrage bond” within the meaning of Section 148, or “federally guaranteed” within the meaning of Section 149(b), of the Internal Revenue Code of 1986, as amended (in this Section called the “Code”), or otherwise cause interest on the Series 2016 Bond to become subject to federal income taxation.

(B) The Issuer shall at all times do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to assure that interest paid on the Series 2016 Bond will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being so excluded.

(C) The Issuer shall pay or cause to be paid to the United States Government any amounts required by Section 148(f) of the Code and the regulations thereunder (the “Regulations”). In order to ensure compliance with the rebate provisions of Section 148(f) of the Code with respect to any Series 2016 Bond for which the Issuer intends on the date of issuance thereof to be excluded from gross income for purposes of federal income taxation, the Issuer has created the “City of Panama City Beach Utility System Rebate Fund” under the Original Resolution (hereinafter the “Rebate Fund”) to be held by the Issuer. The Rebate Fund need not be maintained so long as the Issuer timely satisfies its obligation to pay any rebatable earnings to the United States Treasury; however, the Issuer may, as an administrative convenience, maintain and deposit funds in the Rebate Fund from time to time. Any moneys held in the Rebate Fund shall not be considered Pledged Revenues and shall not be pledged in any manner for the benefit of the holders of the Series 2016 Bond. Moneys in the Rebate Fund (including earnings and deposits therein) shall be held for future payment to the United States Government as required by the Regulations and as set forth in instructions of Bond Counsel delivered to the Issuer upon issuance of such Series 2016 Bond.

SECTION 13. REDEMPTION OF REFUNDED BONDS. (A) The Issuer hereby irrevocably elects, effective upon and only upon the issuance of the Series 2016 Bond, that the Refunded Bonds shall be defeased and called for redemption in accordance with the Escrow Deposit Agreement.

(B) The Paying Agent for the Refunded Bonds is hereby authorized to provide written notice of such defeasance and redemption to the registered owners of such Refunded Bonds and to any Bondholder whose name and address are on file with the Paying Agent for the Refunded Bonds. The Escrow Agent is hereby authorized and directed to publish the notice of redemption, if required.

(C) PFM Asset Management LLC is authorized to subscribe for United States Treasury Obligations – State and Local Government Series or to arrange for the purchase, from funds available for such purpose pursuant to the terms hereof, of other United States Treasury obligations or obligations fully guaranteed by the United States of America to the extent necessary to accomplish the defeasance and refunding of the Refunded Bonds.

SECTION 14. TRANSFER OF FUNDS. On the date of issuance of the Series 2016 Bond, the Issuer may transfer moneys on deposit in the various funds and accounts created for the benefit of the Refunded Bonds to the Escrow Agent to be held on behalf of the Issuer and to be used pursuant to the terms of the Escrow Deposit Agreement, in such amounts as shall be approved by a certificate to be executed by the Mayor.

SECTION 15. APPOINTMENT OF ESCROW AGENT AND APPROVAL OF ESCROW DEPOSIT AGREEMENT. Regions Bank, is hereby appointed as Escrow Agent for the Refunded Bonds. Simultaneously with the delivery of the Series 2016 Bond, the Issuer shall enter into an Escrow Deposit Agreement in substantially the form attached hereto as Exhibit "B". The Mayor and City Manager under the seal of the Issuer, attested by the Clerk are hereby authorized to enter into any agreements with such Escrow Agent, which may be necessary to reflect the obligation of such Escrow Agent to accept and perform the respective duties imposed upon each and to effectuate the transactions contemplated by this Resolution, the Loan Agreement and the Original Resolution.

SECTION 16. VERIFICATION AGENT. Robert Thomas CPA, LLC is hereby appointed to serve as verification agent with respect to the defeasance and refunding of the Refunded Bonds.

SECTION 17. DEFAULTS; EVENTS OF DEFAULT AND REMEDIES. The provisions of Section 21 of the Original Resolution shall apply to the Series 2016 Bond.

SECTION 18. AMENDING AND SUPPLEMENTING OF RESOLUTION WITHOUT CONSENT OF HOLDERS OF SERIES 2016 BOND. The provisions of Section 22 of the Original Resolution shall apply to the Series 2016 Bond.

SECTION 19. AMENDMENT OF RESOLUTION WITH CONSENT OF HOLDERS OF SERIES 2016 BOND. The provisions of Section 23 of the Original Resolution shall apply to the Series 2016 Bond.

SECTION 20. GOVERNMENTAL REORGANIZATION. Notwithstanding any other provisions of this Resolution, this Resolution shall not prevent any lawful reorganization of the governmental structure of the Issuer, including a merger or consolidation of the Issuer with another public body or the transfer of a public function of the Issuer to another public body, provided that any reorganization which affects the System shall provide that the System shall be continued as a single enterprise and that any public body which succeeds to the ownership and operation of the System shall also assume all rights, powers, obligations, duties and liabilities of the Issuer under this Resolution and pertaining to the Series 2016 Bond.

SECTION 21. AMENDMENT OF ORIGINAL RESOLUTION. The Original Resolution is hereby amended as follows:

- (A) Section 2. Definitions.

"Reserve Requirement" shall be the lesser of (i) the Maximum Bond Service Requirement with respect to Bonds secured by the Reserve Fund, (ii) 125% of the Average Annual Bond Service Requirement with respect to Bonds secured by the Reserve Fund, or (iii) the largest amount as shall not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes with respect to Bonds secured by the Reserve Fund; provided, however, the Issuer may establish by Supplemental Resolution adopted prior to the issuance of a Series of Bonds a different or no Reserve Requirement for a subaccount of the Reserve Fund which secures such Series of Bonds pursuant to Section 20(B)(2) hereof.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution adopted and becoming effective in accordance with the terms of Sections 22 and 23 hereof.

(B) Section 20(B)(2) is hereby amended as follows:

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

Upon the issuance of any Additional Parity Obligations under the terms, limitations and conditions as herein provided, the Issuer may, on the date of delivery of such Additional Parity Obligations, increase the sum required to be accumulated and maintained on deposit in the Reserve Fund to be at least equal to the Reserve Requirement on all Outstanding Bonds secured by such Reserve Fund including the Additional Parity Obligations then issued. Such required sum may be paid in full or in part from the proceeds of such Additional Parity Obligations or may be accumulated in equal monthly payments to the Reserve Fund over a period of months from the date of issuance of the Additional Parity Obligations, which shall not exceed the greater of (a) twelve (12) months, or (b) the number of months for which interest on such Additional Parity Obligations has been capitalized, as determined by Supplemental Resolution. In the event moneys in the Reserve Fund are accumulated as provided above, (i) the amount in said Reserve Fund on the date of delivery of the Additional Parity Obligations shall not be less than the Reserve Requirement on all Bonds Outstanding secured by such Reserve Fund (excluding the Additional Parity

Obligations) on such date, and (ii) the incremental difference between the Reserve Requirement on all Bonds Outstanding secured by such Reserve Fund (excluding the Additional Parity Obligations) on the date of delivery of the Additional Parity Obligations and the Reserve Requirement on all such Bonds and the Additional Parity Obligations shall be twenty-five percent (25%) funded upon delivery of the Additional Parity Obligations.

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

Notwithstanding the foregoing, in lieu of or in substitution for the required deposits into the Reserve Fund, the Issuer may cause to be deposited into the Reserve Fund a bond insurance policy issued by a reputable and recognized municipal bond insurer, a letter of credit rated in one of the two highest categories by nationally recognized rating agencies, a surety bond acceptable to any company issuing a policy of municipal bond insurance guaranteeing the payment of principal and interest on such Series of Bonds or any combination thereof (collectively, "Reserve Fund Instruments"), in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the Reserve Fund plus the amounts to be deposited therein pursuant to the preceding paragraph.

In the event the Reserve Fund contains both a Reserve Instrument and cash, the cash shall be drawn down completely prior to any draw on a Reserve Fund Instrument. In the event more than one Reserve Fund Instrument is on deposit in the Reserve Fund, amounts required to be drawn thereon shall be done on a pro-rata basis calculated by reference to the maximum amounts available thereunder.

If five (5) days prior to an interest payment date, principal payment date or date an Amortization Installment is due or such other period of time as shall be established pursuant to a Supplemental Resolution, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest, principal or Amortization Installment due on the Bonds on such date, the Issuer shall immediately notify (1) the issuer of the applicable Reserve Fund Instrument and submit a demand for payment pursuant to the provisions of such Reserve Fund Instrument, and (2) the Paying Agent of the amount of such deficiency and the date on which such payment is

due, and shall take all action to cause such issuer to provide moneys sufficient to pay all amounts due on such interest payment date.

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Fund Instrument by executing and delivering a reimbursement agreement therefore which evidences a reimbursement obligation; provided, however, any reimbursement agreement (1) shall not be or create a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (2) shall be payable or obligate the Issuer to pay solely from the Pledged Revenues in a manner which is not inconsistent with the terms hereof.

If any Reserve Fund Instrument shall terminate prior to the stated expiration date thereof, the Issuer agrees that it shall fund the Reserve Fund over a period not to exceed twelve (12) months during which it shall make consecutive equal monthly payments in order that the amount on deposit in the Reserve Fund shall equal the Reserve Requirement; provided, the Issuer may obtain a new Reserve Fund Instrument in lieu of making the payments required by this paragraph.

Moneys in the Reserve Fund and subaccounts therein shall be used only for the purpose of the payment of Amortization Installments, principal of, or interest on the Outstanding Bonds secured thereby when the other moneys allocated to the Bond Service Fund are insufficient therefor, and for no other purpose.

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

(C) Pursuant to the Original Resolution, the Issuer is authorized to establish a separate account within the Reserve Fund for the benefit of the Series 2016 Bonds. The Issuer hereby elects to establish such account. The Reserve Requirement for the Series 2016 Bonds shall be zero, therefore no Reserve Account would be required for the Series 2016 Bonds.

(D) Notwithstanding anything herein, the above amendments shall take effect upon the defeasance or redemption of all Series 2009 Bonds and Series 2012 Bonds. Any moneys remaining in the Reserve Fund on the date of final payment of the Series 2009 Bonds and the Series 2012 Bonds shall be released and used for the final payment of such Series 2009 Bonds or Series 2012 Bonds, whichever is later.

The Holder of the Series 2016 Bond hereby consents to such amendments by the purchase of such Series 2016 Bonds.

SECTION 22. GENERAL AUTHORITY. The members of the City Council of the Issuer and the Issuer's officers, attorneys and other agents and employees are hereby authorized to perform all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2016 Bond and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel.

SECTION 23. NO THIRD PARTY BENEFICIARIES. Except such other Persons as may be expressly described herein or in the Series 2016 Bond, nothing in this Resolution, or in the Series 2016 Bond, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holder any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Series 2016 Bond, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holder.

SECTION 24. NO PERSONAL LIABILITY. Neither the members of the City Council of the Issuer nor any person executing the Series 2016 Bond shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 25. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid or shall in any manner be held to adversely affect the validity of the Series 2016 Bond, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the Series 2016 Bond issued hereunder.

SECTION 26. EFFECTIVE DATE. The provisions of this Resolution shall take effect immediately upon its passage.

ADOPTED this 14th day of April, 2016.

(SEAL)

ATTEST:

By: *Ann B. Cook*

Clerk

By: *John J. Schert*

Mayor

By: *[Signature]*

City Manager

EXHIBIT "A"

FORM OF LOAN AGREEMENT

LOAN AGREEMENT

by and between

CITY OF PANAMA CITY BEACH, FLORIDA

and

AMERIS BANK

Dated as of _____, 2016

relating to

**CITY OF PANAMA CITY BEACH, FLORIDA
UTILITY REVENUE REFUNDING BOND, SERIES 2016**

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EXHIBIT A- FORM OF SERIES 2016 BOND

LOAN AGREEMENT

This **LOAN AGREEMENT** is made and entered into as of ____, 2016 by and between **CITY OF PANAMA CITY BEACH, FLORIDA** (the "Issuer"), and **AMERIS BANK**, and its successors and assigns.

WITNESSETH:

WHEREAS, the City Council of the City of Panama City Beach, Florida previously adopted Resolution No. 98-6 on March 4, 1998, as amended and supplemented (the "Original Resolution"); and

WHEREAS, pursuant to the Original Resolution, the Issuer previously issued its Refunded Bonds; and

WHEREAS, on April _____, 2016, the Issuer adopted Resolution No. ____ authorizing the issuance of its Utility Revenue Refunding Bond, Series 2016 to (i) advance refund the Refunded Bonds and (ii) pay the costs of issuance of the Series 2016 Bond; and

WHEREAS, the City Council determined that it is necessary and desirable and in the best interest of the inhabitants of the Issuer to borrow funds to refund the Refunded Bonds and to pay the costs of issuance related thereto; and

WHEREAS, the Issuer received and accepted the commitment of Ameris Bank to provide a loan to the Issuer in an aggregate principal amount of \$[_____] for the purpose of refunding the Refunded Bonds and paying the costs of issuance of the Series 2016 Bond; and

WHEREAS, the Series 2016 Bond will be secured by a lien on the Pledged Revenues (as defined in the Original Resolution) on parity and equal status with the Issuer's outstanding Parity Bonds; and

WHEREAS the debt service on the Series 2016 Bond shall be payable solely from and secured by the Pledged Revenues in accordance with the Original Resolution; and

WHEREAS, all or a portion of the proceeds from the sale of Series 2016 Bond will be deposited in an escrow fund pursuant to the terms of an Escrow Deposit Agreement between the Issuer and the escrow agent named therein and used to the redeem the Refunded Bonds maturing on or after [_____] on the redemption date provided therein; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

SECTION 1. DEFINITIONS. Capitalized terms used in this Loan Agreement and not defined in this Section 1 shall have the meaning assigned in the Original Resolution. The following terms shall have the following meanings herein, unless the text otherwise expressly requires:

"Act" means Article VIII, Section 2, of the Constitution of the State of Florida, Chapter 166, Part II, Florida Statutes, as amended, the Charter of the Issuer, and other applicable provisions of law.

"Authorized Issuer Representative" means the Mayor, the City Manager, the Finance Director or their designees.

"Bank" shall mean Ameris Bank and its successors and assigns.

"Bank's Counsel" means Upchurch, Bailey & Upchurch, P.A.

"Bond Counsel" means Bryant Miller Olive P.A.

"Bond Resolution" means collectively, the Original Resolution and the Resolution.

"Business Day" means any day of the year other than a day on which the Bank or the Issuer are lawfully closed for business.

"City Council" means the City Council of the Issuer, as the governing body of the Issuer.

"City Manager" means the City Manager of the Issuer or his or her designee.

"Clerk" means the City Clerk of the Issuer or his or her designee.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means the Commitment of the Bank, dated April 4, 2016.

"Date of Delivery" means April __, 2016.

"Default Rate" shall mean not to exceed 2.00% above the stated Interest Rate, provided such rate shall not exceed the highest rate of interest allowed by applicable law.

"Default" means an Event of Default as defined and described in the Original Resolution.

"Finance Director" means the Finance Director of the Issuer or his or her designee.

"Financial Advisor" means Public Financial Management, Inc., Orlando, Florida.

"Fiscal Year" means the period from each October 1 to the succeeding September 30.

"Interest Payment Date" means each June 1 and December 1, commencing June 1, 2016 through and including the Maturity Date.

"Interest Rate" means the rate of interest payable on the Series 2016 Bond described in Section 4 hereof and in the Form of Series 2016 Bond attached hereto as Exhibit A.

"Issuer" means the City of Panama City Beach, Florida, a municipal corporation of the State of Florida.

"Loan" shall collectively refer to an amount equal to the aggregate principal amount of not to exceed \$[_____] loaned by the Bank to the Issuer pursuant to and in accordance with this Loan Agreement.

"Loan Agreement" means this Loan Agreement between the Bank and the Issuer setting forth the terms and details of the Loan.

"Maturity Date" means June 1, 2036.

"Mayor" means the Mayor of the Issuer.

"Paying Agent" means the Issuer.

"Payment Date" means both the Interest Payment Dates and the Principal Payment Dates.

"Person" or words importing persons, means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities, and natural persons.

"Pledged Revenues" shall mean collectively, (i) the Net Revenues of the System, (ii) the Sewer System Development Charges, (iii) the Water System Development Charges, (iv) until released as provided herein, the Public Service Taxes, and (v) the moneys on deposit in the various funds and accounts created pursuant to the Loan Agreement and the Original Resolution, with the exception of the Rebate Fund.

"Principal Amount" means [_____] Dollars (\$[_____]).

"Principal Payment Date" means each June 1, commencing June 1, 2017 and continuing through the Maturity Date.

"Register" means the books maintained by the Registrar in which are recorded the name and address of the Registered Owner of the Series 2016 Bond.

"Registered Owner" means the person in whose name the ownership of the Series 2016 Bond is registered on the books maintained by the Registrar. The initial Registered Owner shall be the Bank.

"Registrar" means the Person maintaining the Register. The Registrar shall initially be the Clerk.

"Regulations" means the Income Tax Regulations promulgated by the Internal Revenue Service under Sections 103 and 141 through 150 of the Code.

"Resolution" means Resolution No. _____, adopted by the City Council on April _____, 2016.

"Series 2016 Bond" means City of Panama City Beach, Florida Utility Revenue Refunding Bond, Series 2016, substantially in the form attached hereto as Exhibit A, evidencing the Loan authorized herein.

"State" means the State of Florida.

SECTION 2. INTERPRETATION. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Loan Agreement and all the terms and provisions hereof (a) have been negotiated between the Issuer and the Bank; (b) shall not be construed strictly in favor of or against either party hereto; and (c) shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

SECTION 3. THE LOAN.

A. Loan. The Bank hereby makes and the Issuer hereby accepts the Loan, upon the terms and conditions set forth herein.

B. Disbursement of Proceeds. Proceeds of the Loan shall be made available by the Bank to the Issuer by deposit of the amount thereof to or for the order of the Issuer by 2:00 p.m. on the Date of Delivery.

SECTION 4. DESCRIPTION OF SERIES 2016 BOND. The obligation of the Issuer to repay the Loan shall be evidenced by the Series 2016 Bond. The Series 2016 Bond shall be dated as of the Date of Delivery; shall mature on the Maturity Date; and shall be in registered form.

The Series 2016 Bond shall bear interest from the Date of Delivery until payment of the entire outstanding principal amount due thereon. The Interest Rate on the Series 2016 Bond shall be a fixed rate of interest equal to 2.78% per annum. Interest on the Series 2016 Bond shall be calculated using a 360-day year consisting of twelve 30-day months.

Interest on the Series 2016 Bond shall be paid semiannually on each Interest Payment Date, commencing June 1, 2016. On each Principal Payment Date, the Issuer shall pay an annual installment of the outstanding principal amount due on the Series 2016 Bond in the

amounts set forth on Schedule 1 of the Series 2016 Bond.

The Issuer may prepay or redeem the Series 2016 Bond in whole or in part, at anytime, without a prepayment premium or penalty.

The principal of and the interest on the Series 2016 Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The interest and principal on the Series 2016 Bond shall be payable by the Paying Agent on each Payment Date to the person appearing on the registration books of the Issuer hereinafter provided for as the registered Holder thereof, by check or by wire transfer as the same shall become due and payable.

Upon the occurrence of an Event of Default, the Interest Rate on the Series 2016 Bond shall be adjusted to the Default Rate until such time as the Event of Default has been cured by the Issuer. Any payment due on the Series 2016 Bond and not paid within ten (10) days of the date due shall be subject to a late payment fee of five percent (5.00%) of the payment amount not received when due.

SECTION 5. EXECUTION OF SERIES 2016 BOND. The Series 2016 Bond shall be signed by, or bear the facsimile signatures of the Mayor of the Issuer and the City Manager of the Issuer and shall be attested by, or bear the facsimile signature of, the Clerk and a facsimile of the official seal of the Issuer shall be imprinted on the Series 2016 Bond.

In case any officer whose signature or a facsimile of whose signature shall appear on the Series 2016 Bond shall cease to be such officer before the delivery of such Series 2016 Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such person has remained in office until such delivery. The Series 2016 Bond may bear the facsimile signature of or may be signed by such persons who, at the actual time of the execution of such Series 2016 Bond, shall be the proper officers to sign such Series 2016 Bonds although, at the date of such Series 2016 Bond, such persons may not have been such officers.

SECTION 6. REGISTRATION AND TRANSFER OF SERIES 2016 BOND. The Registrar shall keep books for the registration of and for the registration of transfers of the Series 2016 Bond as provided in this Loan Agreement. The transfer of the Series 2016 Bond may be registered only upon such books and only upon surrender thereof to the Registrar together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such registration of transfer, the Issuer shall execute and the Registrar shall authenticate and deliver in exchange for such Series 2016 Bond, a new Series 2016 Bond registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Series 2016 Bond so surrendered.

In all cases in which the Series 2016 Bond shall be exchanged, the Issuer shall execute and the Registrar shall authenticate and deliver, at the earliest practicable time, a new Series

2016 Bond of the same type in accordance with the provisions of this Loan Agreement. The Series 2016 Bond surrendered in such exchange or registration of transfer shall forthwith be canceled by the Registrar. The Issuer or the Registrar may make a charge for every such exchange or registration of transfer of the Series 2016 Bond sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to the Bondholder for the privilege of exchanging or registering the transfer of the Series 2016 Bond under the provisions of this Loan Agreement. The Series 2016 Bond shall only be transferred in whole and upon the execution of a Purchaser's Certificate, in substantially the form approved by the Resolutions.

SECTION 7. SERIES 2016 BOND MUTILATED, DESTROYED, STOLEN OR LOST. In case the Series 2016 Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion cause to be executed, and the Registrar shall authenticate and deliver, a new Series 2016 Bond of like date and tenor as the Series 2016 Bond so mutilated, destroyed, stolen or lost in exchange and substitution for such mutilated Series 2016 Bond upon surrender and cancellation of such mutilated Series 2016 Bond or in lieu of and substitution for the Series 2016 Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer and the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. The Series 2016 Bond so surrendered shall be canceled by the Issuer. If the Series 2016 Bond shall have matured or be about to mature, instead of issuing a substitute Series 2016 Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Series 2016 Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Series 2016 Bond issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Series 2016 Bond be at any time found by anyone, and such duplicate Series 2016 Bond shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as the Series 2016 Bond issued hereunder.

SECTION 8. FORM OF SERIES 2016 BOND. The Series 2016 Bond shall be in substantially the form attached hereto as Exhibit "A", with such variations, omissions and insertions as may be necessary, desirable and authorized or permitted by this Loan Agreement or the Resolution.

SECTION 9. SECURITY FOR SERIES 2016 BOND; SERIES 2016 BOND NOT DEBT OF THE ISSUER. The Series 2016 Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues equal and ratable to the lien thereon of the Parity Bonds, as herein provided. The Holder of the Series 2016 Bond issued hereunder shall never have the right to compel the

exercise of the ad valorem taxing power of the Issuer or taxation in any form of any real or personal property therein, or to compel the Issuer to pay such principal and interest from any other funds of the Issuer.

The payment of principal of and interest on the Series 2016 Bond shall be secured forthwith equally and ratably by, and the Issuer hereby grants to the Bondholder an irrevocable lien on the Pledged Revenues, equal and ratable to the lien thereon of the Parity Bonds. The Issuer does hereby irrevocably pledge such Pledged Revenues to the payment of the principal of, redemption premium, if any, and interest on the Series 2016 Bond, for the reserves therefor and for all other payments required hereunder. Such amounts hereby pledged and assigned shall immediately be subject to the lien of this pledge without any further physical delivery thereof or any further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice thereof.

SECTION 10. COVENANTS OF THE ISSUER. The Issuer covenants with the Registered Owner of the Series 2016 Bond as follows:

A. Payments. The Issuer will punctually pay all principal of and interest on the Series 2016 Bond when due by wire transfer or other medium acceptable to the Issuer and the Bank.

B. Financial Statements. Beginning with the Fiscal Year ended September 30, 2015, the Issuer will provide the Bank a copy of the audited financial statements of the Issuer annually.

C. Annual Budget and Other Information. The Issuer will prepare its annual budget in accordance with the Act, and will provide to the Bank a copy of its final annual budget for each Fiscal Year within 30 days of adoption thereof by the City Council and such other financial or public information as the Bank may reasonably request.

D. Tax Compliance. Neither the Issuer, nor any third party over whom the Issuer has control, will make any use of the proceeds of the Series 2016 Bond at any time during the term of the Series 2016 Bond which would cause the Series 2016 Bond to be (a) a "private activity bond" within the meaning of Section 103(b)(1) of the Code or (b) an "arbitrage bond" within the meaning of Section 103(b)(2) of the Code. The Issuer covenants throughout the term of the Series 2016 Bond to comply with the requirements of the Code and the Regulations, as amended from time to time, and to take all actions necessary to maintain the exclusion from gross income for purposes of the Code of interest on the Series 2016 Bond.

SECTION 11. REPRESENTATIONS AND WARRANTIES. The Issuer represents and warrants to the Bank that:

A. Organization. The Issuer is a municipal corporation, duly organized and existing under the laws of the State of Florida.

B. Authorization of Loan Agreement and Related Documents. The Issuer has the power and has taken all necessary action to authorize the execution and delivery of and the performance by the Issuer of its obligations under this Loan Agreement and the Series 2016 Bond in accordance with their respective terms. This Loan Agreement and the Series 2016 Bond have been duly executed and delivered by the Issuer and are valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent that such enforcement may be limited by laws regarding bankruptcy, insolvency, reorganization or moratorium applicable to the Issuer or by general principles of equity regarding the availability of specific performance.

C. Pledged Revenues. The Issuer currently receives the Pledged Revenues and is legally entitled to pledge such Pledged Revenues to pay the principal of and interest on the Series 2016 Bond when due as provided herein. The Issuer estimates that the Pledged Revenues will be available in amounts sufficient to pay the principal of and interest on the Series 2016 Bond as the same becomes due prior to the Maturity Date and, to pay all principal of and interest on the Series 2016 Bond on the Maturity Date. The Issuer shall take all lawful action necessary to enable the Issuer to continue to receive the Pledged Revenues in at least the amounts necessary to pay principal and interest on the Series 2016 Bond to the extent not paid from some other source.

D. Financial Statements. The financial statements of the Issuer for the Fiscal Year ended September 30, 2014, previously provided to the Bank were prepared in accordance with generally accepted accounting principles and present fairly the financial condition of the Issuer as of such date and the results of its operations for the period then ended. Since such date, there has been no material adverse change in the financial condition, revenues, properties or operations of the Issuer.

SECTION 12. CONDITIONS PRECEDENT. The obligation of the Bank to make the Loan is subject to the satisfaction of each of the following conditions precedent on or before the Date of Delivery:

A. Action. The Bank shall have received copies of the Bond Resolution, each certified as complete, true and correct as of the Date of Delivery, together with an executed Loan Agreement, the executed Series 2016 Bond, and the customary closing certificates.

B. Incumbency of Officers. The Bank shall have received an incumbency certificate of the Issuer in respect of each of the officers who is authorized to sign this Loan Agreement, the Series 2016 Bond, and the related financing documents on behalf of the Issuer.

C. Opinion of City Attorney. The Bank shall have received a written opinion of the City Attorney as to (1) the valid existence of the Issuer as a municipal corporation of the State; (2) the due adoption of the Bond Resolution; (3) the due authorization, execution, validity and

enforceability of this Loan Agreement and the Series 2016 Bond and the related financing documents; and (4) the absence of litigation against the Issuer relating to (a) its existence or powers, and (b) the proceedings for the authorization of the Loan Agreement and issuance of the Series 2016 Bond, in a form and substance satisfactory to the Bank.

D. Opinion of Bond Counsel. The Bank shall have received a letter from Bond Counsel authorizing the Bank to rely on the approving opinion of Bond Counsel delivered to the Issuer with respect to the Series 2016 Bond to the same extent as if such opinion were addressed to the Bank. The opinion, in form and substance satisfactory to the Bank, shall, at a minimum, address the status of interest on the Series 2016 Bond under the provisions of Section 103 of the Code.

E. Representations and Warranties; No Default. The representations and warranties made by the Issuer herein shall be true and correct in all material respects on and as of the Date of Delivery, as if made on and as of such date; no Default shall have occurred and be continuing as of the Date of Delivery or will result from the consummation of the Loan; and the Bank shall have received a certificate from the Issuer to the foregoing effect.

F. Other Documents. The Bank shall have received such other documents, certificates and opinions as the Bank or its counsel shall have reasonably requested.

SECTION 13. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered, delivered by telecopier, electronic mail, mailed by registered or certified mail, postage prepaid, or delivered by courier service to the parties at the following addresses:

Issuer: City of Panama City Beach, Florida
110 South Arnold Road
Panama City Beach, Florida 32413
Attention: Finance Director.

Bank: Ameris Bank
11790 Panama City Beach Parkway
Panama City Beach, Florida 32407
Attention: Douglas Moore, Senior Vice President.

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Communication via telecopier shall be confirmed by delivery by hand, mail, or courier, as specified above, of an original promptly after such communication by telecopier.

SECTION 14. EVENTS OF DEFAULT DEFINED; REMEDIES. "Events of Default" under this Loan Agreement, and the terms "Default" and "Events of Default" and "Remedies" shall be as provided in the Section 21 of the Original Resolution.

Upon the occurrence of an Event of Default, the Interest Rate on the Series 2016 Bond may, at the option of the Bank, be adjusted to the Default Rate until such time as the Event of Default has been cured by the Issuer. Additionally, if an Event of Default shall occur, the Issuer will also pay all of the Bank's costs of collection, including court costs and fees of attorneys (whether incurred in connection with trial or appellate proceedings).

SECTION 15. NO PERSONAL LIABILITY. No recourse shall be had for the payment of the principal of and interest on the Series 2016 Bond or for any claim based on the Series 2016 Bond or on this Loan Agreement, against any present or former member or officer of the City Council or any person executing the Series 2016 Bond.

SECTION 16. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS. In any case where the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, shall be other than a Business Day, then such payment or performance shall be made on the succeeding Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement, provided that interest on any monetary obligation hereunder shall accrue at the applicable rate to and including the date of such payment.

SECTION 17. AMENDMENTS, CHANGES AND MODIFICATIONS. This Loan Agreement may be amended only by a writing signed by both parties hereto.

SECTION 18. BINDING EFFECT. To the extent provided herein, this Loan Agreement shall be binding upon the Issuer and the Bank and shall inure to the benefit of the Issuer and the Bank and their respective successors and assigns. This Loan Agreement shall be discharged and neither the Issuer nor the Bank shall have any further obligations hereunder under the Series 2016 Bond when the Issuer shall have paid the principal of and interest on the Series 2016 Bond in full and shall have paid in full all other amounts, if any, due under the Series 2016 Bond or this Loan Agreement.

SECTION 19. SEVERABILITY. In the event any court of competent jurisdiction shall hold any provision of this Loan Agreement invalid or unenforceable such holding shall not invalidate or render unenforceable, any other provision hereof.

SECTION 20. EXECUTION IN COUNTERPARTS. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

SECTION 21. APPLICABLE LAW. This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties hereto have duly executed this Loan Agreement as of the date first above written.

**CITY OF PANAMA CITY BEACH,
FLORIDA**

Mayor

City Manager

ATTEST:

Clerk

APPROVED AS TO FORM AND CORRECTNESS:

City Attorney

AMERIS BANK

By: _____
Douglas Moore, Senior Vice President

ANY HOLDER OF THIS BOND, PRIOR TO BECOMING A HOLDER, SHALL EXECUTE A PURCHASER'S CERTIFICATE IN THE FORM ATTACHED TO THE RESOLUTION (HEREINAFTER DEFINED)

EXHIBIT A

FORM OF SERIES 2016 BOND

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF BAY
CITY OF PANAMA CITY BEACH
UTILITY REVENUE REFUNDING BOND, SERIES 2016

MATURITY DATE:

INTEREST RATE:

DATED DATE:

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS that the City of Panama City Beach, Florida (hereinafter called the "Issuer") for value received, hereby promises to pay to the order of the Registered Owner identified above or registered assigns, as herein provided, on the Maturity Date identified above, upon the presentation and surrender hereof at the office of the City Clerk, from the revenues hereinafter mentioned, the Principal Amount identified above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said sources, to the Registered Owner hereof by wire transfer or check transmitted to the Registered Owner at his address as it appears on the Bond registration books of the Issuer as it appears on the 15th day of the calendar month preceding the applicable interest payment date, interest on said Principal Amount at the Interest Rate per annum identified above on each _____ 1 and _____ 1 commencing _____, __ from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which case it shall bear interest from said interest payment date, or unless this Bond is registered and authenticated prior to _____, __, in which event this Bond shall bear interest from _____, __.

The Bond shall be subject to redemption prior to its maturity at the option of the Issuer, in whole or in part at anytime.

This Bond in the aggregate principal amount of \$_____ is issued to finance the cost of refunding certain outstanding obligations of the Issuer, all in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, and Resolution No. 98-6 duly adopted by the Issuer on March 4, 1998, as amended and supplemented and Resolution No. _____ duly adopted by the Issuer on _____, 2016 (hereinafter, collectively called the "Resolution") and is subject to all the terms and conditions of such Resolution. All capitalized undefined terms used herein shall have the meaning set forth in the Resolution.

This Bond is payable solely from and secured by a pledge of the Net Revenues of the System levied and collected by the Issuer, the Sewer System Development Charges, the Water System Development Charges, until released as provided in the Resolution, the Public Service Taxes, and the moneys on deposit in certain funds and accounts created pursuant to the Resolution, with the exception of the Rebate Fund (collectively, the "Pledged Revenues"). Such lien on the Pledged Revenues is equal and ratable to the lien thereon of the Issuer's Parity Bonds, as defined in the Resolution, in the manner provided in the Resolution. Reference is made to the Resolution for a more complete definition and description of the System and the Pledged Revenues.

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

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

The Issuer has covenanted in the Resolution, to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide Net Revenues together with Public Service Taxes (to the extent not released as provided in the Resolution) in each year sufficient to pay the lesser of either (i) one hundred ten percent (110%) of the Bond Service Requirement becoming due in such year on the Outstanding Bonds, or (ii) one hundred percent (100%) of the Bond Service Requirement becoming due in such year on the Outstanding Bonds, provided that Net Revenues, Sewer System Development Charges, Water System Development Charges, and Public Service Taxes in each year sufficient to pay one hundred twenty-five percent (125%) of the Bond Service Requirement becoming due in such year on the Outstanding Bonds. Such rates, fees, rentals or other charges shall not be reduced so as to render them insufficient to provide revenues for the purposes provided therefor by the

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

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

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

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

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

IN WITNESS WHEREOF, the City of Panama City Beach, Florida, has issued this Bond and has caused the same to be signed by its Mayor and its City Manager and countersigned and attested to by its Clerk (the signatures of the Mayor, the City Manager and the Clerk being authorized to be facsimiles of such officers' signatures), and its seal or facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the ___ day of _____, 2016.

CITY OF PANAMA CITY BEACH,
FLORIDA

(SEAL)

(manual or facsimile)
Mayor

ATTESTED AND COUNTERSIGNED:

(manual or facsimile)
Clerk

(manual or facsimile)
City Manager

CERTIFICATE OF AUTHENTICATION

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

Registrar, as Authenticating Agent

Date of Authentication:

By (manual signature)
Authorized Officer

ATTEST:

By: manual signature
Authorized Officer

ASSIGNMENT AND TRANSFER

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

Date _____

Signature Guaranteed by

[member firm of the New York Stock Exchange or a commercial bank or a trust company.]

By: (manual signature)

Title: _____

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

[END OF FORM OF BOND]

SCHEDULE I

DEBT SERVICE SCHEDULE

EXHIBIT "B"

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT, dated _____, 2016, by and between the CITY OF PANAMA CITY BEACH, FLORIDA (the "Issuer"), a municipal corporation duly organized and validly existing under and by virtue of the laws of the State of Florida and REGIONS BANK, a state banking association, organized under the laws of the State of Alabama, as Escrow Agent, and its successors and assigns (the "Escrow Agent");

WITNESSETH:

WHEREAS, the Issuer has previously authorized and issued its Refunded Bonds as hereinafter described, and the Issuer has determined to refund the Refunded Bonds as to which the Debt Service for the Refunded Bonds is set forth on Schedule A; and

WHEREAS, the Issuer has determined to provide for payment of the Total Debt Service for the Refunded Bonds by depositing with the Escrow Agent an amount which is at least equal to such Total Debt Service for the Refunded Bonds; and

WHEREAS, in order to obtain certain of the funds needed for such purpose, the Issuer has authorized and is, concurrently with the delivery of this Agreement, issuing its \$_____ Utility Revenue Refunding Bond, Series 2016; and

WHEREAS, the execution of this Escrow Deposit Agreement and full performance of the provisions hereof shall defease and discharge the Issuer's obligations relating to the Refunded Bonds;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Issuer and the Escrow Agent agree as follows:

SECTION 1. Definitions. As used herein, the following terms mean:

"Agreement" means this Escrow Deposit Agreement.

"Annual Debt Service" means the principal and interest, if applicable, on the Refunded Bonds coming due in a particular year as shown on Schedule A attached hereto and made a part hereof.

"Escrow Account" means the account hereby created and entitled Escrow Account established and held by the Escrow Agent pursuant to this Agreement in which cash and investments will be held for payment of the principal, interest, if applicable, and redemption premium, if applicable, on the Refunded Bonds as they come due.

"Escrow Agent" means Regions Bank and its successors and assigns organized and existing under the laws of the State of Alabama, as escrow agent hereunder.

"Issuer" means the City of Panama City Beach, Florida.

"Refunded Bonds" means the remaining outstanding \$28,725,000 City of Panama City Beach, Florida Utility Revenue Bonds, Series 2009, maturing in the years _____ and _____.

"Resolution" means Resolution No. 98-6 adopted by the City Council of the Issuer on March 24, 1998, as amended and supplemented, particularly by No. 16-___ adopted by the City Council of the Issuer on _____, 2016.

"Series 2016 Bond" means the Issuer's Utility Revenue Refunding Bond, Series 2016, authorized pursuant to the Resolution.

"Total Debt Service for the Refunded Bonds" means, as of any date, the sum of the principal, interest, if applicable, and redemption premium, if applicable, remaining unpaid with respect to the Refunded Bonds in accordance with Schedule A attached hereto.

SECTION 2. Deposit of Funds. The Issuer hereby deposits \$ _____ with the Escrow Agent for deposit into the Escrow Account, in immediately available funds, which funds the Escrow Agent acknowledges receipt of, to be held in irrevocable escrow by the Escrow Agent separate and apart from other funds of the Escrow Agent and applied solely as provided in this Agreement. \$ _____ of such funds are being derived from the Reserve Fund, \$ _____ of such funds are being derived from proceeds of the Series 2016 Bond and \$ _____ are being derived from the Bond Service Fund for the Refunded Bonds. The Issuer represents that the securities, together with the interest to be received thereon, (i) are at least equal to the Total Debt Service for the Refunded Bonds as of the date of such deposit, and (ii) are sufficient to pay principal maturity and interest on the Refunded Bonds as they become due and payable in accordance with Schedule A attached hereto.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sums described in Section 2 and agrees:

(a) to hold the funds pursuant to this Agreement in irrevocable escrow during the term of this Agreement for the sole benefit of the holders of the Refunded Bonds;

(b) to pay \$ _____ of such funds upon delivery of the securities set forth in Schedule B attached hereto and to hold such securities in the Escrow Account plus \$ _____ uninvested cash in accordance with the terms of this Agreement;

(c) to timely invest funds in the Escrow Account in the securities set forth on Schedule B attached hereto and to hold such securities in accordance with the terms of this Agreement;

(d) in the event the securities described on Schedule B cannot be purchased, substitute securities may be purchased with the consent of the Issuer but only upon receipt of verification from an independent certified public accountant that the securities, the interest thereon, and the cash deposited in the Escrow Account will not be less than the Total Debt Service for the Refunded Bonds, and only upon receipt of an opinion of Bryant Miller Olive P.A. that (i) such securities constitute United States Obligations for purposes of this Agreement, and (ii) such substitution shall not affect the tax-exempt status of interest on the Refunded Bonds;

(e) there will be no investment of funds except as set forth in this Section 3 and except as set forth in Section 5; and

(f) the investment earnings on the securities set forth on Schedule B hereto shall be transferred by the Escrow Agent to the Paying Agent for the Refunded Bonds and shall be used to pay interest on the Refunded Bonds on the maturity or earlier prepayment date thereof.

SECTION 4. Payment of Refunded Bonds and Expenses; Notices

(a) Refunded Bonds. On the date and in the amount set forth on Schedule A, the Escrow Agent shall transfer to Regions Bank, or its successors or assigns, the paying agent for the Refunded Bonds (the "Paying Agent"), in immediately available funds solely from amounts available in the Escrow Account, a sum sufficient to pay that portion of the Annual Debt Service for the Refunded Bonds coming due on such date, as shown on Schedule A.

(b) Expenses. On each of the due dates as shown on Schedule A, the Escrow Agent shall pay the portion of the expenses coming due on such date to the appropriate payee or designated payees by separate certificate of the Issuer.

(c) Surplus. After making the payments from the Escrow Account described in Subsection 4(a) and (b) above, the Escrow Agent shall retain in the Escrow Account any remaining cash in the Escrow Account in excess of the Total Debt Service for the Refunded Bonds until the termination of this Agreement, and shall then pay any remaining funds to the Issuer.

(d) Priority of Payments. The Holders of the Refunded Bonds shall have an express first priority security interest in the funds in the Escrow Account until such funds are used and applied as provided in this Agreement.

SECTION 5. Reinvestment. (a) Except as provided in Section 3 and in this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the securities held hereunder.

(b) At the written request of the Issuer and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the securities acquired hereunder and shall substitute other securities and reinvest any excess receipts in securities. The Issuer will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Refunded Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation. Except as provided in Section 3 hereof, the transactions may be effected only if (i) an independent certified public accountant selected by the Issuer shall certify or opine in writing to the Issuer and the Escrow Agent that securities, interest thereon, and cash remaining on hand after the transactions are completed will, assuming no reinvestment earnings, be not less than the Total Debt Service for the Refunded Bonds, and that reinvestment in such securities will not postpone the anticipated transfer of moneys from the Escrow Account to the Paying Agent pursuant to Section 4(a) hereof, and (ii) the Escrow Agent shall receive an opinion from a nationally recognized bond counsel acceptable to the Issuer to the effect that the transactions, in and by themselves, will not cause interest on the Refunded Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(c) above notwithstanding, cash in excess of the Total Debt Service for the Refunded Bonds caused by substitution of securities shall, as soon as practical, be paid to the Issuer. Notwithstanding any provision of this Agreement to the contrary, no forward purchase agreement relating to the future reinvestment of cash held hereunder shall be executed unless the following condition is met: to the extent either Moody's Investors Service, Inc., Fitch Ratings, Inc. and/or Standard & Poor's Ratings Services have an outstanding rating on the Refunded Bonds, at least one of such rating agencies must give written confirmation that it will not lower or withdraw the rating as a result of the Issuer's execution of such forward purchase agreement. In the event of any inconsistency between the terms and conditions of such forward purchase agreement and this Agreement, the terms and conditions of this Agreement shall control.

SECTION 6. Redemption or Acceleration of Maturity. The Issuer shall not accelerate or defer the maturity or redemption of the Refunded Bonds so as to modify the debt service set forth on Schedule A attached hereto.

SECTION 7. Indemnity. To the extent permitted by law and without waiving sovereign immunity, the Issuer hereby assumes liability for, and hereby agrees to indemnify, protect, save and keep harmless, the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against at any time, the Escrow Agent (whether or not also indemnified against the same by the Issuer or any other person under any other agreement or instrument) which relates to or arises out of the execution and delivery of this Agreement, the establishment of the Escrow Account established hereunder, the acceptance of the funds and securities deposited therein, transfer or other application of funds or securities by the Escrow Agent in accordance with the

provisions of this Agreement; provided, however, that the Issuer shall not be required to indemnify the Escrow Agent against its own negligence or willful misconduct or that of a third party. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement. The Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Total Debt Service for the Refunded Bonds.

SECTION 8. Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds deposited therein, the purchase of the securities, the retention of the securities or the proceeds thereof or for any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent or non-willful act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The Escrow Agent shall, however, be responsible for its negligent or willful failure to comply with its duties required hereunder, and its negligent or willful acts, omissions or errors hereunder. The duties and obligations of the Escrow Agent may be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Issuer, at the Issuer's expense, and in reliance upon the opinion of such counsel, shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

SECTION 9. Resignation of Escrow Agent. The Escrow Agent may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer, any rating agency then providing a rating on the Refunded Bonds, and the Paying Agent for the Refunded Bonds not less than sixty (60) days before such resignation shall take effect. Such resignation shall not take effect until the appointment of a new Escrow Agent hereunder.

SECTION 10. Removal of Escrow Agent.

(a) The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders of not less than fifty-one percent (51%) in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the Issuer, and notice in writing given by such holders to the original purchaser or purchasers of the Series 2016 Bond and published by the Issuer once in a newspaper of general circulation in the territorial limits of the Issuer, and in a daily newspaper or financial journal of general circulation in the City of New York, New York, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of

any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Agent.

(b) The Escrow Agent may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by any court of competent jurisdiction upon the application of the Issuer or the holders of not less than five percent (5%) in aggregate principal amount of the Series 2016 Bond then outstanding, or the holders of not less than five percent (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

(c) The Escrow Agent may not be removed until a successor Escrow Agent has been appointed in the manner set forth herein.

SECTION 11. Successor Escrow Agent.

(a) If, at any time hereafter, the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Agent shall thereupon become vacant. If the position of Escrow Agent shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall immediately appoint an Escrow Agent to fill such vacancy and, upon such appointment, all assets held hereunder shall be transferred to such successor. The Issuer shall either (i) publish notice of any such appointment made by it once in each week for four (4) successive weeks in a newspaper of general circulation published in the territorial limits of the Issuer and in a daily newspaper or financial journal of general circulation in the City of New York, New York, or (ii) mail a notice of any such appointment made by it to the holders of the Refunded Bonds within thirty (30) days after such appointment.

(b) At any time within one year after such vacancy shall have occurred, the holders of a majority in principal amount of the Series 2016 Bond then outstanding or a majority in principal amount of the Refunded Bonds then outstanding, by an instrument or concurrent instruments in writing, executed by either group of such bondholders and filed with the governing body of the Issuer, may appoint a successor Escrow Agent, which shall supersede any Escrow Agent theretofore appointed by the Issuer. Photographic copies of each such instrument shall be delivered promptly by the Issuer, to the predecessor Escrow Agent and to the Escrow Agent so appointed by the Bondholders. In the case of conflicting appointments made by the Bondholders under this paragraph, the first effective appointment made during the one year period shall govern.

(c) If no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this Section, the holder of any Refunded Bonds then outstanding, or any retiring Escrow Agent, may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Agent.

(d) Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Escrow Agent hereunder and vested with all the trust, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any parties hereto, anything herein to the contrary notwithstanding, provided such successor shall have reported total capital and surplus in excess of \$500,000,000, provided that such successor Escrow Agent assumes in writing all the trust, duties and responsibilities of the Escrow Agent hereunder.

SECTION 12. Payment to Escrow Agent. The Escrow Agent hereby acknowledges that it has agreed to accept compensation under the Agreement in the sum of \$3,000.00 for services to be performed by the Escrow Agent pursuant to this Agreement. The Escrow Agent shall have no lien or claim against funds in the Escrow Account for payment of obligations due it under this Section.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Bonds have been paid and discharged in accordance with the proceedings authorizing the Refunded Bonds.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, notice of such event shall be sent to Fitch Ratings Inc., Moody's Investors Service, Inc., and Standard & Poor's Ratings Group but such covenant or agreements herein contained shall be null and void and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Amendments to this Agreement. This Agreement is made for the benefit of the Issuer and the Holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended in whole or in part without the written consent of all affected Holders, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such Holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such Holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent, for the benefit of the Holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such Holders or the Escrow Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall, at its option, be entitled to request at the Issuer's expense and rely exclusively upon an opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to the Issuer with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section. Prior written notice of such amendments, together with proposed copies of such amendments, shall be provided to Fitch Ratings Inc., Moody's Investors Service, Inc., and Standard & Poor's Ratings Group (but only to the extent such agencies have a rating outstanding on any of the Refunded Bonds).

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

[Remainder of page intentionally left blank]

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

CITY OF PANAMA CITY BEACH, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST:

By: _____
City Clerk

Approved as to form and
correctness:

City Attorney

ESCROW DEPOSIT AGREEMENT

REGIONS BANK

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

SCHEDULE A

TOTAL DEBT SERVICE TO REDEMPTION OF REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	Early Redemption <u>Premium</u>	<u>Interest</u>	Debt Service Requirements of the Refunded Bonds to Early <u>Redemption</u>
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TOTAL DEBT SERVICE FOR THE REFUNDED BONDS

SCHEDULE B

SCHEDULE OF SECURITIES
TO BE PURCHASED AT CLOSING

<u>Purchase Date</u>	<u>Type of Security</u>	<u>Type of SLGS</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>

EXHIBIT "C"

FORM OF PURCHASER'S CERTIFICATE

PURCHASER'S CERTIFICATE

Ameris Bank, a Florida corporation ("Bank") has agreed to make a loan in the principal amount of \$_____ (the "Loan") to the City of Panama City Beach, Florida (the "Issuer"), the repayment of which is evidenced by the Issuer's Utility Revenue Refunding Bond, Series 2016, in the principal amount of \$_____ (the "Series 2016 Bond"). In connection with the foregoing and in consideration for its acquisition of the Series 2016 Bond, Bank hereby certifies follows:

Bank has not required the Issuer to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with Loan and the Series 2016 Bond, and no inference should be drawn that the Bank, in the acceptance of the Series 2016 Bond, is relying on Bryant Miller Olive P.A., as Bond Counsel, or Harrison Sale McCloy, as City Attorney as to any such matters other than the legal opinions rendered by Bond Counsel and by the City Attorney. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. 98-6 adopted on March 24, 1998, as supplemented by Resolution No. _____ adopted on April __, 2016 (collectively, the "Bond Resolution").

We are aware that the making of the Loan and the acquisition of the Series 2016 Bond involves various risks, that the Series 2016 Bond is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Series 2016 Bond is secured solely from the sources described in the Bond Resolution (the "Pledged Revenues").

We have made such independent investigation of the Pledged Revenues as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our decision to make the Loan and acquire the Series 2016 Bond, we have relied upon the accuracy of information which has been provided to us.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Series 2016 Bond and can bear the economic risk of our investment in the Series 2016 Bond.

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

We are not acting as a broker or other intermediary, and are making the Loan and acquiring the Series 2016 Bond for our own account and not with a present view towards a

resale or other distribution to the public. We understand that the Series 2016 Bond may not be transferred in a denomination less than the par amount outstanding at the time of transfer.

We are not making the Loan and acquiring the Series 2016 Bond for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

We are a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes.

DATED this _____ day of April, 2016.

AMERIS BANK

By: _____
Name:
Title:

EXHIBIT "D"

FORM OF DISCLOSURE STATEMENT

EXHIBIT "D"

FORM OF DISCLOSURE STATEMENT

DISCLOSURE CERTIFICATE

Ameris Bank (the "Bank"), as Bank on this date of a loan in the amount of \$_____ which such loan is evidenced by the \$_____ Utility Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bond"), dated _____, 2016, of the City of Panama City Beach, Florida (the "Issuer"), pursuant to Section 218.385, Florida Statutes, hereby states as follows:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us in connection with the issuance of the Series 2016 Bond (such fees and expenses to be paid by the Issuer):

\$5,000 Bank Counsel Fee

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Bank in connection with the issuance of the Series 2016 Bond to any person not regularly employed or retained by the Bank (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Bank, as set forth in paragraph (1) above:

(b) No person has entered into an understanding with the Bank, or to the knowledge of the Bank, with the Issuer, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Bank or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2016 Bond.

3. The amount of the total underwriting spread or bond discount expected to be realized is \$0.00.

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

5. Truth-in-Bonding Statement:

The Series 2016 Bond is being issued primarily to refinance the Refunded Bonds.

Unless earlier redeemed, the Series 2016 Bond is expected to be repaid by June 1, 2036; at an interest rate of 2.78% and total interest paid over the life of the Series 2016 Bond is estimated to be \$_____.

The Series 2016 Bond will be payable solely from the Pledged Revenues in the manner and to the extent described in Resolution No. 98-6 adopted by the Issuer on March 24, 1998, as amended and supplemented, and in particular as supplemented by Resolution No. _____ adopted on April _____, 2016 (collectively, the "Bond Resolution"). Issuance of the Series 2016 Bond is estimated to result in approximately \$_____ of revenues of the Issuer not being

available to finance other services of the Issuer each year during the life of the Series 2016 Bond. This paragraph is provided pursuant to Section 218.385, Florida Statutes.

6. The address of the Bank is: Ameris Bank
11790 Panama City Beach Parkway
Panama City Beach, Florida 32407
Attention: _____

IN WITNESS WHEREOF, the undersigned has executed this statement on behalf of the Bank on the day and year first written above.

AMERIS BANK

By: _____
Name:
Its:

EXHIBIT "E"

COSTS OF ISSUANCE

<u>Cost of Issuance</u>	<u>Estimated Amount</u>
Bond Counsel Fee	\$32,500
City Attorney Fee	32,500
Bank's Counsel Fee	5,000
Financial Advisor Fee	30,000
Escrow Structuring/Bidding Fee ⁽¹⁾	25,000
Verification Agent Fee	1,500
Escrow Agent Fee	3,000
Miscellaneous/Expenses	10,000
	<hr/>
	\$139,500
	<hr/> <hr/>

⁽¹⁾ This fee will only apply if a competitively bid open market escrow is completed that will generate additional savings net of the bidding fee. If SLGS are used fee will be \$2,500