RESOLUTION NO. 12-08

A RESOLUTION OF THE CITY OF MARCO ISLAND, FLORIDA, AMENDING AND RESTATING RESOLUTION NO. 07-65 IN ITS ENTIRETY; AUTHORIZING THE ISSUANCE OF THE CITY OF MARCO ISLAND, FLORIDA SPECIAL ASSESSMENT REVENUE BOND, SERIES 2012 (KENDALL ASSESSMENT AREA WASTEWATER TREATMENT CAPACITY IMPROVEMENTS) IN THE PRINCIPAL AMOUNT OF $1,450,000 FOR THE PRINCIPAL PURPOSE OF FINANCING, REFINANCING AND/OR REIMBURSING WASTEWATER TREATMENT CAPACITY IMPROVEMENTS TO SERVE THE KENDALL ASSESSMENT AREA; PROVIDING THAT SUCH BOND SHALL BE A LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM CERTAIN ASSESSMENTS AS DESCRIBED HEREIN; PROVIDING FOR THE RIGHTS, SECURITIES AND REMEDIES FOR THE OWNER OF SUCH BOND; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARCO ISLAND, FLORIDA:

SECTION 1. Authority. This Resolution is adopted pursuant to the provisions of Article VIII, Section 2 of the Constitution of the State of Florida, Chapter 166, Florida Statutes, the Assessment Ordinance, the Charter of the City of Marco Island, Florida, and other applicable provisions of law, and the Original Resolution.

SECTION 2. Definitions. The following words and phrases shall have the following meanings when used herein:

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

"Assessment Ordinance" means City Ordinance No. 99-1, codified in the City Code in Sections 2-281 through 2-379, as may be amended from time to time, or its successor in function.

"Assessment Resolution" means Resolution No. 07-56, adopted by the City Council of the Issuer on October 1, 2007, as amended and supplemented from time to time, and as

particularly supplemented by Resolution No. 07-63, adopted by the City Council of the Issuer on November 5, 2007.

"Assessments" means special assessments (sometimes characterized as non-ad valorem assessments) imposed by the Issuer against property located within the Kendall Assessment Area to fund that portion of the Project Cost attributable to Wastewater Treatment Capacity Improvements to serve the Kendall Assessment Area and related expenses, computed in the manner described in the Assessment Resolution. The term "Assessments" shall include payments advanced or funded by the Issuer with respect to such Wastewater Treatment Capacity Improvements on behalf of an owner of property subject to an Assessment who has entered into a Deferred Payment Agreement authorized by Section 3.09 or 3.10 of the Assessment Resolution. The term "Assessments" shall not include any Wastewater Collection Assessments.

"Bond" means the City of Marco Island, Florida Special Assessment Revenue Bond, Series 2012 (Kendall Assessment Area Wastewater Treatment Capacity Improvements) of the Issuer authorized by Section 4 hereof, which constitutes an Original Obligation, as such term is defined in the Assessment Resolution.

"Bond Counsel" means Bryant Miller Olive P.A., or another nationally recognized bond counsel firm appointed by the Issuer.

"Business Day" means any day except any Saturday or Sunday or day on which the Principal Office of the Original Purchaser is closed.

"Chairman" means the Chairman of the Issuer, or in his or her absence or inability to act, the Vice Chairman of the Issuer.

"City Attorney" means the duly appointed and acting City Attorney of the Issuer or any duly authorized deputy thereof.

"City Clerk" means the duly appointed and acting City Clerk of the Issuer or any duly authorized deputy or assistant thereof.

"City Manager" means the duly appointed and acting City Manager of the Issuer, or any duly authorized deputy or assistant City Manager of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"Deferred Payment Agreement" means the agreement resulting from the Issuer's advance and funding, on behalf of the owner of such property, the assessment otherwise attributable to that property, and the agreement shall in turn provide for the alternative

consensual special assessment of the benefited property collected separate and apart from other Assessments imposed as a result thereof.

"Federal Securities" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which are not redeemable prior to maturity at the option of the obligor.

"Finance Director" means the duly appointed and acting Finance Director of the Issuer or any duly authorized deputy or assistant thereof.

"Issuer" or "City" means the City of Marco Island, Florida, a municipal corporation of the State of Florida.

"Kendall Assessment Area" shall have the meaning ascribed thereto in the Assessment Resolution.

"Maturity Date" means January 15, 2030.

"Original Purchaser" means Branch Banking and Trust Company, the original purchaser of the Bond.

"Original Resolution" means Resolution No. 07-65, adopted by the City Council of the Issuer on November 5, 2007.

"Owner" or "Holder" means the Person in whose name or names the Bond shall be registered on the books of the Issuer kept for that purpose in accordance with provisions of this Resolution.

"Permitted Investments" means investments permitted by the Issuer's written investment policy and applicable law.

"Person" means natural persons, firms, trusts, estates, associations, corporations, partnerships and public bodies.

"Pledged Revenues" means the Assessments.

"Principal Office" means, with respect to the Original Purchaser, the office located at Branch Banking and Trust Company, Governmental Finance, 5130 Parkway Plaza Boulevard, Building 9, Charlotte, North Carolina 28217, or such other office as the Owner may designate in writing to the Issuer.

"Project" means the Wastewater Treatment Capacity Improvements.

"Project Cost" shall have the meaning ascribed thereto in the Assessment Resolution, and shall include reimbursements.

"Refunding Obligations" shall have the meaning ascribed thereto in the Assessment Resolution.

"Resolution" means the Original Resolution, as amended and restated in its entirety by this Resolution pursuant to which the Bond is authorized to be issued, including any Supplemental Resolution(s) adopted pursuant to Section 12 hereof.

"SRF Loan" means the State Revolving Fund loan undertaken by the Issuer from the State of Florida Department of Environmental Protection for purposes of financing the Wastewater Collection Improvements serving the Kendall Assessment Area.

"State" means the State of Florida.

"Supplemental Resolution" means any resolution amendatory or supplemental to this Resolution adopted by the Issuer in accordance with Section 12 hereof.

"Wastewater Collection Assessments" means special assessments (sometimes characterized as non-ad valorem assessments) imposed by the Issuer against property located within the Kendall Assessment Area to fund the costs of Wastewater Collection Improvements to serve the Kendall Assessment Area and related expenses.

"Wastewater Collection Improvements" shall have the meaning ascribed thereto in the Assessment Resolution.

"Wastewater Treatment Capacity Improvements" shall have the meaning ascribed thereto in the Assessment Resolution.

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

(a) The Issuer previously adopted the Original Resolution authorizing the issuance of the Bond in the principal amount of not to exceed $16,700,000 for the purpose of financing, refinancing and/or reimbursing Wastewater Collection Improvements and Wastewater Treatment Capacity Improvements to serve the Kendall Assessment Area.

(b) Subsequent to its adoption of the Original Resolution, the Issuer was presented with a lower cost alternative to the issuance of the Bond for the purpose of financing the Wastewater Collection Improvements only (and not the Wastewater Treatment Capacity Improvements), namely executing the SRF Loan.

(c) Section 18 of the Original Resolution provided for and directed the institution of bond validation proceedings pursuant to Chapter 75, Florida Statutes. On August 12, 2008, the Circuit Court of the Twentieth Judicial Circuit of the State of Florida, in and for Collier County, Florida, entered a Final Judgment validating the Bond, the SRF Loan and related matters in Case No. 08-4002-CA, and the appeal period has expired without any appeal having been filed.

(d) The Issuer has provided for the financing of a portion of the Wastewater Collection Improvements through the SRF Loan and now seeks to finance a portion of the Wastewater Treatment Capacity Improvements through issuance of the Bond.

(e) The Original Resolution provided for the adoption of a Supplemental Resolution determining the Original Purchaser of the Bond and certain other terms and provisions thereof, including but not limited to interest rate, payment and maturity dates.

(f) Instead of fixing such details pursuant to Supplemental Resolution, the Issuer desires to amend and restate in its entirety the Original Resolution hereby in order to, amongst other things, fix such details including modifications of the Series designation from "2009" to "2012" and to provide that proceeds of the Bond will be used to finance the Wastewater Treatment Capacity Improvements and not the Wastewater Collection Improvements.

(g) For the benefit of its inhabitants, the Issuer finds, determines and declares that it is necessary for the continued preservation of the health, welfare, convenience and safety of the Issuer and its inhabitants and in the public interest to provide for the financing, refinancing and/or reimbursing some of that portion of the Project Cost attributable to Wastewater Treatment Capacity Improvements through the issuance of the Bond. Issuance of the Bond to finance, refinance and/or reimburse some of such portion of the Project Cost satisfies a paramount public purpose.

(h) Upon the issuance of the Bond, the Assessments will have been imposed pursuant to the Assessment Ordinance and the Assessment Resolution.

(i) Debt service on the Bond will be payable solely from the Pledged Revenues.

(j) The Issuer has received an offer from the Original Purchaser to purchase the Bond, and the Issuer desires to accept such offer.

(k) In consideration of the purchase and acceptance of the Bond authorized to be issued hereunder by those who shall be the Owner thereof from time to time, this Resolution shall constitute a contract between the Issuer and the Owner.

SECTION 4. <u>Authorization of the Project and the Bond</u>.

(a) There is hereby authorized the design, permitting, acquisition and construction of the Project.

(b) Subject and pursuant to the provisions of this Resolution, an obligation of the Issuer to be known as City of Marco Island, Florida, Special Assessment Revenue Bond, Series 2012 (Kendall Assessment Area Wastewater Treatment Capacity Improvements) is hereby authorized to be issued under and secured by this Resolution, in the principal amount of $1,450,000 with a final maturity date of the Maturity Date for the purpose of financing,

refinancing and/or reimbursing some of that portion of the Project Costs attributable to Wastewater Treatment Capacity Improvements.

(c) Because of the characteristics of the Bond, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Bond, it is in the best interest of the Issuer to accept the offer of the Original Purchaser to purchase the Bond at a private negotiated sale. Prior to the issuance of the Bond, the Issuer shall receive a Purchaser's Certificate from the Original Purchaser in the form attached hereto as Exhibit B, and the Disclosure Letter from the Original Purchaser containing the information required by Section 218.385, Florida Statutes, a form of which is attached hereto as Exhibit C.

SECTION 5. Description of Bond. The Bond shall be dated the date of its delivery, which shall be a date agreed upon by the Issuer and the Original Purchaser, subject to the following terms:

(a) Interest Rate. The Bond shall have a fixed interest rate equal to 4.17% (subject to adjustment as described below, the "Interest Rate"), calculated on a 30/360 day count basis; provided, however, that such interest rate shall in no event exceed the maximum interest rate permitted by the Act.

(b) Adjustments of Interest Rate. If any interest on the Bond becomes includable in the gross income of the Holder for Federal income tax purposes (an "Event of Taxability") or because of the enactment of any amendments to existing law, the effect of which would adversely affect the Holder's after-tax yield with respect to the Bond, then the Holder shall have the right to adjust the Interest Rate in order to maintain the same after-tax yield as if such event had not occurred. This adjustment shall survive payment of the Bond until such time as the federal statute of limitations under which the interest on the Bond could be declared taxable under the Code shall have expired. For so long as this Bond is owned by the Holder, the Interest Rate set forth above assumes a maximum corporate tax rate of 35%. In the event of a change in the maximum corporate tax rate, so long as the Bond is owned by the Holder, or its successors and assigns, the Holder shall have the right to adjust such Interest Rate in order to maintain the same after-tax yield.

(c) Principal and Interest Payment Dates. Interest on the Bond shall be paid semi-annually, on each January 15th and July 15th until maturity, commencing on July 15, 2012 and thereafter until the Maturity Date. Principal on the Bond shall amortize on January 15 of the years and in the amounts to be set forth in Bond, commencing on January 15, 2013; provided, however, the final maturity of the Bond shall be the Maturity Date.

(d) The Bond shall be subject to prepayment prior to maturity at the option of the Issuer in the manner as provided in the Bond.

(e) The Bond is to be in substantially the form set forth in Exhibit A attached hereto, together with such non-material changes as shall be approved by the Chairman, such approval to be conclusively evidenced by the execution thereof by the Chairman. The Bond shall be executed on behalf of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer, and be attested and countersigned with the manual or facsimile signature of the City Clerk, to be approved as to form by the City Attorney. In case any one or more of the officers who shall have signed or sealed the Bond or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. The Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although, at the date of such Bond, such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bond shall be actually sold and delivered.

SECTION 6. Registration and Exchange of the Bond; Persons Treated as Owner. The Bond is to be initially registered to the Original Purchaser. So long as the Bond shall remain unpaid, the Issuer will keep books for the registration and transfer of the Bond. The Bond shall be transferable only upon such registration books and only in accordance with the limitations contained in the Bond. Notwithstanding anything herein to the contrary, the Bond may not be transferred in a denomination less than $100,000 under any circumstances.

The Person in whose name the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal and interest on the Bond shall be made only to or upon the written order of the Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

SECTION 7. Payment of Principal and Interest; Limited Obligation. The Issuer promises that it will promptly pay the principal of and interest on the Bond at the place, on the dates and in the manner provided therein according to the true intent and meaning hereof and thereof. The Bond shall not be or constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from the Pledged Revenues in accordance with the terms hereof. No holder of the Bond issued hereunder shall ever have the right to compel the exercise of any ad valorem taxing power or the use of ad valorem tax revenues to pay such Bond, or be entitled to payment of such Bond from any funds of the Issuer except from the Pledged Revenues as described herein.

SECTION 8. Pledged Revenues; Refunding Debt.

(a) The Issuer hereby pledges the Pledged Revenues to the payment of amounts due on the Bond.

(b) For so long as the Bond shall be unpaid, except with the written consent of the Owner of the Bond, the Issuer will not issue any other obligations or incur any indebtedness payable from the Pledged Revenues, except for Refunding Obligations which may be payable from the Pledged Revenues on a parity basis.

(c) The Issuer has undertaken extraordinary means to provide for alternative and lawful payment opportunities for landowners whose property is subjected to Assessments and to collect same in lieu of and separate and apart from Assessments pledged hereunder in order to improve community acceptance of the sewering of the Kendall Assessment Area and to more efficiently advance planning and construction of improvements comprising the Issuer's water and wastewater utility system. Affected landowners have been given the option of entering into a Deferred Payment Agreement with the Issuer pursuant to which the Issuer shall prepay or otherwise cause the payment of the Assessments for landowners who voluntarily enter into such agreement. Once the Assessments are paid by the Issuer on behalf of such landowners and the lien is transferred to a Deferred Payment Agreement, the proceeds received by the Issuer from such agreements shall not be construed as Pledged Revenues.

SECTION 9. Project Fund. There is hereby created an account to be known as the City of Marco Island Special Assessment Revenue Bond, Series 2012 (Kendall Assessment Area Wastewater Treatment Capacity Improvements) Project Fund (the "Project Fund"). Amounts in the Project Fund shall be used to finance, refinance and/or reimburse Project Costs. Amounts on deposit in the Project Fund may be invested in Permitted Investments. The Project Fund is a trust fund created for the benefit of the Owner of the Bond, and is subject to a lien in favor of the Owner of the Bond.

SECTION 10. Application of Proceeds of Bond. At the time of delivery of the Bond herein authorized, all of the proceeds from the sale of the Bond shall be deposited into the Project Fund. The costs of issuing the Bond will be paid from other legally available funds of the Issuer.

SECTION 11. Tax Covenant. The Issuer covenants to the Holder of the Bond provided for in this Resolution that the Issuer will not make any use of the proceeds of the Bond at any time during the term of the Bond which, if such use had been reasonably expected on the date the Bond was issued, would have caused such Bond to be an "arbitrage bond" within the meaning of the Code. The Issuer will comply with the requirements of the Code and any valid and applicable rules and regulations promulgated thereunder necessary to ensure the exclusion of interest on the Bond from the gross income of the Holders thereof for purposes of federal income taxation.

SECTION 12. Amendment. Prior to the issuance of the Bond, this Resolution can be modified or amended at any time without limitation pursuant to Supplemental Resolution. Thereafter, this Resolution, or any Supplemental Resolution relating hereto, shall not be modified or amended in any respect pursuant to Supplemental Resolution except with the written consent of the Owner of the Bond.

SECTION 13. Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bond are intended or shall be construed to give to any Person other than the Issuer and the Owner any legal or equitable right, remedy or claim under or with respect to this Resolution or any covenants, conditions and provisions herein contained; this Resolution and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Owner.

SECTION 14. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer shall issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and in substitution for such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost and upon the Owner furnishing the Issuer proof of ownership thereof and indemnity reasonably satisfactory to the Issuer and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. The Bond so surrendered shall be canceled.

SECTION 15. Impairment of Contract. The Issuer covenants with the Owner of the Bond that it will not, without the written consent of the Owner of the Bond, enact any ordinance or adopt any resolution which repeals, impairs or amends in any manner materially adverse to the Owner the rights granted to the Owner of the Bond hereunder, without the prior written consent of such Owner.

SECTION 16. Defeasance. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and prepayment premium, if any and if applicable, with respect to the Bond herein authorized, then, and in that event, the lien on Pledged Revenues described herein in favor of the Owner of the Bond shall be no longer in effect. For purposes of the preceding sentence, deposit of sufficient cash and/or Federal Securities or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) in irrevocable trust with a banking institution or trust company, for the sole benefit of the Owner of the Bond in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of and a prepayment premium, if any, and interest on the Bond in accordance with their terms, and any other expenses occasioned by escrow arrangements. Nothing herein shall be deemed to require the Issuer to prepay the Bond prior to

maturity pursuant to any applicable optional prepayment provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

SECTION 17. Events of Default; Remedies of Owner. The following shall constitute Events of Default:

(a) if the Issuer fails to make any payment of principal of or interest on the Bond as the same becomes due and payable;

(b) if the Issuer defaults in the performance or observance of any covenant or agreement contained in this Resolution or the Bond (other than as set forth in (a) above) and fails to cure the same within thirty (30) days; or

(c) filing of a petition by or against the Issuer relating to bankruptcy, reorganization, arrangement or readjustment of debt of the Issuer or for any other relief relating to the Issuer under the United States Bankruptcy Code, as amended, or any other insolvency act or law now or hereafter existing, or the involuntary appointment of a receiver or trustee for the Issuer, and the continuance of any such event for 90 days undismissed or undischarged.

Upon the occurrence and during the continuation of any Event of Default, the Owner of the Bond may, in addition to any other remedies set forth in this Resolution or the Bond, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted or contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, or by any applicable statutes to be performed by the Issuer or by any officer thereof, including declaring the unpaid principal amount to be immediately due and payable and such amount shall be immediately due and payable.

SECTION 18. Financial Information. The Issuer shall provide the Bondholder with such financial information regarding the Issuer as the Bondholder may reasonably request. The Issuer hereby covenants that it shall promptly give written notice to the Bondholder of any litigation or proceeding which if determined adversely to the Issuer would adversely affect the security for the payment of the Bond. Not later than 210 days after the close of each Fiscal Year, the Issuer shall provide the Bondholder with its Comprehensive Annual Financial Report including annual financial statements for each Fiscal Year of the Issuer, prepared in accordance with applicable law and generally accepted accounting principles and audited by an independent certified public accountant. All accounting terms not specifically defined or specified herein shall have the meanings attributed to such terms under generally accepted accounting principals as in effect from time to time consistently applied.

SECTION 19. Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not

affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

SECTION 20. Business Days. In any case where the due date of interest on or principal of a Bond is not a Business Day, then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day, provided that credit for payments made shall not be given until the payment is actually received by the Owner.

SECTION 21. Applicable Provisions of Law. This Resolution shall be governed by and construed in accordance with the laws of the State.

SECTION 22. Rules of Interpretation. Unless expressly indicated otherwise, references to sections or articles are to be construed as references to sections or articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Resolution and not solely to the particular portion in which any such word is used.

SECTION 23. Captions. The captions and headings in this Resolution are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

SECTION 24. City Council Members Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Resolution or the Bond or for any claim based thereon or otherwise in respect thereof, shall be had against any City Council members, charter officials or employees of the Issuer as such, of the Issuer, past, present or future, either directly or through the Issuer it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the City Council members, charter officials or employees of the Issuer as such, under or by reason of the obligations, covenants or agreements contained in this Resolution or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such City Council member, as such, are waived and released as a condition of, and as a consideration for, the adoption of this Resolution and the issuance of the Bond, on the part of the Issuer.

SECTION 25. Authorizations. The Chairman and any member of the City Council, the City Manager, the Finance Director, the City Attorney, the City Clerk and such other officials and employees of the Issuer as may be designated by the Issuer are each designated as agents of the Issuer in connection with the issuance and delivery of the Bond and are authorized and empowered, collectively or individually, to take all actions and steps and to execute all instruments, documents, and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the Bond, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution.

SECTION 26. Repealer. Resolution No. 07-65 previously adopted by the City Council is hereby amended and restated in its entirety. All other resolutions or parts thereof in conflict herewith are hereby repealed.

SECTION 27. No Third Party Beneficiaries. Except such other persons as may be expressly described in this Resolution or in the Bond, nothing in this Resolution or in the Bond, expressed or implied, is intended or shall be construed to confer upon any person, other than the Issuer and the Owner, any right, remedy or claim, legal or equitable, under and by reason of this Resolution, or any provision thereof, or of the Bond, all provisions thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the person who shall from time to time be the Owner.

SECTION 28. Effective Date. This Resolution shall take effect immediately upon its adoption.

Passed in open and regular session through roll call vote by the City Council of the City of Marco Island, Florida this 29th day of February, 2012.

ATTEST

Laura M. Litzan, City Clerk

CITY OF MARCO ISLAND, FLORIDA

Gerard M. Gibson, Chairman

Approved as to Form:

Burt L. Saunders, City Attorney

{4433/28/00508172.DOCv5}

EXHIBIT A

FORM OF BOND

ANY HOLDER SHALL, PRIOR TO BECOMING A HOLDER, EXECUTE A PURCHASER'S CERTIFICATE IN THE FORM ATTACHED TO THE RESOLUTION (HEREIN DEFINED) CERTIFYING, AMONG OTHER THINGS, THAT SUCH HOLDER IS AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN THE SECURITIES ACT OF 1933, AS AMENDED, AND REGULATION D THEREUNDER.

January 15, 2030 $1,450,000

CITY OF MARCO ISLAND, FLORIDA
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2012
(KENDALL ASSESSMENT AREA WASTEWATER
TREATMENT CAPACITY IMPROVEMENTS)

KNOW ALL MEN BY THESE PRESENTS that the City of Marco Island, Florida (the "Issuer"), a municipal corporation created and existing pursuant to the Constitution and the laws of the State of Florida, for value received, promises to pay from the sources hereinafter provided, to the order of BRANCH BANKING AND TRUST COMPANY or registered assigns (hereinafter, the "Owner"), the principal sum of $1,450,000, together with interest on the principal balance outstanding at the rate per annum of 4.17% (as the same may be adjusted as described herein) calculated on a 30/360 day count basis.

Principal of and interest on this Bond are payable in lawful money of the United States of America at such place as the Owner may designate to the Issuer in writing.

If any interest on this Bond becomes includable in the gross income of the Owner for Federal income tax purposes (an "Event of Taxability") or because of the enactment of any amendments to existing law, the effect of which would adversely affect the Owner's after-tax yield with respect to this Bond, then the Owner shall have the right to adjust the Interest Rate with the same after-tax yield as if such event had not occurred. This adjustment shall survive payment of this Bond until such time as the federal statute of limitations under which the interest on this Bond could be declared taxable under the Internal Revenue Code of 1986, as amended, shall have expired. For so long as this Bond is owned by the Owner, the Interest Rate set forth above assumes a maximum corporate tax rate of 35%. In the event of a change in the maximum corporate tax rate, so long as this Bond is owned by the Owner, or its successors and assigns, the Owner shall have the right to adjust such Interest Rate in order to maintain the same after-tax yield.

Interest shall be payable semi-annually to the Owner on each January 15th and July 15th, commencing on July 15, 2012.

Principal on this Bond shall amortize on January 15th of the following years:

Year	Principal Amortization
2013	$62,795.67
2014	57,688.16
2015	60,093.76
2016	62,599.67
2017	65,210.08
2018	67,929.34
2019	70,761.99
2020	73,712.77
2021	76,786.59
2022	79,988.59
2023	83,324.11
2024	86,798.73
2025	90,418.23
2026	94,188.67
2027	98,116.34
2028	102,207.79
2029	106,469.86
2030	110,909.65

As described above, the final installment of the entire unpaid principal balance, together with all accrued and unpaid interest hereon, is due and payable on January 15, 2030.

If any date for the payment of principal and interest hereon shall fall on a day which is not a Business Day (as defined in the Resolution (hereinafter defined)) the payment due on such date shall be due on the next succeeding day which is a Business Day, but the Issuer shall not receive credit for the payment until it is actually received by the Owner.

All payments by the Issuer pursuant to this Bond shall apply first to accrued interest, then to other charges due the Owner, and the balance thereof shall apply to principal.

This Bond may be prepaid at the option of the Issuer in whole or in part, upon prior written notice of at least ten (10) days, on any scheduled interest payment date, together with a prepayment penalty, if any, from (i) the proceeds of Refunding Obligations, (ii) Assessments prepaid pursuant to Sections 3.07 or 3.08 of the Assessment Resolution, (iii) Assessments prepaid by the Issuer pursuant to Sections 3.09 or 3.10 of the Assessment Resolution, or (iv) any

other legally available source. Twenty percent (20%) or less of the original principal sum of this Bond may be prepaid in any calendar year without prepayment penalty. A one percent (1%) prepayment penalty shall apply to that portion of the total amount prepaid in a given calendar year which exceeds twenty percent (20%) of the original principal sum of this Bond. Such prepayments shall be applied first to accrued interest, if any, on the portion of the Bond being prepaid and then shall be applied to principal installments as determined in the sole discretion of the Issuer.

In case of an Event of Default (as defined in the hereinafter defined Resolution), the Owner may declare the entire debt then remaining unpaid hereunder immediately due and payable; and in any such default and acceleration, the Issuer shall also be obligated to pay as part of the indebtedness evidenced by this Bond, all costs of collection and enforcement hereof, including such reasonable attorneys' fees as may be incurred, including on appeal or incurred in any proceeding under bankruptcy laws as they now or hereafter exist.

Interest at the maximum lawful rate per annum shall be payable on the entire principal balance owing hereunder from and after the occurrence of and during the continuation of a default described in the preceding paragraph, irrespective of a declaration of maturity.

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 OR USE OF AD VALOREM TAXES 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 OTHER PAYMENTS PROVIDED FOR IN THE RESOLUTION.

This Bond is issued pursuant to Article VIII, Section 2 of the Constitution of the State of Florida, Chapter 166, Florida Statutes, the Charter of the Issuer, the Assessment Ordinance, Resolution No. 07-65 adopted by the City Council of the Issuer on November 5, 2007, as amended and restated in its entirety by a resolution adopted by the City Council of the Issuer on February 29, 2012, as may be further amended and supplemented from time to time (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution. All terms, conditions and provisions of the Resolution including without limitation remedies upon the occurrence of an Event of Default are by this reference thereto incorporated herein as a part of this Bond. Payment of this Bond is secured solely by the Pledged Revenues. Terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

This Bond may be exchanged or transferred by the Owner hereof but only upon the registration books maintained by the Issuer and in the manner provided in the Resolution.

It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in the execution, delivery and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond is in full compliance with and does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Marco Island, Florida has caused this Bond to be executed in its name by the manual signature of its Chairman, attested and countersigned by the manual signature of its City Clerk and approved as to form by the manual signature of the City Attorney, and its seal to be impressed hereon, all as of this 1st day of March, 2012.

(SEAL)

ATTESTED AND COUNTERSIGNED:

CITY OF MARCO ISLAND, FLORIDA

By:_____
Laura M. Litzan, City Clerk

By:_____
Gerard M. Gibson
Chairman, City Council

APPROVED AS TO FORM:

By:_____
Burt L. Saunders, City Attorney

CERTIFICATE OF VALIDATION

This Bond was validated by judgment of the Circuit Court of the Twentieth Judicial Circuit of the State of Florida, in and for Collier County, Florida rendered on August 12, 2008.

CITY OF MARCO ISLAND, FLORIDA

By:_____
Gerard M. Gibson
Chairman, City Council

EXHIBIT B

FORM OF PURCHASER'S CERTIFICATE

This is to certify that Branch Banking and Trust Company (the "Purchaser") has not required the City of Marco Island, Florida (the "Issuer") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with the issuance of the $1,450,000 City of Marco Island, Florida, Special Assessment Revenue Bond, Series 2012 (Kendall Assessment Area Wastewater Treatment Capacity Improvements) dated March 1, 2012 (the "Bond") and no inference should be drawn that the Purchaser, in the acceptance of said Bond, is relying on Bryant Miller Olive P.A., Bond Counsel or Gray Robinson, P.A., 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. 07-65 adopted by the City Council of the Issuer on November 5, 2007, as amended and restated in its entirety by a resolution adopted by the City Council of the Issuer on February 29, 2012, as may be further amended and supplemented from time to time (collectively, the "Resolution").

We are aware that investment in the Bond involves various risks, that the Bond is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Bond is secured solely from the sources described in the 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 investment decision, we have relied upon the accuracy of information which has been provided to us by the Issuer.

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

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

We are not acting as a broker or other intermediary, and are purchasing the Bond as an investment for our own account and not with a present view to a resale or other distribution to the public. We understand that the Bond may not be transferred in a denomination less than $100,000 in any circumstances.

We are a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the 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 "state bank" under the laws of the State of North Carolina.

DATED this 1st day of March, 2012.

BRANCH BANKING AND TRUST COMPANY

By:_____
Name: Michael C. Smith
Title: Assistant Vice President

EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as purchaser, has negotiated with the City of Marco Island, Florida (the "Issuer") for the private purchase of its $1,450,000 City of Marco Island, Florida, Special Assessment Revenue Bond, Series 2012 (Kendall Assessment Area Wastewater Treatment Capacity Improvements) dated March 1, 2012 (the "Bond"). Prior to the award of the Bond, the following information is hereby furnished to the Issuer:

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

Legal Fees:
Greenberg Traurig, P.A.
$2,250
Bank Credit Review Fee:
$250

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Bank in connection with the issuance of the 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 Bond.

3. The amount of the underwriting spread expected to be realized by the Bank is $0.

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

5. Truth-in-Bonding Statement:

The Bond is being issued primarily to finance, refinance and/or reimburse Wastewater Treatment Capacity Improvements to serve the Kendall Assessment Area as such terms are defined in the Resolution hereinafter described.

The Bond is expected to be repaid on January 15, 2030. At a fixed rate of 4.17%, total interest paid over the life of the Bond is estimated to be $629,622.52.

The Bond will be payable solely from Pledged Revenues as described in Resolution No. 07-65 adopted by the City Council of the Issuer on November 5, 2007, as amended and restated in its entirety by a resolution adopted by the City Council of the Issuer on February 29, 2012, as may be further amended and supplemented from time to time (collectively, the "Resolution"). See the Resolution for a definition of Pledged Revenues. Issuance of the Bond is estimated to result in a maximum of approximately $115,534.59 of revenues of the Issuer not being available to finance the services of the Issuer any year during the life of the Bond.

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

Branch Banking and Trust Company
Governmental Finance
5130 Parkway Plaza Boulevard, Building 9
Charlotte, North Carolina 28217

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Statement on behalf of the Bank this 1st day of March, 2012.

BRANCH BANKING AND TRUST COMPANY

By:_____
Name: Michael C. Smith
Title: Assistant Vice President