

RESOLUTION NO. 17-48

OF THE

CITY OF PENSACOLA, FLORIDA

ADOPTED SEPTEMBER 14, 2017

RELATING TO:

\$6,300,000

CITY OF PENSACOLA, FLORIDA
AIRPORT REFUNDING REVENUE NOTE, SERIES 2017

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RESOLUTION NO. 17-48

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE CITY OF PENSACOLA, FLORIDA OF AN AIRPORT REFUNDING REVENUE NOTE, SERIES 2017, IN THE PRINCIPAL AMOUNT OF \$6,300,000 TO REFUND THE CITY'S OUTSTANDING AIRPORT REVENUE NOTE, SERIES 2012, WHICH NOTE FINANCED CERTAIN CAPITAL IMPROVEMENTS AT THE PENSACOLA INTERNATIONAL AIRPORT; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH NOTE; PROVIDING FOR THE PAYMENT THEREOF; FIXING THE MATURITY, INTEREST RATE, PREPAYMENT PROVISIONS, AND OTHER DETAILS WITH RESPECT TO SUCH NOTE; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AWARDED THE SERIES 2017 NOTE; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PENSACOLA, FLORIDA:

Section 1. AUTHORITY FOR THE RESOLUTION.

This Resolution is adopted pursuant to Chapters 166 and 332, Florida Statutes, and the Charter of the City of Pensacola, Florida (the "Issuer"), and other applicable provisions of law (collectively, the "Act"), and pursuant to (i) Section 17.P.(2) of Resolution No. 59-88 duly adopted by the Issuer on September 22, 1988, as amended and supplemented (collectively, the "Original Resolution"). This Resolution shall be deemed a supplement to the Original Resolution (and as supplemented hereby, the "Resolution").

Section 2. DEFINITIONS.

All terms defined in the Original Resolution shall have the same meaning herein, unless the text otherwise expressly requires. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. The following terms shall have the following meanings herein:

"Business Day" means any day except any Saturday, Sunday, legal holiday or day on which the payment office of the Holder is lawfully closed.

"CFC Loan Agreement" shall mean that certain Loan Agreement made and entered into as of February 4, 2008, between the Issuer and Bank of America, N.A., as amended and supplemented.

"CFC Obligation" shall mean the Issuer's obligations under the CFC Loan Agreement, and the related promissory note from the Issuer to Bank of America, N.A., a national banking association, and its successors and assigns.

“City Administrator” means the City Administrator of the Issuer, or any acting or interim City Administrator, or his or her designee.

“City Attorney” means the City Attorney of the Issuer, or his or her designee.

“Clerk” means the Clerk of the Issuer, any acting, deputy, or assistant Clerk, or his or her designee.

“Chief Financial Officer” means the Chief Financial Officer of the Issuer, or his or her designee.

“Holder” shall mean any Registered Owner in whose name the Series 2017 Note is issued, as established on the registration books of the Registrar maintained for such purpose, and shall mean initially with respect to the Series 2017 Note, the Original Purchaser.

“Mayor” means the Mayor of the Issuer or the City Administrator or Chief Financial Officer on behalf of the Mayor.

“Note Counsel” shall mean Bryant Miller Olive P.A. or other national recognized bond counsel firm selected by the Issuer.

“Note Registrar” or “Registrar” shall mean an officer of the Issuer or the bank or trust company which the Issuer may from time to time designate to perform the duties herein set forth for the Registrar of the Series 2017 Note, initially the Registrar shall be the Chief Financial Officer.

“Original Purchaser” shall mean Compass Bank, an Alabama banking corporation authorized to do business in Florida, and its successors.

“Parity Obligations” shall mean the outstanding Series 2008 Bonds, Series 2010 Note and Series 2015 Note.

“Paying Agent” shall mean an officer of the Issuer or the bank or trust company which the Issuer may from time to time designate to serve as paying agent for the Series 2017 Note, initially the Paying Agent shall be the Chief Financial Officer.

“Permitted Lender” shall mean any bank, trust company, savings institution, insurance company, dealer, investment company or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes, that is engaged as a regular part of its business in making loans and is authorized to do business in the State of Florida.

“Refunded Note” shall mean the Series 2012 Note.

“Registered Owner” shall have the meaning ascribed thereto in the Original Resolution.

“Second Subordinate Contracted Payments” shall have the meaning ascribed thereto in Section 3P of Resolution No. 38-10 adopted by the Issuer on September 23, 2010, authorizing the 2010 Note.

“Series 2008 Bonds” shall mean the Issuer’s Airport Revenue Bonds, Series 2008 (AMT), issued in the original aggregate principal amount of \$35,780,000, dated as of August 14, 2008, authorized pursuant to Resolution No. 17-08 duly adopted on July 24, 2008.

“Series 2010 Note” shall mean the Issuer’s Airport Revenue Note, Series 2010 (AMT), issued in the original principal amount of \$12,310,000, dated as of September 29, 2010, authorized pursuant to Resolution No. 38-10 duly adopted on September 23, 2010.

“Series 2012 Note” shall mean the Issuer’s Airport Revenue Note, Series 2012, issued in the original principal amount of \$6,300,000, dated as of September 28, 2012, authorized pursuant to Resolution No. 42-12 duly adopted on September 13, 2012.

“Series 2015 Note” shall mean the Issuer’s Airport Refunding Revenue Note, Series 2015, issued in the original principal amount of \$12,465,000, dated as of October 16, 2015, authorized pursuant to Resolution No. 54-15 duly adopted on October 8, 2015.

“Series 2017 Note” shall mean the Airport Refunding Revenue Note, Series 2017, authorized to be issued in Section 4 hereof and in the maximum principal amount set forth therein.

Section 3. FINDINGS.

It is hereby ascertained, determined and declared that:

A. The Issuer now owns, operates and maintains the Airport Facilities and derives Airport Revenues from fees, rates, rentals and other charges made and collected therefrom.

B. The Pledged Funds are not pledged or encumbered in any manner, except for (i) payment of the Parity Obligations, (ii) payment of the Refunded Note, which will be retired on the date of issuance of the Series 2017 Note, (iii) payment of the CFC Obligation, junior and subordinate as to lien, and source of security and payment, to the payment of the Series 2017 Note and the Parity Obligations, and (iv) payment of the Second Subordinate Contracted Payments, in all manner second, junior and subordinate as to lien, and source of security and payment, to the payment of the Series 2017 Note, the Parity Obligations and the CFC Obligation.

C. Section 17.P. of the Original Resolution provides for the issuance of Additional Parity Bonds under the terms, limitations and conditions provided therein.

D. The Issuer has complied, or will comply prior to delivery of the Series 2017 Note, with all the terms, conditions and restrictions contained in the Original Resolution. The Issuer is therefore legally entitled to issue the Series 2017 Note as an “Additional Parity Bond” and a “Senior Bond” within the authorizations contained in the Original Resolution and CFC Loan Agreement, respectively.

E. The Series 2017 Note herein authorized shall be on a parity and rank equally, as to lien on and source and security for payment from the Pledged Funds and in all other respects, with the Parity Obligations.

F. The Fixed Rate Period of the Refunded Note is scheduled to end on October 1, 2017, after which time the Refunded Note shall accrue interest at the Variable Interest Rate, all as described in the Refunded Note. The Series 2017 Note is being issued at a fixed rate, thereby allowing the Issuer to avoid the interest rate risk associated with variable rate obligations.

G. The amount needed to refund the Refunded Note is not less than the net proceeds to be derived from the sale of the Series 2017 Note and certain amounts set aside for the Refunded Note in the Bond Fund at the time the Series 2017 Note is delivered.

H. The costs associated with the refunding of the Refunded Note shall be deemed to include legal expenses, fiscal expenses, expenses for estimates of costs and of revenues, accounting expenses, paying agent and registrar's fees and expenses and such other expenses as may be necessary or incidental for the financing herein authorized.

I. The estimated Pledged Funds will be sufficient to pay all of the principal of and interest on the Series 2017 Note and principal and interest payments on the Parity Obligations, as the same become due, and to make all other payments required by the Original Resolution and this Resolution or otherwise required to be paid from the Pledged Funds.

J. The Series 2017 Note and the interest thereon shall be payable solely from the Pledged Funds and shall not constitute a general or moral obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provision or limitation. The principal of and interest on the Series 2017 Note and all required sinking fund, reserve and other required payments shall not constitute a lien upon any Airport Facilities or any part thereof or any property of the Issuer, but shall be payable solely from the Pledged Funds in the manner provided herein and as provided for in the Original Resolution. Neither the State of Florida nor any political subdivision thereof, nor the Issuer shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the territory of the Issuer to pay the principal of the Series 2017 Note, the premium, if any, or the interest thereon or other costs incident thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Funds, on a parity with the Parity Obligations, in the manner provided herein and in the Original Resolution.

Section 4. AUTHORIZATION OF SERIES 2017 NOTE AND AUTHORIZATION OF REFUNDING.

(a) Subject and pursuant to the provisions hereof, an obligation of the Issuer to be known as the "Airport Refunding Revenue Note, Series 2017" herein defined as the "Series 2017 Note" is authorized to be issued in a principal amount of \$6,300,000 for the purpose of refunding the Refunded Note. Such Series 2017 Note shall be issued as an "Additional Parity Bond" under the Original Resolution and as a "Senior Bond" under the CFC Loan Agreement. Upon the issuance of the Series 2017 Note in accordance herewith and the Original Resolution, the authorization for the unissued, remaining portion of the Series 2017 Note set forth in the title hereof shall be deemed cancelled.

Because of the characteristics of the Series 2017 Note and prevailing market conditions, it is in the best interest of the Issuer to accept the offer of the Original Purchaser to purchase the Series 2017 Note at a private negotiated sale, which was based upon a competitive selection process. Prior to the issuance of the Series 2017 Note, the Issuer shall receive from the Original Purchaser a Lender's Certificate, in substantially the form attached hereto as Exhibit B and a Disclosure Statement containing the information required by Section 218.385, Florida Statutes, in substantially the form attached hereto as Exhibit C.

(b) There is hereby authorized the refunding of the Refunded Note in the manner provided herein. The proper officers of the Issuer are hereby directed to take all action and steps deemed necessary to issue and deliver the Series 2017 Note to refund the Refunded Note, and to take all other action necessary or desirable to effect the same which are not inconsistent with the terms and provisions of the Resolution, including the payment of costs of issuance relating thereto from other legally available funds of the Issuer.

Section 5. RESOLUTION TO CONSTITUTE CONTRACT.

In consideration of the acceptance of the Series 2017 Note authorized to be issued hereunder by those who shall own the same from time to time, the 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, all of which shall be of equal rank and without preference, priority or distinction of the Series 2017 Note over any other thereof, on a parity with the Parity Obligations, except as expressly provided therein and herein.

Section 6. DESCRIPTION OF SERIES 2017 NOTE.

The Series 2017 Note shall be dated the date of its execution and delivery, which shall be a date agreed upon by the Issuer and the Original Purchaser, subject to the following terms:

(A) Interest Rate. The Series 2017 Note shall have a fixed interest rate of 2.51% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months (the "Interest Rate").

(B) Principal and Interest Payment Dates. Interest on the Series 2017 Note shall be paid semi-annually on each April 1 and October 1, commencing April 1, 2018. The Series 2017 Note shall be a "Term Bond" with Amortization Installments payable annually, commencing October 1, 2018, in the amounts set forth on Schedule "I" attached to the Series 2017 Note. The entire unpaid principal balance, together with all accrued and unpaid interest thereon, shall be due and payable in full on October 1, 2027.

(C) Prepayment of the Series 2017 Note. The Series 2017 Note shall be subject to prepayment as described in the Series 2017 Note.

(D) Form of the Series 2017 Note. The Note shall be issued in registered form in substantially the form set forth in Exhibit A attached hereto, together with such non-material changes as shall be approved by the Mayor, such approval to be conclusively evidenced by the execution thereof by the Mayor.

(E) Original Denomination. The Series 2017 Note shall originally be issued in a single denomination equal to the original principal amount authorized hereunder, which denomination shall decrease commensurate with the reduction of principal as it is paid.

(F) Events of Default. The occurrence of any of the following shall constitute an Event of Default with regard to the Series 2017 Note:

(1) any enumerated Event of Default under Section 17.M. of the Original Resolution;

(2) violation of, or default in the observance or performance of, any agreement or covenant contained or referred to in this Resolution or the Original Resolution, and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the Issuer by the Original Purchaser a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder, unless the nature of the default is such that it can be remedied but cannot be remedied within the 30-day period and the Original Purchaser agrees in writing to an extension of time (which agreement shall not be unreasonably withheld) and the Issuer institutes corrective action within the period agreed upon and diligently pursues such action until the default is remedied; or

(3) the Issuer admits in writing its inability to pay its obligations hereunder or under the Original Resolution, including its obligation with respect to any Additional Parity Bonds hereafter issued; or

(4) any warranty, representation, financial statement (specifically not including projections or estimates of financial performance or results), report, schedule, certificate, statement or other document heretofore, now, or hereafter, made or furnished to the Original Purchaser by or on behalf of the Issuer shall prove to be false or misleading in any material respect.

Section 7. EXECUTION AND AUTHENTICATION OF SERIES 2017 NOTE.

Notwithstanding the provisions of Section 8 of the Original Resolution and pursuant to Section 4.01(1) of its Charter, the Issuer hereby authorizes the Mayor to execute the Series 2017 Note to be attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer, and designated legal in form and valid as drawn by the City Attorney and further authorizes the Mayor to take such other actions as shall be necessary to consummate the execution and delivery of the Series 2017 Note. The Certificate of Authentication of the Note Registrar shall appear on the Series 2017 Note, and no Series 2017 Note shall be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution unless such certificate shall have been duly executed with the manual signature of an authorized officer of the Note Registrar.

Section 8. REGISTRATION, TRANSFER AND EXCHANGE.

The transfer and exchange of the Series 2017 Note shall be registered in the registration books of the Issuer. The Chief Financial Officer of the Issuer is hereby designated as Registrar for the Series 2017 Note.

The Series 2017 Note may not be transferred except in whole. In the event the remaining principal amount outstanding of the Series 2017 Note is less than \$100,000, no transfer is permitted. Further, the transfer of any Series 2017 Note shall be restricted to Permitted Lenders. The Series 2017 Note shall contain a legend that provides that the Holder shall not transfer or authenticate the Series 2017 Note except to Permitted Lenders.

Upon surrender for transfer or exchange of the Series 2017 Note, the Issuer shall execute and the Registrar shall authenticate and deliver in the name of the Holder or the transferee or transferees, as the case may be, a new fully registered Series 2017 Note of authorized denomination of the same maturity and interest rate for the aggregate principal amount which the Holder is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution.

Notwithstanding the above, the Series 2017 Note shall not be transferred unless the transferee shall execute and deliver to the Registrar and to the Issuer a Lender's Certificate in substantially the form set forth in Exhibit "B" attached hereto.

Section 9. APPLICATION OF PROVISIONS OF THE ORIGINAL RESOLUTION.

A. The Series 2017 Note shall for all purposes be considered upon issuance to be an “Additional Parity Bond” issued under the authority of the Original Resolution, and shall be entitled to all the protection and security provided therein for the Parity Obligations, and shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations; provided that, anything provided in the Resolution to the contrary notwithstanding, the Series 2017 Note shall not share in the Debt Service Reserve Fund established for the Parity Obligations or any Additional Parity Bonds hereafter issued unless the resolution authorizing the same expressly provides otherwise.

The Series 2017 Note and the interest thereon shall not constitute a general or moral obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provision or limitation. The principal of and interest on Series 2017 Note and all required sinking fund and other required payments shall not constitute a lien upon any Airport Facilities, or any part thereof, or upon any other property of the Issuer, but shall be payable solely from the Pledged Funds, in the manner provided herein and as provided for in the Original Resolution. Neither the State of Florida nor any political subdivision thereof, nor the Issuer shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the territory of the Issuer to pay the principal of the Series 2017 Note, the premium, if any, or the interest thereon or other costs incident thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Funds, on a parity with the Parity Obligations in the manner provided herein and in the Original Resolution. It is hereby acknowledged by the Issuer that the PFC Revenues are not eligible to be used for payment of the debt service in respect of the Series 2017 Note. As used herein, the term “Passenger Facility Charges” or “PFC Revenues” shall mean per-passenger enplanement passenger facility charges levied and collected by the Issuer and approved by the FAA under the provisions of Section 1113(e) of the Federal Aviation Act of 1958 (49 U.S.C. App 1513 (e)) or any successor legislation.

The covenants and pledges contained in the Original Resolution are hereby incorporated by reference herein and shall be applicable to the Series 2017 Note in like manner as applicable to the Parity Obligations, except as specifically set forth herein. The principal of and interest on the Series 2017 Note shall be payable from the applicable funds and accounts established pursuant to the Original Resolution, all as provided herein and in the Original Resolution, on a parity with the Parity Obligations and any Additional Parity Bonds hereafter issued. The Pledged Funds shall be deposited in the Revenue Fund as provided in the Original Resolution and applied to the payment of the Series 2017 Note, on a parity with the Parity Obligations and any Additional Parity Bonds hereafter issued. Whenever the moneys in the Bond Fund are insufficient for payment of all amounts due under the Resolution, any amounts therein shall be applied ratably to all of the Bonds outstanding, including the Series 2017 Note.

The Series 2017 Note shall not be entitled to payment from moneys in the Debt Service Reserve Fund and no deposit to the Debt Service Reserve Fund is being made with respect to the Series 2017 Note. Whenever the moneys in the Sinking Fund are insufficient for payment of all amounts due thereunder, any amounts therein shall be applied ratably to all of the Bonds outstanding, including the Series 2017 Note; provided, however, moneys in the Debt Service Reserve Fund shall be applied solely to pay the Annual Debt Service Requirement in respect of the Parity Obligations or any Additional Parity Bonds then outstanding entitled to payment from the Debt Service Reserve Fund, which shall not include the Series 2017 Note.

B. Upon the issuance of the Series 2017 Note, the Issuer shall, in each month thereafter, increase the amounts of the deposits from Pledged Funds in the Revenue Fund on a parity with the other payments to the Bond Fund pursuant to Section 17.B. of the Original Resolution to provide for the payment of the principal (including Amortization Installments) and interest required in respect of the Series 2017 Note.

C. The gross amount required to pay principal of or interest and Amortization Installments on the Series 2017 Note on any payment date shall be deposited in trust for such purposes with the Paying Agent in immediately available funds on such payment date. Notwithstanding the provisions of the Original Resolution, so long as (1) the Issuer is not in default in the payment of principal, premium, if any, and interest on the Parity Obligations, and (2) all amounts required to be on deposit in the Debt Service Reserve Fund pursuant to Section 17.B.(4) of the Original Resolution are then current, and (3) the Issuer has not been notified of its default under the provisions of any applicable Reserve Account Insurance Policy, then the failure to deposit the Pledged Funds into the Revenue Fund and Bond Fund in the amounts required hereunder or under the Original Resolution shall not be deemed a default hereunder or under the Original Resolution so long as the full amount of such deposits necessary to make all such payments with respect to the Series 2017 Note, the Parity Obligations or any Additional Parity Bonds then outstanding are deposited with the Paying Agent on or prior to the date such payments are due.

Section 10. APPLICATION OF PROCEEDS OF SERIES 2017 NOTE.

On the date of execution and delivery of the Series 2017 Note, all moneys received from the sale of the Series 2017 Note shall be applied by the Issuer, together with other legally available moneys of the Issuer, to fully pay and retire the Refunded Note.

Section 11. DISPOSITION OF EXISTING FUNDS.

Amounts held in the Bond Fund with respect to the Refunded Note after issuance of the Series 2017 Note will be applied to fully pay and retire the Refunded Note.

Section 12. NOTICE AND REPORTING REQUIREMENTS.

A. Promptly after the Issuer becomes aware of the same, the Issuer will notify the Lender of any default hereunder and/or the pendency of litigation material to the Issuer's ability to repay the Series 2017 Note, specifying in each case the nature thereof and what action the Issuer has taken, is taking and/or proposes to take with respect thereto.

B. The Issuer shall furnish to the Original Purchaser each of the following:

(1) Annual Financial Statements. The audited financial statements of the Issuer prepared in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States for each fiscal year thereof within five (5) days of receipt, but no later than 180 days after the close of such fiscal year.

(2) Annual Budget. A copy of the Issuer's annual budget within ninety (90) days of the beginning of each Fiscal Year.

(3) Other Information. Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Issuer, as the Lender may from time to time reasonably request, including but not limited to certain operating indicators and covenant calculations provided under the heading, "Pensacola International Airport" of the Issuer's annual Report to Bondholders.

Section 13. AUTHORIZATION OF ALL NECESSARY ACTION; NO PERSONAL LIABILITY.

The Mayor, City Administrator, City Attorney, the Clerk, the Chief Financial Officer and such other authorized officers, employees and agents of the Issuer, are each designated as agents of the Issuer and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Issuer that are necessary or desirable in connection with the issuance of the Series 2017 Note and the refunding and retirement of the Refunded Note and which are not inconsistent with the terms and provisions of the Resolution and other actions relating to the Series 2017 Note heretofore taken by the Issuer.

No covenant, stipulation, obligation or agreement contained in the Resolution or the Series 2017 Note shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in his or her individual capacity, and neither the members of the City Council of the Issuer, nor any person executing the Series 2017 Note shall be liable personally thereon or shall be subject to any personal liability or accountability by reason of the execution and delivery thereof.

Section 14. PAYING AGENT.

The Paying Agent for the Series 2017 Note shall be the Chief Financial Officer of the Issuer.

Section 15. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2017 Note issued hereunder.

Section 16. REPEALING CLAUSE.

All ordinances and resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed; provided, however, that nothing herein shall effect any vested rights of the Holder or holders of the Parity Obligations.

Section 17. VENUE; ATTORNEY'S FEES; APPLICABLE LAW.

Venue for any claim, action or proceeding arising out of this Resolution or the Series 2017 Note shall be Escambia County, Florida.

The prevailing party in any action, claim or proceeding arising out of this Resolution or the Series 2017 Note shall be entitled to attorney's fees and costs from the losing party.

The laws of the State of Florida shall be the law applied in the resolution of any action, claim or other proceeding arising out of this Resolution and the Series 2017 Note.

Section 18. BANK QUALIFIED.

The City has previously designated the Series 2012 Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The City did not issue more than \$10,000,000 of "tax-exempt" obligations during calendar year 2012. The principal amount of the Series 2017 Note does not exceed the outstanding principal amount of the Series 2012 Note, and the weighted average maturity of the Series 2017 Note does not exceed the remaining weighted average maturity of the Series 2012 Note (within the meaning of Section 147(b) of the Code). As a result of the foregoing, the Series 2017 Note will be deemed designated as a "qualified tax-exempt obligation" as provided in Section 265(b)(3)(D)(ii) of the Code.

Section 19. EFFECTIVE DATE.

This Resolution shall become effective on the fifth business day after adoption, unless otherwise provided pursuant to Section 4.03(d) of the City Charter of the Issuer.

Adopted: September 14, 2017

[SEAL]

Approved: _____
Brian Spencer, Council President

ATTEST:

Ericka L. Burnett, City Clerk

EXHIBIT A

FORM OF SERIES 2017 NOTE

No. R-1

\$6,300,000

TRANSFER OF REGISTRATION OF THIS BOND IS RESTRICTED. SEE SECTION 8 OF
RESOLUTION NO. 17-48 HEREIN DESCRIBED.

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF PENSACOLA, FLORIDA
AIRPORT REFUNDING REVENUE NOTE, SERIES 2017

Rate of Interest
2.51%

Maturity Date
October 1, 2027

Dated Date
September 20, 2017

Registered Owner: COMPASS BANK

Principal Amount: SIX MILLION THREE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the City of Pensacola, Florida, a municipal corporation of the State of Florida (hereinafter called "Issuer") for value received, hereby promises to pay solely from the sources hereafter described, the Principal Amount hereof, to the Registered Owner identified above, or registered assigns, and to pay, solely from said sources, interest on said sum from the Dated Date or from the most recent interest payment date to which interest has been paid, at the above Rate of Interest, calculated on the basis of a 360 day year of twelve 30-day months, until payment of such sum, such interest being payable on April 1, 2018, and semi-annually thereafter on the first day of April and October in each year. The principal amount hereof shall be subject to payment by Amortization Installments on the dates and in the amounts set forth on Schedule I attached hereto, with the remaining principal balance, together with any unpaid interest accrued thereon, due and payable on October 1, 2027.

All amounts due hereunder shall be paid by the Issuer by wire transfer to the account designated by the Registered Owner to the Registrar, such designation to occur in writing at least five (5) days before the date such payment is due. All such sums payable hereunder shall be payable in any coin or currency of the United States of America which is at the time of payment legal tender for the payment of public or private debts.

This Note is issued to finance the cost of refunding the Issuer's Airport Revenue Note, Series 2012, which Series 2012 Note financed certain capital improvements to the Airport Facilities

pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapters 166 and 332, Florida Statutes, the Charter of the Issuer, and other applicable provisions of law, and Section 17.P. of Resolution No. 59-88, duly adopted by the Issuer on September 22, 1988 (as amended and supplemented, the "Original Resolution"), as particularly supplemented by Resolution No. 17-48, duly adopted by the Issuer on September 14, 2017 (the "2017 Resolution" and together with the Original Resolution, collectively referred to herein as the "Resolution") and is subject to all the terms and conditions of the Resolution, the provisions of which are incorporated herein by reference. Terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

This Note is a special limited obligation of the Issuer payable solely from and secured by an irrevocable lien upon and pledge of the Net Revenues of the Airport Facilities, and, until otherwise applied as provided in the Resolution, certain monies held in the funds and accounts under the Resolution and the income from the investment thereof, and the net proceeds of insurance on the Airport Facilities until applied to the acquisition or construction of the Airport Facilities with respect to which such proceeds were realized all in the manner provided in the Resolution (hereinafter collectively referred to as the "Pledged Funds"). The lien upon and pledge of the Pledged Funds securing the Series 2017 Note is on a parity with the Issuer's outstanding Airport Revenue Bonds, Series 2008, Airport Revenue Note, Series 2010 and Airport Refunding Revenue Note, Series 2015 (collectively, the "Parity Obligations") and any Additional Parity Bonds hereafter issued, all in the manner provided in the Resolution. Anything provided in the Resolution to the contrary notwithstanding, this Note shall not be entitled to payment from moneys in the Debt Service Reserve Fund and no deposit to the Debt Service Reserve Fund is being made with respect to this Note.

This Note and the interest thereon shall be payable solely from the Pledged Funds and shall not constitute a general or moral obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provision or limitation. The principal of and interest on the this Note and all required sinking fund, reserve and other required payments shall not constitute a lien upon any Airport Facilities or any part thereof or any property of the Issuer, but shall be payable solely from the Pledged Funds in the manner provided herein and as provided for in the Original Resolution. Neither the State of Florida nor any political subdivision thereof, nor the Issuer shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the territory of the Issuer to pay the principal of this Note, the premium, if any, or the interest thereon or other costs incident thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Funds, on a parity with the Parity Obligations, in the manner provided herein and in the Original Resolution.

This Note is subject to prepayment prior to maturity on the dates and at the prices as more fully described in Schedule "II" hereto.

If the date for payment of the principal of, premium, if any, or interest on this Note shall not be a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

In and by the Resolution the Issuer has made certain covenants and agreements with the Registered Owner of the Note, and reference is hereby made to the Resolution for a description of such covenants and agreements. Pursuant to the Resolution, the Issuer has reserved the right to issue additional Bonds, payable on a parity with this Note, in the manner, and upon the terms and conditions provided in the Resolution.

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

The Issuer may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Note shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer shall not be affected by any notice to the contrary. No transfer of this Note shall be effective until the same has been surrendered to the Issuer for transfer and a new Note has been issued in the name of the transferee. The Issuer has limited transferability of this Note to banks or other qualified institutional investors in accordance with criteria established from time to time by the Issuer, and requires the delivery of a Lender's Certificate in substantially the form attached to the 2017 Resolution prior to transferring registration of this Note to a new Registered Owner.

This Note shall not be deemed valid or obligatory for any purpose unless it shall have been duly executed by the manual signature of an authorized officer of the Registrar.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the City of Pensacola, Florida, has issued this Note and has caused the same to be executed by the manual signature of the Mayor, attested under seal by the City Clerk, approved as to substance by the Chief Financial Officer, and designated legal in form and valid as drawn by the City Attorney, as of the Dated Date set forth above.

CITY OF PENSACOLA, FLORIDA

[SEAL]

By: _____
Ashton J. Hayward, III, Mayor

ATTEST:

By: _____
Ericka L. Burnett, City Clerk

Approved as to Substance:

By: _____
Richard Barker, Jr.
Chief Financial Officer

Legal in Form and Valid as Drawn:

By: _____
Lysia H. Bowling
City Attorney

[Remainder of page intentionally left blank]

CERTIFICATE OF AUTHENTICATION OF NOTE REGISTRAR

This Note constitutes the Airport Refunding Revenue Note, Series 2017, as herein described. The Principal Amount, Rate of Interest, Maturity Date and Registered Owner shown above are correct in all respects and have been recorded, along with the applicable federal taxpayer identification number and the address of the Registered Owner, in the Note Register maintained at the principal office of the undersigned.

CHIEF FINANCIAL OFFICER OF THE CITY
OF PENSACOLA, FLORIDA, as Registrar

Date of Authentication

SCHEDULE I
AMORTIZATION INSTALLMENTS

Payment Date (October 1)	Amortization Installment
2018	\$ 540,000
2019	555,000
2020	575,000
2021	595,000
2022	615,000
2023	640,000
2024	660,000
2025	685,000
2026	705,000
2027*	730,000
Total	<u>\$6,300,000</u>

*Maturity Date

SCHEDULE II
TO SERIES 2017 NOTE
PREPAYMENT PROVISIONS

The Series 2017 Note is subject to prepayment prior to maturity at the option of the Issuer, in whole or in part, upon not less than [ten (10) days prior written notice to the Registered Owner]. If the Issuer makes any prepayment of the outstanding principal amount of the Series 2017 Note pursuant to this paragraph, the Issuer shall pay to the Registered Owner a prepayment fee equal to the quotient of (i) the product of (a) AYD, times (b) Average Principal, times (c) Percent Prepaid, times (d) Days Remaining, divided by (ii) 360.

Definitions:

“AYD” means the difference (but not less than zero) between: (i) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the date on which the Series 2017 Note was issued, for a maturity that is the same as the term of the Series 2017 Note upon issuance (rounded to the nearest whole number of 30-day months) or, if no such maturity is reported, an interpolated yield based on the reported maturity that is next shorter than, and the maturity reported that is next longer than, the term of the Series 2017 Note upon issuance, and (ii) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the Prepayment Date for a maturity that is the same as the remaining term of the Series 2017 Note at the Prepayment Date (rounded to the nearest whole number of 30-day months) or, if no such maturity is reported, then the interpolated yield using the method described in (i) above, but based on the remaining term of the Series 2017 Note on the Prepayment Date. If the H.15 Report is not available for any day, then the H.15 Report for the immediately preceding day on which yields were last reported will be used.

“H.15 Report” means the Federal Reserve Board’s Statistical Release H.15, “Selected Interest Rates”. Weekly releases of, and daily updates to, H.15 Reports generally are available at the Federal Reserve Board’s website, www.federalreserve.gov. If the H.15 Report is replaced or otherwise unavailable, the Registered Owner may designate the replacement report or another report reasonably comparable to the H.15 Report, which shall be used in place of the H.15 Report.

“Average Principal” means the simple average of (i) the principal balance on the Prepayment Date, and (ii) the principal balance scheduled, as of the Prepayment Date (taking into account any prior prepayments), but for the prepayment, to be due at the maturity date of the Series 2017 Note (plus any accrued and unpaid fees or other sums owed under the Resolution or the Series 2017 Note).

“Percent Prepaid” means the percentage determined by dividing the principal amount of the Series 2017 Note being prepaid by the principal balance outstanding on the Prepayment Date.

“Days Remaining” means the number of days (assuming a convention of twelve 30-day months per year) from the Prepayment Date through the maturity date of the Series 2017 Note.

“Prepayment Date” means the date on which Registered Owner receives the prepayment.

Prepayment in full shall consist of payment of the remaining principal amount outstanding, together with all accrued and unpaid interest and all other amounts, costs and expenses for which the Issuer is responsible under the Resolution or Series 2017 Note. Prepayment in part shall consist of payment of any portion of the remaining principal amount outstanding. So long as the Lender is the Registered Owner of the Series 2017 Note and unless otherwise agreed to by the Lender in writing and provided that the Issuer is current on all amounts due under the Resolution and Series 2017 Note, payments applied to the repayment of the Series 2017 Note before Lender’s creation of a billing statement for the next payment due will be applied entirely to principal, and payments applied to the repayment of the Series 2017 Note after the creation of such billing statement will be applied according to that billing statement. Unless otherwise agreed by the Lender in writing and provided that the Issuer is current on all amounts due, payments applied to the replacement of the Series 2017 Note before Lender’s creation of a billing statement for the next payment due shall not relieve the Issuer of the Issuer’s obligation to continue making, uninterrupted, payments under the Series 2017 Note. Except for billing statements requested by the Issuer in writing, billing statements presented to the Issuer more than 30 days or less than 10 days prior to a scheduled payment date on the Series 2017 Note shall be of no force or effect. The Issuer agrees not to send any prepayments marked “paid in full”, “without recourse”, or similar language. If the Issuer sends such a payment, the Registered Owner may accept it without losing any of its rights under the Series 2017 Note, and the Issuer will remain obligated to pay any further amounts owed or that may become owed to the Owner. So long as the Lender is the Registered Owner of the Series 2017 Note, all written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes “payment in full” of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount, must be mailed or delivered to: Compass Bank, PO Box 3096, Birmingham AL 35202.

EXHIBIT B

LENDER'S CERTIFICATE

September 20, 2017

City of Pensacola, Florida
222 West Main Street
Pensacola, Florida 32502

Bryant Miller Olive P.A.
201 North Franklin Street, Suite 2700
Tampa, Florida 33602

To Whom It May Concern:

We certify that the following are true and correct in relation to the loan by Compass Bank (the "Lender") of \$6,300,000 evidenced by the Airport Refunding Revenue Note, Series 2017 (the "Note") dated September 20, 2017, and issued by the City of Pensacola, Florida (the "Issuer") pursuant to Resolution No. 59-88, duly adopted by the Issuer on September 22, 1988, as amended and supplemented, and as particularly amended and supplemented by Resolution No. 17-48, duly adopted by the Issuer on September 14, 2017 (collectively, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto by the Resolution.

1. The Lender is an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933 (the "1933 Act") or a "qualified institutional buyer" (as defined under Rule 144A of the 1933 Act).

2. The Lender is a corporation that is engaged as a regular part of its business in making loans.

3. The Lender has made its own inquiry and analysis with respect to the Issuer, the Note and the security therefor, and other material factors affecting the security for and payment of the Note.

4. The Lender has received the financial information requested by the Lender from the Issuer in connection with the Note and has been afforded the opportunity to examine such documents and receive such written information concerning the terms and conditions of the Note and the financial condition and creditworthiness of the Issuer as the Lender has deemed necessary to receive in connection with determining whether to make the loan evidenced by the Note.

5. The Lender has not relied upon any representations made by any officials of the Issuer, its agents, employees, counsel or representatives, in reaching its decision to make the loan evidenced by the Note, other than the certificates, opinions, resolutions, or other documents executed in relation to the delivery to the Lender of the Note, but has relied solely upon the documentation referred to in this and the preceding paragraph.

6. The Lender understands that (i) the loan is evidenced by the Note, (ii) there is only one Note and the aggregate principal amount of the Note is the Principal Amount set forth on such Note, (iii) the Note may not be transferred except in whole, and (iv) any transfer (A) must be to a Permitted Lender, (B) is not permitted in the event the remaining principal amount Outstanding of the Note is less than \$100,000, and (C) is subject to consent of the Issuer, which consent shall not be unreasonably withheld.

7. The Lender is not acting as a broker or other intermediary and is acquiring the Note, as evidence of a privately negotiated loan, from its own capital for its own accounts and not with a view to the resale or other distribution of all or any part thereof or any interest therein to others.

8. The Lender acknowledges that it is permitted to transfer the Note only upon compliance with the requirements of the Resolution and the Note.

9. The interest rate established for the Note was established at arms length between the Lender and the Issuer.

10. The Lender further represents, warrants and covenants that:

(i) it is not funding the loan represented by the Note 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;

(ii) it understands that no CUSIP will be obtained with respect thereto;
and

(iii) it understands the Note carries no rating from any credit rating agency.

[Remainder of page intentionally left blank]

This letter is furnished by us as Lender based solely on our knowledge on the day hereof and is solely for the benefit of the Issuer and Bryant Miller Olive P.A., as Note Counsel for the Issuer, and may not be relied upon by or published or communicated to, any other person without our express written consent. The Lender disclaims any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to the Lender's attention.

COMPASS BANK

By: _____
Name: John Gormley
Title: Senior Vice President

EXHIBIT C

FORM OF DISCLOSURE LETTER

Following a competitive selection process, the undersigned, as Purchaser, proposes to negotiate with the City of Pensacola, Florida (the "Issuer") for the private purchase of its \$6,300,000 City of Pensacola, Florida, Airport Refunding Revenue Note, Series 2017 (the "Note"). Prior to the award of the Note, 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 "Purchaser") in connection with the issuance of the Note (such fees and expenses to be paid by the Issuer):

\$5,000.00
(Burr & Forman LLP)

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

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

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

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

5. Truth-in-Bonding Statement:

The Note is being issued primarily to refinance all of the remaining amount outstanding of the Issuer's Airport Revenue Note, Series 2012.

Unless earlier prepaid, the Note is expected to be repaid on October 1, 2027. At an interest rate of 2.51%, total interest paid over the life of the Note is estimated to be \$918,848.25.

The Note will be payable solely from Pledged Funds to the extent and in the manner described in the Resolution No. 59-88 adopted by the Issuer on September 22, 1988, as amended

and supplemented (the "Resolution"). See the Resolution for a definition of Pledged Funds. Issuance of the Note is estimated to result in an annual maximum of approximately \$748,323.00 of revenues of the Issuer not being available to finance the services of the Issuer during the life of the Note. This paragraph is provided pursuant to Section 218.385, Florida Statutes.

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

Compass Bank
5055 Bayou Boulevard
Pensacola, Florida 32503

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Purchaser this 20th day of September 20, 2017.

COMPASS BANK

By: _____
Name: John Gormley
Title: Senior Vice President

EXHIBIT D
COMMITMENT