

RESOLUTION NO. 17-38

OF THE

CITY OF PENSACOLA, FLORIDA

ADOPTED AUGUST 10, 2017

RELATING TO:

\$4,082,000
CITY OF PENSACOLA, FLORIDA
WESTSIDE REDEVELOPMENT REVENUE BOND,
SERIES 2017

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RESOLUTION NO. 17-38

A RESOLUTION OF THE CITY OF PENSACOLA, FLORIDA AUTHORIZING THE ISSUANCE BY THE CITY OF AN WESTSIDE REDEVELOPMENT REVENUE BOND, SERIES 2017, IN THE PRINCIPAL AMOUNT OF \$4,082,000 TO FINANCE CERTAIN COMMUNITY REDEVELOPMENT IMPROVEMENTS IN THE WESTSIDE COMMUNITY REDEVELOPMENT AREA AS DESCRIBED HEREIN; PLEDGING THE TAX INCREMENT REVENUES OF THE WESTSIDE COMMUNITY REDEVELOPMENT AREA AND THE CITY'S LOCAL BUSINESS TAX AS SECURITY FOR THE PAYMENT OF SAID SERIES 2017 BOND; PROVIDING FOR THE RIGHTS, SECURITY, AND REMEDIES FOR THE REGISTERED OWNER OF THE SERIES 2017 BOND; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING THE AWARD OF THE SALE OF THE SERIES 2017 BOND; AUTHORIZING FURTHER OFFICIAL ACTION IN CONNECTION WITH THE DELIVERY OF THE SERIES 2017 BOND; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Authority for this Resolution.

This Resolution is adopted pursuant to the Constitution of the State of Florida, Chapter 163, Part III, Florida Statutes, Chapter 166, Part II, Florida Statutes, the municipal charter of the City of Pensacola, Florida (the "Issuer"), and other applicable provisions of law (collectively, the "Act").

Section 2. Definitions.

The following terms shall have the following meanings when used in this resolution unless the context clearly requires otherwise. Words importing singular numbers shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

“Act” shall have the meaning ascribed thereto in Section 1 of this Resolution.

"Additional Obligations" means bonds, notes or other debt obligations hereafter issued payable from Pledged Revenues on a parity with the Series 2017 Bond.

“Adjusted Interest Rate” shall have the meaning ascribed to it in Schedule 1 of the Series 2017 Bond.

“Agency” means The Community Redevelopment Agency of the City of Pensacola, Florida, created pursuant to Resolution No. 55-80 adopted by the City Council on September 25,

1980, as confirmed and ratified by Resolution No. 65-81 adopted by the City Council on September 22, 1981.

“Authorized Investments” means any investment, obligation, agreement or other financial instrument to the extent not inconsistent with the terms of the investment policy of the Issuer and applicable law.

“Bond Counsel” means Bryant Miller Olive P.A. or any subsequent nationally recognized bond counsel appointed by to the Issuer.

“Bonds” shall mean bonds, notes or other debt obligations authorized and issued pursuant to this Resolution and any Additional Obligations issued hereafter in accordance with the provisions hereof.

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

“Charter” means the municipal charter of the Issuer.

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

“City” means the City of Pensacola, Florida, a municipal corporation of the State.

“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.

“City Council” means the City Council of the Issuer, as the governing body of the Issuer.

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

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

“Date of Delivery” means August 15, 2017, or such other date which shall be agreed upon by the Issuer and the Lender.

“Default” or “Event of Default” means an Event of Default as defined and described in Section 16(A) hereof.

“Default Rate” shall mean, with respect to the Series 2017 Bond, a rate of interest per annum equal to the lesser of eighteen percent (18.00%) or the maximum rate allowed by applicable law.

“Determination of Taxability” means an official and final action is taken or announced by the Internal Revenue Service or a court of competent jurisdiction determining or declaring interest on the Series 2017 Bond is or was includable in the gross income of the Registered Owner thereof for federal income tax purposes under the Code as a result of any action or inaction by the Issuer (which determination or declaration is final and non-appealable or is not appealed within the requisite time for appeal), and not due to a change of law.

“Financial Advisor” means RBC Capital Markets, LLC.

"Fiscal Year" means the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

“Interest Payment Date” means each April 1 and October 1, commencing April 1, 2018, and continuing through the Maturity Date.

“Interlocal Agreement” means the Interlocal Agreement between the Issuer and the Agency and relating to the Series 2017 Bond, the form of which is approved pursuant to Section 23 hereof.

"Issuer" means the City.

“LBT Obligations” means additional obligations of the Issuer secured by a lien on the Local Business Tax on a parity with the Series 2017 Bond, but not secured by the Tax Increment Revenues, including the Issuer’s Eastside Redevelopment Revenue Bond, Series 2017.

“Lender” means SmartBank Corporation, a Tennessee banking corporation, and its successors and assigns.

“Local Business Tax” shall mean the local business tax levied and collected by the Issuer pursuant to Section 205.042, Florida Statutes and Chapter 7-2 of its Code of Ordinances.

"Maturity Date" means April 1, 2037.

“Maximum Annual Debt Service” means the maximum annual debt service requirement on the Series 2017 Bond and any Additional Obligations and LBT Obligations issued hereunder pursuant to Section 11(F) hereof for the then current and any subsequent Fiscal Year.

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

“Paying Agent” means 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 Bond, initially, the Chief Financial Officer.

“Payment Date” means any Interest Payment Date or Principal Payment Date.

"Pledged Revenues" means, collectively, (i) the Tax Increment Revenues, (ii) the Local Business Tax, and (iii) moneys on deposit in the funds and accounts created hereunder (other than amounts constituting any rebate liability as described in the Tax Certificate).

"Principal Payment Date" means each April 1 commencing April 1, 2018, and continuing through the Maturity Date.

"Project Costs" means a portion of the cost of undertaking the Series 2017 Project including, but not limited to: engineering, legal, accounting, and financial expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the Series 2017 Project; costs of issuance with respect to the Series 2017 Bond; the cost of acquiring and constructing the Series 2017 Project, reimbursement to the Issuer for any sums heretofore expended for the foregoing purposes and such other costs and expenses as may be necessary or incidental to the financing or refinancing of the Series 2017 Project.

"Project Fund" means the Project Fund established with respect to the Series 2017 Bond pursuant to Section 13(B) hereof.

"Proposal" means the proposal for the purchase of the Series 2017 Bond submitted to the Issuer by the Lender, attached hereto as Exhibit D, and accepted by the Issuer with such changes as agreed to by the Issuer and the Lender.

"Register" means the books maintained by the Registrar in which are recorded the name and address of the Registered Owner of the Series 2017 Bond.

"Registered Owner" means the person in whose name the ownership of the Series 2017 Bond is registered on the books maintained by the Registrar. The initial Registered Owner shall be the Lender.

"Registrar" means the Person maintaining the Register. The Registrar shall initially be the Chief Financial Officer.

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

"Resolution" means, collectively, this resolution and all resolutions amendatory hereof and supplemental hereto.

"Series 2017 Bond" means the City of Pensacola, Florida, Westside Redevelopment Revenue Bond, Series 2017, authorized herein, in substantially the form attached hereto as Exhibit A, with such changes, modifications, insertions or deletions as are authorized herein.

"Series 2017 Project" means the acquisition of land, and construction of certain streetscape projects and sidewalk enhancements and certain other community redevelopment capital

improvements to the Westside Community Redevelopment Area included in Westside Community Redevelopment Plan, the costs of which are eligible for payment from Tax Increment Revenues.

"State" means the State of Florida.

"Tax Certificate" means the Issuer's Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, As Amended, dated as of the Delivery Date.

"Tax Increment Revenues" means the tax increment revenues paid into the Westside Community Redevelopment Trust Fund.

"Westside Community Redevelopment Area" means the area designated as a community redevelopment area pursuant to the Act, Resolution No. 54-80 adopted by the City Council on September 25, 1980, as ratified and confirmed by Resolution No. 65-81 adopted by the City Council on September 22, 1981, Resolution No. 04-07 adopted by the City Council on January 25, 2007, and known generally as the "Westside Community Redevelopment Area".

"Westside Community Redevelopment Plan" means the Westside Community Redevelopment Area Plan prepared by the Issuer, dated April 2007, and approved by the Issuer pursuant to Resolution No. 13-07 adopted by the City Council enacted on May 24, 2017.

"Westside Community Redevelopment Trust Fund" shall mean the Westside Community Redevelopment Trust Fund established under Section 163.387, Florida Statutes, and Ordinance 01-08 of the Issuer enacted on January 17, 2008, as subsequently amended by Ordinance No. 31-14 of the Issuer enacted on August 28, 2014, into which the Tax Increment Revenues are deposited from time to time.

Section 3. Findings.

(A) Pursuant to Resolution No. 54-80 adopted by the City Council on September 25, 1980, and as confirmed and ratified pursuant to Resolution 65-81 adopted by the City Council on September 22, 1981, the City Council found and determined that an area designated therein as the "Pensacola Inner City" is a blighted area as therein described, that a combination of rehabilitation, conservation and redevelopment of the Pensacola Inner City is necessary, that there exists a need for a community redevelopment agency to function in the City to carry out community redevelopment purposes pursuant to Part II, Chapter 163, Florida Statutes, and that the Pensacola Inner City is appropriate for community redevelopment projects and is thereby designated a community redevelopment area.

(B) Pursuant to Resolution No. 55-80 adopted by the City Council on September 25, 1980, and as confirmed and ratified pursuant to Resolution 65-81 adopted by the City Council on September 22, 1981, the City Council declared itself to be the "Community Redevelopment Agency" in the City and vested all rights, powers, duties, privileges and immunities vested in a community redevelopment agency pursuant to Part III, Chapter 163, Florida Statutes, in the City Council, subject to all responsibilities and liabilities imposed or incurred, and enumerated certain

powers of an Executive Committee therein described and certain powers of the City Council, including the power to issue revenue bonds.

(C) Resolution No. 22-10 adopted by the City Council on August 19, 2010, amended the composition of the Agency pursuant to the City's Charter which became effective on January 10, 2011, such that the Agency be comprised of the nine (9) members of the City Council now seated pursuant to the Charter and that such City Council assume the powers of the Executive Committee therein dissolved. An Interlocal Agreement dated April 12, 2017, between the City and the Agency, provides the Mayor certain executive authority and supervision over the daily operations of the Agency for the current Fiscal Year.

(D) Pursuant to Resolution No. 04-07 adopted on January 25, 2007, the City Council designated the boundaries and found and determined that an area designated therein as the "Westside Community Redevelopment Area" is a blighted area as therein described and that the rehabilitation, conservation and redevelopment, including the development of affordable housing for the purposes therein described, is necessary and in the public interest.

(E) On May 24, 2007, the City Council adopted Resolution No. 13-07 approving a "Westside Community Redevelopment Area Plan" for the Westside Community Redevelopment Area.

(F) Pursuant to Ordinance No. 01-08 enacted by the City Council on January 17, 2008, as subsequently amended by Ordinance No. 31-14 enacted by the City Council on August 28, 2014, the Westside Community Redevelopment Trust Fund was established and provided that funds allocated to and deposited in such fund shall be used for the purpose of financing the implementation of the Westside Community Redevelopment Plan. The Westside Community Redevelopment Trust Fund is required to be maintained and administered as a separate account of the City for the purposes expressed in such ordinance and Chapter 163, Florida Statutes.

(G) Pursuant to the Interlocal Agreement, the Agency shall acknowledge the Issuer's issuance of the Series 2017 Bond and confirm, consent to and accept the terms thereof and as set forth herein. The Agency will further pledge the Tax Increment Revenues to the City and covenant to fund, pay, reimburse and repay the Issuer the amounts due under the Series 2017 Bond and hereunder, including payment of the principal of and interest on the Series 2017 Bond from Tax Increment Revenues or from any other funds of the Agency legally available for such purpose.

(H) The Issuer has determined that it is necessary and in the best interests of the health, safety and welfare of the Issuer and its inhabitants that the Issuer undertake the Series 2017 Project and that the Series 2017 Project shall constitute and serve the purposes of "community redevelopment" within the meaning and in accordance with the Act. Issuance of the Series 2017 Bond to finance the Series 2017 Project serves a paramount public purpose.

(I) The Issuer is without currently available funds to pay the cost of the Series 2017 Project, and it is necessary and desirable that the Issuer borrow the moneys necessary to provide for payment of the Series 2017 Project.

(J) The Series 2017 Bond will be payable from the Pledged Revenues as and to the extent provided herein. The Pledged Revenues are not currently pledged or encumbered to pay any obligations of the Agency or the Issuer. It is estimated that the Pledged Revenues will be sufficient to pay the principal of and interest on the Series 2017 Bond herein authorized, as the same become due, and to make all deposits required by this Resolution.

(K) The obligation of the Issuer to repay the Series 2017 Bond in accordance with its terms and to make the payments required hereunder is hereby declared to be and shall be a special, limited obligation of the Issuer, secured solely by the Pledged Revenues as further described herein. The payment of the principal of and interest on the Series 2017 Bond shall be secured solely by a first priority lien upon and pledge of the Pledged Revenues. The principal of and interest on the Series 2017 Bond shall not constitute a general obligation or indebtedness of the Issuer, but shall be a limited obligation of the Issuer payable solely from the Pledged Revenues, to the extent and as provided herein. The Registered Owner shall never have the right to compel the levy of taxes upon any property of or in the Issuer for the payment of the principal of and interest on the Series 2017 Bond.

(L) It is necessary and desirable to provide for the securing of the Series 2017 Bond, the issuance of the Series 2017 Bond and the taking of all other action in connection therewith.

(M) It is necessary and desirable to approve the estimated costs of issuance to be paid by the Issuer in connection with the delivery of the Series 2017 Bond.

(N) The Financial Advisor has solicited proposals for the purchase of the Series 2017 Bond pursuant to a negotiated private placement and is recommending the Issuer award the Series 2017 Bond to the Lender pursuant to the terms in the Proposal.

(O) The Issuer has received an offer from the Lender to purchase the Series 2017 Bond.

Section 4. Authorization of Series 2017 Bond, Authorization of Series 2017 Project.

(A) Subject and pursuant to the provisions hereof, an obligation of the Issuer to be known as the “City of Pensacola, Florida Westside Redevelopment Revenue Bond, Series 2017” is hereby authorized to be issued under and secured by this Resolution in the principal amount of \$4,082,000 for the purposes of financing the Series 2017 Project and paying the costs of issuing the Series 2017 Bond.

(B) The financing and/or reimbursing of the Series 2017 Project is hereby authorized. The City Council and the proper officers of the Issuer are hereby directed to take all action and steps deemed necessary to construct the Series 2017 Project, which are not inconsistent with the terms and provisions of this Resolution.

Section 5. Award of Series 2017 Bond.

Because of the characteristics of the Series 2017 Bond, prevailing and expected market conditions it is in the best interest of the Issuer and shall effectuate the purpose of Chapter 163,

Part III, Florida Statutes to accept the offer of the Lender to purchase the Series 2017 Bond at a private negotiated sale, which was based upon a competitive selection process. Prior to the issuance of the Series 2017 Bond, the Issuer shall receive from the Lender a Lender's Certificate, in substantially the form attached hereto as Exhibit B and a Disclosure Letter containing the information required by Section 218.385, Florida Statutes, in substantially the form attached hereto as Exhibit C.

The Issuer hereby accepts the Proposal of the Lender; provided, however, in the event of any inconsistencies as between such Proposal and the Series 2017 Bond and this Resolution, the provisions of the Series 2017 Bond and this Resolution shall control.

Section 6. This Resolution to Constitute Contract.

In consideration of the acceptance of the Series 2017 Bond authorized to be issued hereunder by those who shall be Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners.

Section 7. Description of the Series 2017 Bond.

The Series 2017 Bond shall be dated the Date of Delivery and shall be subject to the following terms:

(A) Interest Rate. The Interest Rate on the Series 2017 Bond shall be a fixed rate of interest equal to 3.33% per annum, subject to adjustment as provided in Schedule 1 of the Series 2017 Bond. After a Determination of Taxability, the Interest Rate shall equal the Adjusted Interest Rate and after an Event of Default, the Interest Rate shall equal the Default Rate, however, in no event shall interest be payable on the Series 2017 Bond at a rate in excess of the maximum rate permitted by applicable law. Interest on the Series 2017 Bond shall be calculated using a 360-day year consisting of twelve 30-day months and shall be paid by wire transfer or other medium acceptable to the Issuer and the Lender.

(B) Principal and Interest Payment Dates. Principal on the Series 2017 Bond shall be paid annually on each Principal Payment Date, in amounts specified in Schedule 2 attached to the Series 2017 Bond, and shall mature on the Maturity Date. Interest on the Series 2017 Bond shall be paid semi-annually on each Interest Payment Date.

(C) Prepayment of the Series 2017 Bond. The Issuer may prepay the Series 2017 Bond in whole on any date and in part on any Payment Date, upon at least 10 days' prior written notice to the Registered Owner at a price of par plus accrued interest to the date of prepayment, including without limitation interest accrued after the Accrual Date at the Adjusted Interest Rate and the Additional Amount (as such terms are defined in Schedule 1 of the Series 2017 Bond). Unless otherwise agreed to by the Registered Owner of the Series 2017 Bond, all prepayments of the principal of the Series 2017 Bond shall be increments of \$1,000 and shall be applied to the

prepayment of principal installments in inverse order of the Principal Payment Dates specified in Schedule 2 attached to the Series 2017 Bond.

(D) Form of Series 2017 Bond. The Series 2017 Bond shall be in substantially the form attached hereto as Exhibit A, with such variations, omissions and insertions as may be necessary, desirable and authorized or permitted by this Resolution.

(E) Original Denomination. The Series 2017 Bond shall originally be issued in a single denomination in an amount equal to the original principal amount authorized hereunder.

Section 8. Execution, and Delivery of Series 2017 Bond.

Pursuant to Section 4.01(1) of its Charter, the Issuer hereby authorizes the Mayor to execute the Series 2017 Bond, such execution to be attested under seal by the City Clerk, approved as to content by the Chief Financial Officer and designated as legal in form and valid as drawn by the City Attorney and further authorizes the Mayor to deliver the Series 2017 Bond to the Lender, and to take such other actions as shall be necessary to consummate the loan. In case any one or more of the officers who shall have signed or sealed the Series 2017 Bond or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Series 2017 Bond so signed and sealed has been actually sold and delivered, such Series 2017 Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2017 Bond had not ceased to hold such office. The Series 2017 Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Series 2017 Bond shall hold the proper office of the Issuer, although, at the date of such Series 2017 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 Series 2017 Bond shall be actually sold and delivered

Section 9. Registration and Exchange of the Series 2017 Bond.

There shall be a Registrar who shall be responsible for maintaining the Register. The person in whose name ownership of a Series 2017 Bond is shown on the Register shall be deemed the Registered Owner thereof by the Issuer and the Registrar, who may treat the Registered Owner as the absolute owner of the Series 2017 Bond for all purposes, whether or not the Series 2017 Bond shall be overdue, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

Ownership of the Series 2017 Bond may be transferred or assigned only as a whole and not in part and only upon the Register. Upon surrender to the Registrar for transfer or exchange of the Series 2017 Bond accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Registered Owner or its attorney duly authorized in writing, the Registrar shall deliver in the name of the transferee a new fully registered Series 2017 Bond of the same amount, maturity and interest rate as the Series 2017 Bond surrendered.

The Series 2017 Bond presented for transfer, exchange, redemption or payment (if so required by the Issuer or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

The Issuer and the Registrar may charge the Registered Owner a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Series 2017 Bond. The Registrar or the Issuer may also require payment from the Registered Owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto by any governmental entity other than the Issuer. Such charges and expenses shall be paid before any such new Series 2017 Bond shall be delivered.

The new Series 2017 Bond delivered upon any registered transfer or exchange shall be a valid obligation of the Issuer, evidencing the same debt as the Series 2017 Bond surrendered, shall be secured under this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2017 Bond surrendered.

Whenever a Series 2017 Bond shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Series 2017 Bond shall be cancelled and destroyed by the Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Issuer.

Section 10. Series 2017 Bond Mutilated, Destroyed, Stolen or Lost.

In case the Series 2017 Bond shall be mutilated, or be destroyed, stolen or lost, upon the Registered Owner furnishing the Registrar satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur, the Registrar shall issue and deliver a new Series 2017 Bond of like tenor as the Series 2017 Bond so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Series 2017 Bond, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Series 2017 Bond, upon surrender of such mutilated Series 2017 Bond, if any, to the Registrar and the cancellation thereof; provided however, if the Series 2017 Bond shall have matured or be about to mature, instead of issuing a substitute Series 2017 Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Series 2017 Bond be lost, stolen or destroyed, without surrender thereof. Any Series 2017 Bond surrendered under the terms of this Section 10 shall be cancelled by the Registrar.

Any such new Series 2017 Bond issued pursuant to this Section 10 shall constitute an original, additional contractual obligation on the part of the Issuer whether or not, as to the new Series 2017 Bond, the lost, stolen or destroyed Series 2017 Bond be at any time found by anyone, and such new Series 2017 Bond shall be entitled to equal and proportionate benefits and rights as to security for payment to the same extent as the Series 2017 Bond originally issued hereunder.

Section 11. Covenants of the Issuer.

Until the principal of and interest on the Series 2017 Bond shall have been paid in full or provision for payment of the Series 2017 Bond shall have been made in accordance with the provisions of this Resolution, the Issuer covenants with the Registered Owner of the Series 2017 Bond as follows:

(A) Establishment of Debt Service Fund and Accounts Therein. There is hereby created and established a Debt Service Fund (and the Principal Account and Interest Account therein). The Debt Service Fund and any other special funds herein established and created shall constitute trust funds of the Issuer for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as deposits of governmental funds are authorized to be secured by the laws of the State.

The cash required to be accounted for in any funds established hereunder may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds as herein provided.

The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided.

The moneys in the Debt Service Fund and the accounts therein until disbursed pursuant to the provisions hereof may be invested and reinvested only in Authorized Investments, in the manner provided by law. All income on such investments shall remain in such Fund and be used for the purposes herein described. Authorized Investments in the funds and accounts hereunder shall be valued at the market value thereof, exclusive of accrued interest, by the Issuer as frequently as reasonably deemed necessary by the Lender but not less often than annually nor more often than monthly.

(B) Disposition of Pledged Revenues. Tax Increment Revenues shall be deposited to the credit of the Westside Community Redevelopment Trust Fund upon receipt. In each Fiscal Year, the Issuer shall transfer from the Westside Community Redevelopment Trust Fund to the Debt Service Fund sufficient Tax Increment Revenues to pay the principal of and interest on the Series 2017 Bond coming due on the April 1 Payment Date in such Fiscal Year and on the October 1 Payment Date in the immediately following Fiscal Year and amounts necessary to cure any deficiencies in the Debt Service Fund. To the extent permitted by applicable law, that portion of the Tax Increment Revenues paid by Escambia County shall be deposited to the credit of the Debt Service Fund and used to pay debt service on the Series 2017 Bond prior to that portion of the Tax Increment Revenues paid by the City. Prior to each Payment Date, the Issuer shall deposit Local Business Tax sufficient to cause the amount on deposit in the Principal Account and Interest Account, respectively, to be sufficient to pay the principal of and interest on the Series 2017 Bond

becoming due and payable on such Payment Date to the extent Tax Increment Revenues and other amounts therein are insufficient to make such payments.

Tax Increment Revenues and Local Business Tax in excess of the amounts necessary to make the deposits required hereby may be used by the Agency and the Issuer for any lawful purpose of the Westside Community Redevelopment Trust Fund and of the Issuer, respectively, free and clear of the pledge thereof and lien thereon created pursuant to this Resolution.

Any provision hereof to the contrary notwithstanding, so long as the Issuer is not in default in the payment of principal, premium, if any, and interest on the Series 2017 Bond, then the failure to deposit the Pledged Revenues into the Debt Service Fund in the amounts required hereunder shall not be deemed a default hereunder so long as the full amount of such deposits necessary to make all such payments with respect to the Series 2017 Bond is deposited in such Fund on or prior to the date such payments are due.

(C) Tax Covenant. Neither the Issuer, nor any third party over whom the Issuer has control, will make any use of, or permit an omission of use, of the proceeds of the Series 2017 Bond at any time during the term of the Series 2017 Bond which would cause the Series 2017 Bond to be (a) a “private activity bond” within the meaning of Section 103(b)(1) of the Code or (b) an “arbitrage bond” within the meaning of Section 103(b)(2) of the Code. The Issuer covenants throughout the term of the Series 2017 Bond to comply with the requirements of the Code and the Regulations, as amended from time to time, and to take all actions, and to not permit the omission of any actions, necessary to maintain the exclusion from gross income for purposes of the Code of interest on the Series 2017 Bond, including, without limitation, the payment of arbitrage rebate, if required.

The Issuer hereby makes each of the representations, warranties and covenants contained in the Tax Certificate. By this reference, all terms, conditions, and covenants in said Tax Certificate are incorporated in and made a part of this Resolution.

(D) Financial Statements. At no cost to the Lender, the Issuer shall provide to the Lender its audited year-end financial statements no later than 210 days after the end of the each Fiscal Year prepared in accordance with generally accepted accounting principles.

(E) Annual Budget and Other Information. The Issuer will prepare its annual budget in accordance with the Act, and will provide at no cost to the Lender a copy of its final, adopted annual budget for each Fiscal Year upon request of the Lender. The Issuer will provide the Lender such other financial or public information as the Lender may reasonably request.

(F) Additional Debt. Additional Obligations payable on a parity with the Series 2017 Bond may be issued hereunder upon the filing with the Clerk and the Registered Owner of the Series 2017 Bond of a certificate of the Chief Financial Officer stating that the Pledged Revenues for the most recent Fiscal Year for which audited financial statements are available equals at least 1.5 times the Maximum Annual Debt Service on the Bonds then outstanding and the Additional Obligations proposed to be issued. LBT Obligations may be issued by the Issuer upon the filing with the Clerk and the Registered Owner of the Series 2017 Bond of a certificate of the Chief

Financial Officer stating that the Local Business Tax for the most recent Fiscal Year for which audited financial statements are available equal at least 1.5 times the Maximum Annual Debt Service on the Bonds and LBT Obligations then outstanding and the LBT Obligations proposed to be issued; provided, however, that the foregoing shall not apply to the issuance of the Issuer's Eastside Redevelopment Revenue Bond, Series 2017, which shall be secured by a lien on and pledge of the Local Business Tax on a parity with the Series 2017 Bond.

For purposes of calculating Maximum Annual Debt Service, interest on Additional Obligations and any LTB Obligations which bear interest at a variable rate of interest shall be deemed to bear interest at the greater of (i) 1.25 times the most recent 20 Bond Index published by *The Bond Buyer*, or (ii) 1.25 times the actual average interest rate during the prior Fiscal Year of the Issuer. For purposes of calculating Maximum Annual Debt Service, the debt service on Additional Obligations and LBT Obligations, whether bearing interest at a fixed or variable interest rate, constituting Balloon Indebtedness, shall be determined assuming such obligations are amortized over 20 years from the date of original issuance on an approximately level debt service basis. For purposes of the foregoing sentence, "Balloon Indebtedness" means obligations designated as such by the Issuer, 25% or more of the original principal of which matures during any one Fiscal Year.

Obligations secured by the Tax Increment Revenues and/or the Local Business Tax that are junior and subordinate in all respects to the Series 2017 Bond may be issued without regard to the foregoing.

(G) No Impairment. The Issuer covenants with the Registered Owner that it will not, without the written consent of the Registered Owner, enact any ordinance or adopt any resolution which repeals, impairs, or modifies in any manner adverse to the Registered Owner the Tax Increment Revenues or Local Business Tax.

(H) Receipt of Pledged Revenues. The Issuer covenants to do all things necessary or required on its part by the Act, or other applicable provisions of law, to enforce the collection and receipt of the Tax Increment Revenues and the Local Business Tax. The Issuer shall exercise all legally available remedies to enforce such collection and receipt now or hereafter available under law. The Issuer will not take any action, or enter into any agreement that shall result in reducing the level of Local Business Tax below the amount sufficient to provide for the payment of the Series 2017 Bond as provided herein.

Section 12. Payment of Principal and Interest; Limited Obligation.

The payment of the principal of and interest on the Series 2017 Bond shall be secured forthwith solely by and there is hereby granted to the Registered Owner of the 2017 Bond a first priority lien upon and pledge of the Pledged Revenues. The pledge of and lien on the Local Business Tax shall be on a parity with the pledge thereof and lien thereon securing the Issuer's Eastside Redevelopment Revenue Bond, Series 2017. The principal of and interest on the Series 2017 Bond shall not constitute a general obligation or indebtedness of the Issuer, but shall be a limited obligation of the Issuer payable solely from the Pledged Revenues, to the extent and as provided herein. The Registered Owner shall never have the right to compel the levy of taxes upon

any property of or in the Issuer for the payment of the principal of and interest on the Series 2017 Bond.

Section 13. Application of Proceeds of Series 2017 Bond.

Simultaneously with the delivery of the Series 2017 Bond to the Lender, proceeds of the Series 2017 Bond shall be applied as follows:

(A) The Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2017 Bond.

(B) Proceeds of the Series 2017 Bond remaining after payment of costs of issuance shall be deposited into a separate account of the Issuer hereby created and established to be known as the “City of Pensacola, Florida, Westside Redevelopment Revenue Bond, Series 2017 Project Fund” (the “Project Fund”) and shall be used by the Issuer to pay Project Costs. Monies in the Project Fund shall be invested in Authorized Investments, and all income derived therefrom shall be deposited in the Project Fund until the Series 2017 Project has been completed, at which time such income, together with any balance remaining in the Project Fund, shall be deposited to the credit of the Debt Service Fund and used to pay principal of and interest on the Series 2017 Bond.

To the extent there are no other available funds held hereunder, the Issuer shall use any remaining funds in the Project Fund to pay principal of and interest on the Series 2017 Bond.

Such fund shall be kept separate and apart from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein. Such proceeds shall be and constitute trust funds for such purpose and there is hereby created a lien in favor of the Series 2017 Bond upon such money until so applied by the Issuer solely for the purposes set forth herein.

Section 14. Amendment.

This Resolution shall not be modified or amended in any respect subsequent to the issuance of the Series 2017 Bond, except with the written consent of the Registered Owner.

Section 15. 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 Series 2017 Bond is intended or shall be construed to give to any person other than the Issuer and the Registered 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 Registered Owner.

Section 16. Events of Default; Notice and Remedies.

(A) Events of Default. The following shall be “Events of Default” hereunder, and the terms “Default” and “Events of Default” shall mean (except where the context clearly indicates otherwise), any one or more of the following events:

(1) Failure by the Issuer to make any payment of principal of or interest on the Series 2017 Bond within five (5) days of the date due.

(2) Failure by the Issuer to observe and perform any other covenant, condition or agreement on its part to be observed or performed hereunder for a period of thirty (30) days after written notice of such failure was or was by the terms hereof required to be delivered to the Issuer by the Registered Owner, unless the Registered Owner shall agree in writing to an extension of such time prior to its expiration;

(3) The making of any warranty, representation or other statement by the Issuer or by an officer or agent of the Issuer herein or in any instrument furnished in compliance with or in reference to this Resolution which is false or misleading in any material adverse respect;

(4) The filing of a petition against the Issuer or the Agency under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, if an order for relief is entered under such petition or such petition is not dismissed within ninety (90) days of such filing;

(5) The filing by the Issuer or the Agency of a voluntary petition in bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or the consent by the Issuer or the Agency to the filing of any petition against it under such law; or

(6) The admission by the Issuer or the Agency of its insolvency or bankruptcy or its inability to pay its debts as they become due or that it is generally not paying its debts as such debts become due, or the Issuer’s or Agency’s becoming insolvent or bankrupt or making an assignment for the benefit of creditors, or the appointment by court order of a custodian (including without limitation a receiver, liquidator or trustee) of the Issuer or any of its property taking possession thereof and such order remaining in effect or such possession continuing for more than sixty (60) days.

Upon an Event of Default specified in paragraphs (1) through (6) above, the Interest Rate shall immediately and automatically become the Default Rate.

(B) Notice of Defaults. The Issuer shall within five (5) Business Days after it acquires knowledge thereof, notify the Registered Owner of the Series 2017 Bond in writing (a) upon the happening, occurrence, or existence of any Event of Default that the Registered Owner is not otherwise aware of, or (b) any event or condition which with the passage of time or giving notice,

or both, would constitute an Event of Default, and shall provide the Registered Owner of the Series 2017 Bond, with such written notice, a detailed statement by the Chief Financial Officer of all relevant facts and the action being taken or proposed to be taken by the Issuer with respect thereto. Regardless of the date of receipt of such notice by the Registered Owner of the Series 2017 Bond, such date shall not in any way modify the date of occurrence of the actual Event of Default.

(C) Remedies. For all Events of Default, the Registered Owner may sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State, of the United States of America, or granted and contained herein, and to enforce and compel the performance of all duties required by this Resolution or by any applicable laws to be performed by the Issuer, the City Council or by any officer thereof, and may take all steps to enforce this Resolution or the Issuer's rights under the Interlocal Agreement to the full extent permitted or authorized by the laws of the State or the United States of America. The Issuer hereby agrees to reimburse the Registered Owner for all reasonable legal and collection costs incurred by the Registered Owner in connection with the exercise of any remedies hereunder. The Registered Owner may exercise any remedies hereunder without any consent of any other holder, owner or creditor of any Bonds hereafter issued under this Resolution.

The right to accelerate and to declare immediately due and payable all or any portion of the principal of the Series 2017 Bond upon the occurrence of an Event of Default ("Right of Acceleration") shall not be a remedy hereunder; unless, however, any Additional Obligation issued in accordance with the terms hereof includes a Right of Acceleration. The Issuer shall provide notice thereof to the Registered Owner within ten (10) days of the delivery of such Additional Obligation, together with a copy of any loan document, security agreement, or other agreement evidencing such Additional Obligation. Upon the execution and delivery of an Additional Obligation that includes the Right of Acceleration as a remedy, the Right of Acceleration shall be a remedy hereunder from and after the effective date of such Additional Obligation for so long as such Obligation is outstanding, regardless of whether the Issuer fails to provide such notice.

The Issuer and the Registered Owner each waives, to the fullest extent permitted by law, any right to trial by jury in respect of any litigation based upon the Series 2017 Bond or arising out of, under or in conjunction with the Series 2017 Bond or this Resolution.

Section 17. Severability.

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 Bond issued hereunder.

Section 18. Business Days.

In any case where the date for making any payment or the last date for performance of any act or the exercise of any right, as provided herein, shall be other than a Business Day, then such payment or performance shall be made on the succeeding Business Day with the same force and effect as if done on the nominal date provided herein, provided that interest on any monetary obligation hereunder shall accrue at the applicable rate to and including the date of such payment.

Section 19. Applicable Provisions of Law.

This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 20. 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 21. 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 22. No Personal Liability.

No recourse shall be had for the payment of the principal of and interest on the Series 2017 Bond or for any claim based on the Series 2017 Bond or hereon, against any present or former member, officer or employee of the City Council or the City or any person executing the Series 2017 Bond.

Section 23. Approval of Interlocal Agreement.

The form of Interlocal Agreement between the Issuer and the Agency and relating to the Series 2017 Bond, attached hereto as Exhibit E, is hereby approved. The Interlocal Agreement with such non-material omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor, the City Administrator, City Attorney, the Clerk or the Chief Financial Officer prior to the execution thereof, which necessity and/or desirability and approval shall be presumed by the execution thereof by the Mayor. The Issuer hereby authorizes the Mayor to execute the Interlocal Agreement, such execution to be attested under seal by the City Clerk, approved as to content by the Chief Financial Officer and designated as legal in form and valid as drawn by the City Attorney.

Section 24. Authorizations.

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 agents of the Issuer in connection with the issuance, execution and delivery of the Series 2017 Bond and the execution and delivery of the Interlocal Agreement and are authorized and empowered, collectively or individually, to take all actions and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the Series 2017 Bond and the Interlocal Agreement and which are not inconsistent with the terms and provisions hereof and other actions relating to the Series 2017 Bond and the Interlocal Agreement heretofore taken by the Issuer.

Section 25. Repealer.

This Resolution supersedes all prior actions of City Council inconsistent herewith. All resolutions or portions thereof in conflict with the provisions of this Resolution are hereby repealed to the extent of any such conflict.

[Remainder of page intentionally left blank]

Section 26. 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 Charter of the Issuer.

Adopted: August 10, 2017

[SEAL]

Approved: _____
Brian Spencer, Council President

ATTEST:

Ericka L. Burnett, City Clerk

EXHIBIT A

FORM OF SERIES 2017 BOND

No. R-1

\$4,082,000

**CITY OF PENSACOLA, FLORIDA
WESTSIDE REDEVELOPMENT REVENUE BOND,
SERIES 2017**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Issue</u>
3.33%	April 1, 2037	August 15, 2017
Subject to adjustment as herein described		

REGISTERED OWNER: SMARTBANK CORPORATION

PRINCIPAL AMOUNT: FOUR MILLION EIGHTY-TWO THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the City of Pensacola, Florida (the “Issuer”), for value received, hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the sources hereinafter mentioned, in installments, on the Principal Payment Dates indicated in Schedule 2 attached hereto and on the Maturity Date, or sooner as provided herein, the Principal Amount shown above and the interest on the outstanding Principal Amount hereof from the date of this Bond or from the most recent date to which interest has been paid, whichever is applicable, until payment of such Principal Amount, at the Interest Rate described above, subject to adjustment as set forth in Schedule 1 attached hereto, with all unpaid interest being due on the Maturity Date or upon the earlier payment of principal hereunder upon presentation and surrender hereof at the office of the Chief Financial Officer for the Issuer, as Registrar and Paying Agent. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Interest due hereon shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Issuer may prepay this Bond in whole on any date or in part on any Payment Date upon at least 10 days’ prior written notice to the Registered Owner at a price of par plus accrued interest to the date of prepayment, including without limitation interest accrued after the Accrual Date at the Adjusted Interest Rate and the Additional Amount (as such terms are defined in Schedule 1 attached hereto). Unless otherwise agreed to by the Registered Owner hereof, all prepayments of the principal of this Bond shall be increments of \$1,000 and shall be applied to the prepayment of principal in inverse order of the Principal Payment Dates indicated in Schedule 2 attached hereto.

This Bond is being issued in the principal amount \$4,082,000 to finance the costs of the Series 2017 Project of the Issuer under the authority of and in full compliance with the Constitution of the State of Florida, Chapter 163, Part III, Florida Statutes, Chapter 166, Part II, Florida Statutes, the municipal charter of the Issuer and other applicable provisions of law, and Resolution No. __-

17, duly adopted by the City Council of the Issuer on August 10, 2017 (the “Resolution”), to which reference should be made to ascertain those terms and conditions. The terms and provisions of the Resolution, including, without limitation, the definitions therein, are hereby incorporated as a part of this Bond. The principal of this Bond shall be disbursed by the Registered Owner hereof to the Issuer in immediately available funds on the Date of Issue in accordance with the Resolution.

This Bond is payable from and secured solely by the Pledged Revenues consisting primarily of the Tax Increment Revenues and, to the extent Tax Increment Revenues are insufficient to pay the debt service requirements hereunder, the Local Business Tax, all in the manner provided in, and subject to the terms and conditions of, the Resolution. This Bond shall not constitute a general obligation or indebtedness of the Issuer, but shall be a limited obligation of the Issuer payable solely from the Pledged Revenues as provided in the Resolution. The Registered Owner hereof shall never have the right to compel the levy of taxes upon any property of or in the Issuer for the payment of the principal of and interest on this Bond. Reference is made to the Resolution for the provisions relating to the security for payment of this Bond and the duties and obligations of the Issuer hereunder.

The Registered Owner may sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State of Florida, of the United States of America, or granted and contained in the Resolution, and to enforce and compel the performance of all duties required by the Resolution or by any applicable laws to be performed by the Issuer, the City Council or by any officer thereof, and may take all steps to enforce the Resolution to the full extent permitted or authorized by the laws of the State of Florida or the United States of America.

The Issuer waives its right to trial by jury in the event of any proceedings in state or federal courts to enforce the terms of this Bond or of the Resolution, and the Registered Owner, by its acceptance of this Bond, waives its right to trial by jury in any such proceedings.

This Bond is subject to all the terms of the Resolution and Schedule 1 attached hereto.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to be performed, to exist and to happen precedent to and in the issuance of this Bond, have been performed, exist and have happened in regular and due form and time as so required.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the City of Pensacola, Florida, has issued this Bond 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

CERTIFICATE OF AUTHENTICATION OF REGISTRAR

This Bond constitutes the Westside Redevelopment Revenue Bond, Series 2017, as herein described. The Principal Amount, Interest Rate, 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 Register maintained at the principal office of the undersigned.

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

Date of Authentication

SCHEDULE 1 TO SERIES 2017 BOND

ADJUSTMENTS TO INTEREST RATE IN CERTAIN EVENTS

The Interest Rate on the Series 2017 Bond shall be subject to adjustment as provided herein and in the Resolution. The Registered Owner shall provide to the Issuer such documentation to evidence any adjustment to the Interest Rate and the calculations made in connection therewith. All calculations and determinations by the Registered Owner of the amounts payable pursuant to the following Interest Rate adjustment provisions or of any element thereof, if made in accordance with its then standard procedures for so calculating or determining such amounts, shall be conclusive absent manifest arithmetic error.

Upon the occurrence of a Determination of Taxability, the interest rate on the Series 2017 Bond shall be adjusted to the Adjusted Interest Rate as of the Accrual Date (as such terms are defined below); and (i) the Issuer shall, on the next Interest Payment Date (or if the Series 2017 Bond shall have matured, within thirty (30) days after demand by the Registered Owner of the Series 2017 Bond), pay to the Registered Owner of the Series 2017 Bond an amount equal to the sum of (1) the difference between (A) the total interest that would have accrued on the Series 2017 Bond at the Adjusted Interest Rate from the Accrual Date to such next Interest Payment Date (or the Maturity Date), and (B) the actual interest paid by the Issuer on the Series 2017 Bond from the Accrual Date to such next Interest Payment Date (or the Maturity Date), and (2) any interest and penalties required to be paid as a result of any additional federal income taxes imposed upon such Registered Owner arising as a result of such Determination of Taxability (collectively, the “Additional Amount”); and (ii) from and after such next Interest Payment Date, the Series 2017 Bond shall continue to bear interest at the Adjusted Interest Rate for the period such Determination of Taxability continues to be applicable with respect to the Series 2017 Bond. This adjustment shall survive payment of the Series 2017 Bond until such time as the federal statute of limitations under which the interest on the Series 2017 Bond could be declared taxable under the Code shall have expired.

“Accrual Date” means the date from which the interest payable on the Series 2017 Bond shall be includable for federal income tax purposes in the gross income of the Registered Owner thereof as a result of a Determination of Taxability.

“Adjusted Interest Rate” means an interest rate equal to 4.87% per annum.

Notwithstanding anything in the foregoing to the contrary, upon the occurrence and during the continuation of an Event of Default, the Interest Rate shall be established at a rate at all times equal to the Default Rate.

Notwithstanding any provision in the Resolution or the Series 2017 Bond to the contrary, in no event shall the Interest Rate exceed the maximum interest rate permitted by applicable law.

SCHEDULE 2 TO SERIES 2017 BOND

DEBT SERVICE FOR THE SERIES 2017 BOND

Principal Payment Date (April 1)	Principal Installment
2018	\$194,000
2019	150,000
2020	155,000
2021	160,000
2022	165,000
2023	171,000
2024	177,000
2025	183,000
2026	189,000
2027	195,000
2028	201,000
2029	208,000
2030	215,000
2031	222,000
2032	230,000
2033	237,000
2034	245,000
2035	253,000
2036	262,000
2037*	270,000
Total	<u>\$4,082,000</u>

*Maturity Date

EXHIBIT B

FORM OF PURCHASER'S CERTIFICATE

This is to certify that SmartBank Corporation (the “Purchaser”) has not required the City of Pensacola, 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 its \$4,082,000 Westside Redevelopment Revenue Bond, Series 2017 (the “Series 2017 Bond”), and no inference should be drawn that the Purchaser, in the acceptance of the Series 2017 Bond, is relying on Bond Counsel or the 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. __-17 adopted by the City Council of the Issuer on August 10, 2017 (the “Resolution”).

We are aware that investment in the Series 2017 Bond involves various risks, that the Series 2017 Bond is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Series 2017 Bond is secured solely from the sources described in the Resolution (the “Security”).

We have made such independent investigation of the Security as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Series 2017 Bond and can bear the economic risk of our investment in the Series 2017 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 Series 2017 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 Series 2017 Bond may be transferred only in whole and not in part and only in accordance with the limitations set forth in the Resolution.

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 Series 2017 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 an “accredited investor” within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.

DATED this 15th day of August, 2017.

SMARTBANK CORPORATION

By: _____

Name: Ric Nickelsen

Title: Vice President

EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as Lender, proposes to negotiate with the City of Pensacola, Florida (the “Issuer”) for the private purchase of its \$4,082,000 Westside Redevelopment Revenue Bond, Series 2017 (“Series 2017 Bond”). Prior to the award of the Series 2017 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 “Lender”) in connection with the issuance of the Series 2017 Bond (such fees and expenses to be paid by the Issuer):

\$4,875.00
Legal Fees

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Lender in connection with the issuance of the Series 2017 Bond to any person not regularly employed or retained by the Lender (including any “finder” as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Lender, as set forth in paragraph 1 above.

(b) No person has entered into an understanding with the Lender, or to the knowledge of the Lender, 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 Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2017 Bond.

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

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

5. Truth-in-Bonding Statement:

The Series 2017 Bond is being issued primarily to finance the cost of the Series 2017 Project as defined in Resolution No. __-17 adopted by the Issuer on August 10, 2017 (the “Resolution”) and reimburse the Issuer for any Project Costs, as defined in the Resolution. Unless earlier prepaid, the Series 2017 Bond is expected to be repaid by April 1, 2037. At a fixed interest rate of 3.33%, total interest paid over the life of the Series 2017 Bond is \$1,506,278.51 and issuance of the Series 2017 Bond will result in a maximum of approximately \$279,903.00 of Pledged Revenues of the Issuer not being available to finance other services of the Issuer during the life of the Series 2017 Bond.

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

SmartBank Corporation
201 North Palafox Street
Pensacola, Florida 32502

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Lender this 15th day of August, 2017.

SMARTBANK CORPORATION

By: _____

Name: Ric Nickelsen

Title: Vice President

EXHIBIT D

PROPOSAL OF LENDER

[Follows]



July 20, 2017

Honorable Mayor and City Council
City of Pensacola, Florida

Re: City of Pensacola \$4,082,000 Westside Redevelopment Bonds, series 2017, and \$1,307,000 Eastside Redevelopment Bonds, series 2017, (bank qualified tax exempt or non-bank qualified)

Please accept this letter as a commitment of SmartBank or the "Bank" to purchase the above captioned Notes upon the terms and conditions outlined below:

Issuer: City of Pensacola, Florida

Amount: \$4,082,000 (Westside Series 2017) and \$1,307,000 (Eastside Series 2017) revenue notes (the "Notes").

Purpose of Issue: The Note proceeds will be used to finance various improvements within the respective community redevelopment areas (collectively the "Project").

Authority for Issue: Provisions of the Florida Constitution, the Charter of the City of Pensacola, Florida, as amended; Chapter 166, Part II of the Florida Statutes, Chapter 163, Florida Statutes, and any other valid constitutional and statutory authority.

Dated Date of Notes: Date of Delivery.

Form of Certificates: The Notes will be issued as a single typewritten or printed certificates, in fully registered form.

Interest Rate & Term:

<u>Westside Series 2017**</u>	<u>Annual Interest Rate #</u>
20 year term – fully amortized##	3.25% (Bank Qualified tax exempt)
	3.33% (Non-Bank Qualified tax exempt)

This paper is carbon-neutral, was processed chlorine-free, contains 100% post consumer waste and is Green-e Certified.

July 20, 2017

<u>Eastside Series 2017**</u>	<u>Annual Interest Rate #</u>
20 year term – fully amortized###	3.25% (Bank Qualified tax exempt) 3.33% (Non-Bank Qualified tax exempt)

**The Issuer would fully fund the loan on the day we close the loan.

If the Issuer accepts our proposal by the stipulated time, we will hold the above referenced fixed interest rate firm, provided that the Notes are closed (fully funded) no later than August 15, 2017. Should the Notes not be funded by August 15, 2017, a higher rate could apply, which would be based upon market conditions at the time the loan is actually closed.

Our pricing is based on the loan being amortized over a 20 year term utilizing approximately level debt. The loan would have a "final maturity" of no later than April 1, 2037.

Interest and Principal Payments: Interest would be calculated on a 30 over 360 day basis. Principal would be paid annually while interest would be payable semi-annually. The combined principal and interest payment would be due annually commencing on April 1, 2018 with an additional interest payment due annually commencing on October 1, 2018; see the attached "sample" amortization schedule. Although the dates and amounts could change, in all cases the final maturity date would need to occur no later than April 1, 2037.

Prepayment Provisions: The principal may be prepaid in whole on any date with 10 days advance written notice to the Bank without prepayment penalty. Principal may be prepaid in part on any interest payment date (each semi-annual payment date) with 10 days advance written notice to the Bank without prepayment penalty, provided that the Issuer pays all accrued interest which shall have accrued to the date of prepayment and provided further that any principal prepayments shall be in multiples of one-thousands (\$1,000.00). Prepayments shall be deemed to apply to those principal installments with the latest maturities of the Notes in inverse order.

Credit Approval: Already approved.

Security: The Notes would be secured by a pledge of (i) in the case of the Westside Series 2017 Note, the tax increment revenues generated within its Westside Community Redevelopment Area, (ii) in the case of the Eastside Series 2017 Note, the tax increment revenues generated within its Eastside Community Redevelopment Area, and (iii) in the case of both the Westside Series 2017 Note and Eastside Series 2017 Note, the Issuer's local Business Tax receipts.

Additional Debt: The Issuer would be permitted to issue additional debt on parity with the Notes (payable either from tax increment revenues or Business Tax receipts) provided it could meet an "additional bonds test" (ABT) of 1.50 times MADS for whatever portion of the security is being pledged to another issue.

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Documentation: All documentation would need to be acceptable to the Bank and "Bank Counsel". The Bank and Bank Counsel would need to review and approve all documentation prior to adoption and/or acceptance by the Issuer's City Council. The loan documentation would include standard terms, conditions, and covenants which are customary for this type of financing. We understand that Note Counsel will be Bryant Miller Olive, P.A. Note Counsel would draft the loan documents and issue the customary legal and tax opinions. The Issuer's Local Counsel would also issue an opinion letter as to the due authorization and validity of the authorizing documents and the Notes. Based on this, the role of "Bank Counsel" would be that of a "review function" only. We have outlined the cost of Bank Counsel in the paragraph captioned "Closing costs, fees and expenses" presented below.

Additional Terms and Conditions:

* All legal and tax opinions would be addressed to the Bank and be in a form and substance acceptable to the Bank. The Issuer's legal counsel would opine as to the authority, legality, validity and enforceability of any pertinent ordinances, the Authorizing Resolution, the Notes, and such other proceedings of the City Commission and CRA Board as the Bank and Bank Counsel may deem necessary.

* The Issuer would covenant to use the proceeds of the Notes only for those projects which are eligible to receive the tax increment revenue distributions.

* No Impairment: the pledge of the tax increment revenues and Business Tax receipts will not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the CRA or the City. The Issuer will covenant not to reduce the level of Business Tax below that sufficient to pay debt service on the Notes.

* The Issuer would be required to do all things necessary (including taking legal action should it be necessary) to enforce the receipt of the tax increment revenues, and would be required to do all things necessary (including taking legal action should it be necessary) to enforce receipt of the Business Tax receipts in order to ensure that the pledged revenues are forthcoming to pay the Issuer's Notes.

* The Issuer would warrant in the loan documents that the tax increment revenues and Business Tax receipts are not currently pledged to any other obligations or debts.

* Prior to funding the Notes the Issuer would furnish to us a final "Sources and Uses" of funds statement, based on the final numbers.

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* Prior to closing the Notes the Issuer would provide to the Bank a certificate to the effect that (i) the financial statements were prepared in accordance with GAAP and fairly present the financial condition of the Issuer and the CRA, respectively, as of their date, and (ii) since the date of the information presented in the 2016 audit (latest audit available at this time) there has been no material adverse change in the financial condition of the City and the CRA, respectively, or the pledged sources of repayment.

* We would require that the interest rate on the loan be "grossed up" and applied retroactively to the date of any event of taxability should it be determined by the Internal Revenue Service that the tax status of the Notes has changed due to the actions or inaction of the Issuer. Such "gross up" would not exceed any statutory limit imposed by the State of Florida and would be equal to the tax equivalent yield as originally contemplated by the Bank.

* Provision would be made for a "default interest rate" equal to 18% or any statutory interest rate limitation imposed by the State of Florida, whichever is less.

* The loan documentation would define standard events of default as are customary for this type of transaction and would provide reasonable remedies to the Bank in the event of default under the loan documents, but would exclude the right of acceleration unless other loans secured by the same revenue sources are granted such rights.

* The Issuer, immediately upon receiving knowledge of an event of default, would provide written notice to the Bank in the event of default.

* The Issuer would reimburse the Bank (or its agent e.g., receiver, trustee, etc.) for all reasonable legal and collection costs to exercise its remedies or collect its payments for the loan in the event of default.

* The Bank's remedies could be exercised independently of all other series of debt obligations of the Issuer and would require no other noteholders', bondholders' or creditors' approvals to exercise such remedies in the event of default.

* The Issuer would provide to the Bank (at no cost) the following information: a copy of its audited financial statement annually (automatically within 210 days after fiscal year end or whenever it becomes available, whichever occurs first), annual operating budgets (if requested by the Bank), and such other financial information as the Bank may reasonably request.

Closing costs, fees and expenses: The Bank would charge no fees and assess no closing costs for its own benefit. However, we would require the Issuer to reimburse the Bank for "Bank Counsel" expenses. Bank Counsel's fee will not exceed \$6,500 if its role is limited to a "review"

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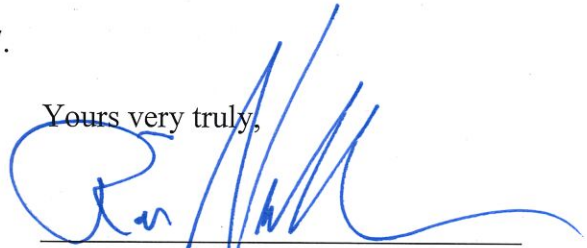
July 20, 2017

function only. All other legal expense i.e., Note Counsel and the Issuer's Local Counsel would be paid directly by the Issuer. See the "Documentation" paragraph above for more detail.

Delivery: As soon as possible after all approvals, but in any event the loan would be closed no later than August 15, 2017 in order for us to hold firm the quoted fixed rate of interest.

This proposal shall remain valid August 15, 2017.

Yours very truly,



Name: Ric Nickelsen

Title: Vice President, SmartBank

Accepted and Approved:

The City of Pensacola Community Redevelopment Agency and the City of Pensacola, Florida have accepted this Financing Proposal from SmartBank and hereby selects SmartBank to finance the above referenced Project.

Approved and accepted: As of this ____ day of _____, 2017.

EXHIBIT E

FORM OF INTERLOCAL AGREEMENT

[Follows]

INTERLOCAL AGREEMENT

between

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PENSACOLA,
FLORIDA

and

THE CITY OF PENSACOLA, FLORIDA

**INTERLOCAL AGREEMENT
WESTSIDE REDEVELOPMENT REVENUE BOND,
SERIES 2017**

This INTERLOCAL AGREEMENT made and entered into this 15th day of August, 2017 (herein, the "Agreement"), by and between THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PENSACOLA, FLORIDA, a public body corporate and politic of the State of Florida (the "Agency"), and the CITY OF PENSACOLA, FLORIDA, a municipal corporation of the State of Florida (the "City");

W I T N E S S E T H:

WHEREAS, on September 25, 1980, the City Council of the City (the "City Council") adopted Resolution No. 54-80 which created the Community Redevelopment Agency of the City of Pensacola, Florida and declared the City Council to be the Agency as provided in Section 163.357, Florida Statutes; and

WHEREAS, pursuant to Resolution No. 04-07, enacted on January 25, 2007, the City Council designated the boundaries and found and determined that an area designated therein as the "Westside Community Redevelopment Area" is a blighted area as therein described, and

WHEREAS, on May 24, 2007, the City Council approved, by Resolution No. 13-07, the "Westside Community Redevelopment Plan" for the Westside Community Redevelopment Area; and

WHEREAS, pursuant to Sections 163.2520 and 163.387, Florida Statutes, on January 17, 2008, the City Council enacted Ordinance No. 01-08, as subsequently amended by Ordinance No. 31-14 enacted by the City Council on August 28, 2014, creating and establishing the Westside Community Redevelopment Trust Fund; and

WHEREAS, the Agency is responsible for implementation of community redevelopment plans providing for the redevelopment, rehabilitation and improvement of community redevelopment areas in the City; and

WHEREAS, the City and the Agency have determined to redevelop and revitalize the Westside Community Redevelopment Area as a visibly attractive, economically viable, and socially desirable area of the City; and

WHEREAS, in accordance with the intent and purpose of Section 163.01, Florida Statutes, the parties have elected to enter into this Agreement to jointly and collectively provide for the acceptance by the Agency of the issuance by the City of its \$4,082,000 Westside Redevelopment Revenue Bond, Series 2017 (the “Series 2017 Bond”), pursuant to Resolution No. __-17 adopted by the City Council on August 10, 2017 (the “Bond Resolution”), to finance the Series 2017 Project as therein described; and

WHEREAS, the City Council and the Agency have determined that this Agreement and the Series 2017 Project and expenditures contemplated hereunder serve public purposes and are appropriate and necessary undertakings in furtherance of redeveloping the Westside Community Redevelopment Area consistent with the Westside Community Redevelopment Plan.

NOW, THEREFORE, in consideration of the mutual covenants of and benefits derived from this Agreement, the sufficiency of which is hereby acknowledged by the City and the Agency agree as follows:

Section 1. Authority. This Agreement is entered into pursuant to and under the authority of the City Charter; Section 163.01, Florida Statutes; the Community Redevelopment Act of 1969 (the “Act”), codified in Part III, Chapter 163, Florida Statutes; Chapter 166, Florida Statutes, and other applicable law, as amended and supplemented.

Section 2. Incorporation of Recitals. The recitals set forth above are hereby incorporated into the terms of this Agreement.

Section 3. Definitions. Unless the context otherwise requires, all terms used herein shall have the meanings assigned to such terms in the Bond Resolution.

Section 4. Series 2017 Bond Accepted; Obligation to Repay City.

(A) The City's issuance of the Series 2017 Bond is hereby acknowledged by the Agency, and the Agency hereby confirms, consents to and accepts the terms thereof and as set forth in the Bond Resolution.

(B) The Agency hereby covenants to fund, pay, reimburse and repay the City the amounts due under the Series 2017 Bond and the Bond Resolution, including payment of the principal of and interest on the Series 2017 Bond. The Agency hereby pledges the Tax Increment Revenues to the City and shall pay the amounts due hereunder from Tax Increment Revenues or from any other funds of the Agency legally available for such purpose. To the extent that Tax Increment Revenues are insufficient to fully pay the principal of and interest on the Series 2017 Bond, and the City has advanced Local Business Tax for the payment thereof in accordance with the terms of the Bond Resolution (an “Advance”), the Agency shall repay such Advance and pay interest on such Advance at the “WSJ Prime Rate” published by *The Wall*

Street Journal or such other prime rate as published by such other publication as the City's Chief Financial Officer may reasonably designate. The obligations of the Agency described in this Section 4(B) are cumulative and shall continue until amounts due hereunder and under the Bond Resolution are fully paid. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency's obligation hereunder to make payments sufficient to pay the Series 2017 Bond and any Additional Obligations issued in accordance with the Bond Resolution.

Section 5. Term. This Agreement shall become effective upon execution by the Parties and continue in full force and effect until the obligations hereunder approved by this Agreement, including principal and accumulated interest, has been fully repaid.

Section 6. Amendments. This Agreement may be amended by the mutual written agreement of all parties at any time and from time to time, which amendments shall become effective upon filing thereof in the public records of Escambia County, Florida, pursuant to Section 163.01(11), Florida Statutes.

Section 7. Assignment. No party to this Agreement may, directly or indirectly, assign or transfer any or all of their duties, rights, responsibilities, or obligations under this Agreement to any other party or person not a party to this Agreement, without the express prior approval of the other party to this Agreement.

Section 8. Severability. The provisions of this Agreement are severable, and it is the intention of the parties hereto to confer the whole or any part of the powers herein provided for and if any of the provisions of this Agreement or any other powers granted by this Agreement shall be held unconstitutional, invalid or void by any court of competent jurisdiction, the decision of said court shall not affect or impair any of the remaining provisions of this Agreement. It is hereby declared to be the intent of the parties hereto that this Agreement would have been adopted, agreed to, and executed had such unconstitutional, invalid or void provision or power not been included therein.

Section 9. Controlling Law; Venue. Any and all provisions of this Agreement and any proceeding seeking to enforce and challenge any provision of this Agreement shall be governed by the laws of the State of Florida. Venue for any proceeding pertaining to this Agreement shall be Escambia County, Florida.

Section 10. Members Not Liable.

(A) All covenants, stipulations, obligations and agreements contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the City and the Agency, respectively, to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida.

(B) No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future individual member of a governing body or agent or employee of the Agency or the City in his or her

Agreement shall be deemed to have been duly and properly executed even though on the Effective Date any such individual may not hold such office.

Section 14. Limited Obligation. Neither the full faith and credit of the City, the Agency or of the State of Florida or any political subdivision thereof is pledged to meet the funding obligations hereunder, and no party shall ever have the right to compel any exercise of any ad valorem taxing power of the City, the Agency or of the State of Florida or any political subdivision thereof, directly or indirectly to enforce any payment or funding of money provided for hereunder. This Agreement shall not constitute a lien upon any property of the City or the Agency except in the manner and to the express extent described herein.

Section 15. City and Agency Not Liable. Nothing contained in this Agreement shall be construed or deemed, nor is intended, or impose any obligation upon the City or the Agency except to the extent expressly assumed by the City or the Agency, respectively.

Section 16. Filing with County Clerk of the Court. The City is hereby authorized and directed after approval of this Agreement by the Agency and the City and the execution hereof to submit this Agreement to the Clerk of the Court of Escambia County, Florida, for filing in the public records of Escambia County, Florida, as provided by Section 163.01(11), Florida Statutes.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto, by and through the undersigned, have entered into this Interlocal Agreement as of the day and year first above written.

COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF
PENSACOLA, FLORIDA

Attest:

Jewel Cannada-Wynn, Chairwoman

Ericka L. Burnett, City Clerk

CITY OF PENSACOLA, FLORIDA

Ashton J. Hayward, III, Mayor

Legal in Form and Valid as Drawn:

Attest:

Lysia Bowling, City Attorney

Ericka L. Burnett, City Clerk

Approved as to Content:

Approved as to Content:

Richard Barker, Jr.
Chief Financial Officer

M. Helen Gibson
Community Redevelopment Agency
Administrator

[Signature Page to Interlocal Agreement]