

RESOLUTION NO. 18-20

OF THE

CITY OF PENSACOLA, FLORIDA

ADOPTED JUNE 14, 2018

RELATING TO:

NOT EXCEEDING

\$30,000,000

CITY OF PENSACOLA, FLORIDA

AIRPORT REFUNDING REVENUE NOTE, SERIES 2018

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RESOLUTION NO. 18-20

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE CITY OF PENSACOLA, FLORIDA OF AN AIRPORT REFUNDING REVENUE NOTE, SERIES 2018, IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 TO REFUND ALL OF THE REMAINING AMOUNT OUTSTANDING OF THE AIRPORT REVENUE BONDS, SERIES 2008 (AMT), WHICH BONDS 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; AWARDING THE SERIES 2018 NOTE; APPROVING A FORM OF ESCROW DEPOSIT AGREEMENT; APPOINTING AN ESCROW HOLDER; 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, particularly as amended and supplemented by Resolution 17-08 duly adopted by the Issuer on July 24, 2008 (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.

"Escrow Deposit Agreement" shall mean an Escrow Deposit Agreement to be entered into by and between the Issuer and the Escrow Holder in substantially the form attached hereto as Exhibit E.

"Escrow Holder" shall mean TD Bank, N.A., or its successor and assigns.

"Holder" shall mean any Registered Owner in whose name the Series 2018 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 2018 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 2018 Note, initially the Registrar shall be the Chief Financial Officer.

"Original Purchaser" shall mean Compass Mortgage Corporation, an Alabama corporation authorized to do business in Florida, and its successors and/or assigns.

"Parity Obligations" shall mean the outstanding Series 2010 Note, Series 2015 Note and Series 2017 Note and any Additional Parity Bonds hereafter issued in accordance with the Resolution.

"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 2018 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.

"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.

"Pledged PFC Revenues" shall mean PFC Revenues, if any, deposited into the Bond Fund for payment of that portion of the Annual Debt Service Requirement of the Series 2018 Note eligible to be paid from PFC Revenues.

"Refunded Bonds" shall mean all of the remaining amount outstanding of the Series 2008 Bonds.

"Refunded Bonds Redemption Date" shall have the meaning ascribed thereto in Section 10 of this Resolution.

"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 Series 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 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 Issuer's Airport Refunding Revenue Note, Series 2017, issued in the original principal amount of \$6,300,000, dated as of September 20, 2017, authorized pursuant to Resolution No. 17-48 duly adopted on September 14, 2017.

"Series 2018 Note" shall mean the Airport Refunding Revenue Note, Series 2018, 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 Bonds, which will be defeased on the date of issuance of the Series 2018 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 2018 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 2018 Note, the Parity Obligations and the CFC Obligation. The Pledged PFC Revenues are not pledged or encumbered in any manner except for the Refunded Bonds, which will be defeased on the date of issuance of the Series 2018 Note.

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 2018 Note, with all the terms, conditions and restrictions contained in the Original Resolution. The Issuer is therefore legally entitled to issue the Series 2018 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 2018 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. It is necessary and desirable to refund the Refunded Bonds in order to achieve a reduction in Annual Debt Service Requirements. The Series 2018 Note will be issued in a principal amount and at such interest rate that will result in a Maximum Annual Debt Service for the Series 2018 Note that is not greater than the existing Maximum Annual Debt Service of the Refunded Bonds. An amount sufficient to effect the refunding of the Refunded Bonds will be deposited in

an irrevocable escrow account established for the Owners of the Refunded Bonds, and shall be held in cash and Federal Securities, in accordance with Section 20 of the Original Resolution. Such cash and Federal Securities will be sufficient to make timely payments of all principal, interest and redemption premiums, if any, with respect to the Refunded Bonds to their scheduled maturity and/or to redeem and retire the callable Refunded Bonds on the Refunded Bonds Redemption Date.

G. The amount needed to refund the Refunded Bonds is not less than the net proceeds to be derived from the sale of the Series 2018 Note and certain amounts set aside for the Refunded Bonds in the Bond Fund and the Debt Service Reserve Fund (amounts in excess of the Reserve Requirement after issuance of the Series 2018 Note) at the time the Series 2018 Note is delivered. An amount sufficient to make timely payments of all presently outstanding principal and interest with respect to the Refunded Bonds and to redeem and retire such Refunded Bonds on the Refunded Bonds Redemption Date will be irrevocably deposited with the Escrow Holder and held for the holders of the Refunded Bonds.

H. The costs associated with the refunding of the Refunded Bonds 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, escrow holder and escrow verification agent fees, and expenses and such other expenses as may be necessary or incidental for the financing herein authorized.

I. The estimated Pledged Funds, together with any Pledged PFC Revenues, will be sufficient to pay all of the principal of and interest on the Series 2018 Note herein authorized and to pay all of the principal of and interest 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 therefrom.

J. The Series 2018 Note and the interest thereon shall be payable solely from the Pledged Funds and the Pledged PFC Revenues and shall not constitute a general or moral debt liability or 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 2018 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 and secured solely by the Pledged Funds and the Pledged PFC Revenues to the extent and 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 2018 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 Pledged PFC Revenues and from the Pledged Funds, on a parity with the Parity Obligations, all in the manner provided herein and in the Original Resolution.

Section 4. AUTHORIZATION OF SERIES 2018 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 2018" herein defined as the "Series 2018 Note" is authorized to be issued in a principal amount not to exceed \$30,000,000 for the purpose of refunding the Refunded Bonds. Such Series 2018 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 2018 Note in accordance herewith and the Original Resolution, the authorization for the unissued, remaining portion of the Series 2018 Note set forth in the title hereof shall be deemed cancelled.

Because of the characteristics of the Series 2018 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 2018 Note at a private negotiated sale, which was based upon a competitive selection process. Prior to the issuance of the Series 2018 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 Bonds in the manner provided herein and in the Escrow Deposit Agreement. The proper officers of the Issuer are hereby directed to take all action and steps deemed necessary to issue and deliver the Series 2018 Note, to refund the Refunded Bonds, 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 2018 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 2018 Note over any other thereof, on a parity with the Parity Obligations, except as expressly provided therein and herein.

Section 6. DESCRIPTION OF SERIES 2018 NOTE.

The Series 2018 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 2018 Note shall have a fixed interest rate of 3.93% 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 2018 Note shall be paid semi-annually on each April 1 and October 1, commencing October 1, 2018. The Series 2018 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 2018 Note. The entire unpaid principal balance, together with all accrued and unpaid interest thereon, shall be due and payable in full on October 1, 2038.

(C) Prepayment of the Series 2018 Note. The Series 2018 Note shall be subject to prepayment as described in the Series 2018 Note.

(D) Form of the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Note. The Certificate of Authentication of the Note Registrar shall appear on the Series 2018 Note, and no Series 2018 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 2018 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 2018 Note.

Upon surrender for transfer or exchange of the Series 2018 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 2018 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, ownership of the Series 2018 Note may be transferred or assigned only as a whole and only upon the Bond Register. Transfer of the Series 2018 Note (i) shall be restricted to Permitted Lenders, (ii) is not permitted in the event the remaining principal amount outstanding of the Series 2018 Note is less than \$100,000, and (iii) is subject to consent of the Issuer, which consent shall not be unreasonably withheld. The Series 2018 Note shall contain a legend that provides that the Registered Owner thereof shall not transfer the Series 2018 Note except as provided herein. Further, the Series 2018 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 2018 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.

The Series 2018 Note and the interest thereon shall not constitute a general or moral debt, liability or 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 2018 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 and secured solely by the Pledged Funds and the Pledged PFC Revenues to the extent and 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 2018 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 Pledged PFC Revenues and from the Pledged Funds, on a parity with the Parity Obligations, all in the manner provided herein and in the Original Resolution.

The covenants and pledges contained in the Original Resolution, including, without limitation, the test for the issuance of Additional Parity Bonds provided in Section 17.P of the Original Resolution and the rate covenant provided in Section 17.D of the Original Resolution, are hereby incorporated by reference herein and shall be applicable to the Series 2018 Note in like manner as applicable to the Parity Obligations, except as specifically set forth herein. The principal of and interest on the Series 2018 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 2018 Note, on a parity with the Parity Obligations and any Additional Parity Bonds hereafter issued. The Issuer may deposit PFC Revenues in the Bond Fund to the extent and in the manner provided herein to be applied to the payment of the Series 2018 Note. Upon such deposit, such amounts shall constitute Pledged PFC Revenues and are hereby pledged to the payment of the Series 2018 Note and a lien is hereby granted thereon for the security of the Series 2018 Note. Whenever the Pledged Funds on deposit 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 2018 Note; provided, however, that the amount applied to the Series 2018 Note shall be adjusted for any PFC Pledged Revenues deposited in the Bond Fund for payment of such Series 2018 Note. Anything provided herein to the contrary, the Issuer shall have no obligation to deposit PFC Revenues in the Bond Fund for the payment of debt service on the Series 2018 Note.

Upon the issuance of the Series 2018 Note, the Debt Service Reserve Fund shall be funded in the amount equal to the Reserve Requirement. Amounts on deposit in the Debt Service Reserve Fund in excess of the Reserve Requirement after issuance of the Series 2018 Note shall be applied as provided in Section 11 hereof. By acceptance of the Series 2018 Note, the Original Purchaser acknowledges that the Series 2017 Note is not secured by the Debt Service Reserve Fund and that the Issuer may elect that specified Additional Parity Bonds issued in the future shall not be secured by the Debt Service Reserve Fund and that debt service thereon shall not be included in the calculation of the Reserve Requirement.

B. Upon the issuance of the Series 2018 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 2018 Note; provided, however, that the amount applied to the Series 2018 Note shall be adjusted for any PFC Pledged Revenues deposited in the Bond Fund for payment of such Series 2018 Note.

C. The gross amount required to pay principal of or interest and Amortization Installments on the Series 2018 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 2018 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.

D. The Issuer hereby irrevocably commits the application of all PFC Revenues deposited by the Issuer into the Bond Fund to the payment of that portion of the Annual Debt Service Requirement of the Series 2018 Note eligible to be paid from PFC Revenues. Nothing herein shall be deemed to establish or require the Issuer to deposit any particular amount of PFC Revenues in any year into the Bond Fund. The Issuer reserves the right, in its sole discretion, to use PFC Revenues for any lawful purpose under applicable regulations relating to Passenger Facility Charges. However, any amount of PFC Revenues deposited into the Bond Fund shall be subject to the irrevocable commitment of such PFC Revenues to the payment of the portion of the Annual Debt Service Requirement of the Series 2018 Note eligible to be paid in such Bond Year from the PFC Revenues.

Section 10. APPLICATION OF PROCEEDS OF SERIES 2018 NOTE; APPROVAL OF ESCROW DEPOSIT AGREEMENT.

All moneys received from the sale of the Series 2018 Note, together with other legally available funds of the Issuer necessary to fully pay and redeem the Refunded Bonds on the Refunded Bonds Redemption Date and to pay other costs due in respect of the Refunded Bonds, shall be deposited in the Escrow Account established pursuant to the Escrow Deposit Agreement, all as set forth and as directed by the terms of the Escrow Deposit Agreement.

The form of the Escrow Deposit Agreement, in substantially the form attached hereto as Exhibit E, is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be made in such form and approved by the Mayor, such execution and delivery to be conclusive evidence of such approval. The Escrow Deposit Agreement shall be executed in the name of the Issuer by 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. The Escrow Deposit Agreement may be signed and sealed on behalf of the Issuer by any person who at the actual time of the execution of such Escrow Deposit Agreement shall hold the appropriate office of the Issuer, although at the date thereof the person may not have been so authorized.

Subject to the execution and delivery of the Series 2018 Note for the purpose of refunding the Refunded Bonds, the Issuer hereby elects to irrevocably call the callable Refunded Bonds maturing on or after October 1, 2019, for early redemption on October 1, 2018, or such other date as determined by the Mayor in the Escrow Deposit Agreement (the "Refunded Bonds Redemption Date"). The Issuer directs TD Bank, N.A., in its capacity as Paying Agent for the Refunded Bonds (the "2008 Paying Agent"), to mail a notice of the redemption of the callable Refunded Bonds not less than thirty (30) days prior to such redemption date to each holder thereof in accordance with the requirements of Section 9 of Resolution No. 17-08 adopted by the Issuer on July 24, 2008, in the form to be prepared by Note Counsel. Furthermore, upon issuance of the Series 2018 Note for the purposes of refunding the Refunded Bonds, the Issuer hereby directs the 2008 Paying Agent to mail a notice of defeasance to each holder of the Refunded Bonds in the form to be prepared by Note Counsel.

Section 11. DISPOSITION OF EXISTING FUNDS.

Amounts held in the Bond Fund with respect to the Refunded Bonds and moneys in the Debt Service Reserve Fund in excess of the Reserve Requirement after issuance of the Series 2018 Note will be applied to defease the Refunded Bonds.

Section 12. NOTICE AND REPORTING REQUIREMENTS.

A. Promptly after the Issuer becomes aware of the same, the Issuer will notify the Original Purchaser of any default hereunder and/or the pendency of litigation material to the Issuer's ability to repay the Series 2018 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 thirty (30) days of the beginning of each Fiscal Year.

(3) Other Information. Such other information 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 and sale of the Series 2018 Note to the Original Purchaser and the refunding and redemption of the Refunded Bonds and which are not inconsistent with the terms and provisions of the Resolution and other actions relating to the Series 2018 Note heretofore taken by the Issuer.

No covenant, stipulation, obligation or agreement contained in the Resolution or the Series 2018 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 none of the Mayor, the members of the City Council of the Issuer, nor any person executing the Series 2018 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. APPROVAL OF PAYING AGENT AND ESCROW HOLDER; VERIFICATION AGENT.

The Paying Agent for the Series 2018 Note shall be the Chief Financial Officer of the Issuer. TD Bank, N.A., is hereby appointed as Escrow Holder with respect to the Refunded Bonds. The

Issuer hereby also authorizes the Mayor to engage such professionals as in his discretion are competent to provide a verification report with respect to the Refunded Bonds.

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 2018 Note issued hereunder.

Section 16. REPEALING CLAUSE.

All 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 2018 Note shall be Escambia County, Florida.

The prevailing party in any action, claim or proceeding arising out of this Resolution or the Series 2018 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 2018 Note.

[Remainder of Page Intentionally Left Blank]

Section 18. 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: June 14, 2018

[SEAL]

Approved: _____
Gerald Wingate, Council President

ATTEST:

Ericka L. Burnett, City Clerk

EXHIBIT A

FORM OF SERIES 2018 NOTE

No. R-1

\$29,678,000

TRANSFER OF REGISTRATION OF THIS NOTE IS RESTRICTED. SEE SECTION 8 OF
RESOLUTION NO. 18-20 HEREIN DESCRIBED.

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF PENSACOLA, FLORIDA
AIRPORT REFUNDING REVENUE NOTE, SERIES 2018

Rate of Interest
3.93%

Maturity Date
October 1, 2038

Dated Date
July 18, 2018

Registered Owner: COMPASS MORTGAGE CORPORATION

Principal Amount: TWENTY-NINE MILLION SIX HUNDRED SEVENTY-EIGHT 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 October 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, 2038.

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 Bonds, Series 2008 (AMT), which Series 2008 Bonds 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, particularly as amended and supplemented by Resolution 17-08 duly adopted by the Issuer on July 24, 2008 (as amended and supplemented, the "Original Resolution"), and as particularly supplemented by Resolution No. 18-20, duly adopted by the Issuer on June 14, 2018 (the "2018 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 solely by an irrevocable lien upon and pledge of the (i) Net Revenues of the Airport Facilities, (ii) 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 (iii) 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 2018 Note is on a parity with the Issuer's outstanding Airport Revenue Note, Series 2010, Airport Refunding Revenue Note, Series 2015 and Airport Refunding Revenue Note, Series 2017 (collectively, the "Parity Obligations") and any Additional Parity Bonds hereafter issued, all in the manner provided in the Resolution. This Note is further secured by certain PFC Revenues, to the extent that such PFC Revenues are deposited into the Bond Fund to pay that portion of the Annual Debt Service Requirement of this Series 2018 Note eligible to be paid from the PFC Revenues, all to the extent and in the manner provided in the 2018 Resolution.

This Note and the interest thereon shall be payable solely from the Pledged Funds and the Pledged PFC Revenues and shall not constitute a general or moral debt, liability or 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 and secured solely by the Pledged Funds and the Pledged PFC Revenues to the extent 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 Pledged PFC Revenues and from the Pledged Funds, on a parity with the Parity Obligations, all in the manner provided in the 2018 Resolution 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.

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.

Ownership of this Note may be transferred or assigned only as a whole and only upon the Bond Register. Transfer of this Note (i) shall be restricted to Permitted Lenders, (ii) is not permitted in the event the remaining principal amount outstanding hereof is less than \$100,000 and (iii) is subject to consent of the Issuer, which consent shall not be unreasonably withheld. Further, this 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" of the 2018 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.

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 2018, 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	\$ 324,000
2019	994,000
2020	1,035,000
2021	1,074,000
2022	1,116,000
2023	1,157,000
2024	1,202,000
2025	1,254,000
2026	1,304,000
2027	1,352,000
2028	1,403,000
2029	1,456,000
2030	1,518,000
2031	1,577,000
2032	1,636,000
2033	1,702,000
2034	1,769,000
2035	1,841,000
2036	1,913,000
2037	1,990,000
2038*	2,061,000
Total	\$29,678,000

*Maturity Date

SCHEDULE II
TO SERIES 2018 NOTE
PREPAYMENT PROVISIONS

On any date on or after July 18, 2028, the Series 2018 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, at a price of par plus accrued interest to the date of prepayment.

On any date prior to July 18, 2028, the Series 2018 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; provided, however, if the Issuer makes any prepayment of the outstanding principal amount of the Series 2018 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 2018 Note was issued, for a maturity that is the same as the term of the Series 2018 Note upon issuance (rounded to the nearest whole number of 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 2018 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 2018 Note at the Prepayment Date (rounded to the nearest whole number of 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 2018 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 2018 Note (plus any accrued and unpaid fees or other sums owed under the Resolution or the Series 2018 Note).

"Percent Prepaid" means the percentage determined by dividing the principal amount of the Series 2018 Note being prepaid by the principal balance outstanding on the Prepayment Date.

"Days Remaining" means the number of days from the Prepayment Date through the maturity date of the Series 2018 Note.

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

The Issuer agrees that all loan fees and prepaid charges, if any, are earned fully as of the date of the Series 2018 Note and will not be subject to refund, except as required by law. Subject to the prepayment conditions provided herein, the Issuer may prepay all or any part of the outstanding Series 2018 Note. 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 2018 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 2018 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 2018 Note, payments applied to the repayment of the Series 2018 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 2018 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 2018 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 2018 Note. 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 2018 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 2018 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

July 18, 2018

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

Bryant Miller Olive P.A.
255 South Orange Avenue, Suite 1350
Orlando, Florida 32801

To Whom It May Concern:

We certify that the following are true and correct in relation to the loan by Compass Mortgage Corporation (the "Lender") of \$29,678,000 evidenced by the Airport Refunding Revenue Note, Series 2018 (the "Note") dated July 18, 2018, 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, particularly as amended and supplemented by Resolution 17-08 duly adopted by the Issuer on July 24, 2008 and as particularly amended and supplemented by Resolution No. 18-20, duly adopted by the Issuer on June 14, 2018 (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.

"Permitted Lender" means 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.

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.

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 MORTGAGE CORPORATION

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 \$29,678,000 City of Pensacola, Florida, Airport Refunding Revenue Note, Series 2018 (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):

\$7,000.00

(Watson Sloane Johnson PLLC)

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 Bonds, Series 2008 (AMT).

Unless earlier prepaid, the Note is expected to be repaid on October 1, 2038. At an interest rate of 3.93%, total interest paid over the life of the Note is estimated to be \$13,810,218.03.

The Note will be payable solely from the Pledged Funds and the Pledged PFC Revenues to the extent and in the manner described in Resolution No. 59-88 adopted by the Issuer on

September 22, 1988, as amended and supplemented (the "Original Resolution"), particularly as amended and supplemented by Resolution No. 18-20 duly adopted by the Issuer on June 14, 2018 (the "2018 Resolution"). See the Original Resolution for a definition of Pledged Funds and the 2018 Resolution for a definition of Pledged PFC Revenues. Issuance of the Note is estimated to result in an annual maximum of approximately \$2,149,814.60 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 Mortgage Corporation
5055 Bayou Boulevard
Pensacola, Florida 32503

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Purchaser this 18th day of July, 2018.

COMPASS MORTGAGE CORPORATION

By: _____

Name: John Gormley

Title: Senior Vice President

EXHIBIT D

COMMITMENT

[Follows]

Summary of Terms and Conditions of Proposed Credit Facility

RE: Up to \$30,000,000 Non-Bank Qualified Tax-Exempt Term Loan Facility

This summary of indicative terms and conditions is not a commitment to lend or to provide any other service related to a financing. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive loan documents, and is subject to, among other things, completion of due diligence and credit approval by BBVA Compass.

Borrower:	City of Pensacola, Florida (“Borrower” or “City”)
Lender:	Compass Mortgage Corporation (“BBVA Compass” or “Lender” or “Bank”)
Facility:	Up to \$30,000,000.00 Tax-Exempt Term Loan Facility (“Term Loan” or “Facility”).
Purpose:	Proceeds to be used to (i) Refund the City’s Airport Capital Improvement Revenue Bonds, Series 2008.
Maturity:	Up to 20 years
Repayment:	Annual principal beginning 10/1/2018 and Semi-annual interest payments beginning 4/01/2019 until maturity (10/1/2038). Repayment is based on 20 year amortization. See Exhibit A of sample customized Debt Schedule.
Interest Rate:	As of May 31, 2018 if the facility were to close and fully fund, the indicative tax-exempt fixed rate would be 3.93% . The actual rate will be determined upon formal selection of this proposal. At that point in time, the rate can be locked in for a period of up to 60 days. Should Facility not close subsequent to rate lock due to City entering into agreement with another financial institution, a make whole breakage fee will be assessed to the Borrower in accordance with the make whole provision provided in Exhibit B. Once the City Council formally approves the acceptance of the proposal, the make whole breakage fee shall be enforced if loan doesn’t close by July 30, 2018.
Prepayment:	Facility may be prepaid prior to the 10 th anniversary of closing subject to a “make whole” provision provided in Exhibit B, this may or may not include a prepayment premium based on then existing market conditions. Facility may be prepaid in part or in full at any time after the 10 th anniversary of closing for no additional penalty.
Security:	The Term Loan evidenced and ordered paid by this Facility is secured by a Senior lien pledge of the (i) Net Revenues of the Airport Facilities, and (ii) Cash Funded Debt Service Reserve Fund; both defined in the Series 2008 Official Statement.

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

- Financial Reporting:**
- Annual audited financial statements of Borrower 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, due within 5 days of receipt, however in no event later than 180 days of fiscal year end.
 - Annual Borrower Prepared Budget shall be due within 30 days of the beginning of each fiscal year. Budget shall include at a minimum: income statement, balance sheet, with details on capital expenditures and financing plans.
 - Borrower shall furnish at Lender's request such additional information that Lender may from time to time reasonably request including but not limited to the Airport's operating indicators and covenant calculations as presented in the Report to Bondholders

- Financial Covenants:**
- All covenants and provisions described in the 2008 OS apply to the subject request, including, but not limited to the below:
 - Rate Covenant: City has covenanted to fix, establish, maintain and collect such rates, fees, rentals, and other charges for the use and services of the Airport Facilities that will always provide Net Revenues sufficient to pay one hundred twenty-five percent (125%) of the current Annual Debt Service Requirement.
 - Additional Bonds Test: All Bonds then outstanding and for the proposed Additional Parity Bonds will equal at least 1.25%.
 - Events of Default: include but are not limited to (i) non-payment of principal and interest due on any Bond or any Payment Obligation, (ii) incapable of fulfilling its obligations under the original Bond Resolution or under any supplemental resolution, (iii) bankruptcy or judgments, and (iv) default on any covenants.

- Representations, Warranties and Additional Covenants:**
- Maintenance of existence.
 - Notices of (i) default, (ii) material litigation.
- Additional representations and warranties, and other affirmative and negative covenants that Lender considers customary and reasonably appropriate for the Facility. Such representations may include, but are not limited to: a written opinion from Borrower's Counsel, in form and substance acceptable to Lender and Lender's Counsel, that all documents are valid, binding and enforceable in accordance with their terms, that execution and delivery of documents has been duly authorized, and addressing such other matters as the Lender and the Lender's Counsel deem appropriate

Closing Costs: Borrower will pay all reasonable closing costs. Bank Counsel (Brian Watson with Watson, Sloane, Johnson Law Firm in Orlando) will charge a maximum of \$7,000 to review and negotiate all documents that are generated by Bond Counsel.

- Conditions Precedent:**
- Properly executed documents in form and substance satisfactory to Lender and/or Lender's counsel evidencing or supporting the Facility, which may include, but are not limited to, a promissory note and/or credit agreement, pledge or security agreements, financing statements and general/unlimited/unconditional guarantees.
 - Additional conditions precedent that Lender considers customary and reasonably appropriate for the Facility.

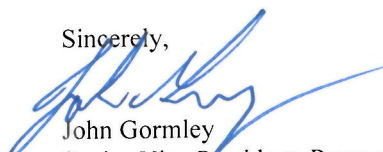
**Note, all of the foregoing are subject to Lender's receipt and satisfactory review.*

Acceptance: This proposal will expire May 31, 2018. If for any reason the Borrower wishes to extend the selection period, Lender reserves the right to revise the proposal.

We sincerely appreciate the opportunity to present you with this Summary of Terms and Conditions. Should you have any questions about any aspect of this document, please do not hesitate to contact me at 850-501-0460.

Thank you in advance for your consideration.

Sincerely,


John Gormley
Senior Vice President, Pensacola FL

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Facility, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Facility.

The terms and provisions of this correspondence are confidential and may not be disclosed by Borrower to any other person or entity. However, the foregoing restrictions on disclosure shall not apply to disclosure(s): (i) to Borrower's legal counsel for purposes of advising Borrower with respect hereto and provided, however, that such counsel agrees to preserve the confidentiality of this correspondence; or (ii) in response to any properly issued subpoena from any court or other governmental authority with jurisdiction over Borrower, provided that Lender has been furnished reasonable advance notice of the intended disclosure and the opportunity to prevent or limit the scope of any such disclosure.

This term sheet is intended for the sole and exclusive benefit of Borrower and Lender and may not be relied upon by third parties.

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

EXHIBIT A: Amortization Schedule

See Attachment

Date	Principal CF
10/1/2018	324,000
10/1/2019	994,000
10/1/2020	1,035,000
10/1/2021	1,074,000
10/1/2022	1,116,000
10/1/2023	1,157,000
10/1/2024	1,202,000
10/1/2025	1,254,000
10/1/2026	1,304,000
10/1/2027	1,352,000
10/1/2028	1,403,000
10/1/2029	1,456,000
10/1/2030	1,518,000
10/1/2031	1,577,000
10/1/2032	1,636,000
10/1/2033	1,702,000
10/1/2034	1,769,000
10/1/2035	1,841,000
10/1/2036	1,913,000
10/1/2037	1,990,000
10/1/2038	2,061,000

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

EXHIBIT B: Make Whole Provision

Prepayment. Borrower agrees that all loan fees and other prepaid charges are earned fully as of the date of the loan and will not be subject to refund, except as required by law. Subject to the prepayment fee and other conditions provided herein, Borrower may pay all or a portion of the amount owed before it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan before such amounts are due. Prepayment in part shall consist of payment of any portion of the unpaid principal balance before it is due. Unless otherwise agreed by Lender in writing and provided that Borrower is current on all amounts due, payments applied to the loan before Lender's creation of a billing statement for the next payment due will be applied entirely to principal, and payments applied to the loan after the creation of such billing statement will be applied according to that billing statement. Unless otherwise agreed by Lender in writing and provided that Borrower is current on all amounts due, payments applied to the loan before Lender's creation of a billing statement for the next payment due shall not relieve Borrower of Borrower's obligation to continue making, uninterrupted, payments under this Note.

Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amounts owed or that may become owed to Lender. 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.

Prepayment Fee. If Borrower makes any prepayment of the outstanding principal balance on the Note, Borrower shall pay to Lender 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 loan was originated, for a maturity that is the same as the term of the loan at origination (rounded to the nearest whole number of 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 loan at origination, 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 loan at the Prepayment Date (rounded to the nearest whole number of 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 loan 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, Lender 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 loan balance on the Prepayment Date, and (ii) the principal loan 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 loan (plus any accrued and unpaid fees or other sums owed under the loan documents).

"Percent Prepaid" means the percentage determined by dividing the principal amount of the loan being prepaid by the principal loan balance outstanding on the Prepayment Date.

"Days Remaining" means the number of days from the Prepayment Date through the maturity date of the loan.

"Prepayment Date" means the date on which Lender received the prepayment.

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

EXHIBIT E

FORM OF ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT, dated as of July 18, 2018, by and between the CITY OF PENSACOLA, FLORIDA (the "Issuer"), and TD BANK, N.A., as Escrow Holder, and its successors and assigns (the "Escrow Holder");

WITNESSETH:

WHEREAS, the Issuer previously issued its Airport Revenue Bonds, Series 2008 (AMT) (the "Series 2008 Bonds"); and

WHEREAS, the Issuer now desires to currently refund all of the Series 2008 Bonds (the "Refunded Bonds"); and

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

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

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

- (a) "Agreement" shall mean this Escrow Deposit Agreement.
- (b) "Bonds" shall have the meaning ascribed thereto in the Refunded Bonds Resolution.
- (c) "Escrow Account" shall mean the account hereby created and entitled Escrow Account established and held by the Escrow Holder pursuant to this Agreement in which cash and investments will be held for payment of the principal, interest, and redemption premium, if any, on the Refunded Bonds.
- (d) "Government Obligations" shall mean securities of the type which are described in the definition of "Federal Securities" in Section 3 of the Refunded Bonds Resolution and which are specifically described on Schedule C attached hereto.
- (e) "Issuer" shall mean the City of Pensacola, Florida.
- (f) "Note Counsel" shall mean Bryant Miller Olive P.A., or any other law firm nationally-recognized in the area of public finance.

(g) "Refunded Bonds" shall have the meaning ascribed above.

(h) "Refunded Bonds Redemption Date" shall mean October 1, 2018.

(i) "Refunded Bonds Resolution" shall mean Resolution No. 59-88 adopted by the Issuer on September 22, 1988, as amended and supplemented.

(j) "Series 2018 Note" shall mean the \$29,678,000 Airport Refunding Revenue Note, Series 2018.

(k) "Total Debt Service for the Refunded Bonds" shall mean the sum of the principal of, redemption premium, if any, and interest remaining unpaid with respect to the Refunded Bonds in accordance with Schedule A attached hereto, taking into account that, pursuant to Resolution No. 18-20 adopted by the Issuer on June 14, 2018, the Refunded Bonds maturing on or after October 1, 2019, shall be called for early redemption on the Refunded Bonds Redemption Date.

SECTION 2. Deposit of Funds. The Issuer hereby deposits \$31,690,123.84, which amount is equal to the Total Debt Service for the Refunded Bonds, with the Escrow Holder for deposit into the Escrow Account, in immediately available funds, which the Escrow Holder acknowledges receipt of, to be held in irrevocable trust by the Escrow Holder separate and apart from other funds of the Escrow Holder and the Issuer and applied solely as provided in this Agreement. An amount equal to \$29,678,000.00 of such funds are being derived from proceeds of the Series 2018 Note. An amount equal to \$1,046,037.50 of such funds are being derived from the Bond Fund from amounts held for payment of the Refunded Bonds and an amount equal to \$966,086.34 of such funds are being derived from a portion of the Debt Service Reserve Fund (as such term is defined in the Refunded Bonds Resolution) established for the Bonds and released pursuant to Section 17.B.(4)(b) of the Refunded Bonds Resolution.

SECTION 3. Use of Funds. The Escrow Holder acknowledges receipt of the sum described in Section 2 and agrees:

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

(b) to immediately invest \$ _____ of such funds derived from the proceeds of the Series 2018 Note and other legally available funds of the Issuer in the Government Obligations set forth on Schedule C attached hereto and to hold such securities and \$ _____ of such funds in cash in accordance with the terms of this Agreement;

(c) in the event the securities described on Schedule C cannot be purchased, substitute securities may be purchased upon the written direction of the Issuer upon confirmation that the principal of the Government Obligations, the interest to be earned thereon, and the initial cash balance in the Escrow Account will not be less than the Total Debt Service for the Refunded Bonds, and that such Government Obligations mature on or prior to the Refunded Bonds Redemption Date; and

(d) there will be no investment or reinvestment of funds except as set forth in this Section 3 and except as set forth in Section 5.

SECTION 4. Payment of Refunded Bonds and Expenses.

(a) Refunded Bonds. On the dates and in the amounts set forth on Schedule A, the Escrow Holder shall transfer to TD Bank, N.A., the Paying Agent for the Refunded Bonds (the "Paying Agent"), in immediately available funds solely from amounts available in the Escrow Account, a sum sufficient to pay the principal of, interest on and redemption premium, if applicable, on the Refunded Bonds, as shown on Schedule A.

(b) Expenses. The Issuer shall pay the fees and expenses of the Escrow Holder as set forth on Schedule B attached hereto. In addition, if the Escrow Holder is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Escrow Holder's negligence or willful misconduct), the Escrow Holder shall notify the Issuer of the same in writing and the Issuer shall promptly pay the Escrow Holder for such extraordinary fees, costs and expenses reasonably and necessarily incurred in connection therewith. The Escrow Holder shall have no lien or claim on the funds held in the Escrow Account for the payment of any fees or expenses of the Escrow Holder, and the Escrow Holder acknowledges and agrees that such amounts shall be unsecured obligations of the Issuer.

(c) Surplus. After making the payments from the Escrow Account described in Subsections 4(a) and any payments described in 4(b) above, the Escrow Holder shall retain in the Escrow Account any remaining cash in the Escrow Account in excess of the Total Debt Service for the Refunded Bonds until the termination of this Agreement pursuant to the terms of Section 12 hereof, and shall then pay any remaining funds to the Issuer to be used to pay debt service on the Series 2018 Note on the next interest payment date.

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

SECTION 5. Reinvestment.

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

(b) At the written direction of the Issuer, the Escrow Holder shall sell, transfer or otherwise dispose of any of the Government Obligations acquired hereunder and shall substitute other Government Obligations and reinvest any excess receipts in Government Obligations; provided, however, such substitute Government Obligations shall mature on or prior to October 1, 2018, and shall be purchased at a price not more than the maturity amounts. The Issuer will not request the Escrow Holder to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of Federal income taxation.

Subsection 4(c) above notwithstanding, cash in excess of the Total Debt Service for the Refunded Bonds caused by substitution of Government Obligations shall, as soon as practical, be paid to the Issuer. Notwithstanding any provision of this Agreement to the contrary, no forward purchase agreement relating to the future reinvestment of cash held hereunder shall be executed unless the following condition is met: to the extent either Moody's Investors Service, Inc., Fitch Ratings, and/or Standard & Poor's Ratings Services have an outstanding rating on the Refunded Bonds, at least one of such rating agencies must give written confirmation that it will not lower or withdraw the rating as a result of the Issuer's execution of such forward purchase agreement. In the event of any inconsistency between the terms and conditions of such forward purchase agreement and this Agreement, the terms and conditions of this Agreement shall control.

SECTION 6. No Redemption or Acceleration of Maturity. The Issuer will not accelerate the maturity of, or exercise any option to redeem before maturity, any Refunded Bonds, except as set forth on Schedule A attached hereto.

The Escrow Holder, in its capacity as the Paying Agent, shall (i) redeem the remaining outstanding principal amount of Refunded Bonds on the Refunded Bonds Redemption Date, (ii) give notice of such redemption on behalf of the Issuer substantially in the form attached hereto as Exhibit "A" on or prior to September 1, 2018, and (iii) simultaneously with the publication of such notice of redemption, file a copy of the same on the Electronic Municipal Market Access web portal of the Municipal Securities Rulemaking Board.

SECTION 7. Responsibilities of Escrow Holder. The Escrow Holder and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds deposited therein, the purchase of the Government Obligations, the retention of the Government Obligations or the

proceeds thereof or for any payment, transfer or other application of moneys by the Escrow Holder in accordance with the provisions of this Agreement or by reason of any non-negligent or non-willful act, omission or error of the Escrow Holder made in good faith in the conduct of its duties. The Escrow Holder shall, however, be responsible for its negligent or willful failure to comply with its duties required hereunder, and its negligent or willful acts, omissions or errors hereunder. The duties and obligations of the Escrow Holder shall be determined solely by the express provisions of this Agreement and no implied duties or covenants shall be read into this Agreement against the Escrow Holder. The Escrow Holder may consult with counsel, who may or may not be counsel to the Issuer, at the Issuer's expense, and in reliance upon the opinion of such counsel, shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Holder shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer. The Escrow Holder may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

The Escrow Holder may act through its agents and attorneys appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any such person so appointed. Any payment obligation of the Escrow Holder hereunder shall be paid from, and is limited to funds available under this Agreement; the Escrow Holder shall not be required to expend its own funds for the performance of its duties hereunder. Notwithstanding any provision herein to the contrary, in no event shall the Escrow Holder be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Holder has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Holder shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Holder shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

SECTION 8. Resignation of Escrow Holder. The Escrow Holder may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer, any rating agency then providing a rating on the Refunded Bonds, and the Paying Agent for the Refunded Bonds not less than sixty (60) days before such resignation shall take

effect. Such resignation shall not take effect until the appointment of a new Escrow Holder hereunder.

SECTION 9. Removal of Escrow Holder.

(a) The Escrow Holder may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders of not less than fifty-one percentum (51%) in aggregate principal amount of the Refunded Bonds then Outstanding, such instruments to be filed with the Issuer, and published by the Issuer once in a newspaper of general circulation in the territorial limits of the Issuer, not less than thirty (30) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Holder.

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

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

SECTION 10. Successor Escrow Holder.

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

(b) At any time within one year after such vacancy shall have occurred, a majority in principal amount of the Refunded Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by the group of Bondholders and filed with the Issuer, may appoint a successor Escrow Holder, which shall supersede any Escrow Holder theretofore appointed by the Issuer. Photographic copies of each such instrument shall be delivered

promptly by the Issuer, to the predecessor Escrow Holder and to the Escrow Holder so appointed by such Bondholders. In the case of conflicting appointments made by the such Bondholders under this paragraph, the first effective appointment made during the one year period shall govern.

(c) If no appointment of a successor Escrow Holder shall be made pursuant to the foregoing provisions of this Section within thirty (30) days of the delivery of the notice of resignation or removal, the holder of any Refunded Bonds then Outstanding, or any retiring Escrow Holder, may apply to any court of competent jurisdiction to appoint a successor Escrow Holder. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Holder.

(d) Any corporation or association into which the Escrow Holder may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Escrow Holder hereunder and vested with all the trust, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any parties hereto, anything herein to the contrary notwithstanding, provided such successor shall have reported total capital and surplus in excess of \$15,000,000, provided that such successor Escrow Holder assumes in writing all the trust, duties and responsibilities of the Escrow Holder hereunder.

SECTION 11. Payment to Escrow Holder. The Escrow Holder hereby acknowledges that it has agreed to accept compensation under the Agreement pursuant to the terms of Schedule B attached hereto for services to be performed by the Escrow Holder pursuant to this Agreement. The Escrow Holder shall not be compensated from amounts on deposit in the Escrow Account, and the Escrow Holder shall have no lien or claim against funds in the Escrow Account for payment of obligations due it under this Section.

SECTION 12. Indemnity. Whether or not any action or transaction authorized or contemplated hereby shall be undertaken or consummated, the Issuer hereby agrees to the extent allowed by Florida law to indemnify, protect, save and keep harmless the Escrow Holder and its respective successors, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Holder at any time, whether or not the same may be indemnified against by the Issuer or any other Person under any other agreement or instrument, by reason of or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Deposit Trust Fund, the acceptance by the Escrow Holder of the funds herein described, the purchase, retention or disposition of the Federal Securities or the proceeds thereof, or any

payment, transfer or other application of funds or securities by the Escrow Holder in accordance with the provisions of this Agreement; provided, however, that the Issuer shall not be required to indemnify the Escrow Holder for any expense, loss, costs, disbursements, damages or liability resulting from its own negligence or misconduct. The indemnities contained in this Section 12 shall survive the termination of this Agreement.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Bonds have been paid and discharged in accordance with the proceedings authorizing the Refunded Bonds, except as provided in Section 7.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Holder to be performed should be determined by a court of competent jurisdiction to be contrary to law, notice of such event shall be sent to the municipal bond insurer(s) for the Refunded Bonds, if any, as well as Moody's Investors Service, Inc., Fitch Ratings and Standard & Poor's Ratings Services (but only to the extent such agencies have a rating outstanding on any of the Refunded Bonds), and while such covenant or agreements herein contained shall be null and void, they shall in no way affect the validity of the remaining provisions of this Agreement.

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

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Holder, for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Holder; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Holder shall, at its option, be entitled to request, at the Issuer's expense, and rely exclusively upon an opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to the Issuer with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section. Prior written notice of such amendments, together with proposed copies of such amendments, shall be provided to Moody's Investors Service, Inc.,

Fitch Ratings, and Standard & Poor's Ratings Services (but only to the extent such agencies have a rating outstanding on any of the Refunded Bonds).

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

SECTION 17. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Florida without regard to conflict of law principles.

[Remainder of page intentionally left blank]

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

CITY OF PENSACOLA, FLORIDA

[SEAL]

By: _____
Ashton J. Hayward, III, Mayor

ATTEST:

By: _____
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

[Signature page to Escrow Deposit Agreement]

TD BANK, N.A., as Escrow Holder

By: _____

Name:

Title:

[Signature page to Escrow Deposit Agreement]

EXHIBIT A TO ESCROW DEPOSIT AGREEMENT

FORM OF NOTICE OF REDEMPTION

**CITY OF PENSACOLA, FLORIDA
AIRPORT REVENUE BONDS, SERIES 2008 (AMT)**

Dated Date and Issue Date: August 1, 2008

NOTICE IS HEREBY GIVEN by the City of Pensacola, Florida (the "Issuer"), pursuant to the provisions of Section 12 of Resolution No. 59-88 adopted by the Issuer on September 22, 1988 (the "1988 Resolution"), as amended and supplemented (the "Resolution"), and pursuant to the provisions of Section 9 of Resolution No. 17-08 adopted by the Issuer on July 24, 2008, which resolution supplements the 1988 Resolution, that the principal amounts of the maturities shown below of the above-referenced Bonds are hereby called for redemption on October 1, 2018 (the "Redemption Date") at the redemption price of 100% of the principal amount thereof, plus interest accrued thereon to, but excluding the Redemption Date (the "Redemption Price").

The maturity dates, principal amounts, interest rates and CUSIP numbers of the Bonds are as follows:

Maturity Dates (October 1)	Principal Amounts	Interest Rates	Cusip Number
2028	\$10,670,000	6.000	709427EH7
2038	19,310,000	6.250	709427EJ3
	<u>\$29,980,000</u>		

Payment for the Bonds will be made upon presentation and surrender at the principal corporate trust office of TD Bank, N.A., 1006 Astoria Boulevard, Cherry Hill, New Jersey 08034, 1/888-751-9000 Ext. 222-5151.

From and after the Redemption Date, the Bonds called for redemption shall be due and payable at the Redemption Price herein specified. Interest on the Bonds called for redemption shall cease to accrue on the Redemption Date.

All terms used herein which are not defined herein shall have the meanings assigned to them in the Resolution.

IMPORTANT NOTICE

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), 28% will be withheld if tax identification number is not properly certified.

**The Undersigned shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the Holders.*

Dated: September 1, 2018

TD BANK, N.A.,
Paying Agent and Registrar

SCHEDULE A TO ESCROW DEPOSIT AGREEMENT

TOTAL DEBT SERVICE
FOR THE REFUNDED BONDS

Period Ending	Interest	Principal Maturity	Principal Redeemed⁽¹⁾	Redemption Premium	Total
10/1/2018	\$944,575.00	\$765,000.00	\$29,980,000.00	\$0.00	\$31,689,575.00

SCHEDULE B TO ESCROW DEPOSIT AGREEMENT

EXPENSES TO BE PAID TO ESCROW HOLDER

Upfront fee of \$[____.00], plus out of pocket expenses

SCHEDULE C TO ESCROW DEPOSIT AGREEMENT

SCHEDULE OF GOVERNMENT OBLIGATIONS
TO BE PURCHASED ON JULY 18, 2018

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Type</u>
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