

CITY OF MARATHON, FLORIDA
RESOLUTION NO. 2017-110

A RESOLUTION OF THE CITY OF MARATHON, FLORIDA, AUTHORIZING THE ISSUANCE OF A GRANT PROCEEDS NOTE, SERIES 2017 IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$10,000,000 TO FINANCE THE PROJECT; AUTHORIZING AND DELEGATING TO THE MAYOR OR CITY MANAGER THE SALE OF THE NOTE TO THE BANK PURSUANT TO THE TERMS AND CONDITIONS OF A FINANCING AGREEMENT WITH THE BANK; APPROVING THE EXECUTION AND DELIVERY OF SAID FINANCING AGREEMENT; MAKING SUCH DETERMINATIONS AS ARE REQUIRED TO AFFORD THE NOTE BANK QUALIFIED" STATUS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE NOTE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Marathon, Florida (the "Issuer") is a municipal corporation duly created and existing pursuant to the Constitution and laws of the State of Florida; and

WHEREAS, the Issuer determined that it is necessary and desirable and in the best interest of the inhabitants of the Issuer to finance for the Issuer the costs and expenses associated with the clean-up and reconstructive efforts related to the aftermath of hurricane Irma, including but not limited to debris removal (the "Project"); and

WHEREAS, it is determined to be in the best interest of the Borrower to issue its not to exceed \$10,000,000 Grant Proceeds Note, Series 2017 (the "Note") secured by a Financing Agreement among the Issuer and First State Bank of the Florida Keys (the "Financing Agreement") in substantially the form attached hereto as Exhibit A, to finance the Project; and

WHEREAS, debt service on the Note will be secured by reimbursement proceeds from the Federal Emergency Management Agency (the "Grant Proceeds"); and

WHEREAS, the Grant Proceeds shall be sufficient to pay all principal of and interest and prepayment premium, if any, on the Note, as the same becomes due, and to make all deposits or payments required by this Resolution and the Financing Agreement; and

WHEREAS, the Issuer shall never be required to levy ad valorem taxes or use the proceeds thereof to pay debt service on the Note or to make any other payments under this Resolution or the Financing Agreement. The Note shall not constitute a lien on any property owned or situated within the limits of the Issuer; and

WHEREAS, the Issuer has received proposals from a number of financial institutions and it is hereby found, determined and declared that a negotiated sale of the Note to First State Bank of the Florida Keys (the "Bank") pursuant to a competitive bid, is in the best interest of the Issuer because a bank loan and consequent impact of duration of maturity of the Note will save the Issuer considerable time and expense as compared to selling the Note in a public sale; and

WHEREAS, it is hereby ascertained, determined and declared that it is in the best interest of the Issuer to authorize the Mayor or City Manager to accept the offer from the Bank to purchase the Note at a negotiated sale upon the terms and conditions set forth in this Resolution, the Financing Agreement and in the loan commitment dated December 13, 2017 submitted by the Bank for the purchase of the Note, a copy of which is attached hereto as Exhibit D (the "Proposal"); and

WHEREAS, the Bank will provide to the Issuer, prior to the sale of the Note, a disclosure statement regarding the Note containing the information required by Section 218.385(6), Florida Statutes.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, as follows:

SECTION 1. RECITALS. The foregoing recitals are true and correct and are incorporated herein by this reference.

SECTION 2. AUTHORITY. This Resolution is adopted pursuant to the Florida Constitution; Chapter 166, Florida Statutes; the Charter of the Issuer; and other applicable provisions of law.

SECTION 3. AUTHORIZATION OF THE SERIES 2017 NOTE. Subject and pursuant to the provisions of this Resolution, an obligation of the Issuer to be known as "City of Marathon, Florida, Grant Proceeds Note, Series 2017" is hereby authorized to be issued under and secured by this Resolution and the Financing Agreement in the principal amount of not to exceed \$10,000,000, for the purposes of (i) financing the cost of the Project; and (ii) paying the transaction costs associated with the Note.

SECTION 4. AUTHORIZATION OF THE PROJECT. The financing of the Project is hereby approved.

SECTION 5. SALE OF THE NOTE. Because of the characteristics of the Note, prevailing market conditions, the ability of the Issuer to access direct purchase with the Bank and for the Issuer to receive the benefits of lower interest rates and issuance costs, it is hereby determined that it is in the best interest of the Issuer to accept the offer of the Bank to purchase the Note at a private negotiated sale pursuant to the terms of the Proposal. Prior to the issuance

of the Note, the Issuer shall receive from the Bank a Bank's Certificate, the form of which is attached hereto as Exhibit B and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, a form of which is attached hereto as Exhibit C.

SECTION 6. DESCRIPTION OF NOTE. The amount of the Note shall not exceed \$10,000,000. The Series 2017 Note shall be made as a tax-exempt borrowing, which shall include costs of issuance incurred by the Issuer and shall bear interest and shall be repayable according to the terms and conditions set forth in the Financing Agreement with such changes, insertions and omissions as may be approved by the Mayor or City Manager.

The Issuer promises that it will promptly pay the principal of and interest on the Note at the place, on the dates and in the manner provided therein according to the true intent and meaning hereof and thereof. The Note shall not be or constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of Article VII, Section 12 of the Florida Constitution, but shall be payable solely from the Grant Proceeds in accordance with the terms of this Resolution and the Financing Agreement. No holder of the Note issued hereunder shall ever have the right to compel the exercise of any ad valorem taxing power or taxation of any real or personal property thereon or the use or application of ad valorem tax revenues to pay the Note, or be entitled to payment of the Note from any funds of the Issuer except from the Grant Proceeds as described in this Resolution and Financing Agreement.

SECTION 7. APPROVAL OF FINANCING AGREEMENT. The Mayor or City Manager, as attested by the City Clerk and approved as to form and correctness by the City Attorney, or any other appropriate officers of the Issuer, are hereby authorized and directed to execute and deliver a Financing Agreement to evidence the Note, to be entered into by and between the Issuer and the Bank in substantially the form attached hereto as Exhibit A with such changes, insertions and omissions as may be approved by the Mayor or City Manager, the execution thereof being conclusive evidence of such approval.

SECTION 8. BANK QUALIFICATION. The Issuer hereby designates the Series 2017 Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The Issuer and any subordinate entities of the Issuer and any issuer of "tax-exempt" debt that issues "on behalf of" the Issuer do not reasonably expect during the calendar year 2017 to issue more than \$10,000,000 of "tax-exempt" obligations including such Note, exclusive of any private activity bonds as defined in Section 141(a) of the Code (other than qualified 501(c)(3) bonds as defined in Section 145 of the Code) and exclusive of bonds issued to currently refund any existing tax-exempt obligations.

SECTION 9. OTHER INSTRUMENTS. The Mayor, Vice Mayor, the City Clerk, the City Manager, the City Attorney and other officers, attorneys and other agents and employees of the Issuer are hereby authorized to perform all acts and things required of them by this Resolution and the Financing Agreement or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and

agreements contained in the Note, this Resolution and the Financing Agreement and they are hereby authorized to execute and deliver all documents which shall be required by Note Counsel or the Bank to effectuate the sale of the Note. All action taken to date by the officers, attorneys and any other agents and employees of the Issuer in furtherance of the issuance of the Note is hereby approved, confirmed and ratified.

SECTION 10. ADDITIONAL INFORMATION. The Note and Financing Agreement shall not be executed and delivered unless and until the Issuer has received all information required by Section 218.385, Florida Statutes.

SECTION 11. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Marathon, Florida this ___ day of December, 2017.

**CITY COUNCIL OF THE CITY OF
MARATHON, FLORIDA**

By: 
Michelle Coldiron, Mayor

AYES: Cook, Senmartin, Zieg, Bartus
NOES: None
ABSENT: Coldiron
ABSTAIN: None

ATTEST


Diane Clavier, City Clerk

Approved as to form:


David Migut, City Attorney

EXHIBIT A

FORM OF FINANCING AGREEMENT

EXHIBIT B

FORM OF BANK'S CERTIFICATE

This is to certify that First State Bank of the Florida Keys (the "Bank") has not required the City of Marathon, Florida (the "Issuer") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with the issuance of the \$_____ City of Marathon, Florida Grant Proceeds Note, Series 2017 (the "Note"), and no inference should be drawn that the Bank, in the acceptance of said Series 2017 Note, is relying on Bryant Miller Olive P.A. ("Note Counsel") or David Migut, Esq. ("Issuer's Counsel") as to any such matters other than the legal opinions rendered by Note Counsel or Issuer's Counsel. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in the Financing Agreement, dated as of December ____, 2017, by and among the Issuer and the Bank (the "Financing Agreement").

We are aware that investment in the Note involves various risks, that the Note is not a general obligation of the Issuer and that the payment of the Note is secured solely from the sources described in the Financing Agreement (the "Note Security").

We have made such independent investigation of the Note Security as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our investment decision, we have relied upon the accuracy of information which has been provided to us by the Issuer.

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

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

The Note has been purchased for the account of the Bank for investment purposes only and not with a present view to the distribution, transfer or resale thereof. The Bank currently intends to hold and book the Note as a loan in its loan portfolio; the Bank acknowledges that the use of the word "Note" in the name of the debt instrument is not intended to indicate that the instrument is or is not a security within the meaning of the Securities Act of 1933. The Bank currently intends to hold such Note for its own account and for an indefinite period of time and does not intend to dispose of all or any portion of such Note. The Bank hereby covenants that if

the Bank subsequently decides to distribute or resell the Note, it shall comply in all respects with all securities laws then applicable with respect to any such distribution or resale. We understand that the Note may not be transferred in a denomination less than the par amount outstanding at the time of transfer and without the filing of an investor letter from the new purchaser.

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

DATED this ____ day of December, 2017.

FIRST STATE BANK OF THE
FLORIDA KEYS

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as Bank, has negotiated with the City of Marathon, Florida (the "Issuer") for the private purchase of its Grant Proceeds Note, Series 2017 (the "Note") in the principal amount of \$_____. Prior to the award of the Series 2017 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 "Bank") in connection with the issuance of the Note (such fees and expenses to be paid by the Issuer):

Spottswood, Spottswood, Spottswood, Attorneys at Law
Bank Counsel Fees – \$_____

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

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

3. The amount of the underwriting spread expected to be realized by the Bank is \$0.00.

4. The management fee to be charged by the Bank is \$0.00.

5. Truth-in-Bonding Statement:

The Note are being issued primarily to finance the acquisition and construction of certain capital projects.

Unless earlier redeemed, the Note is expected to be repaid by [June 1, 2019]; at a fixed interest rate of 2.400%, total interest paid over the life of the Note is estimated to be \$_____.

The Note will be payable solely from the Grant Proceeds, as such term is defined in the Financing Agreement, dated as of December __, 2017, between the Issuer and the undersigned (the "Financing Agreement"). Issuance of the Note is estimated to result in an annual average of approximately \$_____ of Grant Proceeds of the Issuer not being available to finance other projects of the Issuer during the life of the Note.

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

First State Bank of the Florida Keys
1201 Simonton Street
Key West, Florida 33040

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Bank this _____ day of _____, 2017.

FIRST STATE BANK OF THE
FLORIDA KEYS

By: _____
Name: _____
Title: _____

EXHIBIT D
PROPOSAL

FINANCING AGREEMENT

By and Between

CITY OF MARATHON, FLORIDA

and

FIRST STATE BANK OF THE FLORIDA KEYS

Dated December _____, 2017

TABLE OF CONTENTS

(The Table of Contents for this Financing Agreement is for convenience of reference only and is not intended to define, limit or describe the scope or intent of any provisions of this Financing Agreement.)

	<u>Page</u>
ARTICLE I -- DEFINITION OF TERMS.....	4
Section 1.01. Definitions	4
Section 1.02. Interpretation	6
Section 1.03. Titles and Headings.....	6
REPRESENTATIONS AND WARRANTIES OF THE PARTIES; CONSENT OF THE BANK.....	6
Section 2.01. Representations and Warranties of City	6
Section 2.02. Representations and Warranties of Bank.....	7
ARTICLE III -- THE NOTE	7
Section 3.03. Compliance with Section 215.84, Florida Statutes	9
Section 3.04. Conditions Precedent to Delivery of Note	9
Section 3.05. Registration of Transfer; Assignment of Rights of Bank.....	11
Section 3.06. Ownership of the Note	11
Section 3.07. Use of Proceeds of Note Permitted Under Applicable Law	12
Section 3.08. Authentication.....	12
ARTICLE IV -- COVENANTS OF THE CITY	12
Section 4.01. Performance of Covenants	12
Section 4.02. Payment of Note	12
Section 4.03. Tax Covenant.	13
Section 4.04. Budget and Other Financial Information	13
Section 4.05. Compliance with Laws and Regulations.....	13
Section 4.06. Prepayment.....	13
Section 4.07. Application of Proceeds of Note.....	13
ARTICLE V -- EVENTS OF DEFAULT AND REMEDIES	13
Section 5.01. Events of Default	14
Section 5.02. Exercise of Remedies.....	14
Section 5.03. Remedies Not Exclusive	15
Section 5.04. Waivers, Etc.	15
ARTICLE VI -- MISCELLANEOUS PROVISIONS.....	15
Section 6.01. Covenants of City, Etc.; Successors	15
Section 6.02. Term of Agreement	16
Section 6.03. Notice of Changes in Fact.....	16

Section 6.04. Amendments and Supplements	16
Section 6.05. Notices.....	16
Section 6.06. Benefits Exclusive	16
Section 6.07. Severability	17
Section 6.08. Counterparts.....	17
Section 6.09. Applicable Law	17
Section 6.10. No Personal Liability.....	17
Section 6.11. Incorporation by Reference	18
Appendix A Form of Note	A -1
Appendix B Form of Notice of Loan	B -1
Appendix C Form of Request for Extension	C - 1

FINANCING AGREEMENT

THIS FINANCING AGREEMENT (the "Agreement"), made and entered into this _____ day of December, 2017 by and between the CITY OF MARATHON, FLORIDA (the "City"), a municipal corporation in the State of Florida and its successors and assigns, and FIRST STATE BANK OF THE FLORIDA KEYS, a Florida banking corporation authorized to do business in Florida, and its successors and assigns (the "Bank").

WITNESETH:

WHEREAS, capitalized terms used in these recitals and not otherwise defined shall have the meanings specified in Article I of this Agreement; and

WHEREAS, the City, pursuant to the provisions of the Florida Constitution, Chapter 166, Florida Statutes, as amended, the municipal charter of the City and any other applicable provisions of law (all of the foregoing, collectively, the "Act"), and Resolution No. 2017-110 adopted by the City Council of the City on December 19, 2017 (the "Note Resolution"), is authorized to incur debt to finance the costs and expenses associated with the clean-up and reconstructive efforts, including, but not limited to debris removal related to the aftermath of hurricane Irma (the "Project"); and

WHEREAS, the City is willing to pledge for the repayment of such debt the Grant Proceeds; and

WHEREAS, the Bank has agreed to make a loan to the City in the form of a revolving line of credit pursuant to which one or more draws may be made from time to time (the "Loan") to provide financing for the costs of the Project (as defined herein); and

WHEREAS, the Bank has proposed the financing evidenced by this Agreement in accordance with the commitment of the Bank dated December 19, 2017 (the "Commitment"); and

WHEREAS, the City has accepted the Commitment; and the Bank is willing to purchase the Note, but only upon the terms and conditions set forth in this Agreement; and

WHEREAS, the Note shall evidence and secure the City's obligation to repay any and all draws made under the Loan and any other amounts due and owing by the City to the Bank.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITION OF TERMS

Section 1.01. Definitions. Capitalized terms used in this Agreement shall have the followings meanings:

"Act" shall have the meaning assigned to that term in the recitals hereof.

"Agreement" shall mean this Financing Agreement and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Authorized Officer" or "Authorized Officers" shall mean the Mayor, the City Manager, the Finance Director or any officer or employee of the City authorized to perform specific acts or duties hereunder by resolution duly adopted by the City Council.

"Available Commitment" shall mean, at any date, the Commitment of the Bank less the aggregate principal amount of Loans outstanding on the date of calculation.

"Bank" shall mean First State Bank of the Florida Keys, and its successors and assigns.

"Bond Counsel" shall mean Bryant Miller Olive P.A., Miami, Florida, or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions.

"Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which the payment office of the Bank is lawfully closed.

"City" shall mean the City of Marathon, Florida, a municipal corporation.

"City Manager" shall mean the City Manager or any assistant, deputy or interim City Administrator of the City.

"Closing Date" means December __, 2017 or such later date on which all of the conditions set forth in Section 3.01 have been satisfied or waived in writing by the Bank.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the applicable rules and regulations promulgated thereunder.

"Commitment" shall mean _____ Million Dollars (\$_____,000,000), as the amount of the commitment of the Bank to make Loans evidenced by the Note and this Agreement.

"Event of Default" shall mean an Event of Default as defined in Section 5.01 of this Agreement.

"Final Maturity Date" shall mean the date on which all principal and all unpaid interest accrued on the Note shall be due and payable in full, which date shall be, if not sooner due to prepayment, the date which is eighteen months from Closing (June __, 2019).

"Fiscal Year" shall mean the twelve month period commencing October 1 of each year and ending on the succeeding September 30, or such other twelve month period as the City may designate as its "fiscal year" as permitted by law.

"Grant Proceeds" shall mean the reimbursement proceeds received by the City from the Federal Emergency Management Agency related to Hurricane Irma.

"Loan" and "Loans" means any loan or loans made by the Bank to the City pursuant to a Notice of Loan issued under this Agreement.

"Maturity Date" means June 1, 2019, unless the Stated Expiration Date is extended pursuant to Section 3.08 hereof, in which case the "Maturity Date" shall become the newly established Stated Expiration Date.

"Note" means the Revolving Credit Note in the form of Appendix A referred to in Section 3.03 hereof and issued pursuant to the provisions hereof and of the Note Resolution.

"Note Rate" shall mean a fixed per annum interest rate equal to 2.400%.

"Notice of Loan" means a notice given by the City pursuant to Section 3.02 in the form of Appendix B.

"Note Resolution" shall mean Resolution No. 2017-110 related to the Note which was adopted by the City Council of the City on December 19, 2017, which, among other things, authorized and confirmed the borrowing of the line of credit and execution and delivery of this Agreement and the issuance of the Note.

"Noteholder" shall mean the Bank as the initial holder of the Note and any subsequent registered holder of the Note.

"Project" shall have the meaning assigned to that term in the recitals hereof.

"Registrar" shall mean the Finance Director.

"Stated Expiration Date" means June 1, 2019, unless extended pursuant to Section 2.08 hereof.

Section 1.02. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. Any capitalized terms used in this Agreement not herein defined shall have the meaning ascribed to such terms in the Note Resolution. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

Section 1.03. Titles and Headings. The titles and headings of the Articles and Sections of this Agreement, which have been inserted for convenience of reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Section 2.01. Representations and Warranties of City. The City represents and warrants to the Bank as follows:

(a) **Existence.** The City is a municipal corporation of the State of Florida, duly created and validly existing under the laws of the State of Florida, with full power to enter into this Agreement, to perform its obligations hereunder and to issue and deliver the Note to the Bank. The making, execution and performance of this Agreement on the part of the City and the issuance and delivery of the Note have been duly authorized by all necessary action on the part of the City and will not violate or conflict with the Act, or any agreement, indenture or other instrument by which the City or any of its material properties are bound.

(b) **Validity, Etc.** This Agreement and the Note are and will be valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium or similar laws relating to or from time to time affecting the enforcement of creditors' rights and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c) **No Financial Material Adverse Change.** No materially adverse financial change has occurred in the City since the last audited financial statements were prepared.

(d) **Powers of City.** The City has the legal power and authority to pledge the Pledged Revenues to repayment of the Note in the manner and to the extent described herein.

Section 2.02. Representations and Warranties of Bank. The Bank represents and warrants to the City as follows:

(a) **Existence.** The Bank is a Florida banking corporation authorized to do business in the State of Florida, with full power to enter into this Agreement, to perform its obligations hereunder and to make the Loans. The performance of this Agreement on the part of the Bank and the making of the Loans have been duly authorized by all necessary action on the part of the Bank and will not violate or conflict with applicable law or any material agreement, indenture or other instrument by which the Bank or any of its material properties is bound.

(b) **Validity.** This Agreement is a valid and binding obligation of the Bank enforceable against the Bank in accordance with its terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium or similar laws relating to or from time to time affecting the enforcement of creditors' rights (including creditors' rights as the same relate to banks) and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c) **Knowledge and Experience.** The Bank (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of making the Loan and investing in the Note; (ii) has received and reviewed such financial information concerning the City as it has needed in order to fairly evaluate the merits and risks of making the Loan and investing in the Note; and (iii) is purchasing the Note as an investment for its own account and not with a view toward resale to the public. The Bank will not transfer the Note except to an "accredited investor" as such term is defined in Regulation D to the Securities Act of 1933, as amended.

ARTICLE III

REVOLVING CREDIT

Section 3.01 Commitment to Lend; Use of Loan Proceeds. The Bank agrees, on the terms and conditions set forth in this Agreement, to lend to the City from time to time amounts not to exceed the Available Commitment on the date such Loan is to be made and not to exceed in the aggregate at any one time outstanding the amount of the Commitment, to be used by the City to pay costs of the Project. At the time that each Loan is made, such Loan shall be in an aggregate amount that is not less than the lesser of \$50,000 or the entire unused balance of the Available Commitment. The City agrees to reimburse the Bank for the full amount of any Loans in accordance with this Agreement.

Section 3.02 Method of Loans. If, on any Business Day, the Bank receives at the location specified for the delivery of a Notice of Loan specified pursuant to Section 6.05, a Notice of Loan from an Authorized Officer of the City, and if the conditions hereof to funding a

requested Loan have been satisfied, the Bank will fund the Loan on the later of the Business Day requested by the City or the Business Day following the Bank's determination that the conditions have been satisfied. Each Notice of Loan shall specify the following information:

- (i) the aggregate amount of the requested Loan, subject to the limitations set forth in Section 3.01;
- (ii) the requested Borrowing Date and time of funding, which shall be not earlier than 2:00 p.m. of the next Business Day following the Bank's receipt of such Notice of Loan; and
- (iii) the wire instruction for where the proceeds of the proposed Loan should be transferred.

Section 3.03 Revolving Credit Note. The Loans made by the Bank shall be evidenced by the Note, payable to the order of the Bank. The Bank is authorized to make a notation on its Note as to the date and amount of each Loan and as to each payment of principal with respect thereto, but the failure to make such notation shall not relieve the City of its obligations to repay the amount of each Loan, with interest, as provided herein.

Section 3.04 Interest.

(a) Each Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Loan is made until it is paid in full, at a rate per annum equal to the Note Rate.

(b) The City agrees to pay to the Bank interest on each Loan on the first day of each month commencing February 1, 2018 until the Maturity Date, unless earlier repaid.

Section 3.05 Principal.

(a) *Optional Prepayment.* The City may prepay the Loans, without penalty or premium, in whole or in part at any time, or from time to time, by giving notice to the Bank by 11:00 a.m. on the second Business Day before such prepayment is to be made and by paying to the Bank the principal amount thereof to be prepaid together with accrued interest to the date of prepayment. Any such notice of prepayment may be given by facsimile transmission and shall be irrevocable once received by the Bank.

(b) *Mandatory Repayment.* The Loans shall mature in full on the Maturity Date and the City shall repay all of the principal of and accrued interest on the Loans on the Maturity Date.

Section 3.06 General Provisions as to Payments. The City shall make each payment of principal of and interest on the Loans to the Bank, not later than 3:00 p.m. on the day when due, in federal or other immediately available funds. All payments by the City to the Bank

hereunder shall be nonrefundable and made in lawful currency of the United States. Amounts payable to the Bank hereunder shall be transferred to the Bank's account at First State Bank of the Florida Keys, ABA # _____, Credit to Account No.: _____, Reference City of Marathon Line of Credit (or to such other account of the Bank as the Bank may specify by written notice to the City not later than the second Business Day prior to the payment date) not later than 3:00 p.m., on the date payment is due. Any payment received by the Bank after 3:00 p.m. shall be deemed to have been received by the Bank on the next Business Day. If any payment hereunder is due on a day that is not a Business Day, then such payment shall be due on the immediately succeeding Business Day, and, in the case of the computation of the interest hereunder, such extension of time shall not be included in the computation of the payment due hereunder.

Section 3.07 Computation of Interest. Interest on the Loans shall be computed on the basis of a 30-day month and a 360-day year.

Section 3.08 Request by the City for Extension of Term of Agreement. Not earlier than 120 days prior to the Stated Expiration Date, the City may by written notice to the Bank in the form of Appendix C request that the Stated Expiration Date be extended. The Bank shall have the right to accept or reject any such request in its sole and absolute discretion and failure of the Bank to provide a written response to the City within 30 days after receipt of such request shall be deemed a rejection by the Bank of such request. If the Stated Expiration Date is extended, the City shall, except as otherwise agreed to in writing by the Bank, be deemed to have made the representations and warranties contained herein on and as of the date on which the Stated Expiration Date is so extended.

Section 3.09. Compliance with Section 215.84, Florida Statutes. The City represents, warrants, and covenants that the Note Rate is in compliance with Section 215.84, Florida Statutes.

Section 3.10. Conditions Precedent to Delivery of Note. Prior to or simultaneously with the delivery of the Note issued hereunder by the City, there shall be filed with the Bank the following, each in form and substance reasonably acceptable to the Bank:

(a) an opinion of counsel to the City to the effect that (i) this Agreement and the Note have been duly authorized, executed and delivered by the City and each constitutes a valid, binding and enforceable agreement of the City in accordance with their respective terms, except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency, financial emergency or other laws affecting creditors' rights generally or by usual equity principles; (ii) the City's execution, delivery and performance of this Agreement and execution and issuance of the Note are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not heretofore obtained or effected; (iii) the execution, issuance and delivery of the Note has been duly and validly authorized by the City, and the Note constitutes a valid and binding

special obligation of the City enforceable in accordance with its terms; (iv) the City (A) is a municipal corporation duly organized and validly existing under the laws of the State of Florida, and (B) has power and authority to execute and deliver this Agreement, to execute and deliver the Note, and to consummate the transactions contemplated by such instruments; (v) the execution, delivery and performance of the Note and this Agreement, and compliance with the terms thereof and hereof, under the circumstances contemplated hereby, do not and will not in any material respect conflict with, or constitute on the part of the City a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which the City or to which its properties are subject or conflict with, violate or result in a breach of any existing law, administrative rule or regulation, judgment, court order or consent decree to which the City or its properties are subject; (vi) to the best of such counsel's knowledge, there is no claim, action, suit, proceeding, inquiry, investigation, litigation or other proceeding, at law or in equity, pending or threatened in any court or other tribunal, state or federal (W) restraining or enjoining, or seeking to restrain or enjoin, the issuance, sale, execution or delivery of the Note, (X) in any way questioning or affecting the validity or enforceability of any provision of this Agreement or the Note, (Y) in any way questioning or affecting the validity of any of the proceedings or authority for the authorization, sale, execution or delivery of the Note, or of any provision made or authorized for the payment thereof, or (Z) questioning or affecting the organization or existence of the City or the right of any of its officers to their respective offices; (vii) the City has the legal power to pledge the Grant Proceeds to repayment of the Note in the manner and to the extent as described in the Note Resolution and this Agreement; and (viii) all conditions contained in the ordinances and resolutions of the City precedent to the issuance of the Note have been complied with; and

(b) an opinion of Bond Counsel, stating that such counsel are of the opinion that: (i) the Note is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code; and (ii) assuming compliance by the City with certain covenants relating to requirements contained in the Code (a) interest on the Note is excluded from gross income for purposes of federal income taxation, and (b) interest on the Note is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations; and

(c) a copy of a completed and executed Form 8038-G to be filed with the Internal Revenue Service by the City; and

(d) such other documents as the Bank reasonably may request.

When the documents and items mentioned in clauses (a) through (d), inclusive, of this Section shall have been filed with the Bank, and when the Note shall have been executed as required by this Agreement, the City shall deliver the Note to or upon the order of the Bank, but only against the City's receipt of the proceeds of the Note.

Section 3.11. Registration of Transfer; Assignment of Rights of Bank. The City shall keep at the office of the City Clerk in the City's records the registration of the Note and the registration of transfers of the Note as provided in this Agreement. Subject to the restriction set forth in the fourth paragraph of this Section, the transfer of the Note may be registered only upon the books kept for the registration of the Note and registration of transfer thereof upon surrender thereof to the City together with an assignment duly executed by the Bank or its attorney or legal representative in the form of the assignment set forth on the form of the Note attached as Appendix A to this Agreement; provided, however, that the Note may be transferred only in whole and not in part. In the case of any such registration of transfer, the City shall execute and deliver in exchange for the applicable Note a new Note registered in the name of the transferee. In all cases in which the Note shall be transferred hereunder, the City shall execute and deliver at the earliest practicable time a new Note in accordance with the provisions of this Agreement. The City may make a charge for every such registration of transfer of the Note sufficient to reimburse it for any tax or other governmental charges (other than charges of the City which shall not be assessed) required to be paid with respect to such registration of transfer, but no other charge shall be made for registering the transfer hereinabove granted. The Note shall be issued in fully registered form and shall be payable in any coin or currency of the United States.

The registration of transfer of the Note on the registration books of the City shall be deemed to effect a transfer of the rights and obligations of the Bank under this Agreement to the transferee. Thereafter, such transferee shall be deemed to be the Bank under this Agreement and shall be bound by all provisions of this Agreement that are binding upon the Bank. The City and the transferor shall execute and record such instruments and take such other actions as the City and such transferee may reasonably request in order to confirm that such transferee has succeeded to the capacity of Bank under this Agreement and the Note.

In the event the Note is mutilated, lost, stolen, or destroyed, the City shall execute a new Note of like date and denomination as that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Note, such mutilated Note shall first be surrendered to the City, and in the case of any lost, stolen, or destroyed Note, there first shall be furnished to the City evidence of such loss, theft or destruction together with an indemnity satisfactory to it.

Notwithstanding anything herein to the contrary, no transfer shall be permitted absent the City's (and the Bank's) receipt of a letter in form and substance similar to the one delivered by the Bank pursuant to Section 218.385, Florida Statutes from such proposed transferee, and a certificate in form and substance similar to the one attached to the Note Resolution certifying, among other things, that such holder is an "accredited investor" as such term is defined in Regulation D to the Securities Act of 1933, as amended.

Section 3.12. Ownership of the Note. The person in whose name the Note is registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or

on account of the Note shall be made only to the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note, and interest thereon, to the extent of the sum or sums so paid.

Section 3.13. Use of Proceeds of Note Permitted Under Applicable Law. The City represents, warrants and covenants that the proceeds of the Note will be used solely to finance the Project and to pay the costs of issuance related thereto, and that such use is permitted by applicable law.

Section 3.14. Authentication. Only if the Note shall have endorsed thereon a certificate of authentication substantially in the form set forth in Appendix A, duly executed by the manual signature of the Registrar and authenticating agent, shall it be entitled to any benefit or security under this Agreement. The Note shall not be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly adopted by the Registrar and such certificate of the Registrar upon any such Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Agreement.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.01. Performance of Covenants. The City covenants that it will perform faithfully at all times its covenants, undertakings and agreements contained in this Agreement and the Note or in any proceedings of the City relating to the Loan.

Section 4.02. Payment of Note.

(a) The City covenants that it will promptly pay the principal of and interest on the Note at the place, on the dates and in the manner provided herein and in the Note, in accordance with the terms thereof. The Note shall be payable solely from Grant Proceeds in accordance with the terms hereof.

(b) The Note will be a special obligation of the City secured solely by the Grant Proceeds, in the manner and to the extent described in Section 4.02(a) hereof. The Note will not constitute a general debt, liability or obligation of the City or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision. Neither the faith and credit nor the taxing power of the City or of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of or interest on the Note, and the Noteholder shall never have the right to compel any exercise of any ad valorem taxing power of the City or of the State of Florida or any political subdivision thereof, directly or indirectly to enforce such payment. The Note shall not constitute a lien upon any property of the City except upon the Grant Proceeds.

Section 4.03. Tax Covenant. The City covenants to the purchasers of the Note provided for in this Agreement that the City will not make any use of the proceeds of the Note at any time during the term of such Note which, if such use had been reasonably expected on the date the Note was issued, would have caused such Note to be an "arbitrage bond" within the meaning of the Code. The City will comply with the requirements of the Code and any valid and applicable rules and regulations promulgated thereunder necessary to ensure the exclusion of interest on the Note from the gross income of the holders thereof for purposes of federal income taxation.

Section 4.04. Budget and Other Financial Information. The City shall provide the Noteholder with a copy of the City's annual audited financial statements for the preceding Fiscal Year, prepared by a certified public accountant, within 180 days of the end of the Fiscal Year in form and substance satisfactory to the Noteholder. Additionally, the City shall furnish the Bank Fiscal Year end statements prepared by an internal source within 30 days but no later than 60 days from the Fiscal Year end date and at such other intervals as may be required by the Bank. The City shall furnish such additional information that the Noteholder may from time to time reasonably request.

Section 4.05. Compliance with Laws and Regulations. The City shall maintain compliance with all federal, state and local laws and regulations regarding the acquisition and maintenance of the Project.

Section 4.06. Prepayment. The Note shall be prepayable in whole or in part at any time without prepayment premium or penalty. The City shall, at the time of such prepayment, pay to the Noteholder the interest accrued to the date of prepayment on the principal amount being prepaid.

Section 4.07. Application of Proceeds of Note; General Fund. At the time of delivery of the Note herein authorized, proceeds from the sale of the Note shall be deposited into the General Fund of the City and used to finance the Project.

Section 4.08. Additional Indebtedness. The City will not issue any additional indebtedness in excess of \$500,000, in the aggregate, without the prior written consent of the Bank.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following is hereby declared an "Event of Default:"

(a) payment of the interest on or principal of the Note shall not be made when the same shall become due and payable; or

(b) the City shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Note or in this Agreement and such default shall continue for thirty (30) days after written notice shall have been given to the City by the Noteholder specifying such default and requiring the same to be remedied; provided, however, that if, in the reasonable judgment of the Noteholder, the City shall proceed to take such curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of thirty (30) days, then such period shall be increased to such extent as shall be necessary to enable the City to diligently complete such curative action; or

(c) the City admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver or trustee for itself or shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(d) the City is adjudged insolvent by a court of competent jurisdiction or is adjudged bankrupt on a petition of bankruptcy filed against the City, or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the City, a receiver or trustee of the City or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or

(e) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control.

Section 5.02. Exercise of Remedies. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may proceed to protect and enforce its rights under the laws of the State of Florida or under this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Noteholder shall deem most effective to protect and enforce such rights. Without limiting the generality of the foregoing, the Noteholder shall have the right to bring a mandamus action to require the City to perform its obligations under Article IV of this Agreement.

In the enforcement of any remedy under this Agreement, to the extent permitted by law, the Noteholder shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City for principal, interest or otherwise under any of the provisions of this Agreement or of the Note then unpaid, with interest on overdue payments of principal and interest (to the extent permitted by law), together with any and all costs and expenses of collection and of all proceedings hereunder and under the Note (including, without limitation, reasonable legal fees in all proceedings, including administrative, appellate, bankruptcy proceedings and otherwise), but payable from the sources provided and in the manner and to the extent provided herein, without prejudice to any other right or remedy of the Noteholder, and to recover and enforce any judgment or decree against the City, but solely as provided herein and in the Note, for any portion of such amounts remaining unpaid and interest, costs, and expenses as above provided, and to collect (but from sources provided and in the manner and to the extent provided herein) in any manner provided by law, the monies adjudged or decreed to be payable.

Section 5.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Noteholder is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

Section 5.04. Waivers, Etc. No delay or omission of the Noteholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by this Agreement to the Noteholder may be exercised from time to time and as often as may be deemed expedient.

The Noteholder may waive any default which, in its opinion, shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Agreement or before the completion of the enforcement of any other remedy under this Agreement, but no such waiver shall be effective unless in writing and no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01. Covenants of City, Etc.; Successors. All of the covenants, stipulations, obligations and agreements contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, board, commission,

authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Section 6.02. Term of Agreement. This Agreement shall be in full force and effect from the date hereof until the Note and all other sums payable to the Bank hereunder have been paid in full and shall survive the termination of this Agreement in relation to those provisions that deal with retroactive cost increases for the Bank in relation to the tax exempt status of the Note.

Section 6.03. Notice of Changes in Fact. Promptly after the City becomes aware of the same, the City will notify the Bank of any default under this Agreement and/or the pendency of litigation material to the City's ability to repay the Loan, specifying in each case the nature thereof and what action the City has taken, is taking and/or proposes to take with respect thereto.

Section 6.04. Amendments and Supplements. This Agreement may be amended or supplemented from time to time only by a writing duly executed by each of the City and the Noteholder.

Section 6.05. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the City or the Bank, shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if and when sent by certified mail, return receipt requested:

(a) As to the City:

City of Marathon, Florida
9805 Overseas Highway
Marathon, Florida 33050
Attention: City Manager

(b) As to the Bank:

First State Bank of the Florida Keys
1201 Simonton Street
Key West, Florida 33040
Attn: Jeffrey Smith, Senior Vice President

Either party may, by notice sent to the other, designate a different or additional address to which notices under this Agreement are to be sent.

Section 6.06. Benefits Exclusive. Except as herein otherwise provided, nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person,

25376/003/01313263.DOCv3

firm or corporation, other than the City and the Noteholder, any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the City and the Noteholder.

Section 6.07. Reserved.

Section 6.08. Severability. In case any one or more of the provisions of this Agreement, any amendment or supplement hereto or of the Note shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, any amendment or supplement hereto or the Note, but this Agreement, any amendment or supplement hereto and the Note shall be construed and enforced at the time as if such illegal or invalid provisions had not been contained therein, nor shall such illegality or invalidity or any application thereof affect any legal and valid application thereof from time to time. In case any covenant, stipulation, obligation or agreement contained in the Note or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation, or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the City to the full extent from time to time permitted by law.

Section 6.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 6.10. Applicable Law. This Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Florida.

Section 6.11. No Personal Liability. Notwithstanding anything to the contrary contained herein or in the Note, or in any other instrument or document executed by or on behalf of the City in connection herewith, no stipulation, covenant, agreement or obligation of any present or future member of the City Council, officer, employee or agent of the City, officer, employee or agent of a successor to the City, in any such person's individual capacity, and no such person, in his or her individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of or interest on the Note or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his or her individual capacity, either directly or through the City or any successor to the City, under any rule or law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise and all such liability of any such person, in his or her individual capacity, is hereby expressly waived and released.

Section 6.12. Incorporation by Reference. All of the terms and obligations of this Agreement and the Appendices hereto are hereby incorporated herein by reference as if all of the foregoing were fully set forth in this Agreement. All recitals appearing at the beginning of this Agreement are hereby incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

CITY OF MARATHON, FLORIDA

By: _____

Name:

Title: Mayor

(SEAL)

ATTEST:

By: _____

Name:

Title: City Clerk

FIRST STATE BANK OF THE
FLORIDA KEYS

By: _____

Name:

Title:

APPENDIX A

FORM OF REVOLVING CREDIT NOTE

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

December __, 2017

Not to exceed \$10,000,000
in aggregate principal amount
Outstanding at any one time

CITY OF MARATHON, FLORIDA
GRANT PROCEEDS NOTE, SERIES 2017

For value received, the CITY OF MARATHON, FLORIDA (the "City"), a municipal corporation duly, organized and existing under the laws of the State of Florida, promises to pay, solely from the Grant Proceeds hereafter referred to, to the order of First State Bank of the Florida Keys (the "Bank") at the office of the Bank specified in the Financing Agreement (as hereinafter defined), the aggregate unpaid principal amount of all Loans made by the Bank to the City pursuant to the Financing Agreement not to exceed \$10,000,000 aggregate principal amount at any one time outstanding and all other amounts payable to the Bank pursuant to the Financing Agreement, in lawful money of the United States of America in federal or other immediately available funds, and to pay, solely from the Grant Proceeds hereinafter referred to, interest on the unpaid principal amount hereof for each day from the date of the first Draw until this Revolving Credit Note is paid in full in like money and funds at such office and on such dates as are specified in such Financing Agreement and at the interest rate specified therein. Such Loans, all other amounts payable to the Bank pursuant to the Financing Agreement and the interest thereon shall be payable in the amounts, at the rates and on the dates specified in the Financing Agreement.

Presentation, demand, protest and notice of dishonor are hereby waived by the undersigned.

This Revolving Credit Note is subject to the terms of the Financing Agreement dated as of December __, 2017, as amended from time to time, by and between the City and the Bank (the "Financing Agreement"). All terms used herein and not defined shall have the same meaning as in the Financing Agreement. Reference is made to the Financing Agreement for provisions for the prepayment hereof, which prepayment can be made without premium or penalty as provided in the Financing Agreement. If the holder enforces this Revolving Credit

Note upon default, the maker shall reimburse the holder for all reasonable costs and expenses incurred by the holder in collection, including reasonable attorneys' fees and expenses. This Revolving Credit Note shall be construed under and governed by the laws of the State of Florida.

This Revolving Credit Note, including the interest hereon, is payable solely from and secured by a lien upon the Grant Proceeds as set forth in the Financing Agreement and the Note Resolution; and this Revolving Credit Note shall not be deemed to constitute an obligation of the State of Florida, or any political subdivision thereof, and neither the State nor any of its political subdivisions, other than the City, shall be liable hereon. Reference is made to the Financing Agreement and such Note Resolution for the provisions relating to the source of security for this Revolving Credit Note and the duties and obligations of the City.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the incurring of the indebtedness evidenced by this Revolving Credit Note and issuance of this Revolving Credit Note exist, have happened, and have been performed in due time, form and manner as required by the Constitution and laws of the State of Florida, including the Act.

Made and executed on the day and year first above written.

CITY OF MARATHON, FLORIDA

[SEAL]

Attest:

By: _____
Mayor

By: _____
City Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

Date of Authentication: December _____, 2017

This Note is being delivered pursuant to the within mentioned Financing Agreement.

Finance Director,
City of Marathon, Florida,
as Registrar

By: _____

Name:

Title:

LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Amount of Principal Repaid	Unpaid Principal Balance	Notation Made By
-------------	-----------------------	---------------------------------------	---	-----------------------------

APPENDIX B

FORM OF NOTICE OF LOAN

NOTICE OF LOAN

[DATE]

First State Bank of the Florida Keys

[ADDRESS]

Attention: [PLEASE PROVIDE]

Telephone: [PLEASE PROVIDE]

Facsimile: [PLEASE PROVIDE]

Gentlemen:

The undersigned, the City of Marathon, Florida, refers to the Financing Agreement dated as of December __, 2017 (the "Agreement") by and between the undersigned and First State Bank of the Florida Keys (the "Bank"), and hereby requests pursuant to Section 3.01 of the Agreement that the Bank make a Loan to the undersigned under the Agreement, and in that connection sets forth below the information relating to such Loan (the "Proposed Loan") as required by Section 3.02 of the Agreement:

(i) The requested date and time of the Proposed Loan is _____,
_____ at _____; and

(ii) The amount of the Proposed Loan is _____.

(iii) The proceeds of the Proposed Loan should be transferred to the City's
account at:

[Include wire instructions]

The City hereby represents that all conditions in Sections 3.01 and 3.02 of the Agreement have been satisfied.

Very truly yours,

CITY OF MARATHON, FLORIDA

By: _____

Name: _____

Authorized Officer

APPENDIX C

FORM OF REQUEST FOR EXTENSION

REQUEST FOR EXTENSION

First State Bank of the Florida Keys

[ADDRESS]

Attention: [PLEASE PROVIDE]

Telephone: [PLEASE PROVIDE]

Facsimile: [PLEASE PROVIDE]

Ladies and Gentlemen:

Reference is hereby made to that certain Financing Agreement, dated as of December ____, 2017 (the "Agreement"), between the City of Marathon, Florida (the "City") and First State of the Florida Keys (the "Bank"). All capitalized terms contained herein which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The City hereby requests, pursuant to Section 3.08 of the Agreement, that the Stated Expiration Date for the Agreement be extended by [IDENTIFY APPROPRIATE PERIOD]. The City hereby represents and warrants that:

- (a) no Event of Default has occurred and is continuing; and
- (b) all representations and warranties of the City under the Agreement are true and correct and are deemed to be made on the date hereof.

We have enclosed along with this request the following information:

- 1. The nature of any and all Events of Default; and
- 2. Any other pertinent information previously requested by the Bank.

[Remainder of page intentionally left blank]

The Bank is requested to notify the City of its decision with respect to this request for extension within thirty (30) days of the date of receipt hereof. If the Bank fails to notify the City of its decision within such thirty (30) day period, the Bank shall be deemed to have rejected such request.

Very truly yours,

CITY OF MARATHON, FLORIDA

By: _____

Name: _____

Authorized Officer