

REQUEST FOR PROPOSAL

Okaloosa County, Florida Beach Restoration Revenue Note, Series 2012 “Non Bank-Qualified” Loan



RFP: #BCC 56-12

RFP DUE: October 5, 2012 @ 4:00 P.M. (CST)

THE INTENT OF THIS SPECIFICATION IS TO IDENTIFY THE INSTITUTION THAT CAN PROVIDE OKALOOSA COUNTY, FLORIDA WITH A NON BANK QUALIFIED LOAN IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$5,000,000 AT THE LOWEST OVERALL BORROWING COST

NOTICE TO PROPOSERS

Notice is hereby given that the Board of County Commissioners of Okaloosa County, FL, will accept sealed proposals until 4:00 p.m. (local time) October 5, 2012, for a **Non Bank Qualified Loan**. Pursuant to copies of proposal provisions, proposal forms, and specifications may be obtained from the Okaloosa County Purchasing Department, 602-C North Pearl Street, Crestview, FL 32536; 850-689-5960 or they may be downloaded from our website at www.co.okaloosa.fl.us (Departments, Purchasing, Vendor Registration & Opportunities).

At 4:00 p.m. (local time), October 5, 2012, the time to receive proposals will be closed. All proposals must be in sealed envelopes reflecting on the outside thereof the proposer's name and **"Proposal for RFP #56-12, Okaloosa County, Beach Restoration Revenue Note, Series 2012, Non Bank Qualified Loan be opened at 4:00 p.m., October 5, 2012"**. The Board of County Commissioners will consider all proposals properly submitted to Okaloosa County Purchasing Department, 602-C N. Pearl St., Crestview FL 32536. **Note: An electronic copy must be submitted to FirstSouthwest, Mark P. Galvin at mark.galvin@firstsw.com.**

There is no obligation on the part of the County to award the proposal to the lowest proposer, and the County reserves the right to award the proposal to the proposer submitting a responsive proposal with a resulting negotiated agreement which is most advantageous and in the best interest of Okaloosa County, and to waive any irregularity or technicality in proposals received. Okaloosa County shall be the sole judge of the proposal and the resulting negotiating agreement that is in its best interest and its decision shall be final.

Any proposer failing to mark outside of envelope as set forth herein may not be entitled to have their proposal considered.

All proposals should be addressed as follows:

Okaloosa County Purchasing Dept.
Attn: Richard Brannon
602-C North Pearl St.
Crestview FL 32536

//Signed// - J Jack Allen for 09/24/2012
Richard L Brannon Date
Purchasing Director

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY

Don Amunds
Chairman

Okaloosa County, Florida

REQUEST FOR "NON BANK-QUALIFIED" LOAN PROPOSALS

BEACH RESTORATION REVENUE NOTES, SERIES 2012,

IN AN AMOUNT NOT TO EXCEED \$5,000,000

RFP Issue Date: September 19, 2012

Proposal Due Date: October 5, 2012 @ 4:00 pm Central

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LINKS

FY 2011-2009 Okaloosa County Audited Financial Statements

- <http://www.clerkofcourts.cc/forms/docs/2011CAFR.pdf>
- <http://www.clerkofcourts.cc/forms/docs/2010CAFR.pdf>
- <http://www.clerkofcourts.cc/forms/docs/2009CAFR.pdf>

A. PURPOSE

The purpose of this Request for Proposal (RFP) is to identify the institution that can provide Okaloosa County, Florida (the "County") with a Beach Restoration Revenue Note, Series 2012, "Non-Bank Qualified" loan, in the principal amount not exceeding \$5,000,000 at the lowest overall borrowing cost, pursuant to certain conditions. The loan will be issued to finance the cost associated with the beach restoration project in the City of Destin (the Western Destin Beach Restoration Project).

The County shall accept and review proposals from qualified financing institutions for a "Non-Bank Qualified" (Tax-Exempt) Fixed Rate bank loan based upon the proposed financing structure below. The County will select the proposal that provides the lowest overall borrowing cost to the County and meets the financing requirements of the County. FirstSouthwest, Orlando, Florida, as the County's Financial Advisor, will assist with reviewing a fixed rate bank loan with a financial institution.

B. OKALOOSA COUNTY

Okaloosa County was formed by an act of the Florida Legislature in 1915. The County is in the center of a 100 mile long strip of white sand bathing beaches in northwest Florida. The County seat is located in Crestview in the northern half of the County. The County is bordered on the west by Santa Rosa County, on the north by the State of Alabama, on the east by Walton County and on the south by the Gulf of Mexico. The County has a total land area of 1,936 square miles and approximately 44 miles of beaches facing directly on the Gulf of Mexico.

The entire central and southern portions of the County, with the exception of the coastal area, are given over to the massive Eglin Air Force Base installation. The population and commercial growth of the County is primarily in the coastal area along the Gulf of Mexico.

C. THE PROJECT

The Western Destin Beach Restoration Project includes the placement of approximately 560,000 cubic yards of beach quality sand along two reaches of the Okaloosa County coastline immediately east of Destin's East Pass. Reach 1 extends from the eastern jetty of East pass to approximately 700 feet east of FDEP Reference (R-) Monument R-20 for a total of approximately 0.8 miles and Reach 2 extends from approximately 500 feet east of R-23 to R-25.5 for a total of approximately 0.4 miles. The project design includes a 30-foot wide dune crest, 30-foot wide back berm and a variable width berm. The project is expected to cost approximately \$8 million.

Sources of Funds

Destin Special Assessment Fund Balance	\$	1,200,000
Existing Tourist Development Tax Receipts		1,800,000
Note Proceeds		<u>5,000,000</u>
Total	\$	8,000,000

D. STRUCTURE OF FINANCING

Amount:	Up to \$5,000,000
Settlement Date:	On or before October 18, 2012
Rate:	Non-Bank Qualified fixed interest rate to maturity.
Prepayment:	The County requests the ability to prepay the obligation without penalty at any time. Other prepayment terms will be considered.
Final Maturity:	October 1, 2020
Interest Payments Dates:	Semi-annually each April 1 and October 1, commencing on April 1, 2013.
Interest Compounding:	None
Interest Day Count Method:	Please specify in proposal
Principal Payment Dates:	Annually, commencing on October 1, 2013.
Debt Service Structure:	Annual Level Debt Service (P and I).

E. SECURITY FOR THE LOAN

The principal of and interest of the loan shall be payable solely from and secured by the one cent Tourist Development Tax and special assessment revenues.

First Cent Tourist Development Tax

The County pursuant to Ordinance 89-23 as amended by Ordinance 07-58 and by Ordinance No. levies a Tourist Development Tax (TDT) up to 5 cents on transient rental transaction within the County. Of the 5 cents levied under the TDT Ordinance the first penny is dedicated to beach renourishment projects within the County. The County under the proposed Resolution will pledge the proceeds of the 1st penny TDT to the payment of the Note.

Special Assessments

The County pursuant to Chapter 197 of the Florida Statutes and Ordinance No.07-71 enacted on December 7, 2007 levied a special assessment on benefiting property within the territorial limits of the Okaloosa County Beach Restoration Project Municipal Services Benefit Unit (MSBU). Under the Ordinance the County will levy each year and place on the County's tax rolls an assessment equal for 8 years. Proceeds of the Special Assessment will be to pay for the cost associated with the project and debt service associated with the Note.

Historical and Projected Revenues and Assessments along with estimated debt service coverage table has been provided in Appendix B.

F. ADDITIONAL BONDS TEST

The County will not accept proposals that require the Bank's approval before additional debt may be issued. The Loan must allow for the issuance of additional debt, as provided in the Master Resolution, based on historical revenues of the one cent tourist development tax pledged to the notes. The additional bonds test will be based on a debt service coverage ratio of 1.35x on the maximum annual debt service on any outstanding and proposed debt.

G. TAX-EXEMPT OBLIGATION

The County will agree to take such actions as may be required by Treasury regulations in order to maintain the status of the loan as a tax-exempt obligation.

The winning bank proposal will be furnished, without charge to the successful bank, the opinion of Nabors, Giblin & Nickerson, P.A., the County's Bond Counsel, approving the legality and tax-exempt status of the loan, together with the closing certificates and documents related to the transaction. FirstSouthwest will also assist the County in structuring the loan to meet the financing objectives of the County.

At the closing of the Loan, the financial institution will be required to make certain certifications, including, but not limited to, signing a closing certificate that:

- a. **It is making the Loan for its own account, does not currently intend to syndicate the Loan, will take no action to cause the Loan to be characterized as a security, and will not treat the Loan as a municipal security for purposes of the securities law;**
- b. **it is not acting as a broker or other intermediary, and is funding the Loan from its own capital for its own account and not with a present view to a resale or other distribution to the public,**
- c. **the Loan will not be used in the future on a securitized transaction and is not a municipal security;**
- d. **it understands that the Loan is evidenced by a note and the note is issued in a single denomination equal to the aggregate principal amount of the Loan and may not be transferred except in whole and will not be transferred to any kind of trust under any circumstances, and confirming that it understands the Loan may not be transferred in denominations less than \$100,000 even in whole;**
- e. **the Loan will only be sold to a Permitted Lender in whole, in a denomination of not less than \$100,000, with the County's consent. The "Permitted Lender" means any bank, trust company, savings institution or insurance company that is engaged as a regular part of its business in making loans authorized to do business in the State of Florida;**
- f. **the Lender is 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;**

- g. **it is not funding the Loan 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;**
- h. **understands that the Loan is not a municipal security and that no filing will be made with respect to the Loan with EMMA, the Municipal Securities Rulemaking Boards continuing disclosure site;**
- i. **there will be no CUSIPs obtained on the Loan; and**
- j. **there will be no credit rating obtained on the Loan**

H. PROPOSAL FORMAT

Proposals will be evaluated on the basis of cost and the structure that best meets the financing requirements of the County.

In order to assist the County and FirstSouthwest in reviewing the responses, each proposal should include the following information.

- (1) The legal name of the Bank and the primary Bank contact person(s) (include address, telephone number, facsimile number, and e-mail address).
- (2) Provide a non-bank qualified, fixed interest rate for the full term of the loan. The proposer shall give a stated time in which the proposed rate will be held as well as the index in which the rate shall be calculated should the stated time elapse. Please provide debt repayment schedules for the entire term based on preliminary amortization provided in Appendix A. Assume a settlement date of October 18, 2012.
- (3) Please describe the methodology of the prepayment penalty or premium, if any.
- (4) Describe in detail all fees and expenses which the County will be responsible to pay to the Bank, including its legal counsel. The County has retained the law firm of Nabors, Giblin & Nickerson, P.A. to prepare the tax opinion and authorizing resolution/bond documents. The amounts stated in the proposal shall represent the maximum amounts payable to the Bank and its Counsel by the County. All fees and expenses, with the exception of those of Bond Counsel and FirstSouthwest, in excess of those stated in the proposal shall be the sole responsibility of the Bank and will not be paid or reimbursed by the County.
- (5) A listing of all conditions, representations, covenants (affirmative and negative), terms or restrictions, other than those specified in this RFP, which would be a condition to your commitment to provide the loan.

I. MISCELLANEOUS

- (1) The County reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the process, and to accept or reject any items or combination of items. If a bank financing option is selected, the award will be to the financial institution whose response best complies with the requirements set forth

in this RFP and whose proposal, in the opinion of the County and Financial Advisor, is in the County's best interest, taking into consideration all aspects of the offeror's response.

- (2) Changes to this RFP may be made by and at the sole discretion of the County.
- (3) The County will not be liable for any expenses incurred in connection with the preparation of a response to this RFP.
- (4) **All requests for clarification or additional information should be directed to:**

Mr. Richard Brannon
Purchasing Director
Okaloosa County
(850) 689-6950 Ph
(850) 689-5970 Fax
rbrannon@co.okaloosa.fl.us

- (5) Federal, State, City and local laws, ordinances, rules and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Bank will in no way be a cause for relief from responsibility.
- (6) No successful offeror may assign any portion of the contractual agreement between the parties without prior written authorization by the County.
- (7) Warranties – The offeror, in submission of its proposal, warrants to the County that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.
- (8) Conflict of Interest **(Form Included)**: The award hereunder is subject to all applicable portions of Chapter 112, Florida Statutes. All Proposers must disclose with their proposal the name of any officer, director, or employee who is also an employee or officer of Okaloosa County. Further, all Proposers must disclose the name of any Okaloosa County employee or officer who owns, directly or indirectly, an interest in one or more of the Proposer's firm(s) or any of its branches.
- (9) Purchasing Policy: All terms and conditions contained in the County's Purchasing Policy shall apply to this proposal.

J. TENTATIVE SCHEDULE

The County will attempt to adhere to the following schedule:

September 19, 2012	Issue Request for Proposal (RFP)
October 5, 2012	Bank Proposals Due Prior to 4:00 P.M. Central
October 9, 2012	Recommendation of Bank provided to the County
October 16, 2012	Board approval of Resolution authorizing execution of loan documents
October 18, 2012	Closing of the Loan

* Preliminary; subject to change

K. RFP INSTRUCTIONS

All proposals must be submitted to the County and FirstSouthwest to the mailing addresses below for receipt no later than 4:00 PM Central Time on October 5, 2012.

Okaloosa County

Mr. Richard Brannon
Purchasing Director
Okaloosa County
602 C North Pearl Street
Crestview, Florida 32536
(850) 689-6950 Ph
(850) 689-5970 Fax
rbrannon@co.okaloosa.fl.us

FirstSouthwest

Mr. Mark Galvin
Senior Vice President
FirstSouthwest
450 S. Orange Avenue, Suite 460
Orlando, Florida 32801
(407) 426-9611 Ph
(407) 426-7835 Fax
mark.galvin@firstsw.com

Late proposals will not be accepted.

CONFLICT OF INTEREST DISCLOSURE FORM

For purposes of determining any possible conflict of interest, all proposers, must disclose if any Okaloosa Board of County Commissioner, employee(s), elected officials(s), or if any of its agencies is also an owner, corporate officer, agency, employee, etc., of their business.

Indicate either "yes" (a county employee, elected official, or agency is also associated with your business), or "no". If yes, give person(s) name(s) and position(s) with your business.

YES _____

NO _____

NAME(S)

POSITION(S)

FIRM NAME: _____

BY (PRINTED): _____

BY (SIGNATURE): _____

TITLE: _____

ADDRESS: _____

PHONE NO. _____

E-MAIL _____

APPENDIX A
PRELIMINARY AMORTIZATION SCHEDULE

Maturity Date	Principal
10/1/2013	\$544,000.00
10/1/2014	586,000.00
10/1/2015	602,000.00
10/1/2016	619,000.00
10/1/2017	636,000.00
10/1/2018	653,000.00
10/1/2019	671,000.00
10/1/2020	689,000.00
	<hr/>
	\$5,000,000.00

APPENDIX B
ESTIMATED DEBT SERVICE COVERAGE

Okaloosa County Beach Renourishment
8 Year \$ 5 million Loan

Fiscal Year ending 9/30		TDT Revenues	Destin Assessments	Total Available	Destin Debt Service (Estimated Amortization)	Surplus	TDT Coverage only	TDT and Special Coverage
2007	Actual	\$2,146,810		\$2,146,810		\$2,146,810		
2008	Actual	2,120,413		2,120,413		2,120,413		
2009	Actual	2,075,662	\$428,692	2,504,354		2,504,354		
2010	Actual	1,753,344	414,763	2,168,107		2,168,107		
2011	Actual	2,304,536	399,009	2,703,545		2,703,545		
2012	Estimated	2,643,744	412,630	3,056,374		3,056,374		
2013	Budget	2,100,000	390,473	2,490,473	(\$742,639)	1,747,834	2.83 x	3.35 x
2014	N/A	2,100,000	390,473	2,490,473	(742,639)	1,747,834	2.83 x	3.35 x
2015	N/A	2,100,000	390,473	2,490,473	(742,639)	1,747,834	2.83 x	3.35 x
2016	N/A	2,100,000	390,473	2,490,473	(742,639)	1,747,834	2.83 x	3.35 x
2017	N/A	2,100,000	N/A	2,100,000	(742,639)	1,357,361	2.83 x	2.83 x
2018	N/A	2,100,000	N/A	2,100,000	(742,639)	1,357,361	2.83 x	2.83 x
2019	N/A	2,100,000	N/A	2,100,000	(742,639)	1,357,361	2.83 x	2.83 x
2020	N/A	2,100,000	N/A	2,100,000	(742,639)	1,357,361	2.83 x	2.83 x

APPENDIX C
MASTER BOND RESOLUTION

THIS IS A DRAFT

**OKALOOSA COUNTY
EXPECTS TO HAVE A FINAL VERSION
AVAILABLE IN OCTOBER**

APPENDIX D
TOURIST DEVELOPMENT RESOLUTION

THIS IS A DRAFT

**OKALOOSA COUNTY
EXPECTS TO HAVE A FINAL VERSION
AVAILABLE IN OCTOBER**

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF OKALOOSA COUNTY, FLORIDA AMENDING AND RESTATING ITS RESOLUTION NO. 2008-201, ADOPTED OCTOBER 21, 2008; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners of Okaloosa County, Florida (the "Issuer") has previously adopted its Resolution No. 2008-201 (the "Original Resolution"), providing for the issuance of its Beach Restoration Revenue Bonds, Series 2008; and

WHEREAS, such Bonds have not yet been issued, and the Issuer desires to amend and restate the Original Resolution in its entirety to change the designation of such Bonds to its Beach Restoration Revenue Notes, Series 2012 and provide for certain other modifications in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Okaloosa County, Florida, as follows:

SECTION 1. The Original Resolution is hereby amended and restated in its entirety to read as follows:

"A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF OKALOOSA COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS BEACH RESTORATION REVENUE NOTES, SERIES 2012, TO FINANCE THE COST OF CERTAIN CAPITAL IMPROVEMENTS BENEFITTING PROPERTY WITHIN THE OKALOOSA COUNTY BEACH RESTORATION MUNICIPAL SERVICES BENEFIT UNIT; PLEDGING AS SECURITY FOR PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES THE SPECIAL ASSESSMENTS LEVIED ANNUALLY UPON PROPERTIES WHICH SHALL BE SPECIALLY BENEFITTED BY SUCH IMPROVEMENTS, THE PROCEEDS OF THE "FIRST" CENT TOURIST DEVELOPMENT TAX LEVIED PURSUANT TO ORDINANCE NO. 89-23, AS AMENDED BY ORDINANCE NO. 07-58, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER, AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SAID NOTES; AND PROVIDING AN EFFECTIVE DATE.

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EXHIBIT A -- THE PROJECT

EXHIBIT B -- FORM OF DISBURSEMENT REQUEST

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF OKALOOSA COUNTY, FLORIDA, AS FOLLOWS:

- L. ARTICLE I
- M. GENERAL

SECTION 1.01 Definitions. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Act" shall mean Section 125.01, Florida Statutes, et seq., Section 125.0104, Florida Statutes, et seq., the Assessment Ordinance, and other applicable provisions of law.

"Additional Parity Debt" shall mean additional debt incurred by the Issuer secured by the Tourist Development Tax Revenues pursuant to Section 5.04 hereof.

"Annual Debt Service" shall mean, at any time, the aggregate amount in the then current Fiscal Year of (1) interest required to be paid on the Outstanding Notes and any outstanding Additional Parity Debt during such Fiscal Year, (2) the principal of Outstanding Notes or outstanding Additional Parity Debt maturing in such Fiscal Year, and (3) amortization installments with respect to Outstanding Notes or outstanding Additional Parity Debt designated with respect to such Fiscal Year; provided, that in computing the Annual Debt Service for any future period, variable rate indebtedness shall be deemed to bear interest at all times to the maturity thereof at a constant rate of interest equal to the lesser of the maximum short term rate prevailing in the preceding 12-month period or the maximum allowable rate.

"Approved Costs" shall mean those Costs set forth in the Project Budget to be adopted by Supplemental Resolution which can lawfully be funded from Note proceeds, with such modifications as may be lawful and shall be established from time to time by the Issuer.

"Assessment Ordinance" shall mean Ordinance No. 07-71, enacted by the Governing Body on December 4, 2007, as the same may be amended and supplemented.

"Assessment Resolution" shall mean, collectively, the resolutions adopted by the County pursuant to the Ordinance, imposing the Assessments.

"Authorized Depository" shall mean the State Board of Administration or a bank or trust company in the State which is eligible under the laws of the State to receive funds of the Issuer.

"Authorized Investments" shall mean all accounts with the State Board of Administration and any investments which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the temporary investment of its funds.

"Authorized Issuer Officer" shall mean the Chairman of the Board of County Commissioners, or his designee, and when used in reference to any act or document also means any other person authorized by resolution of the Issuer to perform such act or sign such document.

"Bond Counsel" shall mean Nabors, Giblin & Nickerson, P.A., 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, and duly admitted to practice law before the highest court of any state of the United States of America.

"Chairman" shall mean the Chairman of the Governing Body or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Clerk" shall mean the Clerk of the Circuit Court, ex-officio Clerk of the Governing Body, or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations, procedures and rules thereunder in effect or proposed.

"Collection Costs" shall mean all costs and expenses of collection of the Assessments, which shall be billed by the Issuer as part of the Assessments, or installments thereof, or which may be billed separately from the Assessments.

"Cost" or "Costs" when used in connection with the Project, shall mean (1) costs of construction by or for the Issuer of any part of the Project; (2) costs incidental to such construction; (3) the cost of any insurance or indemnity or surety Notes necessitated by the Project; (4) engineering, legal, feasibility and other consultant fees and expenses relating to the Project; (5) costs and expenses incidental to the issuance of the Notes; (6) interest on the Notes accruing during construction of the Project; and (7) any other costs properly attributable to the issuance of the Notes and/or such construction, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer of any cost heretofore paid, provided the Issuer shall receive an opinion of Note Counsel that such reimbursement will not adversely affect the tax-exempt status of the Notes.

"Delinquent Assessments" shall mean any installment of any Assessment which is not paid when due.

"Expense Fund" shall mean the Beach Restoration Expense Fund established pursuant to Section 4.03 hereof.

"Federal Securities" means, to the extent permitted by law for investment as contemplated herein, (i) any direct and general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) any tax-exempt obligations which are fully secured as to principal and interest by an irrevocable pledge of moneys or obligations described in (i) above, which moneys or obligations are segregated in trust and pledged for the benefit of the Owners of the tax-exempt obligations, (iii) certificates of ownership of the principal or interest of obligations described in (i) above, which obligations are held in trust and (iv) investment agreements at least 100% collateralized by obligations described in clauses (i), (ii) and (iii) above.

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

"Governing Body" shall mean the Board of County Commissioners of the Issuer or its successor in function.

"Interest Payment Date" shall mean April 1 and October 1, of each year, commencing April 1, 2013.

"Issuer" shall mean Okaloosa County, Florida

"MSBU" shall mean the Okaloosa County Beach Restoration Project Municipal Services Benefit Unit established by the Assessment Ordinance.

"Maximum Annual Debt Service" for any indebtedness shall mean the largest aggregate amount in any Fiscal Year, excluding all Fiscal Years which shall have ended prior to the Fiscal Year in which the Maximum Annual Debt Service shall at any time be computed, of the Annual Debt Service.

"Note" or "Notes" shall mean the obligations of the Issuer authorized to be issued pursuant to Section 2.01 hereof.

"Noteholder" or "Holder" or "holder" or "Owner" when used with reference to a Note or Notes, shall mean any Person who shall be the registered owner of any Note or Notes according to the registration books of the Issuer.

"Note Year" shall mean the period commencing April 2 of each year and ending April 1 of the following year, provided that the initial Note Year shall begin on the date of issuance of the Notes and end April 1, 2013, or such other period as established by Supplemental Resolution.

"Paying Agent" shall mean the Clerk, as initial paying agent for the Notes, and any other Person which may at any time be substituted as paying agent for the Notes pursuant to resolution of the Governing Body.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Funds" shall mean (a) the Pledged Revenues, (b) the Special Assessment Fund, the Tourist Development Tax Fund, the Reserve Fund, the Sinking Fund, the Redemption Fund and all amounts therein, income therefrom and investments thereof, and (c) until applied in accordance with the provisions of this Resolution, the proceeds of the Notes in the Project Fund, and all income therefrom and investments thereof. Pledged Funds shall not include the Rebate Fund or income therefrom or investments thereof.

"Pledged Revenues" shall mean (i) revenues derived or to be derived from the Special Assessments, including amounts received from the sale of tax certificates or otherwise received from the collection of Delinquent Assessments, interest and penalties on the Assessments and proceeds of any reassessment pursuant to the Resolution, and (ii) the proceeds of the Tourist Development Tax.

"Project" shall mean the beach restoration project described in Exhibit A attached hereto.

"Project Fund" shall mean the Beach Restoration MSBU Project Fund established pursuant to Section 4.03 hereof.

"Property Appraiser" shall mean the Property Appraiser of Okaloosa County, Florida, or the person succeeding to his or her principal functions.

"Rebate Amount" shall mean the amount, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code.

"Rebate Fund" shall mean the Beach Restoration Rebate Fund established pursuant to Section 4.03 hereof.

"Redemption Fund" shall mean the Beach Restoration Redemption Fund established pursuant to Section 4.03 hereof.

"Redemption Price" shall mean, with respect to any Note or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Note or this Resolution.

"Registrar" shall mean the Clerk, as initial registrar for the Notes, and any other Person which may at any time be substituted as registrar for the Notes pursuant to resolution of the Governing Body.

"Reserve Fund" shall mean the Beach Restoration Reserve Fund established pursuant to Section 4.03 hereof.

"Resolution" and "this Resolution" shall mean this instrument, as the same may from time to time be amended, modified or supplemented by any and all resolutions of the Governing Body.

"Sinking Fund" shall mean the Beach Restoration Sinking Fund established pursuant to Section 4.03 hereof.

"Special Assessment Fund" shall mean the Beach Restoration Special Assessment Fund established pursuant to Section 4.03 hereof.

"Special Assessments" or "Assessments" means the special non-ad valorem assessments imposed annually by the Issuer within the territorial limits of the MSBU pursuant to the Assessment Ordinance and the Assessment Resolution and any future legislation imposing such assessments, including interest and penalties thereon, amounts received from the sale of tax certificates or otherwise received from the collection of Delinquent Assessments and proceeds of any reassessment pursuant hereto, and collected by or on behalf of the Issuer pursuant to Chapter 197, Florida Statutes. In no event shall any ad valorem taxes be included in the definition of "Special Assessment" or otherwise subject to pledge under this Resolution.

"State" shall mean the State of Florida.

"Tax Collector" shall mean the Tax Collector of Okaloosa County, Florida, or the person succeeding to his or her principal functions.

"Tourist Development Tax" shall mean the proceeds of the "first" cent tourist development tax imposed by the County pursuant to the provisions of Ordinance No. 89-23 of the County, as amended by Ordinance No. 07-58, as amended by Ordinance No. ____.

"Tourist Development Tax Revenues" means the proceeds of the Tourist Development Tax.

The terms "therein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02 Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.03 Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Notes by those who shall hold the same from time to time, the provisions of this Resolution and of the Assessment Ordinance and the Assessment Resolution, to the extent they afford rights or security for the Notes, shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Notes. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the benefit, protection and security of the Holders of any and all of said Notes. All of the Notes, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04 Findings. It is hereby ascertained, determined and declared as follows:

(A) Pursuant to the Assessment Ordinance, the Issuer determined that there exists and will in the foreseeable future exist a need for a beach restoration program within the boundaries of the MSBU within Okaloosa County, Florida, and that the best means of accomplishing and funding the program is to create a municipal services benefit unit encompassing those areas to be specially benefitted by such program and impose Special Assessments within such areas; and pursuant to the

Assessment Resolution, the Governing Body, among other provisions, established procedures for measurements and collection of Special Assessments, adopted the assessment roll for fiscal year 2012 and imposed Special Assessments for fiscal year 2012.

(B) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Project be undertaken. A portion of the Cost of the Project shall be financed with the proceeds of the Notes. After review of expert opinion and public hearings, the Issuer has found that the estimated benefits to be derived from the Project by the owners of property in the MSBU specially benefitted thereby will exceed the principal amount of the Notes, including interest thereon expected to be paid from the Special Assessments, and the amounts of all Special Assessments and that the method of allocation of Special Assessments reflects the relative benefits to be received by property owners in the MSBU.

(C) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Notes. No part of the Pledged Funds has been pledged or encumbered in any manner.

(D) The estimated Pledged Revenues to be derived in each year hereafter will be sufficient to pay the principal of and interest on the Notes, as the same become due, and all other payments provided for in this Resolution, and any other Cost of the Project not funded from Note proceeds.

(E) The principal of and interest on the Notes and all other payments provided for in this Resolution will be paid solely from the sources herein provided in accordance with the terms hereof; and no Holder of any or all of the Notes shall have the right to compel the exercise of any ad valorem taxing power to pay the principal of or interest on the Notes or to make any other payments provided for in this Resolution, and the Notes shall not constitute a lien upon the Project or upon any other property of the Issuer situated within its territorial limits, except the Pledged Funds.

(F) The Governing Body is advised that due to the present volatility of the market for tax-exempt public obligations such as the Notes, it is in the best interest of the Issuer to sell the Notes by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Notes and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Notes be authorized. The Issuer acknowledges that receipt of the information required by Section 218.385, Florida Statutes, in connection with the negotiated sale of the Notes is a precondition to the sale of the Notes to the purchaser (the "Purchaser") thereof.

SECTION 1.05 Authorization of Project. The acquisition, construction and installation of the Project in the manner herein provided is hereby authorized.

N. ARTICLE II

O. AUTHORIZATION, TERMS AND EXECUTIONS OF NOTES

SECTION 2.01 Authorization of Notes. For the purpose of financing all or a part of the Cost of the Project, the Issuer hereby authorizes the issuance of the Notes, to be designated as "Okaloosa County, Florida, Beach Restoration Revenue Notes, Series 2012," in the manner herein provided, in a principal amount not to exceed \$5,000,000.

SECTION 2.02 Description of Notes. The Notes shall be dated the date of their issuance and delivery, and shall be payable as to both principal and interest at such place and in such manner, and shall contain such redemption provisions as is set forth in Article III hereof.

The Notes shall bear interest at the rate set forth below: _____.

From and after the maturity date of any or all of the Notes (deposit of moneys for the payment of the principal and interest on such Notes having been made by the Issuer with the Paying Agent), notwithstanding that the Notes shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Notes shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders of such Notes shall have no rights in respect of the Notes except to receive payment of such principal and unpaid interest accrued to the maturity date.

SECTION 2.03 Application of Note Proceeds. The proceeds derived from the sale of the Notes shall, simultaneously with the delivery of the Notes to the purchasers thereof, be applied by the Issuer as follows:

(A) A sufficient amount of Note proceeds shall be used to pay all costs and expenses in connection with the preparation, issuance and sale of the Notes.

(B) The balance of the proceeds of the Notes shall be deposited into the Project Fund.

SECTION 2.04 Execution of Notes. The Notes shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the Clerk and the official seal of the Issuer shall be impressed or imprinted thereon, attested and countersigned with the signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Notes or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Notes so signed and sealed have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed the Notes had not ceased to hold such office. Any Note may be signed and sealed on behalf of the Issuer by such person who at the actual time of execution of such Note shall hold the proper office of the Issuer, although at the date of such Note such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Notes shall be actually sold and delivered.

SECTION 2.05 Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such

mutilated Note upon surrender and cancellation of such mutilated Note in lieu of and substitution for the Note destroyed, stolen or lost, and upon the Holder furnishing the Issuer proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. Any Note so surrendered or otherwise substituted shall be cancelled by the Issuer. If the Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same or cause the Note to be paid, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Note issued pursuant to this Section 2.05 shall constitute an original, additional contractual obligation on the part of the Issuer whether or not the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as any prior Note issued hereunder and shall be entitled to the same benefits and security as the Note so lost, stolen or destroyed.

SECTION 2.06 Negotiability and Transfer. The Notes issued under this Resolution shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State, subject to the provisions for registration and transfer contained in this Resolution and in the Notes. So long as any of the Notes shall remain outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Notes.

The Notes shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of the Note, the Issuer shall issue, in the name of the transferee, a new Note or Notes of the same aggregate principal amount and maturity as the surrendered Note. The Issuer, any Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name the Note shall be registered upon the books of the Issuer as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on the Note and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid and neither the Issuer nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

Any Note surrendered in any such transfer shall be canceled by the Registrar. For every such transfer of any Note, the Issuer may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such transfer. The Issuer shall not be obligated to make any such transfer of any Note during the fifteen (15) days next preceding a payment date on the Notes, or, in the case of any proposed redemption of the Notes, during the fifteen (15) days next preceding the date of the first mailing of the notice of such redemption and, in the case of the Notes called for redemption, continuing until such redemption date.

SECTION 2.07 Form of Notes. The Notes shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the

Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Notes and the Issuer's delivery of the Notes to the purchaser or purchasers thereof):

\$ _____

No. R- _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA,
OKALOOSA COUNTY
BEACH RESTORATION NOTE
SERIES 2012**

Interest
Rate

Maturity
Date

Date of
Original Issue

Registered Holder:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that Okaloosa County, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above, together with interest from the date of original issue identified above or from the most recent payment date to which interest has been paid until payment in full at the Interest Rate per annum identified above (calculated on the basis of a 360-day year of twelve thirty-day months) on April 1 and October 1 of each year, commencing April 1, 2013, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, on this Note are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Note, are payable at the principal corporate trust office of the Clerk of the Circuit Court, ex officio Clerk of Okaloosa County, Florida, or any successor thereof, as Paying Agent. Payment of each installment of interest shall be registered on the registration books of the Issuer maintained by the Clerk of the Circuit Court, ex officio Clerk of Okaloosa County, Florida, or any successor thereof, as Registrar, at the close of business on the date which shall be the fifteenth day next preceding each interest payment date and shall be paid by check or draft of the Paying Agent to such Registered Owner at the address appearing on such registration books.

This Note is issued to finance the construction of certain beach restoration improvements (the "Project") for the Issuer within the MSBU (as defined in Resolution No. _____ of the Issuer, adopted _____, 2012 (the "Note Resolution")), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Section 125.01, et seq., Florida Statutes, as amended, and Section 125.0104, Florida Statutes, as amended and other applicable provisions of law, and Ordinance No. 07-71 of the Issuer, as amended and supplemented (the "Assessment Ordinance"), and other applicable provisions of law, and is entitled to all the rights and benefits thereof and of the Note Resolution.

This Note is issued in connection with the Assessment Ordinance and the Note Resolution, and pursuant to the Assessment Ordinance and the Note Resolution, this Note shall be conclusively deemed to have been issued for such purposes, and the Project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Assessment Ordinance.

The Notes are subject to redemption prior to maturity as provided in the Note Resolution.

The principal of and interest on this Note are payable solely from and secured by a lien upon and a pledge of the Pledged Revenues (as such term is defined in the Note Resolution) and, until applied in accordance with the provisions of the Note Resolution, the proceeds of this Note and all moneys, including investments thereof, in certain funds established under the Note Resolution, all in the manner and to the extent described in the Note Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the Registered Holder of this Note that the full faith and credit of neither the Issuer, the State of Florida, nor any political subdivision thereof is pledged to the payment of the principal of or interest on this Note and that the Registered Holder shall never have the right to require or compel the exercise of any ad valorem taxing power of the Issuer, the State of Florida, or any political subdivision thereof, to the payment of such principal and interest, nor does any such entity have a legal or moral obligation to make such payments except from Pledged Funds in accordance with the terms of the Note Resolution. This Note and the obligation evidenced hereby shall not constitute a lien upon the Project or any other property of the Issuer or situated within its territorial limits, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Note Resolution.

Neither the members of the Board of County Commissioners of the Issuer nor any person executing this Note shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Note is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida, but may be transferred only in accordance with the terms of the Note Resolution upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder in person or by such Holder's attorney duly authorized in writing, upon the surrender of this Note together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new Note shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, prescribed in the Resolution. The Issuer, the Registrar and the Paying Agent may treat the Registered Holder of this Note as the absolute owner hereof for all purposes, whether or not this Note shall be overdue, and shall not be affected by any notice to the contrary.

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 connection with the issuance of this Note, exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable thereto, and that the issuance of this Note does not violate any constitutional or statutory limitations or provisions.

IN WITNESS WHEREOF, Okaloosa County, Florida, has issued this Note and has caused the same to be executed by the Chairman, and attested and countersigned by the Clerk, of the Board of County Commissioners and its official seal to be impressed hereon, all as of the ___ day of _____, 2012.

OKALOOSA COUNTY, FLORIDA

(SEAL)

By: _____
Chairman of the Board of County Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County Commissioners

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

Q. ARTICLE III
R. REDEMPTION OF NOTES

SECTION 3.01 Redemption of Notes. The Notes shall be subject to redemption at such times in the manner and at such prices, as provided herein.

(A) The Notes are subject to extraordinary mandatory redemption by the Issuer in whole or in part on any Interest Payment Date prior to their scheduled maturity, and if in part in ascending order of maturity, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date from moneys deposited in the Redemption Fund as provided in Section 4.04(B)(5) hereof.

(B) The Notes shall be subject to optional redemption prior to maturity as follows _____:

SECTION 3.02 Notice of Redemption. Except as otherwise provided herein, notice of any redemption, which shall specify the Note or Notes (or portions thereof) to be redeemed and the date and place for redemption, shall be mailed first class, postage prepaid, at least ten (10) Business Days prior to the redemption date to all Holders of Notes to be redeemed at their addresses as they appear on the registration books kept by the Clerk.

SECTION 3.03 Redemption of Portions of Notes. Any Note which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Clerk duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Clerk shall authenticate and deliver to the Holder of such Note, without service charge, a new Note or Notes, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Notes so surrendered or, at the option of the Issuer, be presented by the Noteholder to the Clerk and the partial redemption noted on the schedule attached thereto. Any partial redemption of a Note shall adjust pro-rata the scheduled payments of principal on such Note.

SECTION 3.04 Payment of Redeemed Notes. Notice of redemption having been given substantially as aforesaid, the Notes or portion of Notes so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Notes or portions of Notes shall cease to bear interest.

S. ARTICLE IV
T. SECURITY

SECTION 4.01 Notes not to be Indebtedness of Issuer. The Notes shall not be or constitute a general obligation or indebtedness of the Issuer as "Notes" within the meaning of any constitutional or statutory provision, but shall be a special obligation of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. No Holder of any Note shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Note or shall be entitled to payment of such Note from any moneys of the Issuer except the Pledged Funds, in the manner provided herein.

SECTION 4.02 Security for Notes. The payment of the principal of and interest on the Notes shall be secured forthwith by a pledge of and lien upon the Pledged Funds. The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Notes, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in tort, contract or otherwise. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Notes in the manner provided in this Resolution.

SECTION 4.03 Funds. The Issuer covenants and agrees to establish with an Authorized Depository the following separate funds: the Special Assessment Fund, the Tourist Development Tax Fund, the Expense Fund, the Sinking Fund, the Redemption Fund, the Project Fund and the Rebate Fund. Each such fund shall constitute a trust fund and withdrawals therefrom shall only be made for the purposes and in the manner set forth herein.

SECTION 4.04 Flow of Funds.

(A) All proceeds of the Notes, except that portion, if any, necessary to pay costs associated with the issuance of the Notes, shall be deposited in the Project Fund and, unless an Event of Default shall occur and be continuing, shall be withdrawn to pay the Approved Costs of the Project. Note proceeds shall not be used to pay or reimburse the Issuer for any Costs of the Project incurred prior to issuance of the Notes without a written approving opinion of Bond Counsel.

All payments from the Project Fund shall be paid in accordance with the provisions of this subsection. Moneys in the Project Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Clerk legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth herein. Before any such payment shall be made, there shall be filed with the Clerk a completed requisition in the form of Exhibit B hereto, signed by an Authorized Officer.

Upon receipt of each such requisition, the Clerk shall promptly withdraw from the Project Fund and pay to the person, firm or corporation named in such requisition the amount designated in such requisition.

All requisitions and certificates received by the Clerk pursuant to this Section 4.04(A) shall be retained in the possession of the Issuer, subject at all reasonable times to the inspection of the Assessment Administrator, the Owners of any Notes, and the agents and representatives thereof.

On the date of completion of the Project, the balance in the Project Fund not reserved by the Issuer for the payment of any remaining part of the Cost of the Project shall, at the direction of the Assessment Administrator, be deposited as provided in Section 4.04(B)(5) hereof.

(B) All proceeds of the Special Assessments shall be deposited as received into the Special Assessment Fund. All proceeds of the Tourist Development Tax shall be deposited as received into the Tourist Development Tax Fund. Not later than the 25th day of each month, amounts on deposit in the Special Assessments Fund and Tourist Development Tax Fund shall be paid into and disbursed from the following funds as set forth below, such amounts to be deposited pro rata from the Special Assessment Fund and Tourist Development Tax Fund unless otherwise indicated:

(1) The Issuer shall deposit Pledged Revenues into the Rebate Fund until all amounts required to be rebated to the United States Treasury are on deposit. Money in the Rebate Fund shall be withdrawn exclusively to pay to the United States Treasury amounts required by applicable laws and regulations.

(2) Next, the Issuer shall deposit from amounts on deposit in the Special Assessment Fund into the Expense Fund until the balance in the Expense Fund is equal to the estimated Collection Costs for the following 12-month period. Money on deposit in this fund shall be withdrawn by the Issuer as needed to pay such costs as incurred.

(3) Next, the Issuer shall deposit Pledged Revenues into the Sinking Fund until such fund is sufficient to satisfy the principal and interest payments on the Notes coming due on the next two succeeding Interest Payment Dates. Money on deposit in this Fund shall be withdrawn as and when needed solely for the purpose of paying such principal and interest.

(4) Any remaining amounts on deposit in the Special Assessment Fund shall be deposited in the Redemption Fund. The Issuer, upon direction from the Assessment Administrator, shall notify the Paying Agent on each February 15 and August 15 (or if such day is not a Business Day, on the next preceding Business Day) of the amount of Notes to be redeemed from the Redemption Fund. The Paying Agent shall cause a notice of redemption to be given as provided for in Section 3.03 hereof with respect to such principal amount of Notes, and shall redeem such Notes on the next succeeding Interest Payment Date. All expenses incurred by the Paying Agent in connection with such redemption shall be paid from the Expense Fund.

(5) Any remaining amounts on deposit in the Tourist Development Tax Fund may be released and utilized for any lawful purpose.

SECTION 4.05 Investments. The Special Assessment Fund, Tourist Development Tax Fund, Redemption Fund, Expense Fund, Rebate Fund, Project Fund and Sinking Fund shall be continuously secured in the manner in which the deposit of public funds are authorized to be secured by the laws of the State. There is hereby created a lien upon such funds, other than the Rebate Fund, and all moneys therein in favor of the Noteholders until the moneys deposited therein shall have been applied in accordance with this Resolution. Moneys on deposit to the credit of the Special Assessment Fund, Tourist Development Tax Fund, Redemption Fund, Expense Fund, Project Fund, Sinking Fund and Rebate Fund may be invested in Authorized Investments which shall mature not later than the date on which such moneys shall be needed to pay the amounts for which withdrawal is authorized. The securities so purchased as an investment of the moneys of any such fund shall be deemed at all times to be a part of such fund, and any loss resulting from such investment shall be charged to such fund and any interest accruing on such investment or any other profit realized therefrom shall be deposited in such fund.

SECTION 4.06 Separate Accounts. The moneys required to be accounted for in any of the funds created hereunder may be deposited in a single bank account, and the moneys allocated to such funds may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the purposes of such funds as herein provided.

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

U. ARTICLE V
V. COVENANTS

SECTION 5.01 General. In addition to all of the other covenants of the Issuer contained in this Resolution, the Issuer hereby covenants with the Holders of the Notes that so long as the Notes shall remain outstanding each and every one of the following covenants contained in this Article V.

SECTION 5.02 Books and Records. The Issuer shall keep or cause to be kept books, records and accounts of the Pledged Funds and Cost of the Project and the Holder or Holders of Notes or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

SECTION 5.03 Issuance of Additional Obligations. Except for the Notes and any Additional Parity Debt issued as described below, the Issuer will not issue or consent to the issuance of any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or any portion thereof, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Notes and the interest thereon, upon the Pledged Funds. Any other obligations issued by the Issuer in addition to the Notes or Additional Parity Debt provided for in Section 5.04 below, payable from the Pledged Funds, shall contain an express statement that such obligations are junior and subordinate in all respects to the Notes herein authorized, as to lien on and source and security for payment from the Pledged Funds.

SECTION 5.04. Issuance of Additional Parity Debt. No Additional Parity Debt, payable on a parity from the Tourist Development Tax Revenues with the Notes, shall be issued after the issuance of the Notes, except for the construction and acquisition of capital projects of the Issuer or for refunding purposes and except upon the conditions and in the manner herein provided:

(1) There shall have been obtained and filed with the Clerk of the Issuer a certificate of an independent certified public accountant of suitable experience and responsibility: (a) stating that the books and records of the Issuer relating to the collection and receipt of Tourist Development Tax Revenues have been audited by him; (b) setting forth the amount of Tourist Development Tax Revenues received by the Issuer for the most recent twelve-month period for which audited financial statements have been prepared immediately preceding the date of delivery of such Additional Parity Debt with respect to which the certificate is made; (c) stating that the Tourist Development Tax Revenues received by the Issuer for such twelve month period equal at least 1.35 times the Maximum Annual Debt Service Requirement on (i) the Notes, and all Additional Parity Debt, if any, then outstanding and (ii) the Additional Parity Debt with respect to which the certificate is made.

(2) The Issuer shall not be in default in performing any of the covenants and obligations assumed hereunder, and all payments herein required to have been made into the accounts and funds, as provided hereunder, shall have been made to the full extent required.

(3) The provisions of paragraph (1) of this Section 5.04 shall not be applicable to any Additional Parity Debt issued to refund outstanding Notes or Additional Parity Debt, provided that, for each year in which Notes or Additional Parity Debt (other than the Additional Parity Debt to be issued) are outstanding, the Annual Debt Service Requirement with respect to the Notes and Additional Parity Debt outstanding immediately following the issuance of such new Additional Parity

Debt shall not exceed the Annual Debt Service Requirement for such year with respect to the Notes and Additional Parity Debt outstanding immediately prior to the issuance of such Additional Parity Debt.

SECTION 5.05 Federal Income Tax Covenants.

(A) The Issuer covenants with the Holders of the Notes that it shall not use the proceeds of the Notes in any manner which would cause the interest on the Notes to be or become includable in the gross income of the Holders thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders of the Notes that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of the Notes (or amounts deemed to be proceeds under the Code) in any manner which would cause the Notes to be arbitrage bonds within the meaning of Section 148 of the Code, and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on the Notes to become includable in the gross income of the Holders thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders of the Notes that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Notes from the gross income of the Holders thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

SECTION 5.06 Modification of Legislation. The Issuer covenants not to modify the Assessment Ordinance in any way materially disadvantageous to the Holders of the Notes or to take any action which would diminish Pledged Revenues or the Issuer's ability to enforce payment thereof, without the written consent of the Holders of the Notes.

SECTION 5.07 MSBU. The MSBU shall not be modified or terminated until the Notes are repaid in full. The Assessment Ordinance and Assessment Resolution specify that the Special Assessments will no longer be collected after [2016].

SECTION 5.08 Further Assurances. The Issuer covenants to execute any and all documents and take any and all actions necessary for the Holders of the Notes to fully enjoy their rights granted herein and in the Notes.

SECTION 5.09 Completion of Project. The Issuer shall complete the acquisition and construction of the Project with all practical dispatch and in a sound and economical manner.

SECTION 5.10 Enforcement of Payment of Assessments. The Issuer will assess, levy, collect or cause to be collected and enforce the payment of Assessments, in the manner prescribed by this Resolution, and all resolutions, ordinances or laws thereunto appertaining at the times and in the amounts as shall be necessary in order to pay, when due, the debt service on the Notes and to make all other payments required hereby. The Issuer shall not change its method of collection of the Assessments without the prior written consent of the Holders of the Notes.

SECTION 5.11 Re-Assessments. If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any such

Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make such Assessment when it might have done so, the Issuer shall take all necessary steps to cause a new Assessment to be made for the whole or any part of said improvement or against any property benefitted by said improvement.

SECTION 5.12 Employment of Assessment Administrator. The Issuer will, at all times the Notes remain outstanding hereunder, engage an Assessment Administrator of demonstrated ability to fulfill the obligations of the Assessment Administrator hereunder.

X. ARTICLE VI
Y. DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default. The following events shall each constitute an "Event of Default" hereunder:

(A) Default shall be made in the payment of the principal of or interest on the Notes when due or any other monetary payment shall not be made when due.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Notes or in this Resolution or under the Assessment Ordinance on the part of the Issuer to be performed, or there shall occur any breach of a representation or warranty of the Issuer given herein or in any instrument or certificate relating hereto.

(D) This Resolution, the Notes, the Assessment Ordinance or the Assessment Resolution, or any other ordinances, resolutions, laws or regulations providing rights or security for the benefit of the Holders of the Notes shall be determined to be invalid or unenforceable in any material respect.

SECTION 6.02 Remedies. Any Owner of Notes issued under the provisions of this Resolution or any trustee or receiver acting for such Owners may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof.

SECTION 6.03 Remedies Cumulative. No remedy herein conferred upon or reserved to the Noteholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If any remedial action is discontinued or abandoned, the Noteholders shall be restored to their former position.

SECTION 6.04. Waiver of Default. No delay or omission of any 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 an acquiescence therein; and every power and remedy given this Article VI to the Noteholders may be exercised from time to time, and as often as may be deemed expedient. In order to enable the Noteholders to exercise any remedy reserved to them in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required.

SECTION 6.05. Expenses Upon Event of Default. If a Default occurs, the Issuer shall pay, but only from lawfully available funds, expenses and fees (including reasonable attorney's fees) of collection, whether suit be brought or not, including reasonable attorney's fees incurred in negotiations, at administrative hearings, and at the trial and appellate levels. In addition, the Issuer shall pay, but only from lawfully available funds, all of the expenses and fees (including reasonable attorney's fees) incurred in determining or enforcing its rights under this Resolution or the Notes.

Z. ARTICLE VII

AA. SUPPLEMENTAL RESOLUTIONS

SECTION 7.01 Supplemental Resolution Without Owners' Consent. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Owners (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(B) To grant to or confer upon the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners.

(C) To add to the conditions, limitations and restrictions on the issuance of Notes under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(E) To specify and determine the matters and things referred to in Article II hereof, and also any other matters and things relative to such Notes which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Notes.

(F) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Notes.

SECTION 7.02 Supplemental Resolution with Owners' Consent. Subject to the terms and provisions contained in this Section 7.02 and Section 7.01 hereof, the Owner or Owners of not less than a majority in aggregate principal amount of the Notes then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Notes of any specified maturity remain Outstanding, the consent of the Owners of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Notes under this Section 7.02. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Note issued hereunder, (B) reduction in the principal amount of any Note or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds, other than the lien and pledge created by this Resolution, which adversely affects any Owners, (D) a preference or priority of any Note or Notes over any other Note or Notes, or (E) a reduction in the aggregate principal amount of the Notes required for consent to such Supplemental Resolution. Nothing contained in this Section 7.02, however, shall be construed as making necessary the approval by Owners of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof

If, at any time, the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Owners at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Owners. The Issuer shall not, however, be subject to any liability to any Owner by reason of its failure to cause the notice required by this Section 7.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Notes then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Owner of any Note, whether or not such Owner shall have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Notes Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Owner of any Note shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Owners of Notes then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

CC. ARTICLE VIII
DD. MISCELLANEOUS

SECTION 8.01 Defeasance. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Notes the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then all covenants, agreements and other obligations of the Issuer to the Noteholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Any Notes or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Notes, shall be deemed to have been paid within the meaning of this Section 8.01 if (A) in case any such Notes are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Notes for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Federal Securities, which in either case shall be verified by an independent certified public accountant to be in such amount that the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such banking institution or trust company at the same time shall be sufficient to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Notes on and prior to the redemption date or maturity date thereof, as the case may be, and (C) the Issuer shall receive an opinion of Bond Counsel to the effect that the refunded Notes are defeased in accordance with this Section 8.01 and, therefore, are no longer Outstanding under this Resolution. Except as hereafter provided, neither the Federal Securities nor any moneys so deposited with such banking institution or trust company nor any moneys received by such banking institution or trust company on account of principal of or Redemption Price, if applicable, or interest on said Federal Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Notes for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Federal Securities and moneys for the deposited Federal Securities and moneys if the new Federal Securities and moneys are verified by an independent certified public accountant as being sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Notes.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Notes for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

SECTION 8.02 Sale of Notes. The Notes shall be sold to _____ at a price of par.

SECTION 8.03 General Authority. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution 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 Notes and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the purchaser to effectuate the sale of the Notes.

SECTION 8.04 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Notes, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Notes, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Notes, or any certificate, or other instrument to be executed in connection with the issuance of the Notes, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 8.05 No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Notes, nothing in this Resolution, or in the Notes, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holders of the Notes any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Notes, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Person or Persons who shall from time to time be the Holders of the Notes.

SECTION 8.06 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall be finally determined to be 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 and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Notes issued hereunder.

SECTION 8.07 Repeal of Inconsistent Resolutions. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict. It is the specific intent of this Resolution that any provision in any other resolution or action of the Issuer limiting the rights of the Issuer to impose, collect or enforce Special Assessments are hereby modified to the extent necessary to permit the Issuer to comply with the requirements imposed by this Resolution.

SECTION 8.08 Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 8.09 Effective Date. This Resolution shall take effect immediately upon its adoption."

SECTION 2. This Amended and Restated Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2012.

OKALOOSA COUNTY, FLORIDA

(OFFICIAL SEAL)

Chairman, Board of County Commissioners

ATTEST:

Clerk of the Board of County Commissioners

Approved as to form
and correctness:

County Attorney

EXHIBIT A

THE PROJECT

The Project consists of the select clearing and grubbing, fill and sandmining, shoreline, berm and dune stabilization and restoration and provision of infill sand on portions of the beaches located within or adjacent to the boundaries of the Okaloosa County Beach Restoration Municipal Services Benefit Unit, which have been classified as critically eroded areas. The Project consists of two distinct areas designated for beach renourishment. The first extends from the eastern jetty of East pass to approximately 700 feet east of FDEP Reference Monument R-20 for a total of approximately 0.8 miles and the second extends from approximately 500 feet east of R-23 to R-25.5 for a total of approximately 0.4 miles.

EXHIBIT B

FORM OF DISBURSEMENT REQUEST

Requisition Number _____

TO: Clerk of Circuit Court
ex officio Clerk of the Board of County Commissioners of
Okaloosa County, Florida

RE: Payment of the amount on the attached invoice in connection with the \$_____ Beach
Restoration Notes, Series 2012 of the County

You are hereby requested to pay the sum of \$_____ to _____ for
_____ per the attached invoice. Such amount is justly due and owing as a
proper expense in connection with the construction of the project financed by the above-referenced
Notes and to be paid from amounts on deposit in the Project Fund established under the County's
resolution adopted on _____, 2012. Such expense has not been the subject of another
requisition which has been paid.

Date

ORDINANCE NO. 12-

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF OKALOOSA COUNTY, FLORIDA, AMENDING ORDINANCE 07-58 AND SECTIONS 20-72 THROUGH 20-77 OF THE OKALOOSA COUNTY CODE OF ORDINANCES, RELATING TO THE TOURIST DEVELOPMENT PLAN; MAKING FINDINGS; AMENDING THE COUNTY'S TOURIST DEVELOPMENT PLAN; ESTABLISHING AUTHORIZED USES OF TOURIST DEVELOPMENT TAX REVENUES; ESTABLISHING REVENUE PROJECTIONS AND ALLOCATIONS; PROVIDING FOR THE CONTINUED ALLOCATION OF THE FOURTH PERCENTAGE POINT FOR THE OPERATION, MAINTENANCE, REPAIR OR RENEWAL OF THE CONVENTION CENTER; ESTABLISHING THE TERM OF THE FIFTH PERCENTAGE POINT; PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to Section 125.0104, Florida Statutes, known as the “Local Option Tourist Development Act”, the Board of County Commissioners (“Board”) adopted Ordinance 89-23 in 1989 which authorized the collection of two cents of tourism development tax per dollar exchanged on certain short term lodging rental transactions within an described sub-county tourism development district, authorized a referendum for approval of imposition of the tax, created the County’s initial Tourist Development Plan (the “Plan”), and established the Okaloosa Tourist Development Council (the “Council”); and

WHEREAS , the Board adopted Ordinance 99-08 in May, 1999 to include the construction and operation of a convention center as a component part of the Plan and authorize the imposition and collection of an additional two cents per dollar in tax for the purpose of financing and operating the conference center with the third cent allocated to tourism promotion and product improvement purposes and the fourth cent dedicated to the planning, construction and operation of a county-owned convention center; and

WHEREAS, the Board adopted Ordinance 07-58 in November, 2007 to authorize the imposition and collection of an additional cent for a total of five cents per dollar in tax and to dedicate the first cent revenues to funding the County's portion of the costs of restoration, renourishment and related monitoring of the County's gulf-front beaches; and

WHEREAS, the Okaloosa County Tourist Development Council has submitted to the Board a recommended amendment to the ordinance and the Plan contained therein; and

WHEREAS, the Board hereby finds that the proposed amended Tourist Development Plan is an effective and reasonable plan for the promotion of tourism in the County's sub-district.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF OKALOOSA COUNTY, FLORIDA:

SECTION 1. Section 20-71, Code of Ordinances is hereby amended as follows and shall read in its entirety:

Sec. 20-71. - Tax levied; collection; remittance.

- (a) There is hereby levied and imposed a tourist development tax in the hereinafter described sub-district of Okaloosa County, Florida, at the rate of five percent of each whole and major fraction of each dollar of the total rental charged every person who rents, leases or lets for consideration any living quarters or accommodations in any hotel, apartment hotel, motel, resort motel, apartment, apartment motel, rooming house, mobile home park, recreational vehicle park, condominium, condominium hotel or campground for a term of six months or less. When receipt of consideration is by way of property other than money, the tax shall be levied and imposed on the fair market value of the non-monetary consideration.
- (b) The tourist development tax shall be in addition to any other tax imposed pursuant to Chapter 212, Florida Statutes, and in addition to all other taxes, fees, and the considerations for the rental or lease.
- (c) The tourist development tax shall be charged by the person receiving the consideration for the lease or rental, and it shall be collected from the lessee, tenant or customer at the time of payment of the consideration for such lease or rental.
- (d) The person receiving the consideration for such rental or lease shall receive, account for, and remit the tax to the Board of County Commissioners (the "Board") at the same time and in the manner provided for persons who collect and remit taxes under Section 212.03, Florida Statutes. The same duties and privileges imposed by Chapter 212, Florida Statutes, upon dealers in tangible property, respecting the collection and remission of tax, the making of returns,

the keeping of books, records and accounts, the payment of a dealer's credit, and compliance with the rules of the County Clerk of the Circuit Court (the "Clerk") in the administration of said chapter shall apply to and be binding on all persons who are subject to the provisions of this article; provided, however, the Clerk may authorize a quarterly payment when the tax remitted by the dealer for the preceding quarter did not exceed \$25.00.

- (e) The Clerk shall keep records showing the amount of taxes collected, which records shall be open to the public during the regular office hours of the Clerk, subject to the provisions of Section 213.053, Florida Statutes.
- (f) Collections received by the county clerk of the circuit court, less costs of administration of this article, shall be paid on a monthly basis, to the Board for use by the county in accordance with the provisions of this article and shall be placed in the county tourist development trust fund.
- (g) The Clerk is authorized to employ persons and incur other expenses necessary to administer this article.
- (h) The Clerk may promulgate such rules and may prescribe and publish such forms as may be necessary to effectuate the purpose of this article.
- (i) The Clerk shall perform the enforcement and audit functions associated with the collection and remission of this tax, including, without limitation, the following:
 - (1) a. For the purpose of enforcing the collection of the tax levied by this article, the Clerk is hereby specifically authorized and empowered to examine at all reasonable hours the books, records, and other documents of all dealers, or other persons charged with the duty to report or pay a tax under this article, in order to

determine whether they are collecting the tax or otherwise complying with this article.

- b. In the event such dealer refuses to permit such examination of its books, records, or other documents by the Clerk as aforesaid, such dealer is guilty of a misdemeanor of the first degree, punishable as provided in Sections 775.082, 775.083, or 775.084, Florida Statutes. The Clerk shall have the right to proceed in circuit court to seek a mandatory injunction or other appropriate remedy to enforce his right against the offender, as granted by this section, to require an examination of the books and records of such dealer.
- (2)
- a. Each dealer, as defined in this article, shall secure, maintain, and keep for a period of three years, a complete record of rooms or other lodging, leased or rented by the dealer, together with gross receipts from such sales, and other pertinent records and papers as may be required by the Clerk for the reasonable administration of this article; and all such records which are maintained in this state shall be open for inspection by the Clerk at all reasonable hours at such dealer's place of business located in the county.
 - b. Any dealer who maintains such books and records at a point outside the county must make such books and records available for inspection by the Clerk. Any dealer subject to the provisions of this article who violates these provisions is guilty of a misdemeanor of the first degree, punishable as provided in Sections 775.082, 775.083, or 775.084, Florida Statutes.
- (3)
- a. The Clerk shall send written notification, at least 30 days prior to the date an auditor is scheduled to begin an audit. The Clerk is not required to give 30 days prior

notification of a forthcoming audit in any instance in which the taxpayer requests an emergency audit.

b. Such written notification shall contain:

1. The approximate date on which the auditor is scheduled to begin the audit.
2. A reminder that all of the records, invoices, and related documentation must be made available to the auditor.
3. Any other requests or suggestions the clerk may deem necessary.

c. Only records, receipts, invoices, and related documentation which are available to the auditor when such audit begins shall be deemed acceptable for the purposes of conducting such audit.

(4) Effective with taxes collected for the month of July 1992, all taxes collected under this article shall be remitted to the Board of County Commissioners, Attention: Finance officer.

(5) a. In addition to criminal sanctions, the Clerk is empowered, and it shall be his duty, when any tax becomes delinquent or is otherwise in jeopardy under this article, to issue a warrant for the full amount of the tax due, or estimated to be due, with the interest, penalties, and cost of collection, directed to all and singular sheriffs of the state, and shall record the warrant in the public records of the county, and thereupon the amount of the warrant shall become a lien on any real or personal property of the taxpayer in the same manner as a recorded judgment.

- b. The Clerk may issue a tax execution to enforce the collection of taxes imposed by this article and deliver it to the sheriff. The sheriff shall then proceed in the same manner as prescribed by law for executions and shall be entitled to the same fees for his services in executing the warrant to be collected.
 - c. The Clerk may also have a writ of garnishment to subject any indebtedness due to the delinquent dealer by a third person in any goods, money, chattels, or effects of the delinquent dealer in the hands, possession, or control of the third person in the manner provided by law for the payment of the tax due. Upon payment of the execution, warrant, judgment, or garnishment, the Clerk shall satisfy the lien of record within 30 days.
- (j) Tax revenues may be used only in accordance with the provisions of Section 125.0104, Florida Statutes.
 - (k) Three percent of the tax collected herein shall be retained by the Clerk for costs of administration. The remainder of the tax shall be deposited in the county tourist development trust fund on a monthly basis.

SECTION 2. Section 20-72, Code of Ordinances is hereby amended as follows and shall read in its entirety:

Sec. 20-72. - Tourist development plan.

- (a) *Revenue projections.* The tax revenues pursuant to this section for the next fiscal year and thereafter until amended by the Board shall be used to fund the Okaloosa County Tourist Development Plan, which is hereby adopted as follows:

The anticipated annual revenues to be produced by the tourist development tax as identified herein in parenthesis for each budget category is

provided as an annual total based on past collection trends projected forward. The projected revenues are estimates and may vary from those identified herein. The amounts shown have already been reduced by the costs of administration retained by the Clerk pursuant to its local tax administration authority under the provisions of Okaloosa County Ordinance No. 92-08 and Section 20-71 (k) above.

- (b) *Taxing district boundaries.* The geographic area included within the County's sub-district is depicted on Exhibit A, as attached hereto and incorporated herein.

- (c) *County tourist development plan.* The county hereby determines that the tourist development plan for the sub-district shall be comprised of the following broad goals and objectives and makes the following findings of fact:
 - (1) *Tourism promotion.* The tourism related economy within Okaloosa County generates significant direct and indirect revenue to businesses within the community. Accordingly, tourism is essential to a healthy economy and is a driving force in the growth of business development and increased employment opportunities for County residents. The County has worked diligently on the development and maintenance of quality advertising, sales, marketing and public relations initiatives for the sub-district which presents a consistent and positive brand for the area. This branding is essential to the development of this section of the economy and the County will work towards the development and implementation of unified marketing campaigns. These campaigns will be monitored and analyzed by the Tourist Development Council (the "Council"), the Director and tourist development department staff with, at a minimum, quarterly reports provided to the Board. Within the guidelines set forth herein, the campaigns shall be conducted with funding levels designed to achieve maximum positive promotional exposure to potential visitors to the sub-district. The primary objective for the campaigns shall be the maintenance of consistent positive "branding" which consists of image and name recognition and

the further development of "year round business," to encompass group and leisure business.

The support for a variety of special events is another productive means to further the development of year round business and bolster image and name recognition for the sub-district. Funds may be allocated on an annual basis for support of special events approved by the Board in accordance with procedures provided in the adopted Tourist Development Council Operation and Procedures Manual. The development of a visible and professional support community for local production of film and advertising projects is a positive investment both in the sub-district economy and in the overall branding for the County.

The County determines that continuing maintenance efforts to keep the beaches, waterways, access ways and other tourist destination facilities within the sub-district clean, attractive and safe for public usage are important to the image and marketing of the primary asset of the sub-district and may include a mechanical beach cleaning program for all Gulf beaches within the sub-district outside of those owned or controlled by the Federal government. This also includes the maintaining of the aesthetics of access corridors within the sub district so as to provide a consistent positive branding for the area.

- (2) *Convention business development.* The county has operated the Emerald Coast Convention Center ("ECCC") since 2003 and its value as a catalyst for the growth of the conference/convention/group business segment of the visitor population is well established and is an effective means of developing year round business in the sub-district. The ECCC will continue to be managed in house or by contract with professional management firms, or by a combination of the two. The facility will also provide a venue for cultural, educational, sport and entertainment events which will be a

positive draw for visitors as well as a benefit to the overall quality of the branding of County products. The County will continue to explore options for the future expansion of the ECCC facilities and functions.

- (3) *Product improvement.* The county determines that the beaches and waters of the Gulf of Mexico and the Choctawhatchee Bay are the focus of the attraction that the sub-district offers to our visitors. This includes not only the beach and waterways themselves but the tourist destination facilities, including recreational facilities within the sub-district, which allow greater access and enhanced enjoyment of these areas. Accordingly, both the maintenance and improvement of these natural assets and other tourist destination facilities, including the improvement of public access to and use of these assets, are essential to the preservation and improvement of the very foundation of the economy that the County is promoting.

The long-term maintenance goals of this plan also include the use of tourism tax revenues as a part of an ongoing partnership between federal, state and county and municipal entities for the restoration and re-nourishment of the beaches within the sub-district. The County will continue to fund the permitting and construction of restoration and re-nourishment projects for beaches within the sub-district. This will facilitate the dual goal of this long-term restoration plan and preservation and management of the County's waterfront resources and other tourist destination facilities within the sub-district, including the improvement of public access to those resources and facilities throughout the sub-district. This component of beach access improvement and beach restoration and monitoring is essential for ensuring access for visitors utilizing non-waterfront accommodations. The maintenance of beach access facilities and other tourist destination facilities promotes a broader accommodation base by improving access for non-waterfront accommodations.

Accordingly, the allocation of tourist tax revenues for the improvement, maintenance and repair of our beaches and waters and other tourist destination facilities, including access to these facilities, is an appropriate use of these revenues when and if funding is available.

An essential component of product improvement is to provide a safe environment for the use of the beaches, waters and facilities. Therefore, the allocation of tourist development tax revenues for the provision of lifeguard services for the beaches and waterways is an appropriate use of these revenues when and if funding is available.

- (4) *Administration.* The county determines that the best means for administration of the tourism tax revenues allocated under this plan is local administration by the Director of the Tourist Development Department under the direction of the County Administrator. The administration of the revenue collection process shall be carried out under a subcontract with the Clerk's Office, as provided for by separate Ordinance 92-08.
- (5) *Reserve or emergency operations fund.* The county determines that it is prudent, based on actuarial and actual experience, to maintain a reserve fund for the purpose of supplementing standard promotional functions and beach maintenance efforts and for restoration of the county's beach improvements in the aftermath of a major storm event which impacts sub-district coastal areas. This reserve amount should be carried forward as a budget allocation from year to year and should be in sufficient amount, as determined by the Board to address recovery needs in these areas in the case of a catastrophic storm event. These funds are also available for allocation in the case of extraordinary beach maintenance needs related to natural or man-induced events requiring additional beach cleaning efforts and equipment following the impact of an emergency event. The Council, through the Director, will be responsible for recommending to the Board

when and how these funds should be used in the event of an emergency or catastrophic storm event.

- (d) *Tax revenue projections and allocations.* Pursuant to the requirements of Section 125.0104(4), F.S., the tax revenues collected pursuant to this Ordinance shall be used to fund the goals and uses identified in the Okaloosa County Tourist Development Plan as set forth above. The allocation shall begin Fiscal Year 2012-2013 and shall continue for subsequent fiscal years until amended by the Board.
- (1) For the revenues generated by the first percentage point on each dollar, for each year beginning with Fiscal Year 2012-2013, the allocation shall be as follows:
- a. To provide beach park facilities or beach improvements, maintenance, renourishment, restoration and erosion control, including shoreline protection, enhancement, access, cleanup or restoration of other waterways and tourist destination facilities within the sub-district for which there is public access, including the beaches located within the city limits of the City of Destin. (24 month projected revenue total, net of administrative charges, is \$4,074,000).
 - b. To the extent that such proceeds are not required for those uses set forth under section 20-72 (1) a. above, then such proceeds may be used for any other purposes authorized under section 125.0104 (5), Florida Statutes.
- (2) For the revenues generated by the second percentage point on each dollar, for each year beginning with Fiscal Year 2012-2013, the allocations shall be as follows:
- a. Beach, waterways and other tourist destination facilities, improvements, landscaping, operations and maintenance including lifeguard services and protection.

(24 month projected revenue total, net of administrative charges, is \$2,824,000).

- b. Tourist bureau administration. (24 month projected revenue total, net of administrative charges, is \$1,250,000).
- c. To the extent that such proceeds are not required for those uses set forth under section 20-72 (2) a. and b. above, then such proceeds may be used for any other purposes authorized under section 125.0104 (5), Florida Statutes.

(3) For the revenues generated by the third percentage point on each dollar, for each year beginning with Fiscal Year 2012-2013, the allocation shall be as follows:

- a. The operations of the convention center, the beach or any other beach park or tourist destination facility. (24 month projected revenue total, net of administrative charges, is \$4,074,000).
- b. To the extent that such proceeds are not required for those uses set forth under section 20-72 (3) a. above, then such proceeds may be used for any other purposes authorized under section 125.0104 (5), Florida Statutes.

(4) For the revenues generated by the fourth percentage point on each dollar for each year beginning with Fiscal Year 2012-2013, the allocation shall be as follows:

- a. For the payment of debt service on bonds issued to finance the construction, reconstruction or renovation of a convention center and to pay the planning and design costs incurred prior to the issuance of such bonds. The Board

determines that the extension of the fourth percentage point is necessary to provide funds to operate, maintain, repair or renew the convention center. Therefore, following the expiration of bonds issued to fund the construction of the convention center, the proceeds of the fourth percentage point shall be used for any future expansion, renovation or reconstruction of the convention center. (24 month projected revenue total, net of administrative charges, is \$4,074,000).

b. To the extent that such proceeds are not required for those uses set forth under section 20-72 (4) a above, then such proceeds may be used for any other purpose authorized by section 125.0104(3) (l) 2, 3, or 4, Florida Statutes

(5) The fifth percentage point shall remain in effect until further action by the Board. For the revenues generated by the fifth percentage point on each dollar, for each year beginning with Fiscal Year 2012-2013, the allocation shall be as follows:

a. Tourism promotion. (24 month projected revenue total, net of administrative charges, is \$4,074,000).

SECTION 3. Section 20-73, Code of Ordinances is hereby amended as follows and

shall read in its entirety:

Sec. 20-73. - Tourist development council.

(a) Established. There is hereby established, pursuant to the provisions of Section 125.0104, Florida Statutes, an advisory council to be known as the "Okaloosa County Tourist Development Council"(the "Council"). Appointments to the Council have previously been made by resolution and are hereby ratified and affirmed, a copy of said resolution being attached hereto and made a part hereof by

reference. The members of the Council shall elect from among their members a member to serve as chairman of the Council and prescribe the term of office.

- (b) Duties and responsibilities. The Council hereby established shall make recommendations to the Board for the effective operation of the uses of the tourist development tax revenue raised by the tax hereby levied and may perform such other duties or functions as hereinafter may be prescribed by ordinance or resolution.
- (c) Review of revenue expenditures. The Council and the Director shall continuously review all expenditures of revenue raised by the tax hereby levied and shall report to the Board all expenditures of said revenue believed to be unauthorized by the provisions of this article. The Board, upon receiving notification of expenditures believed to be unauthorized by the council, shall review the Council's findings and take such administrative or judicial action as it sees fit to ensure compliance with this article and the provisions of Section 125.0104, Florida Statutes.

SECTION 4. Section 20-74, Code of Ordinances is hereby amended as follows and shall read in its entirety:

Sec. 20-74. - Failure to charge or collect tax.

Any person who is taxable hereunder who fails or refuses to charge and collect from the person paying any rental or lease the taxes herein provided, either by himself or through his agents or employees, shall be, in addition to being personally liable for the payment of the tax, guilty of a misdemeanor of the second degree, punishable as provided in Section 775.082, Section 775.083 or Section 775.084, Florida Statutes.

SECTION 5. Section 20-75, Code of Ordinances is hereby amended as follows and shall read in its entirety:

Sec. 20-75. - Representation that tenant or lessee need not pay tax.

No person shall advertise or hold out to the public in any manner, directly or indirectly, that he will absorb all or any part of the tax, or that he will relieve the person paying the rental of the payment of all or any part of the tax, or that the tax will not be added to the rental or lease consideration, or when added, that it or any part thereof will be refunded or refused, either directly or indirectly, by any method whatsoever. Any person who willfully violates any provisions of this subsection shall be guilty of a misdemeanor of the second degree, punishable as provided in Section 775.082, Section 775.083 or Section 775.084, Florida Statutes.

SECTION 6. Section 20-76, Code of Ordinances is hereby amended as follows and

shall read in its entirety:

Sec. 20-76. - Tax deemed lien.

The tax hereby levied shall constitute a lien on the property of the lessee, customer or tenant in the same manner as, and shall be collectible as are, liens authorized and imposed in Sections 713.67, 713.68 and 713.69, Florida Statutes.

SECTION 7. Section 20-77, Code of Ordinances is hereby amended as follows and

shall read in its entirety:

Sec. 20-77. - Representation of county tourism.

No business entity, other than a county tourism promotion agency, within the boundaries of Okaloosa County, Florida, shall use names as specified in Section 125.0104(9)(e), Florida Statutes, including "visitor information centers" when representing itself to the public as an entity representing tourism interest of the county.

Being a county levying the tourist development tax as aforesaid, in addition to any other powers and duties provided for agencies created for the purpose of tourism promotion by Okaloosa County, such agencies are authorized and empowered to represent themselves to the public as

convention and visitors bureaus, visitors bureaus, tourist development councils, vacation bureaus, county tourism promotion agencies, or visitor information centers.

PASSED AND ADOPTED in Regular Session this _____ day of _____, 2012.

ATTEST:

BOARD OF COUNTY COMMISSIONERS
OF
OKALOOSA COUNTY, FLORIDA

DON HOWARD,
Clerk of Court

DON R. AMUNDS,
Chairman