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**CANAVERAL PORT AUTHORITY**

**\$11,080,000**

**PORT IMPROVEMENT REVENUE REFUNDING BOND,  
SERIES 2015**

**CLOSING DATE: MARCH 3, 2015**

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Prepared by:



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**CANAVERAL PORT AUTHORITY**  
**PORT IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2015**

**List of Closing Documents**  
**March 3, 2015**

**I. CANAVERAL PORT AUTHORITY**

1. Certified copies of:
  - (a) Resolution No. 92-8, adopted October 7, 1992, authorizing the issuance of Bonds.
  - (b) Resolution No. 96-11, adopted July 17, 1996, amending Resolution No. 92-8.
  - (c) Resolution No. 2014-15, adopted November 19, 2014, authorizing the issuance of the 2015 Bond.
  - (d) Resolution No. 2015-004, adopted on March 2, 2015, relating to TEFRA Approval.
2. Incumbency Certificate.
3. Signature and General Certificate.
4. Certificate as to Arbitrage and Certain Other Tax Matters.
5. Certificate as to Specimen Bond.
6. Internal Revenue Service Form 8038.
7. Division of Bond Finance Form and Advance Notice of Sale.
8. TEFRA Notice.
9. Rate Lock Agreement.
10. Verification Report.
11. Refunding Bond Certificate.

## **II. PNC BANK, NATIONAL ASSOCIATION**

12. Purchaser's Disclosure Letter.
13. Bank Proposal.
14. Truth-In Bonding Statement and Statutory Disclosure.
15. Certificate as to Delivery and Payment.

## **III. REGIONS BANK**

16. Escrow Deposit Agreement.
17. Certificate of Escrow Agent.

## **IV. LEGAL OPINIONS**

18. Approving Opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel.
19. Reliance Opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel.
20. Opinion of Stromier, Bistline & Miniclier, P.A., Counsel to the Authority.

## **V. MISCELLANEOUS**

21. Closing Memorandum

## CERTIFICATE REGARDING RESOLUTIONS

I, John H. Evans, the undersigned Acting Secretary/Treasurer of the Canaveral Port Authority (the "Authority"), **DO HEREBY CERTIFY** that attached hereto are copies of:

(a) Resolution No. 92-8 entitled "A RESOLUTION OF THE CANAVERAL PORT AUTHORITY AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1992 IN ORDER TO PROVIDE FUNDS FOR THE PURPOSES OF FINANCING THE COSTS OF REFUNDING CERTAIN OUTSTANDING OBLIGATIONS OF THE AUTHORITY AND FOR FINANCING CERTAIN PORT IMPROVEMENTS; PLEDGING THE GROSS REVENUES RECEIVED BY THE AUTHORITY TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; PROVIDING FOR CERTAIN ADDITIONAL MATTERS IN RESPECT TO SAID BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION" adopted at a meeting of the Authority duly called and held on October 7, 1992, at which meeting a quorum was present and acting throughout, which resolution has been compared by me with the original thereof recorded in the Minutes Book of said Authority and that said resolution is a true, complete and correct copy thereof, and said resolution has been duly adopted and has not been further modified, amended or repealed, except as amended by Resolution No. 96-11 of the Authority, and is in full force and effect on and as of the date hereof in the form attached hereto as Exhibit A;

(b) Resolution No. 96-11 entitled "RESOLUTION OF THE CANAVERAL PORT AUTHORITY AMENDING AND RESTATING IN ITS ENTIRETY A RESOLUTION ENTITLED: 'RESOLUTION OF THE CANAVERAL PORT AUTHORITY, AMENDING AND SUPPLEMENTING RESOLUTION 92-8 OF THE AUTHORITY, AS SUPPLEMENTED; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$16,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT IMPROVEMENT REVENUE BONDS, SERIES 1996A, IN ORDER TO FINANCE CERTAIN CAPITAL IMPROVEMENTS WITHIN THE CANAVERAL PORT DISTRICT AND THE ISSUANCE OF NOT EXCEEDING \$16,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT REVENUE REFUNDING BOND, SERIES 1996B, IN ORDER TO REFUND THE AUTHORITY'S REVENUE BONDS, SERIES 1975-B AND ITS REFUNDING REVENUE BONDS, SERIES 1976 AND TO FINANCE CERTAIN CAPITAL IMPROVEMENTS WITHIN THE CANAVERAL PORT DISTRICT; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH BONDS, INCLUDING

AUTHORIZING A NEGOTIATED SALE OF SAID BONDS AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT WITH RESPECT THERETO UPON COMPLIANCE WITH CERTAIN PARAMETERS; APPOINTING THE PAYING AGENT AND REGISTRAR WITH RESPECT TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE;" AND PROVIDING AN EFFECTIVE DATE" adopted at a meeting of the Authority duly called and held on July 17, 1996, at which meeting a quorum was present and acting throughout, which resolution has been compared by me with the original thereof to be recorded in the Minutes Book of said Authority and that said resolution is a true, complete and correct copy thereof, and said resolution has been duly adopted and has not been further modified, amended or repealed, and is in full force and effect on and as of the date hereof in the form attached hereto as Exhibit B;

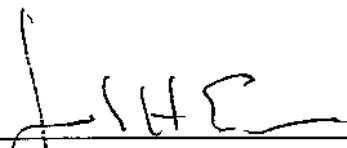
(c) Resolution No. 2014-15 entitled "RESOLUTION OF THE CANAVERAL PORT AUTHORITY SUPPLEMENTING A RESOLUTION ENTITLED: "A RESOLUTION OF THE CANAVERAL PORT AUTHORITY AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1992 IN ORDER TO PROVIDE FUNDS FOR THE PURPOSES OF FINANCING THE COSTS OF REFUNDING CERTAIN OUTSTANDING OBLIGATIONS OF THE AUTHORITY AND FOR FINANCING CERTAIN PORT IMPROVEMENTS; PLEDGING THE GROSS REVENUES RECEIVED BY THE AUTHORITY TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; PROVIDING FOR CERTAIN ADDITIONAL MATTERS IN RESPECT TO SAID BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION;" AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$13,000,000 PRINCIPAL AMOUNT OF CANAVERAL PORT AUTHORITY PORT REVENUE REFUNDING BOND, SERIES 2015, IN ORDER TO REFUND ALL OR A PORTION OF THE OUTSTANDING CANAVERAL PORT AUTHORITY PORT REVENUE REFUNDING BONDS, SERIES 2005; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH BOND; AUTHORIZING A NEGOTIATED SALE OF SAID BOND; ACCEPTING AND AUTHORIZING THE EXECUTION OF A TERM SHEET FROM PNC BANK, NATIONAL ASSOCIATION TO PURCHASE THE SERIES 2015 BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A FORWARD FIXED RATE LOCK LETTER WITH PNC BANK IN CONNECTION WITH THE PROPOSED ISSUANCE OF SUCH BOND; DELEGATING CERTAIN AUTHORITY FOR THE APPROVAL OF THE TERMS AND DETAILS OF SAID BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT; APPOINTING THE PAYING AGENT AND REGISTRAR FOR SAID

BOND; AND PROVIDING AN EFFECTIVE DATE" adopted at a meeting of the Authority duly called and held on November 19, 2014, at which meeting a quorum was present and acting throughout, which resolution has been compared by me with the original thereof to be recorded in the Minutes Book of said Authority and that said resolution is a true, complete and correct copy thereof, and said resolution has been duly adopted and has not been further modified, amended or repealed, and is in full force and effect on and as of the date hereof in the form attached hereto as Exhibit C; and

Resolution No. 2015-004 entitled "A RESOLUTION APPROVING THE REFINANCING BY THE CANAVERAL PORT AUTHORITY OF ITS PORT REVENUE REFUNDING BONDS, SERIES 2005 IN AN AMOUNT NOT TO EXCEED \$13,000,000 THROUGH ISSUANCE OF ITS PORT REVENUE REFUNDING BOND, SERIES 2015; PROVIDING AN EFFECTIVE DATE" adopted at a meeting of the Authority duly called and held on March 2, 2015, at which meeting a quorum was present and acting throughout, which resolution has been compared by me with the original thereof to be recorded in the Minutes Book of said Authority and that said resolution is a true, complete and correct copy thereof, and said resolution has been duly adopted and has not been further modified, amended or repealed, and is in full force and effect on and as of the date hereof in the form attached hereto as Exhibit D.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this 3rd day of March, 2015.

(SEAL)

  
\_\_\_\_\_  
Acting Secretary/Treasurer, Canaveral Port  
Authority

CANAVERAL PORT AUTHORITY

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PORT IMPROVEMENT REVENUE REFUNDING BOND RESOLUTION

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ADOPTED OCTOBER 7, 1992



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A RESOLUTION OF THE CANAVERAL PORT AUTHORITY AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1992 IN ORDER TO PROVIDE FUNDS FOR THE PURPOSES OF FINANCING THE COSTS OF REFUNDING CERTAIN OUTSTANDING OBLIGATIONS OF THE AUTHORITY AND FOR FINANCING CERTAIN PORT IMPROVEMENTS; PLEDGING THE GROSS REVENUES RECEIVED BY THE AUTHORITY TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; PROVIDING FOR CERTAIN ADDITIONAL MATTERS IN RESPECT TO SAID BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

BE IT RESOLVED BY THE CANAVERAL PORT AUTHORITY (THE "ISSUER") as follows:

## ARTICLE I

### GENERAL

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

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a 360-day year.

"Act" shall mean Chapter 315, Florida Statutes, Chapter 28922, Laws of Florida, Special Acts of 1953, as amended and supplemented, and other applicable provisions of law.

"Additional Bonds" shall mean the obligations issued at any time under the provisions of Section 5.06 hereof on a parity with the Series 1992 Bonds.

"Additional Project" shall mean the acquisition, construction and improvement of such properties as may be financed pursuant to the Act.

"Amortization Installment" shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to the Term Bonds.

"Annual Budget" shall mean the annual budget for the Marine Facilities prepared pursuant to the requirements of Section 5.03 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 Bonds during such Fiscal Year, except to the extent that such interest is to be paid from deposits in the Payment Account made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such Fiscal Year, and (3) the Amortization Installments designated with respect to such Fiscal Year. For purposes of this definition, all amounts payable on a Capital Appreciation Bond shall be considered a principal payment due in the year of its maturity or earlier mandatory redemption, and the interest rate to be paid on Variable Rate Bonds shall be deemed to be 9.2% per annum.

If, in connection with the issuance of a Series of Bonds, the Issuer shall enter into an Interest Rate Swap and such provider of the Interest Rate Swap is rated at least "Aa" by Moody's and "AA" by S & P, then, if, to the extent and in the manner so provided in the Supplemental Resolution with respect to such Series of Bonds, Annual Debt Service as to such Series of Bonds shall be calculated as of any calculation date or for any period of time in which the Interest Rate Swap is in effect as being the amount required to be paid by the Issuer to the Bondholders on such date or during such period as "interest" on such Bonds, plus the amount required to be paid by the Issuer on such date or during such period pursuant to the Interest Rate Swap (prior to any netting of such amount against the amount required to be paid to the Issuer by the Counterparty) (provided that if the Issuer is required to pay a variable rate pursuant to such Interest Rate Swap, the interest rate shall be assumed to be the most recently published Bond Buyer 25-Bond Revenue Index (or comparable index, if no longer published) plus 50 basis points) and minus the amount required to be paid to the Issuer by the Counterparty on such date or during such period

(prior to any netting of such amount against any amount required to be paid by the Issuer to such Counterparty).

"Authorized Investments" shall mean any of the following, if and to the extent that the same are at the time legal for investment of funds of the Issuer:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(2) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States, senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; and obligations of the Resolution Funding Corporation (collectively, "Agency Obligations");

(3) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;

(4) Commercial paper rated "Prime-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;

(5) Obligations rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;

(6) Deposits, Federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which:

(a) has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's

Investors Service or "A-1" or "A-" or better by Standard & Poor's Corporation, or

(b) is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in (a) above; provided, that the Issuer may invest in such obligations of an institution rated only "A3" or "Prime-1" or better by Moody's Investors Service, but shall be required to divest such investment within 45 days after notice of a downgrading of the Moody's rating below "A3" or "Prime-1";

(7) Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation;

(8) Investments in a money-market fund rated "Am" or "Am-G" or better by Standard & Poor's Corporation;

(9) Repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:

a. a master repurchase agreement or specific written repurchase agreement governs the transaction; and

b. the securities are held free and clear of any lien by an independent third party acting solely as agent ("Agent") for the Bondholders, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Issuer shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Bondholders; and

c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1, et seq., or 31 C.F.R. 350.0, et seq. in such securities is created for the benefit of the Bondholders; and

d. the repurchase agreement has a term of 180 days or less, and the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

e. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(10) Investment agreements satisfactory to each Insurer.

(11) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, as amended.

"Authorized Issuer Officer" shall mean any 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.

"Bond Year" shall mean the period commencing and ending on the dates specified by Supplemental Resolution of the Issuer.

"Bondholder" or "Holder" or "holder" or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

"Bond Insurance Policy" shall mean the municipal bond insurance policy issued by an Insurer guaranteeing the payment of the principal of and interest on the applicable Series of Bonds.

"Bonds" shall mean the Series 1992 Bonds, together with any Additional Bonds issued pursuant to this Resolution and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 5.08 hereof.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the State of Florida are authorized by law to remain closed.

"Capital Appreciation Bonds" shall mean those Bonds so designated by Supplemental Resolution of the Issuer, which may be



either Serial Bonds or Term Bonds and which shall bear interest payable at maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

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

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

"Construction Fund" shall mean the Canaveral Port Authority Port Improvement Revenue Bond Construction Fund established pursuant to Section 4.03 hereof.

"Consulting Engineers" shall mean any engineering firm of reputation for skill and experience with respect to the construction and operation of facilities similar to the Marine Facilities, which is duly licensed under the laws of the State of Florida and designated by the Issuer to perform the duties of the Consulting Engineers under the provisions hereof.

"Cost" or "Costs", when used in connection with a Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period of such Project; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses of the financing incurred during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period for such Project, including audits, fees and expenses of any Paying Agent, Registrar, Insurer, Credit Bank or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for such Project; (9) costs of machinery or equipment required by the Issuer for the commencement of operation of such Project; (10) any other costs properly attributable to such construction or acquisition, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

"Credit Bank" shall mean as to any particular Series of Bonds, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

"Credit Facility" shall mean as to any particular Series of Bonds, a letter of credit, a line of credit or another credit or legal liquidity enhancement facility (other than an insurance policy issued by an Insurer) provided by a Credit Bank rated in one of the two highest rating categories by Moody's and S & P, as approved in the Supplemental Resolution providing for the issuance of such Bonds.

"Debt Service Fund" shall mean the Canaveral Port Authority Port Improvement Revenue Bond Debt Service Fund established pursuant to Section 4.04 hereof.

"Escrow Agent" shall mean any Escrow Agent for the Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

"Escrow Agreement" shall mean that certain Escrow Deposit Agreement dated as of October 1, 1992 by and between the Issuer and the Escrow Agent.

"Event of Default" shall mean any Event of Default specified in Section 6.01 of this Resolution.

"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.

"Gross Revenues" shall mean all rents, fees, charges or other income from any source received by or accrued to the Issuer from the operation of the Marine Facilities, and all parts thereof, and income from the investment of funds except as otherwise expressly provided in this Resolution. "Gross Revenues" shall not include proceeds from ad valorem taxes, but shall be deemed to specifically include, without limiting the generality of the foregoing, the following:

(1) The gross rentals received on account of lands and buildings owned or leased by the Port District;

(2) The gross revenues received from the sale of gasoline, oil, fuel oil, or fuel products or any other merchandise or products, after deducting the cost thereof if the sale is made directly by the Issuer; or the gross revenues received by virtue of the Issuer's licensing or permitting others to make such sales;

(3) Gross revenues received by any and all concessions granted by the Issuer of any of the Marine Facilities;

(4) Gross receipts from wharfage, dockage, warehousing, storage, and port terminal charges made for use of the Marine Facilities of the Port District;

(5) Gross revenues received from any and all leases of lands, buildings, or structures, or any parts thereof or therein owned, leased or controlled by the Port District as part of the port facilities of the Port District, including facilities related thereto or appurtenant thereto.

Said term "Gross Revenues" shall also include such revenues, as provided above, hereafter at any time derived from any port facilities hereafter constructed or acquired by the Port District, in addition to the port facilities now owned by the Port District, and to be constructed and acquired pursuant to this Resolution. Said term "Gross Revenues" shall not include revenues derived from the operation of Special Purpose Facilities financed with the proceeds of Special Purpose Bonds issued pursuant to the Senior Resolution, except to the extent hereinafter expressly provided.

"Insurer" shall mean such Person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on municipal securities and whose credit is such that, at the time of any action or consent required or permitted by the Insurer pursuant to the terms of this Resolution, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in one of the two most secure grades by one of the two most widely nationally recognized rating agencies which regularly rate the credit of municipal securities. The Insurer for the Series 1992 Bonds shall be Financial Guaranty Insurance Company, or any successor thereto.

"Interest Date" or "interest payment date" shall be such date or dates for the payment of interest on a Series of Bonds as shall be provided by Supplemental Resolution.

"Interest Rate Swap" shall mean an agreement in writing by and between the Issuer and another entity rated in one of the two highest rating categories by Moody's and S & P (the "Counterparty") pursuant to which (i) the Issuer agrees to pay to the Counterparty an amount, either at one time or periodically, which amount may, but is not required to, be determined by reference to an assumed interest rate payable on an amount (the "notional amount") specified in such agreement in the period specified in such agreement and (ii) the Counterparty agrees to pay to the Issuer an amount, either at one time or periodically, which amount may, but is not required to, be determined by reference to an assumed interest rate payable on the notional amount in the period specified in such agreement.

"Issuer" shall mean the Canaveral Port Authority, or any successor thereof.

"Marine Facilities" shall mean all harbor, seaport and marine facilities for commercial shipping, now or hereafter owned by the Port District and operated either by the Issuer or by others under contract with or lease from the Port District including, but not limited to, the docks and terminals formerly acquired from the Port District, harbors, channels, turning basins, anchorage areas, jetties, breakwaters, water ways, canals, locks, tidal basins, wharves, docks, piers, slips, bulkheads, public landings, warehouses, terminals, refrigerating and cold storage plants, railroads and motor terminals for passengers and freight, rolling stock, car ferries, boats, conveyors and appliances of all kinds for the handling, storage, inspections and transportation of freight and the handling of passenger traffic, mail, express and freight, administration and service buildings, toll highways, tunnels, causeways, and bridges connected therewith or incident or auxiliary thereto, or other facilities authorized by law, and may include all property, structures, facilities, rights, easements and franchises relating thereto and deemed necessary or convenient for the acquisition, construction, purchase or operation thereof. Marine Facilities shall not include Special Purpose Facilities financed with the proceeds of Special Purpose Bonds issued pursuant to the Senior Resolution, except to the extent expressly therein provided.

"Maximum Annual Debt Service" shall mean the largest aggregate amount of the Annual Debt Service becoming due in any Fiscal Year in which Bonds are Outstanding, 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.

"Maximum Interest Rate" shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution of the Issuer delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any particular time bear.

"Moody's Investors Service" or "Moody's" shall mean Moody's Investors Service, and any assigns or successors thereto.

"Net Revenues" shall mean Gross Revenues, if any, after deduction of Operating Expenses.

"1992 Project" shall mean the acquisition and construction of certain port improvements as more particularly described in Exhibit A attached hereto and made a part hereof, including, without limitation, the acquisition of all property rights, appurtenances, easements and franchises relating thereto, with such changes,

deletions, additions or modifications as approved by the Issuer in accordance with the Act.

"Operation and Maintenance Fund" shall mean the fund created pursuant to Section 4.04 hereof.

"Operating Expenses" shall mean the Issuer's expenses for operation, maintenance and repairs with respect to the Marine Facilities, which shall include, without limiting the generality of the foregoing, administration expenses (including general overhead expenses of the Port District allocable to the Marine Facilities), insurance and surety bond premiums, the fees to the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit (but excluding any expenses or reimbursement obligations for draws made thereunder), legal and engineering expenses, ordinary and current rentals of equipment or other property pursuant to operating or capital leases, refunds of moneys lawfully due to others, payments to pension, retirement, health and hospitalization funds, and any other expenses required to be paid for or with respect to proper operation or maintenance of the Marine Facilities, all to the extent properly attributable to the Marine Facilities in accordance with generally accepted accounting principles employed in the operation of port facilities similar to the Marine Facilities, and disbursements for the expenses, liabilities and compensation of any Paying Agent or Registrar under this Resolution, but does not include (i) any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, (ii) any provision for interest, depreciation, amortization or similar charges (iii) if the Issuer shall lease or license the Marine Facilities, or any part thereof, and under the terms providing for payment of net rentals to the Issuer the lessee or licensee pays part or all of the cost of operation and maintenance, the cost of operation and maintenance paid by such lessee or licensee, or (iv) operating expenses of Special Purpose Facilities financed with the proceeds of Special Purpose Bonds issued pursuant to the Senior Resolution, except to the extent provided therein.

"Outstanding", when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Sections 2.06 and 2.08 hereof, (3) Bonds deemed to have been paid pursuant to Section 8.01 hereof, and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

"Paying Agent" shall mean any paying agent for Bonds appointed by or pursuant to Supplemental Resolution and its successor or assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

"Payment Account" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

"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 (1) the Gross Revenues, and (2) until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder, other than the Unrestricted Revenue Account and the Rebate Fund.

"Port District" shall mean the Canaveral Port District created under the Act.

"Prerefunded Obligations" shall mean Municipal Obligations, the timely payment of the principal of, interest on and redemption premium, if any, on which are irrevocably secured by Direct Obligations and which obligations have been deposited in an escrow account which is irrevocably pledged to the payment of the principal of, interest on and redemption premium, if any, of such municipal obligations which are rated in the highest rating category (without regard to any gradation within such category) by both Moody's Investors Service and Standard & Poor's Corporation.

"Project" shall mean the 1992 Project and any Additional Project.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 4.04 hereof.

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

"Refunded Obligations" shall mean the Issuer's Port Improvement Revenue Bonds, Series 1991.

"Refunded Resolution" shall mean the First Amended and Restated Port Improvement Bond Resolution adopted by the Issuer on May 22, 1991, authorizing the Refunded Obligations, as amended and supplemented.

"Refunding Securities" shall mean non-callable United States Obligations and Prerefunded Obligations.

"Registrar" shall mean any registrar for the Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

"Reserve Account" shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

"Reserve Account Insurance Policy" shall mean the insurance policy deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(A)(3) hereof.

"Reserve Account Letter of Credit" shall mean a letter of credit issued by any bank or national banking institution and then on deposit in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(A)(3) hereof.

"Reserve Account Requirement" shall mean, as of any date of calculation for a particular subaccount of the Reserve Account, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds which are secured by such subaccount, (2) 125% of the average annual debt service for all Outstanding Bonds which are secured by such subaccount, or (3) 10% of the proceeds of Bonds which are secured by such subaccount. In computing the Reserve Account Requirement in respect of any subaccount of the Reserve Account which secures Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the most recently published Bond Buyer 25-Bond Revenue Index (or comparable index, if no longer published) plus 50 basis points. In computing the Reserve Account Requirement in accordance with clause (3) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value.

"Resolution" shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

"Restricted Revenue Account" shall mean the separate account in the Revenue Fund established pursuant to Section 4.04 hereof.

"Revenue Fund" shall mean the Canaveral Port Authority Port Improvement Revenue Bond Revenue Fund established pursuant to Section 4.04 hereof.

"Secretary" shall mean the Secretary of the Issuer, or such other person as may be duly authorized to act on his or her behalf.

**"Senior Obligations"** shall mean the Issuer's outstanding Revenue Bonds, Series 1975-8 and its outstanding Refunding Revenue Bonds, Series 1976.

**"Senior Resolution"** shall mean the Issuer's resolution adopted April 9, 1975, as amended and supplemented.

**"Serial Bonds"** shall mean all of the Bonds other than the Term Bonds.

**"Series"** shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Amortization Installments or other provisions.

**"Series 1992 Bonds"** shall mean the Issuer's Port Improvement Revenue Refunding Bonds, Series 1992, authorized pursuant to Section 2.02 hereof.

**"Special Purpose Bonds"** shall mean obligations issued as Special Purpose Bonds under the Senior Resolution, which are not secured by the Pledged Funds.

**"Special Purpose Projects"** or **"Special Purpose Facilities"** shall mean lands, buildings, facilities and structures, the cost of construction or acquisition of which are financed with the proceeds of Special Purpose Bonds.

**"Standard and Poor's Corporation"** or **"S&P"** shall mean Standard and Poor's Corporation, and any assigns and successors thereto.

**"State"** shall mean the State of Florida.

**"Subordinated Indebtedness"** shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 5.05 hereof.

**"Supplemental Resolution"** shall mean any resolution of the Issuer amending or supplementing this Resolution enacted and becoming effective in accordance with the terms of Sections 7.01, 7.02 and 7.03 hereof.

**"Taxable Bond"** shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income taxation purposes.

**"Term Bonds"** shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Issuer



and which are subject to mandatory redemption by Amortization Installment.

"United States Obligations" shall mean (a) obligations described in paragraph (1) of the definition of "Authorized Investments", (b) Refcorp interest strips and (c) CATS, TIGRS or STRPS.

"Unrestricted Revenue Account" shall mean the separate account in the Revenue Fund established pursuant to Section 4.04 hereof.

"Variable Rate Bonds" shall mean Bonds issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue.

The terms "herein," "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 masculine gender include every other gender.

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 Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds and any Credit Bank and/or any Insurer and shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and any Credit Bank and/or any Insurer. 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 equal benefit, protection and security of the Holders of any and all of said Bonds and for the benefit, protection and security of any Credit Bank and/or any Insurer. All of the Bonds, 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 Bonds 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:

(A) That the Issuer deems it necessary, desirable and in the best interests of the Issuer that the 1992 Project be acquired, constructed and equipped.

(B) That the 1992 Project shall be financed by the proceeds of the Series 1992 Bonds issued pursuant to this Resolution.

(C) That the Issuer has heretofore issued and has now outstanding and unpaid the Refunded Obligations.

(D) That the Pledged Funds are not pledged or encumbered in any manner except for the pledge thereof to secure payment of principal of and interest on the Senior Obligations and the Refunded Obligations.

(E) That it is deemed to be in the best interests of the Issuer that the Refunded Obligations be paid from proceeds of the Series 1992 Bonds.

(F) That there is hereby authorized the payment and refunding of the Refunded Obligations all in the manner as provided by this Resolution.

(G) For the payment of said Refunded Obligations, the Issuer shall, as provided herein, deposit part of the proceeds derived from the sale of the Series 1992 Bonds in an irrevocable trust fund (the "Escrow Fund") which, together with other moneys deposited therein, shall be sufficient, at the time of such deposit, to pay and refund the Refunded Obligations as the same become due and payable or are redeemed prior to maturity, as provided in this Resolution and the Escrow Agreement between the Issuer and the Escrow Agent.

(H) That the estimated Pledged Funds will be sufficient to pay the principal of and interest on the Bonds to be issued pursuant to this Resolution, as the same become due, and all other payments provided for in this Resolution.

(I) That the principal of and interest on the Bonds to be issued pursuant to this Resolution, and all other payments provided for in this Resolution will be paid solely from the Pledged Funds; and the ad valorem taxing power of the Issuer will never be necessary or authorized to pay the principal of and interest on the Bonds to be issued pursuant to this Resolution and, except as otherwise provided herein, the Bonds shall not constitute a lien upon any property within the Port District.

**SECTION 1.05. AUTHORIZATION OF 1992 PROJECT AND REFUNDING REFUNDED OBLIGATIONS.** The Issuer hereby specifically authorizes

the acquisition and construction of the 1992 Project and the refunding of the Refunded Obligations.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

**SECTION 2.01. AUTHORIZATION OF BONDS.** This Resolution creates an issue of Bonds of the Issuer to be designated as "Canaveral Port Authority, Port Improvement Revenue Refunding Bonds" which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is or may hereafter be provided in this Resolution or as limited by the Act or by law.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined hereby or by Supplemental Resolution.

The Bonds shall be issued in such denominations and such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined by Supplemental Resolution. The Issuer may issue Bonds which may be secured by a Credit Facility or by an insurance policy of an Insurer all as shall be determined by Supplemental Resolution.

### **SECTION 2.02. AUTHORIZATION AND DESCRIPTION OF SERIES 1992 BONDS.**

(A) A Series of Bonds entitled to the benefit, protection and security of this Resolution are hereby authorized in the aggregate principal amount of not exceeding \$50,000,000 for the principal purposes of refunding the Refunded Obligations, funding the 1992 Project, funding the appropriate subaccount of the Reserve Account and paying certain costs of issuance incurred with respect to the Series 1992 Bonds. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Canaveral Port Authority, Port Improvement Revenue

Refunding Bonds, Series 1992;" provided the Issuer may change such designation in the event that the total amount of Series 1992 Bonds authorized herein are not issued in a simultaneous transaction.

(B) The Series 1992 Bonds shall be dated as of the first day of the month in which occurs the delivery of the Series 1992 Bonds to the purchaser or purchasers thereof or such other date as may be set forth by Supplemental Resolution of the Issuer; shall be issued as fully registered Bonds; shall be numbered consecutively from one upward in order of maturity preceded by the letter "R"; shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable in such manner and on such dates; shall consist of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds and Capital Appreciation Bonds; maturing in such amounts and in such years not exceeding forty (40) (or such longer or shorter period as may be permitted by law at the time of issuance) years from their date; shall be payable in such place or places; shall have such Paying Agents and Registrars; and shall contain such redemption provisions; all as the Issuer shall provide hereafter by Supplemental Resolution. Notwithstanding anything contained herein to the contrary, no Variable Rate Bonds shall be issued without the consent of each Insurer of Bonds Outstanding.

(C) The principal of or Redemption Price, if applicable, on the Series 1992 Bonds are payable upon presentation and surrender of the Series 1992 Bonds at the office of the Paying Agent. Interest payable on any Series 1992 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the request and expense of such Holder of at least \$1,000,000 or more in aggregate principal amount of Series 1992 Bonds, interest may be payable by bank wire transfer for the account of such Holder as specified in writing with the Paying Agent on or prior to the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date (such directions to remain in effect until the Paying Agent is otherwise notified in writing). All payments of principal of or Redemption Price, if applicable; and interest on the Series 1992 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. CUSIP identification numbers shall accompany all payments.

**SECTION 2.03. APPLICATION OF SERIES 1992 BOND PROCEEDS.** Except as otherwise provided by Supplemental Resolution of the Issuer, the proceeds derived from the sale of the Series 1992 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 1992 Bonds to the

purchaser or purchasers thereof, be applied by the Issuer as follows:

(1) Accrued interest shall be deposited in the Payment Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 1992 Bonds.

(2) A sufficient amount of Series 1992 Bond proceeds shall be deposited in the appropriate subaccount of the Reserve Account which, together with any Authorized Investments and securities on deposit therein and Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.05(A)(3) hereof, shall equal the Reserve Account Requirement for such subaccount.

(3) A sufficient amount of the Series 1992 Bond proceeds shall be applied to the payment of the premiums of any Bond Insurance Policy applicable to the Series 1992 Bonds or reserves established therefor and to the payment of costs and expenses relating to the issuance of the Series 1992 Bonds which must be paid upon delivery of the Series 1992 Bonds. Such amount may, at the option of the Issuer, be deposited in and disbursed from the Construction Fund.

(4) An amount of Series 1992 Bond proceeds shall be deposited irrevocably in trust in the Issuer's escrow fund under the terms and provisions of the Escrow Agreement. Such moneys shall be invested in Refunding Securities in the manner set forth in the Escrow Agreement, which investments shall mature at such times and in such amounts as shall be sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded Obligations as the same mature and become due and payable or are redeemed prior to maturity.

(5) Any remaining amounts of Series 1992 Bond proceeds shall be deposited in the Construction Fund and used for the acquisition and construction of the 1992 Project.

**SECTION 2.04. EXECUTION OF BONDS.** The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of

such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

**SECTION 2.05. AUTHENTICATION.** No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be cancelled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.07 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

**SECTION 2.08. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER.** Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall cause to be maintained and kept, at the office of the Registrar, books for the registration and transfer of the Bonds. Upon the occurrence of an

Event of Default pursuant to Section 6.01 hereof which would require an Insurer or Credit Bank to make payments under its Bond Insurance Policy or guarantee, respectively, such Insurer or Credit Bank and their designated agents shall be provided with access to inspect and copy the registration books of the Issuer.

Each Bond 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 his 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 his duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, forthwith (A) following the fifteenth day prior to an interest payment date for such Series; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series; and (C) at any other time as reasonably requested by the Paying Agent of such Series, certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and deliver Bonds and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chairman and Secretary for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be cancelled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar 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



exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the fifteen (15) days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds and Variable Rate Bonds), or, in the case of any proposed redemption of Bonds of such Series, then during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

Upon the occurrence of an Event of Default which would require an Insurer to pay a claim under its bond insurance policy, said Insurer and its designated agent shall be provided with access to the registration books for the particular Series of insured Bonds.

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by Supplemental Resolution.

**SECTION 2.09. COUPON BONDS.** The Issuer, at its discretion, may by Supplemental Resolution authorize the issuance of coupon Bonds, registrable as to principal only or as to both principal and interest. Such Supplemental Resolution shall provide for the negotiability, transfer, interchangeability, denominations and form of such Bonds and coupons appertaining thereto. Coupon Bonds shall only be issued if an opinion of Bond Counsel is received to the effect that issuance of such coupon Bonds will not adversely affect the exclusion of interest earned on such Bonds (other than Taxable Bonds) from gross income for purposes of federal income taxation.

**SECTION 2.10. FORM OF BONDS.** The text of the Bonds, except as otherwise provided pursuant to Section 2.09 hereof and except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution, 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 Secretary prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-

\$

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
CANAVERAL PORT AUTHORITY  
PORT IMPROVEMENT REVENUE BOND,  
SERIES

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
_____ %	_____	_____	_____

Registered Holder:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, the Canaveral Port Authority, a public body corporate and politic of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds 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 and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing \_\_\_\_\_ 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 Bond 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 Bond, are payable, upon presentation and surrender hereof, at the principal corporate trust office of \_\_\_\_\_, \_\_\_\_\_, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the

Issuer maintained by \_\_\_\_\_,  
as Registrar, at the close of business on the date which shall be  
the fifteenth day (whether or not a business day) of the calendar  
month next preceding each interest payment date and shall be paid  
by a check or draft of such Paying Agent mailed to such Registered  
Holder at the address appearing on such registration books or, at  
the option of such Paying Agent, and at the request and expense of  
such Registered Holder of at least \$1,000,000 or more in aggregate  
principal amount of Bonds, interest may be payable by bank wire  
transfer for the account of such Holder as specified by the  
Registered Holder in writing with the Paying Agent on or prior to  
the fifteenth day (whether or not a business day) of the calendar  
month next preceding such interest payment date (such directions  
to remain in effect until the Paying Agent is otherwise notified  
in writing).

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued to finance \_\_\_\_\_, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 28922, Laws of Florida, Special Acts of 1953, as amended and supplemented, Chapter 315, Florida Statutes, and other applicable provisions of law (the "Act"), and a resolution duly adopted by the Issuer on \_\_\_\_\_, 1992, as supplemented (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Gross Revenues (as defined in the Resolution) and (2) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in certain of the funds and accounts established by the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"); provided, however, the lien on and pledge of the Gross Revenues for the benefit of the holders of the Series 1992 Bonds shall be junior and subordinate in all respects to the pledge of and lien on such Gross Revenues granted to the Senior Obligations (as defined in the Resolution).

It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer, the State of Florida, or any political subdivision thereof, are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such 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, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon any property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds.

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

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH ON THE FRONT SIDE HEREOF.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the Canaveral Port Authority has issued this Bond and has caused the same to be executed by the manual or facsimile signature of its Chairman and by the manual or facsimile signature of its Secretary and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

CANAVERAL PORT AUTHORITY

(SEAL)

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

(Provisions on Reverse Side of Bond)

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the principal corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of the Bonds during the fifteen (15) days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, then, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption.

(INSERT REDEMPTION PROVISIONS)

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Resolution upon notice given by first class mail sent at least thirty (30) days prior to the redemption date to the Registered Holder hereof at the address shown on the registration books maintained by the Registrar; provided, however, that failure to mail notice to the Registered Holder hereof, or any defect therein, shall not affect the validity of the proceedings for redemption of other Bonds as to which no such failure or defect has occurred. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for one or more Bonds in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Resolution.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants and the rights, duties, immunities and obligations of the Issuer.

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

**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.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of  
survivorship and not as tenants  
in common

UNIF TRANS MIN ACT -- \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_

under Uniform Transfers to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in list above.

#### CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the Issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

\_\_\_\_\_

\_\_\_\_\_  
Registrar

By: \_\_\_\_\_  
Authorized Officer



## ARTICLE III

### REDEMPTION OF BONDS

**SECTION 3.01. PRIVILEGE OF REDEMPTION.** The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

**SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by lot within a maturity, in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**SECTION 3.03. NOTICE OF REDEMPTION.** Notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Issuer, and (A) shall be filed with the Paying Agents of such Bonds, (B) shall be mailed first class, postage prepaid, at least thirty (30) days but no more than sixty (60) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar, and (C) shall be mailed, registered or certified, postage prepaid, or by telecopy or facsimile transmission at least thirty-five (35) days prior to the redemption date to the holders of \$1,000,000 or more in aggregate principal amount of Bonds and to the registered securities depositories and two or more nationally recognized municipal bond information services. Failure to mail notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings of redemption of such Bonds as to which no such failure or defect has occurred. Notice of any redemption of Bonds at the option of the Issuer, other than notice that refers to Bonds that are the subject of an advance or

current refunding, shall be given only upon the prior deposit into the Debt Service Fund of sufficient amounts to effect such redemption. A second notice of redemption shall be mailed not more than 60 days after the redemption date, by the same means as the first notice, to any registered holder of Bonds who has not turned Bonds in for redemption within 30 days after the redemption date.

Each notice of redemption shall state: (1) the complete official name of the issue with Series designation, CUSIP numbers and certificate numbers of all Bonds being redeemed; (2) the original issue date of such Bonds; (3) the maturity date and rate of interest borne by each Bond being redeemed; (4) the redemption date; (5) the Redemption Price; (6) the date on which such notice is mailed; (7) if less than all Outstanding Bonds are to be redeemed the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed; (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable; (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Paying Agent at an address specified; and (10) the name and telephone number of a person designated by the Paying Agent to be responsible for such redemption.

**SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS.** Any Bond 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 Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, 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 Bonds so surrendered.

**SECTION 3.05. PAYMENT OF REDEEMED BONDS.** Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds 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 Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds

which have been redeemed shall be cancelled by the Registrar and shall not be reissued. Amounts held by the Paying Agent for redemption of Bonds which are not presented for payment must be held until the later of (A) one year after the final maturity date of such Bonds or (B) the maximum period of time allowed by State law.

#### ARTICLE IV

##### SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

**SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF ISSUER.** The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a prior lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. No Holder of any Bond or any Credit Bank or Insurer shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the Issuer or the Port District except from the Pledged Funds in the manner provided herein.

The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

**SECTION 4.02. SECURITY FOR BONDS.** The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds and the payment of any amounts owed to the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit securing any Series of Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds subject to the lien on and pledge of the Gross Revenues of the Senior Obligations; provided, however, a Series of Bonds may be further secured by a Credit Facility or Bond Insurance Policy in addition to the security provided herein; and provided further that each Series of Bonds shall be secured independently of any other Series of Bonds by the corresponding subaccount in the Reserve Account, except as otherwise provided herein. The pledge of the Pledged Funds with respect to any obligations owed to the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be deemed to be subordinate to the lien on and pledge of the Pledged Funds to the holders of the Bonds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof.

**SECTION 4.03. CONSTRUCTION FUND.** The Issuer covenants and agrees to establish a separate fund, to be known as the "Canaveral Port Authority Port Improvement Revenue Refunding Bond Construction Fund," which shall be used only for payment of the Costs of the Projects. Moneys in the Construction Fund, until applied in payment of any item of the Cost of a Project in the manner

hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution or Supplemental Resolution.

The Issuer shall establish within the Construction Fund a separate account for the 1992 Project and each Additional Project, the Cost of which is to be paid in whole or in part out of the Construction Fund.

The Issuer covenants that the acquisition, construction and installation of each Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Secretary of documents and/or certificates signed by an Authorized Issuer Officer, stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) the Construction Fund account from which payment is to be made, (5) the purpose, by general classification, for which payment is to be made, and (6) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of a Project and is a proper charge against the account of the Construction Fund from which payment is to be made and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Secretary shall retain all such documents and/or certificates of the Authorized Issuer Officers for seven (7) years from the dates of such documents and/or certificates. The Secretary shall make available the documents and/or certificates at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal and interest on Bonds when due.

The date of completion of any Project shall be determined by the Authorized Issuer Officer who shall certify such fact in writing to the Issuer. Promptly after the date of the completion of a Project, and after paying or making provisions for the payment of all unpaid items of the Cost of such Project, the Issuer shall

deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (1) another account of the Construction Fund for which the Authorized Issuer Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (2) the Reserve Account, to the extent of a deficiency therein, and (3) such other fund or account established hereunder as shall be determined by the Issuer, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of federal income taxation.

**SECTION 4.04. FUNDS AND ACCOUNTS.** The Issuer covenants and agrees to establish separate funds to be known as the "Canaveral Port Authority Port Improvement Revenue Refunding Bond Revenue Fund," the "Canaveral Port Authority Port Improvement Revenue Refunding Bond Debt Service Fund" and the "Canaveral Port Authority Port Improvement Revenue Refunding Bond Rebate Fund." The Issuer shall maintain in the Revenue Fund two accounts: the "Restricted Revenue Account" and the "Unrestricted Revenue Account." The Issuer shall maintain in the Debt Service Fund two accounts: the "Payment Account" and the "Reserve Account." Moneys in the aforementioned funds and accounts, other than the Rebate Fund and the Unrestricted Revenue Account, until applied in accordance with the provisions hereof, shall be subject to a prior lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

The Issuer shall at any time and from time to time appoint one or more depositories to hold, for the benefit of the Bondholders, any one or more of the funds and accounts established hereby. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository shall be either the Florida State Board of Administration or a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than fifty million dollars (\$50,000,000) or part of a state-wide banking system which in the aggregate meets such requirements and shall be eligible under the laws of the State to receive funds of the Issuer.

**SECTION 4.05. FLOW OF FUNDS.**

(A) The Issuer shall promptly deposit, after application in accordance with the Senior Resolution as long as the Senior Obligations are outstanding, the Gross Revenues into the Restricted

Revenue Account. The moneys in the Restricted Revenue Account shall be deposited or credited on or before the last day of each month, commencing in the month immediately following delivery of any of the Bonds to the purchasers thereof, or such later date as hereinafter provided, in the following manner and in the following order of priority:

(1) Operation and Maintenance Fund. Moneys in the Restricted Revenue Account shall first be used each month to deposit in the Operation and Maintenance Fund such sums as are necessary to pay Operating Expenses for the ensuing month which are not paid from amounts on deposit in the operation and maintenance fund established under the Senior Resolution; provided the Issuer may transfer moneys from the Revenue Fund to the Operation and Maintenance Fund at any time to pay Operating Expenses to the extent there is a deficiency in the Operation and Maintenance Fund for such purpose. Amounts in the Operation and Maintenance Fund shall be disbursed from time to time by the Issuer for reasonable and necessary Operating Expenses; provided, however, that no such disbursement shall be made unless the provisions of Section 5.03 hereof in regard to the current Annual Budget are complied with.

(2) Payment Account. The Issuer shall deposit or credit to the Payment Account the sum which, together with the balance on deposit in said Payment Account, shall equal (a) the interest on all Outstanding Bonds (other than Capital Appreciation Bonds) accrued and unpaid and to accrue to the end of such month, (b) the principal amounts on all Outstanding Bonds due and unpaid and that portion of the principal next due which would have accrued during such month if such principal amounts were deemed to accrue daily (assuming that a year consists of twelve (12) equivalent calendar months of thirty (30) days each) in equal amounts from the next preceding principal payment due date, or if there is no preceding principal payment due date, from a date one year preceding such principal payment due date, and (c) the Amortization Installments on all Bonds due and unpaid and the portion of the Amortization Installments on all Bonds Outstanding next due which would have accrued on such Bonds during such month as such Amortization Installments were deemed to accrue daily in the manner described above for principal payments. Moneys in the Payment Account shall be used to pay interest, principal and Amortization Installments on all Outstanding Bonds, on a pro-rata basis, as and when the same become due, whether by redemption or otherwise, and for no other purpose. The Issuer shall adjust the amount of the deposit into the Payment Account not later than the month immediately preceding any Interest Date so as to provide sufficient moneys in the Payment Account to pay the interest, principal and Amortization Installments on the Bonds coming due on such Interest Date.

Serial Capital Appreciation Bonds shall be payable from the Payment Account in the Bond Year in which such Bonds mature and monthly deposits or credits into the Payment Account shall commence

in the month which is one year prior to the date on which such Bonds mature.

Amounts accumulated in the Payment Account with respect to any Amortization Installment (together with amounts accumulated in the Payment Account with respect to interest, if any, on the Term Bonds for which such Amortization Installment was established) may be applied by the Issuer, on or prior to the sixtieth (60th) day preceding the due date of such Amortization Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Payment Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Amortization Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Issuer shall pay out of the Payment Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Revenue Fund.

(3) Reserve Account. The Issuer shall establish within the Reserve Account a separate subaccount for each Series of Bonds issued hereunder. The moneys on deposit in each such subaccount shall be applied in the manner provided herein solely for the payment of maturing principal of, Redemption Price, if applicable, or interest or Amortization Installments on the Series of Bonds for which it is designated and shall not be available to pay debt service on any other Series.

There shall be deposited to each subaccount of the Reserve Account such sum, if any, as will be necessary to immediately restore any funds on deposit in each such subaccount to an amount equal to the Reserve Account Requirement applicable thereto including the reinstatement of any Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit therein; provided, in no event shall the amount deposited in the subaccounts of the applicable Reserve Account be less than (a) one fourth (1/4) of the amount which would enable the Issuer to restore the funds on



deposit in each subaccount to an amount equal to the Reserve Account Requirement in four (4) months from the date of such shortfall in the event such shortfall is a result of a decrease in the market value of Authorized Investments on deposit therein, or (b) one twelfth (1/12) of the amount which would enable the Issuer to restore the funds on deposit in each such subaccount to an amount equal to the Reserve Account Requirement in one (1) year from the date of such shortfall if such shortfall is a result of a withdrawal from such subaccount(s). Such obligation to replenish the Reserve Account shall be payable from amounts on deposit in the Revenue Fund after the deposits required in paragraphs (1) and (2) above. To the extent there are insufficient moneys in the Revenue Fund to make the required monthly deposit into each subaccount of the Reserve Account, such deposits shall be made to each subaccount on a pro rata basis in relation to the amount of the deficiency existing in each subaccount. On or prior to each principal and interest payment date for the Bonds, moneys in each subaccount of the Reserve Account shall be applied by the Issuer to the payment of the principal of, or Redemption Price, if applicable, and interest on related Series of Bonds to the extent moneys in the Payment Account and the Restricted Revenue Account are insufficient therefor. Whenever there shall be surplus moneys in any subaccount of the Reserve Account by reason of a decrease in the Reserve Account Requirement or due to a deposit of a Reserve Account Letter of Credit or Reserve Account Insurance Policy, such surplus moneys shall be deposited by the Issuer, upon receipt of an approving opinion of Bond Counsel, on a pro rata basis into other subaccounts, if any, containing less than the Reserve Account Requirement applicable thereto, and otherwise, into the Payment Account.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Issuer shall fund the corresponding subaccount of the Reserve Account established for such Series in an amount at least equal to the Reserve Account Requirement applicable to such Series of Bonds. Such required amount shall be paid in full from the proceeds of such Series of Bonds or other sources, on the date of delivery of such Series of Bonds.

Notwithstanding the foregoing provisions, in lieu of the required deposits into a subaccount of the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the subaccount of the Reserve Account, if any. Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any principal payment date or Interest Date on which a deficiency exists which cannot be cured by moneys in any other fund or account

held pursuant to this Resolution and available for such purpose. A Reserve Account Insurance Policy issued to the Paying Agent, as agent of the Bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") may be deposited in the Reserve Account to meet the Reserve Account Requirement if the claims-paying ability of the issuer thereof shall be rated at least "AAA" by Standard & Poor's Corporation or at least "Aaa" by Moody's. A Reserve Account Insurance Policy issued to the Paying Agent, as agent of the Bondholders, by an entity other than a municipal bond insurer, may be deposited in the Reserve Account to meet the Reserve Account Requirement if the form and substance of such Reserve Account Insurance Policy and the issuer thereof shall be approved by the Insurer.

A Reserve Account Letter of Credit issued to the Paying Agent, as agent of the Bondholders, by a bank may be deposited in the Reserve Account to meet the Reserve Account Requirement if the issuer thereof is rated at least "AA" by Standard & Poor's Corporation. The Reserve Account Letter of Credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Bonds. The draws shall be payable within two days of presentation of the sight draft. The Reserve Account Letter of Credit shall be for a term of not less than three years and shall be subject to a revolving reinstatement feature so as to provide the Issuer with at least 30 months notice of termination. The issuer of the Reserve Account Letter of Credit shall be required to notify the Issuer and the Paying Agent, not later than 30 months prior to the stated expiration date of the Reserve Account Letter of Credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. If such notice indicates that the expiration date shall not be extended, the Issuer shall deposit in the appropriate subaccount of the Reserve Account an amount sufficient to cause the cash or Authorized Investments on deposit in such subaccount of the Reserve Account, together with any other Reserve Account Insurance Policies and Reserve Account Letters of Credit, to equal the Reserve Account Requirement on all Outstanding Bonds, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the Reserve Account Letter of Credit, unless the Reserve Account Letter of Credit is replaced by a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit meeting the requirements of this Section 4.05(A)(3). The Reserve Account Letter of Credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such Reserve Account Letter of Credit if the Reserve Account Letter of Credit has not been replaced or renewed. The Paying Agent shall draw upon the Reserve Account Letter of Credit prior to its expiration or termination unless an acceptable replacement is in place or the

subaccount of the Reserve Account is fully funded in its required amount.

The use of any Reserve Account Insurance Policy or Reserve Account Letter of Credit pursuant to this Section 4.05(A)(3) shall be subject to receipt of an opinion of counsel acceptable to the Insurer, in form and substance satisfactory to the Insurer, as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Reserve Account Insurance Policy or Reserve Account Letter of Credit is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Insurer. In addition, the use of a Reserve Account Letter of Credit shall be subject to receipt of an opinion of counsel acceptable to the Insurer in form and substance satisfactory to the Insurer to the effect that payments under such Reserve Account Letter of Credit would not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the United States Bankruptcy Code or similar state laws by or against the issuer of the Bonds (or any other account party under the Reserve Account Letter of Credit).

The obligation to reimburse the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit for any fees or expenses or claims or draws upon such Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be subordinate to the payment of debt service on the Bonds. The right of the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the appropriate subaccount of the Reserve Account, and, subject to the second succeeding sentence of this paragraph, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of such subaccount of the Reserve Account. Each Reserve Account Insurance Policy and Reserve Account Letter of Credit shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit to reimbursement will be further subordinated to cash replenishment of the appropriate subaccount of the Reserve Account to an amount equal to the difference between the full original amount available under the Reserve Account Insurance Policy or Reserve Account Letter of Credit and the amount then available for further draws or claims. In the event (a) the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit becomes insolvent, or (b) the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit defaults in its payment obligations thereunder, or (c) the claims-paying ability of the issuer of the Reserve

Account Insurance Policy falls below "AAA" by Standard & Poor's Corporation or "Aaa" by Moody's, or (d) the rating of the issuer of Reserve Account Letter of Credit falls below "AA" by Standard & Poor's corporation, the obligation to reimburse the issuer of such Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be subordinate to the cash replenishment of the appropriate subaccount of the Reserve Account.

In the event (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated, or (b) the rating of the claims-paying ability of the issuer of the Reserve Account Insurance Policy falls below "AAA" by Standard & Poor's Corporation or "Aaa" by Moody's Investors Service, or (c) the rating of the issuer of the Reserve Account Letter of Credit falls below "AA" by Standard & Poor's Corporation, the Issuer shall either (i) deposit into the Reserve Account an amount sufficient to cause the cash or Authorized Investments on deposit in the appropriate subaccount of the Reserve Account to equal the Reserve Account Requirement on all outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually or (ii) replace such Reserve Account Insurance Policy or Reserve Account Letter of Credit with a Reserve Account Insurance Policy or Reserve Account Letter of Credit meeting the requirements provided herein within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the Reserve Account Insurance Policy falls below "A", or (b) the rating of the issuer of the Reserve Account Letter of Credit falls below "A", or (c) the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit defaults in its payment obligations hereunder, or (d) the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit becomes insolvent, the Issuer shall either (i) deposit into the Reserve Account an amount sufficient to cause the cash or Authorized Investments on deposit in the Reserve Account to equal the Reserve Account Requirement on all Outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis, or (ii) replace such instrument with a Reserve Account Insurance Policy or Reserve Account Letter of Credit meeting the requirements provided herein within six months of such occurrence. The amount available for draws or claims under the Reserve Account Insurance Policy or Reserve Account Letter of Credit may be reduced by the amount of cash or Authorized Investments deposited in the appropriate subaccount of the Reserve Account.

Cash on deposit in the appropriate subaccount of the Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Account Insurance Policy or Reserve Account Letter of Credit. If and to the extent that more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit is deposited in the Reserve Account, drawings thereunder and

repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

If a disbursement is made from a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit provided pursuant to this Section 4.05(A)(3), the Issuer shall reinstate the maximum limits of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit immediately following such disbursement from Funds received in accordance with the provisions of this Section 4.05(A)(3).

If three (3) days prior to an interest payment or redemption date or such other time as may be provided by the terms of the Reserve Account Insurance Policy or Reserve Account Letter of Credit, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on the Bonds on such date, the Issuer shall immediately notify (A) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit, and (B) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such issuer or Insurer to provide moneys sufficient to pay all amounts due on such interest payment date (subject to the provisions relating to use of cash in the Reserve Account provided herein).

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor, provided, however, any such note (a) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (b) shall be payable solely from the Pledged Funds in the manner provided herein.

Any consent or approval of the Insurer described in this Section 4.05(A)(3) shall be required only so long as there are outstanding Bonds secured by a Bond Insurance Policy issued by the Insurer which is in full force and effect. The term "Paying Agent" as used in this Section 4.05(A)(3) may include one or more Paying Agents for the outstanding Bonds.

The Issuer may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the

subaccount unless otherwise provided by Supplemental Resolution. Moneys shall be deposited to separate subaccounts in the Reserve Account on a pro-rata basis. In the event the Issuer shall maintain a Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys in such subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Insurance Policy or Reserve Account Letter of Credit.

(4) Unrestricted Revenue Account. The balance of any moneys remaining in the Restricted Revenue Account after the payments and deposits required by Section 4.05(A)(1) through (3) may be transferred, at the discretion of the Issuer, to the Unrestricted Revenue Account or any other appropriate fund or account of the Issuer and be used for any lawful purpose.

(B) Whenever the amount on deposit in a subaccount of the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay the corresponding Series of all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), no further deposits to the Debt Service Fund for such Series need be made and the funds on deposit in such subaccount of the Reserve Account may be transferred to the other accounts of the Debt Service Fund for the payment of the Bonds.

The Issuer, in its discretion, may use moneys in the Payment Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(C) Prior to the close of business on the sixteenth Business Day (or, if no Reserve Account Letter of Credit or Reserve Account Insurance Policy is then in place, prior to the close of business on the third Business Day) prior to any date established for the payment of principal of or Redemption Price, if applicable, or interest on any Series of Bonds, the Issuer shall certify to the Paying Agent that sufficient moneys are on deposit in the Payment Account to make all payments due on such forthcoming date. The Paying Agent shall be entitled to verify such certification by examination of any books, records or other proceedings deemed necessary by the Paying Agent to effectuate such verification and shall be entitled, at its request, to receive the certificate described in the preceding sentence in writing. At least one (1) business day prior to the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Bonds, the Issuer shall withdraw from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

(D) In the event the Issuer shall issue a Series of Bonds secured by a Credit Facility, the Issuer may establish such separate subaccounts in the Payment Account, to provide for payment of the principal of and interest on such Series; provided one Series of Bonds shall not have preference in payment from Pledged Funds over any other Series of Bonds. The Issuer may also deposit moneys in such subaccounts at such other times and in such other amounts from those provided in this Section 4.05 as shall be necessary to pay the principal of and interest on such Bonds as the same shall become due, all as provided by the Supplemental Resolution authorizing such Bonds.

In the case of Bonds secured by a Credit Facility, amounts on deposit in any subaccounts established for such Bonds may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of or Redemption Price, if applicable, and interest on such Bonds; provided such Credit Facility shall have no priority over Bondholders or the Insurer to amounts on deposit in the Debt Service Fund.

**SECTION 4.06. REBATE FUND.** Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States (except to the extent the same may be transferred to the Revenue Fund) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. The Issuer agrees to undertake all actions required of it in its Certificate as to Arbitrage and Certain Other Tax Matters, dated the date of issuance of the Series 1992 Bonds, relating to such Bonds, as well as any successor Certificate thereto, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing the amount determined in clause (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.06 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with "gross proceeds" of the Bonds (as defined in the Code).

The provisions of the above-described Certificate may be amended from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

**SECTION 4.07. INVESTMENTS.** The Construction Fund, the Restricted Revenue Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Operation and Maintenance Fund, the Restricted Revenue Account and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed for the purposes of such fund or account. Moneys on deposit in the Reserve Account may be invested or reinvested in (A) Authorized Investments which shall mature no later than five (5) years from the date of acquisition thereof, or (B) investment agreements approved by each Insurer. Notwithstanding any other provision hereof, all amounts on deposit in the Construction Fund or Payment Account representing accrued or capitalized interest shall be held by the Issuer, shall be pledged solely to the payment of interest on the corresponding Series of Bonds and shall be invested only in United States Obligations maturing at such times and in such amounts as are necessary to pay the interest to which they are pledged.

Any and all income received by the Issuer from the investment of moneys in the Construction Fund, the Operation and Maintenance Fund, the Payment Account, the Restricted Revenue Account and each subaccount of the Reserve Account (to the extent such income and the other amounts therein are less than the Reserve Account Requirement applicable thereto), shall be retained in such respective Fund, Account or subaccount. Any and all income received by the Issuer from the investment of moneys in each subaccount of the Reserve Account (to the extent such income and the other amounts therein are greater than the Reserve Account Requirement applicable thereto) shall be deposited in the Payment Account. All investments shall be valued in accordance with generally accepted accounting principles.

Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

If at any time after investment of any funds under this Resolution an investment ceases to meet the criteria set forth in the definition of Authorized Investments and such obligation, aggregated with other non-conforming investments, exceeds ten percent (10%) of invested funds, such investment shall be sold or liquidated unless otherwise approved by each Insurer and Credit Bank.

The Issuer shall terminate any repurchase agreement upon a failure of the counterpart thereto to maintain the requisite



collateral percentage after the restoration period and, if not paid by the counterpart in federal funds against transfer of the repo securities, liquidate the collateral.

The Issuer shall give notice to any provider of an investment agreement in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid.

The Paying Agent or the Issuer shall, upon actual knowledge of the withdrawal or suspension of either of the ratings of an investment agreement provider or a drop in the ratings thereon below "A", so notify each Insurer and Credit Bank and, if so directed by such Insurer or Credit Bank, shall demand further collateralization of the agreement or liquidation thereof.

**SECTION 4.08. SEPARATE ACCOUNTS.** The moneys required to be accounted for in each of the foregoing funds, accounts and subaccounts established herein may be deposited in a single bank account, and funds allocated to the various funds, accounts and subaccounts established herein 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 various purposes of such funds, accounts and subaccounts as herein provided.

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

## ARTICLE V

### SUBORDINATED INDEBTEDNESS, ADDITIONAL BONDS, AND COVENANTS OF ISSUER

**SECTION 5.01. GENERAL.** The Issuer hereby makes the following covenants, in addition to all other covenants in this Resolution, with each and every successive Holder of any of the Bonds so long as any of said Bonds remain Outstanding.

**SECTION 5.02. OPERATION AND MAINTENANCE.** The Issuer will maintain or cause to be maintained the Marine Facilities and all portions thereof in good condition and will operate or cause to be operated the same in an efficient and economical manner, making or causing to be made such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof.

**SECTION 5.03. ANNUAL BUDGET.** The Issuer shall annually prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law. All expenditures for the operation and maintenance of the Marine Facilities shall be reflected in the interim financial statements approved monthly by the Issuer.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, other than the first Fiscal Year, the preliminary budget for such year prepared by the Issuer's finance director and submitted to the Issuer or, if no such preliminary budget has been prepared and submitted, the Annual Budget for the preceding Fiscal Year, shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted.

**SECTION 5.04. RATES.** The Issuer shall, to the extent permitted by law, fix, establish and maintain such rates and collect such fees, rates or other charges for the product, services and facilities of its Marine Facilities, and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year, (A) sufficient revenues to comply with all rate covenants contained in the Senior Resolution plus (B) Net Revenues adequate at all times to pay in each Fiscal Year at least one hundred twenty-five percent (125%) of the Annual Debt Service on all Outstanding Bonds and one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy as a result of a withdrawal from the Reserve Account. The Issuer hereby represents that it has the power to raise its rates and charges for the use of the Marine Facilities without the approval of any regulatory body. For purposes of the above-referenced covenant, Annual Debt Service with

respect to any Variable Rate Bonds shall be calculated based on an interest rate equal to the maximum rate on such Variable Rate Bonds during the preceding twelve-month period, not to exceed the Maximum Interest Rate.

**SECTION 5.05. SUBORDINATED INDEBTEDNESS.** The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or 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 thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness payable in whole or in part out of the Pledged Funds and which may be secured by a pledge of the Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution and provided, further, that such evidence of indebtedness shall provide by its terms that it cannot be accelerated unless the Bonds have been previously accelerated. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to Section 5.06 hereof. The Issuer agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

**SECTION 5.06. ISSUANCE OF ADDITIONAL BONDS.** No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided. The Issuer may issue one or more Series of Additional Bonds for any one or more of the following purposes: financing the Cost of an Additional Project, or the completion thereof or of the 1992 Project, or refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the Issuer.

No such Additional Bonds shall be issued unless the following conditions are complied with:

(A) Except as otherwise provided in Section 5.06(E) hereof, there shall have been obtained and filed with the Issuer a statement of an independent certified public accountant of reasonable experience and responsibility: (1) stating that the books and records of the Issuer relating to the Net Revenues have been examined by him; (2) setting forth the amount of the Net Revenues which have been received by the Issuer during any twelve (12) consecutive months designated by the Issuer within the twenty-four (24) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made; and (3) stating that the amount of the Net Revenues, adjusted as hereinafter provided, received during the aforementioned 12-month period equals at least (a) 1.25 times the Maximum Annual Debt

Service of the Senior Obligations and all Bonds then Outstanding and such Additional Bonds with respect to which such statement is made and (b) 1.00 times any amounts required by the terms hereof to be deposited in the Reserve Account and any amounts then owing to the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy as a result of a drawdown on such Reserve Account Letter of Credit or Reserve Account Insurance Policy. Notwithstanding anything herein contained to the contrary, if amounts owed to the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy are unpaid, no Additional Bonds may be issued without the prior written consent of the issuer of such Reserve Account Letter of Credit or Reserve Account Insurance Policy.

(B) For the purpose of determining the Maximum Annual Debt Service under Section 5.06(A) hereof, the interest rate on additional parity Variable Rate Bonds then proposed to be issued and on Outstanding Variable Rate Bonds shall be deemed to be the Maximum Interest Rate.

(C) The Net Revenues calculated pursuant to the foregoing Section 5.06(A) may be adjusted by the independent certified public accountant upon the written advice of the Issuer's financial advisors, at the option of the Issuer, if the Issuer, (i) prior to the issuance of the proposed Additional Bonds, shall have increased the rates, fees or other charges for the product, services or facilities of the Marine Facilities, which increase shall be then in effect, the Net Revenues for the twelve (12) consecutive months shall be adjusted to show the Net Revenues which would have been derived from the Marine Facilities in such twelve (12) consecutive months as if such increased rates, fees or other charges for the product, services or facilities of the Marine Facilities had been in effect during all of such twelve (12) consecutive months; and/or (ii) in connection with the issuance of the Additional Bonds, the Issuer shall enter into a contract satisfactory to each Insurer to use proceeds of such Additional Bonds to purchase Authorized Investments satisfactory to each Insurer, the principal and interest on such Authorized Investments will be used solely to make payments when due on any Bonds Outstanding, the Net Revenues for the twelve (12) consecutive months shall be adjusted to show the Net Revenues which would have been derived in such twelve (12) consecutive months as if amounts to be derived from such Authorized Investments had been received during all of such twelve (12) consecutive months.

(D) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution. Except as provided in Sections 4.02 and 4.05 hereof, all Bonds,

regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other.

(E) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Section 5.06(A) hereof shall not apply, provided that (1) the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds, (2) the issuance of such Additional Bonds shall not result in an increase in the Maximum Annual Debt Service on the Bonds, and (3) the Annual Debt Service on such Additional Bonds in any Fiscal Year does not exceed by more than ten percent (10%) the Annual Debt Service in any corresponding Fiscal Year on the Bonds being refunded. The conditions of Section 5.06(A) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of the first sentence in this paragraph.

(F) In the event that the total amount of Series 1992 Bonds herein authorized to be issued are not issued simultaneously, such Series 1992 Bonds which are subsequently issued shall be subject to the conditions of Section 5.06(A) hereof.

(G) No Additional Bonds shall be issued hereunder if any Event of Default shall have occurred and be continuing hereunder.

**SECTION 5.07. BOND ANTICIPATION NOTES.** The Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by resolution of the Issuer.

**SECTION 5.08. ACCESSION OF SUBORDINATED INDEBTEDNESS TO PARITY STATUS WITH BONDS.** The Issuer may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (A) the Issuer shall meet all the requirements imposed upon the issuance of Additional Bonds by Section 5.06 hereof, assuming, for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds, and (B) a subaccount in the Reserve Account is established, upon such accession, which shall contain an amount equal to the Reserve Account Requirement in accordance with Section 4.05(A)(3) hereof. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in this Resolution.

**SECTION 5.09. BOOKS AND RECORDS.** The Issuer will keep books and records of the receipt of the Gross Revenues, in accordance with generally accepted accounting principles, and any Credit Bank, Insurer, or Holder or Holders of Bonds shall have the right at all reasonable times to inspect the records, accounts and data of the Issuer relating thereto. The Issuer shall make available to Bondholders without charge upon request, outstanding balances by maturity, redemption history including redemption dates, amount, sources of funds and distribution of the call to maturities and the current status of insurance coverage.

The Issuer covenants that within one hundred twenty (120) days of the close of each Fiscal Year it will cause to be prepared and filed with the Secretary and mailed to any Insurer and all Holders who shall have filed their names and addresses with the Secretary for such purpose a statement setting forth in respect of the preceding Fiscal Year: (A) the amount of the Gross Revenues received in the preceding Fiscal Year; (B) the total amounts deposited to the credit of each fund, account and subaccount created under the provisions of this Resolution; (C) the principal amount of all Bonds issued, paid, purchased or redeemed; and (D) the amounts on deposit at the end of such Fiscal Year to the credit of each such fund, account or subaccount.

**SECTION 5.10. ANNUAL AUDIT.** The Issuer shall, within 120 days after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. Such annual financial statements shall be in accordance with generally accepted accounting principles, and a report by such accountants disclosing any material default on the part of the Issuer of any covenant or agreement herein which is disclosed by the audit of the financial statements. The annual financial statement shall be prepared in conformity with generally accepted accounting principles. A copy of the audited financial statements for each Fiscal Year shall be furnished to any Credit Bank or Insurer and to any Holder of a Bond who shall have furnished his address to the Secretary and requested in writing that the same be furnished to him. The Issuer shall be permitted to make a reasonable charge for furnishing such audited financial statements, except for copies furnished to any Insurer or Credit Bank.

**SECTION 5.11. NO IMPAIRMENT.** The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Issuer.

**SECTION 5.12. COLLECTION OF GROSS REVENUES.** The Issuer covenants to proceed diligently to perform legally and effectively

all steps required on its part in the levy and collection of the Gross Revenues and shall exercise all legally available remedies to enforce such collections now or hereafter available under State law.

**SECTION 5.13. COVENANTS WITH CREDIT BANKS AND INSURERS.** The Issuer may make such covenants as it may, in its sole discretion, determine to be appropriate with any Insurer, Credit Bank or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in the applicable Supplemental Resolution and shall be binding on the Issuer, the Registrar, the Paying Agent and all the Holders of Bonds the same as if such covenants were set forth in full in this Resolution.

**SECTION 5.14. FEDERAL INCOME TAX COVENANTS; TAXABLE BONDS.**

(A) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds), that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be included in gross income for purposes of federal income taxation to the extent not otherwise included therein on the date of issuance of each such Series.

(B) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds 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 such Series of Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

(C) The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(D) The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become subject to federal income

taxation. The covenants set forth in paragraphs (A), (B) and (C) above shall not apply to any Taxable Bonds.

**SECTION 5.15. RESIGNATION AND REMOVAL OF PAYING AGENT AND REGISTRAR.** No resignation or removal of the Paying Agent or Registrar shall become effective until a successor has accepted the duties thereof. Each Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent and Registrar and the appointment of any successor thereto.

**SECTION 5.16. ARTICLES AND NOTICE FURNISHED TO INSURERS AND CREDIT BANKS.** Each Insurer and Credit Bank shall be provided with the following information:

- (i) Annual budget and annual audited financial statements within 120 days after the end of the Issuer's Fiscal Year.
- (ii) A statement of the amount on deposit in the Reserve Account as of the last valuation, and, if not presented in the audited financial statement, a statement of the net revenues pledged to payment of the Bonds in such fiscal year, within 120 days after the end of the Issuer's Fiscal Year.
- (iii) Official statements, if any, prepared in connection with the issuance of additional debt of the Issuer, whether or not it is on a parity with the Series 1992 Bonds, within 30 days of the bond sale;
- (iv) Notice of any draw upon, or deficiency due to market fluctuation in the amount on deposit in, the Reserve Account within two Business Days of knowledge thereof;
- (v) Notice of any failure of the Issuer to make any required deposit into the Payment Account or Reserve Account within two Business Days of knowledge thereof;
- (vi) Notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof; and
- (vii) Such additional information as an Insurer or Credit Bank from time to time may reasonably request.

**SECTION 5.17. ADDITIONAL SENIOR OBLIGATIONS.** The Issuer hereby covenants and represents that it will not issue any additional obligations payable on a parity with the Senior Obligations under the Senior Resolution.



**SECTION 5.18. INSURANCE.** The Issuer will carry such insurance as is ordinarily carried by private or public corporations owning and operating port facilities similar to the Marine Facilities with a reputable insurance carrier or carriers, including public liability insurance in such amounts as the Issuer shall determine to be sufficient and such other insurance against loss or damage by fire, explosion (including underground explosion), hurricane, tornado or other hazards and risks, and said property loss or damage insurance shall at all times be in an amounts or amounts equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the Marine Facilities.

The Issuer may establish levels and types of coverage for which the Issuer may self-insure. Such levels of self-insurance shall be in amounts as recommended in writing by an insurance consultant who has a favorable reputation and experience and is qualified to survey risks and to recommend insurance coverage for Persons engaged in operations similar to the Marine Facilities.

The proceeds of any such insurance shall be held in the Construction Fund and applied in accordance with the requisition procedure provided in Section 4.03 hereof to the necessary costs involved in such repair and replacement and, to the extent not so applied, shall (together with proceeds of any such use and occupancy insurance) be deposited into the Revenue Fund as Gross Revenues.

**SECTION 5.19. PAYMENTS UNDER BOND INSURANCE POLICY FOR SERIES 1992 BONDS.**

(A) If, on the third day preceding any interest payment date for the Series 1992 Bonds there is not on deposit in the Payment Account sufficient moneys available to pay all principal of and interest on the Series 1992 Bonds due on such date, the Paying Agent shall immediately notify the Bond Insurer and Citibank, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the Issuer has not provided the amount of such deficiency, the Paying Agent shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Bonds maintained by the Paying Agent. In addition:

(i) The Paying Agent shall provide the Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Bonds surrendered to the Fiscal Agent by the Bondholders

entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) The Paying Agent shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from the Bond Insurer, such Bondholder must tender his Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (B) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Bond Insurer, such Bondholder must tender his Bond for payment first to the Paying Agent, which shall note on such Bond the portion of principal paid by the Paying Agent, and then, with the form of transfer executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder.

(B) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 1992 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time it provides notice to the Bond Insurer, notify all Series 1992 Bondholders that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent and subsequently recovered from Bondholders, and the dates on which such payments were made.

(C) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 1992 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Paying Agent upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of such Bonds and (2) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by

the Paying Agent upon receipt of proof of the payment of principal thereof to the Bondholders of such Bonds.

(D) The notice address for the Bond Insurer and the Fiscal Agent shall be included:

Financial Guaranty Insurance Company  
115 Broadway  
New York, New York 10006  
Attention: Managing Counsel

Citibank, N.A.  
20 Exchange Place -- 16th Floor  
New York, New York 10005  
Attention: Municipal Trust and Agency  
Services Administration

**SECTION 5.20. ADDITIONAL NOTICE REQUIREMENTS.** Any holder of at least \$1,000,000 in principal amount (or maturity amount in the case of Capital Appreciation Bonds) of Bonds may request that an additional copy of any notice delivered to Bondholders hereunder be sent by first class mail to a second address simultaneously with, and in addition to, the regular mailing of such notices to registered Holders recorded on the books of the Registrar.

**SECTION 5.21. INTEREST RATE SWAPS; INTEREST.** If, in connection with any Series of Bonds, the Issuer shall enter into an Interest Rate Swap, then, to the extent provided in the Supplemental Resolution applicable to such Series of Bonds, for any or all purposes of this Resolution, as provided in such Series Resolution, (i) the term "interest" with respect to such Bonds may be calculated by taking into account payments required to be made by or anticipated to be received by the Issuer with respect to such Interest Rate Swap and (ii) payments required to be made by the Issuer pursuant to such Interest Rate Swap may be treated as "interest" hereunder, entitled to payment from the sources pledged to the payment of the Bonds in the same manner as all other interest on the Bonds.

## ARTICLE VI

### DEFAULTS AND REMEDIES

**SECTION 6.01. EVENTS OF DEFAULT.** The following events shall each constitute an "Event of Default":

(A) Default shall be made by the Issuer in the payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when due. In determining whether a payment default has occurred, no effect shall be given to payments made under the Bond Insurance Policy.

(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 Act, 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 Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or the Insurer of or Credit Bank with respect to such amount of Bonds. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time (not exceeding sixty days unless otherwise approved by all Insurers) and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

The Paying Agent shall provide each Insurer and Credit Bank with immediate notice of any payment default, and notice of any other default known to the Paying Agent within five Business Days of the Paying Agent's knowledge thereof.

**SECTION 6.02. REMEDIES.** Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders 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 of Florida, 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.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Secretary. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

**SECTION 6.03. DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS.** The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer or Credit Bank insuring or guaranteeing any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder with respect to the Series of Bonds owned by such Holders or insured by such Insurer or guaranteed by such Credit Bank, provided that such direction shall require the consent of any Insurer or Credit Bank for the corresponding Series of Bonds and shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

**SECTION 6.04. REMEDIES CUMULATIVE.** No remedy herein conferred upon or reserved to the Bondholders and any Insurers or Credit Banks 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.

**SECTION 6.05. WAIVER OF DEFAULT.** No delay or omission of any Bondholder 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 by Section 6.02 hereof to the Bondholders may be exercised from time to time, and as often as may be deemed expedient. No waiver of any Event of Default hereunder shall be granted without the prior written consent of each Insurer and Credit Bank.

**SECTION 6.06. APPLICATION OF MONEYS AFTER DEFAULT.** If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds (except as for amounts in the subaccounts of the Reserve Account which shall be applied solely to the payment of the Series of Bonds for which they were established) as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder;

B. To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

**FIRST:** to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

**SECOND:** to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference; and

(C) To the payment of all fees due any provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit.

**SECTION 6.07. CONTROL BY INSURER OR CREDIT BANKS.** Upon the occurrence and continuance of an Event of Default, each Insurer or Credit Bank, if such Insurer or Credit Bank is not in default in its payment obligations under its Bond Insurance Policy or guarantee, as applicable, shall be entitled to direct and control the enforcement of all right and remedies with respect to the Bonds it shall insure or guarantee. Any Insurer or Credit Bank may notify the Paying Agent of an event of default and the Paying Agent will be required to accept such notice of default from any Insurer or Credit Bank. Upon an Event of Default, any Insurer or Credit Bank shall have the right to accelerate the maturity of the Series of Bonds it insures or guarantees and may elect, in its sole discretion, to pay principal and interest accrued on such principal to the date of such payment by such Insurer or Credit Bank and the Paying Agent shall be required to accept such amounts. Payment of such amount shall discharge such Insurer or Credit Bank from all obligations under its Bond Insurance Policy or guarantee. Any Insurer or Credit Bank shall have the right to request the Issuer to intervene in judicial proceedings that affect the Bonds or the security therefor.

## ARTICLE VII

### SUPPLEMENTAL RESOLUTIONS

**SECTION 7.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT.** The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders, but with the prior consent of the Insurer or Credit Bank with respect to a corresponding Series of Bonds with respect to paragraphs (A), (E), (H) and (J) below only, 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 Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds 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 Sections 2.01, 2.02 or 2.09 hereof, and also any other matters and things relative to such Bonds 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 Bonds.

(F) To authorize Additional Projects or to change or modify the description of a Project.

(G) To specify and determine matters necessary or desirable for the issuance of Capital Appreciation Bonds or Variable Rate Bonds.

(H) To provide for the establishment of a subaccount in the Reserve Account which shall equally and ratably secure more than one Series of Bonds issued hereunder; provided the establishment of such subaccount shall not materially adversely affect the security of any Outstanding Bonds.



(I) To authorize the issuance of Additional Bonds pursuant to Section 5.02 hereof.

(J) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Bonds. In making any such determination, the Issuer shall not take into account the existence of any Bond Insurance Policy.

**SECTION 7.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND INSURER'S OR CREDIT BANK'S CONSENT.** Subject to the terms and provisions contained in this Section 7.02 and Section 7.01 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds 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 Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 7.02 shall also require the written consent of the Insurer or Credit Bank guaranteeing or insuring any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. 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 Bond issued hereunder, (B) reduction in the principal amount of any Bond 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 Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or the Insurer 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 Secretary 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 Bondholders 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 Secretary and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder 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 Secretary an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds 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 Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond 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 Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**SECTION 7.03. AMENDMENT WITH CONSENT OF INSURER OR CREDIT BANK ONLY.** If all of the Bonds Outstanding hereunder are insured or guaranteed as to payment of principal and interest by an Insurer or Insurers or Credit Bank or Credit Banks, and the Bonds, at the time of the hereinafter described amendment, shall be rated by the rating agencies which shall have rated the Bonds at the time such Bonds were insured or guaranteed no lower than the ratings assigned thereto by such rating agencies on the date of being insured or guaranteed, the Issuer may enact one or more Supplemental Resolutions amending all or any part of Articles I, IV, V and VI hereof with the written consent of said Insurer or Insurers or

Credit Bank or Credit Banks and the acknowledgment by said Insurer or Insurers or Credit Bank or Credit Banks, that its insurance or guaranty policy will remain in full force and effect. The consent of the Holders of any Bonds shall not be necessary. The foregoing right of amendment, however, does not apply to any amendment to Section 5.10 hereof with respect to the exclusion, if applicable, of interest on said Bonds from gross income for purposes of federal income taxation nor may any such amendment deprive the Holders of any Bond of right to payment of the Bonds from, and their lien on, the Pledged Funds to the extent provided herein. Upon filing with the Secretary of evidence of such consent of the Insurer or Insurers or Credit Bank or Credit Banks as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notice of an amendment under Section 7.02 hereof. Copies of any Supplemental Resolution proposed to be adopted pursuant to this Section 7.03 shall be provided to Moody's and Standard & Poor's at least ten business days prior to such adoption.

**SECTION 7.04. TRANSCRIPT OF DOCUMENTS TO INSURERS AND CREDIT BANKS.** The Issuer shall provide each Insurer and Credit Bank with a complete transcript of all proceedings relating to the execution of any Supplemental Resolution.

## ARTICLE VIII

### MISCELLANEOUS

**SECTION 8.01. DEFEASANCE.** If the Issuer shall (i) pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds 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 and (ii) shall cause to be paid all amounts owing to the issuer of any Reserve Account Insurance Policy or Reserve Account Letter of Credit, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 8.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (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 Refunding Securities the principal of and the interest on which when due, as verified by a nationally recognized certified public accountant or firm of certified public accountants submitted to each Insurer and Credit Bank will provide moneys which, together with the moneys, if any, deposited with such bank 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 Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Refunding 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 Bonds 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 Refunding Securities and moneys for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of or Redemption Price,

if applicable, and interest on the refunded Bonds. The Issuer shall provide an opinion of Bond Counsel to the effect that such Bonds are no longer outstanding hereunder in connection with any defeasance of Bonds prior to the maturity date thereof in accordance with this Section 8.01. The accountant's verification and the legal opinion referenced in the preceding paragraph shall each be addressed to the Issuer and any Insurer or Credit Bank.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section 8.01, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to satisfy this Section 8.01, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 8.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 8.01 of moneys or Refunding Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds 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.

In the event that the principal of or Redemption Price, if applicable, and interest due on the Bonds shall be paid by an Insurer or Insurers or Credit Bank or Credit Banks, such Bonds shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and the pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer or

Insurers or Credit Bank or Credit Banks shall be subrogated to the rights of such Bondholders.

**SECTION 8.02. CAPITAL APPRECIATION BONDS.** For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

**SECTION 8.03. SALE OF BONDS.** The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

**SECTION 8.04. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements 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 Bonds issued hereunder.

**SECTION 8.05. VALIDATION AUTHORIZED.** To the extent deemed necessary by Bond Counsel or desirable by Counsel for the Issuer, the Counsel for the Issuer is authorized to institute appropriate proceedings for validation of the Bonds herein authorized pursuant to Chapter 75, Florida Statutes.

**SECTION 8.06. REPEAL OF INCONSISTENT RESOLUTIONS.** All ordinances, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

**SECTION 8.07. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

DULY ADOPTED this 7th day of October, 1992.

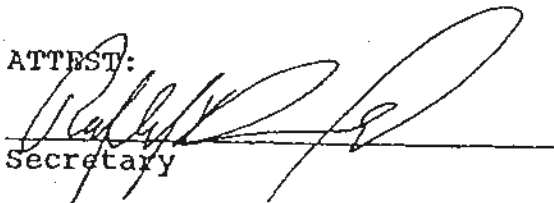
CANAVERAL PORT AUTHORITY

(SEAL)



Chairman

ATTEST:



Secretary

RESOLUTION NO. 96- 11

RESOLUTION OF THE CANAVERAL PORT AUTHORITY AMENDING AND RESTATING IN ITS ENTIRETY A RESOLUTION ENTITLED: "RESOLUTION OF THE CANAVERAL PORT AUTHORITY, AMENDING AND SUPPLEMENTING RESOLUTION 92-8 OF THE AUTHORITY, AS SUPPLEMENTED; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$16,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT IMPROVEMENT REVENUE BONDS, SERIES 1996A, IN ORDER TO FINANCE CERTAIN CAPITAL IMPROVEMENTS WITHIN THE CANAVERAL PORT DISTRICT AND THE ISSUANCE OF NOT EXCEEDING \$16,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1996B, IN ORDER TO REFUND THE AUTHORITY'S REVENUE BONDS, SERIES 1975-B AND ITS REFUNDING REVENUE BONDS, SERIES 1976 AND TO FINANCE CERTAIN CAPITAL IMPROVEMENTS WITHIN THE CANAVERAL PORT DISTRICT; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH BONDS, INCLUDING AUTHORIZING A NEGOTIATED SALE OF SAID BONDS AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT WITH RESPECT THERETO UPON COMPLIANCE WITH CERTAIN PARAMETERS; APPOINTING THE PAYING AGENT AND REGISTRAR WITH RESPECT TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE;" AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CANAVERAL PORT AUTHORITY as follows:

SECTION 1. AMENDMENT AND RESTATEMENT OF RESOLUTION NO. 96-6. Resolution No. 96-6 of the Canaveral Port Authority, adopted April 17, 1996, is hereby amended and restated in its entirety to read as follows:

"SECTION 1. FINDINGS. It is hereby found and determined that:

(A) On October 7, 1992, the Canaveral Port Authority (the "Issuer") duly adopted Resolution No. 92-8. Resolution 92-8 has been supplemented by Resolution No. 92-9, adopted on October 7, 1992. Resolution 92-8 as supplemented prior to the date hereof, is referred to herein as the "Original Resolution."



(B) The Original Resolution, as supplemented hereby, is referred to herein as the "Bond Resolution".

(C) The Original Resolution provides for the issuance of Additional Bonds, upon meeting the requirements set forth in the Original Resolution.

(D) The Issuer deems it to be in the best interests of its citizens and taxpayers to issue its Port Improvement Revenue Bonds, Series 1996A (the "1996A Bonds") for purposes of funding the "1996A Project," as more fully described herein, and to issue its Port Improvement Revenue Refunding Bonds, Series 1996B (the "1996B Bonds") for the purpose of refunding all of the Issuer's Revenue Bonds, Series 1975-B and Refunding Revenue Bonds, Series 1976 (collectively, the "Refunded Bonds") and financing certain capital improvements within the Canaveral Port District (the "1996B Project," as more particularly described herein). The 1996A Bonds and 1996B Bonds are referred to collectively as the "Series 1996 Bonds."

(E) For the payment of said Refunded Bonds, the Issuer shall, as provided herein, deposit part of the proceeds derived from the sale of the 1996B Bonds in an irrevocable trust fund (the "Escrow Fund") which, together with other moneys deposited therein, shall be sufficient, at the time of such deposit, to pay and refund the Refunded Bonds as the same become due and payable or are redeemed prior to maturity, as provided in this Resolution and the Escrow Deposit Agreement (the "Escrow Agreement") between the Issuer and Sun Bank, National Association, Orlando, Florida (the "Escrow Agent").

(F) Except as expressly amended hereby, the covenants, pledges and conditions in the Original Resolution shall be applicable to the Series 1996 Bonds herein authorized to the same extent as the Issuer's outstanding Port Improvement Revenue Refunding Bonds, Series 1992 (the "Series 1992 Bonds"), and said Series 1996 Bonds shall constitute "Bonds" within the meaning of the Original Resolution.

(G) The principal of and interest on the Series 1996 Bonds and all required sinking fund, reserve and other payments shall be limited obligations of the Issuer, payable solely from the Pledged Funds, as provided in the Bond Resolution, on a parity with the Series 1992 Bonds. The Series 1996 Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State of Florida, nor any political subdivision thereof, nor the Issuer shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the Issuer to pay the principal of the Series 1996 Bonds, the interest thereon, or other costs incidental thereto or (2) to pay the same from any other funds of

the Issuer except from the Pledged Funds, in the manner provided in the Bond Resolution.

(H) Due to the present volatility of the market for tax-exempt obligations such as the Series 1996 Bonds, it is in the best interest of the Issuer to sell the Series 1996 Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 1996 Bonds. The Issuer acknowledges receipt of the information required by Section 218.385, Florida Statutes, in connection with the negotiated sale of the Series 1996 Bonds. A copy of the letter of the underwriter for said Series 1996 Bonds containing the aforementioned information is required to be attached to the Purchase Contract referred to below.

(I) Smith Barney Inc. (the "Underwriter") expects to offer to purchase the Series 1996 Bonds from the Issuer and submit a Bond Purchase Contract in the form attached hereto as Exhibit A (the "Purchase Contract") expressing the terms of such offer, and, assuming compliance with the provisions of Section 8 hereof, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that the terms expressed in the Purchase Contract be accepted by the Issuer.

(J) The Original Resolution provides that Bonds such as the Series 1996 Bonds shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption provisions as shall be determined by Supplemental Resolution adopted by the Issuer; and it is now appropriate that the Issuer determine parameters for such terms and details.

**SECTION 2. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.** This Supplemental Resolution is adopted pursuant to Section 5.06 of Resolution 92-8, the provisions of the Act (as defined in the Original Resolution) and other applicable provisions of law. When used in this Supplemental Resolution, the terms defined in the Original Resolution shall have the meanings therein stated, except as set forth below.

**SECTION 3. AUTHORIZATION AND DESCRIPTION OF THE SERIES 1996 BONDS.** The Issuer hereby determines to issue a series of Bonds in an aggregate principal amount of not exceeding \$16,000,000, to be known as "Port Improvement Revenue Bonds, Series 1996A" for the principal purpose of funding a portion of the cost of the 1996A Project (as hereinafter defined), and to issue a series of Bonds in an aggregate principal amount of not exceeding \$16,000,000 to be known as "Port Improvement Revenue Refunding Bonds, Series 1996B," for the principal purpose of advance refunding the Refunded Bonds and funding a portion of the cost of the 1996B Project. The Series 1996 Bonds shall be deemed a single Series of Bonds for purposes of the Bond Resolution. The "1996A

Project" shall consist of the acquisition and construction of a cruise ship terminal facility and certain waterside improvements related thereto pursuant to that certain Marine Terminal Agreement, dated as of May 17, 1995, between the Authority and DCL Port Facilities Corporation. The "1996B Project" shall consist of capital improvements approved by the Board of the Issuer in its Capital Improvement Plan, as may be modified by Supplemental Resolution of the Issuer. The 1996A Project and the 1996B Project are referred to collectively herein as the "1996 Project."

The Series 1996 Bonds shall be dated as of the date set forth in the Purchase Contract; shall be issued as fully registered Bonds, numbered consecutively from one upward in order of maturity with the prefix "R"; shall bear interest from their dated date, payable semi-annually, on June 1 and December 1 of each year, commencing on December 1, 1996, at such rates and maturing in such amounts on June 1 of such years as set forth in the Purchase Contract. The Series 1996 Bonds shall be issued in denominations of \$5,000 and any integral multiple thereof.

The Series 1996 Bonds shall be subject to optional and mandatory redemption as set forth in the Purchase Contract.

The principal of, or redemption price, as applicable, or maturity amount, as applicable, of the Series 1996 Bonds, shall be payable at the corporate trust office of the Paying Agent for the Series 1996 Bonds appointed in Section 10 hereof, or its successor, upon presentation of the Series 1996 Bonds. Payment of interest on the Series 1996 Bonds shall be made to the owner thereof and shall be paid by check or draft of the Paying Agent to the Holder in whose name the Series 1996 Bond is registered at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. All payments shall be made in accordance with and pursuant to the terms of the Bond Resolution and the Series 1996 Bonds and shall be payable in any coin and currency of the United States of America which, at the time of payment, is legal tender for the payment of public or private debts.

#### **SECTION 4. APPLICATION OF SERIES 1996 BOND PROCEEDS. (A)**

The proceeds derived from the sale of the Series 1996A Bonds, including accrued interest, shall, simultaneously with the delivery of the Series 1996A Bonds to the Underwriter, be applied by the Issuer as follows:

(i) Accrued interest shall be deposited in the Payment Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 1996 Bonds.

(ii) A sufficient amount of Series 1996A Bond proceeds shall be deposited into the Reserve Account which, together with other amounts on deposit therein and any amounts transferred from the reserve account for the Refunded Bonds, proceeds of the Series 1996B Bonds and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with the provisions of the Bond Resolution, shall equal the Reserve Account Requirement.

(iii) An amount of Series 1996A Bond proceeds sufficient to repay all notes outstanding under the Line of Credit Agreement, dated as of November 15, 1995, between the Issuer and Barnett Bank of Central Florida, N.A., expended for the 1996A Project shall be applied for such purpose.

(iv) To the extent not paid or reimbursed by the Underwriter of the Series 1996A Bonds, proceeds shall be used to pay all costs and expenses in connection with the preparation, issuance and sale of the Series 1996A Bonds, including, without limitation, the fees and expenses of engineers, accountants, rating agencies, attorneys and financial advisors, and the premium for any municipal bond insurance and debt service reserve fund insurance policies, to those persons who shall be entitled to receive the same.

(v) Any remaining Series 1996A Bond proceeds shall be deposited into the Series 1996A Account of the Construction Fund and used to pay the costs of the acquisition and construction of the 1996A Project.

(B) The proceeds derived from the sale of the Series 1996B Bonds, including accrued interest, shall, simultaneously with the delivery of the Series 1996B Bonds to the Underwriter, be applied by the Issuer as follows:

(i) Accrued interest shall be deposited in the Payment Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 1996 Bonds.

(ii) A sufficient amount of Series 1996B Bond proceeds shall be deposited into the Reserve Account which, together with other amounts on deposit therein and any amounts transferred from the reserve account for the Refunded Bonds, proceeds of the Series 1996A Bonds and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with the provisions of the Bond Resolution, shall equal the Reserve Account Requirement.

(iii) An amount of Series 1996B Bond proceeds shall be deposited irrevocably in trust in the Escrow Fund under the terms and provisions of the Escrow Agreement. Such moneys, together with other amounts available therefor, shall be invested in obligations of the United States of America in the manner set forth in the

Escrow Agreement, which investments shall mature at such times and in such amounts as shall be sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds as the same mature and become due and payable or are redeemed prior to maturity.

(iv) An amount of Series 1996B Bond proceeds sufficient to repay all notes outstanding under the Line of Credit Agreement, dated as of November 15, 1995, between the Issuer and Barnett Bank of Central Florida, N.A., expended for the 1996B Project shall be applied for such purpose.

(v) To the extent not paid or reimbursed by the Underwriter of the Series 1996B Bonds, proceeds shall be used to pay all costs and expenses in connection with the preparation, issuance and sale of the Series 1996B Bonds, including, without limitation, the fees and expenses of engineers, accountants, rating agencies, attorneys and financial advisors, and the premium for any municipal bond insurance and debt service reserve fund insurance policies, to those persons who shall be entitled to receive the same.

(vi) Any remaining Series 1996B Bond proceeds shall be deposited into the Series 1996B Account of the Construction Fund and used to pay the costs of the acquisition and construction of the 1996B Project.

SECTION 5. DEFINITIONS. (A) The following definition shall be added to the defined terms set forth in Article I of the Original Resolution: "Supplemental Revenues" shall mean amounts received by the Authority from amounts deposited into the State Transportation Trust Fund for purposes of funding the Florida Seaport Transportation and Economic Development Program pursuant to Section 320.20, Florida Statutes.

(B) With the prior written consent of each Insurer, the definition of "Pledged Funds" set forth in the Original Resolution may be amended to read as follows: "Pledged Funds" shall mean (1) the Gross Revenues, (2) the Supplemental Revenues (provided that such Supplemental Revenues shall only be available to secure such Series of Bonds as established by Supplemental Resolution of the Authority) and (3) until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder, other than the Unrestricted Revenue Account and the Rebate Fund.

SECTION 6. RESERVE ACCOUNT. Section 4.05(A)(3) of the Original Resolution is hereby amended in its entirety to read as follows:

"(3) Reserve Account. There shall be deposited to the Reserve Account an amount which shall not be less than one twelfth (1/12) of the amount which would enable the

Issuer to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto in one (1) year from the date of any shortfall, whether such shortfall was caused by decreased market value or withdrawal (whether from cash or a Reserve Account Insurance Policy or Reserve Account Letter of Credit); provided deficiencies resulting from a decrease in market value of investments in the Reserve Account must be remedied only if the market value of such investments is less than ninety-five percent (95%) of the Reserve Account Requirement on the immediately preceding date of valuation as provided in Section 4.07 hereof. On or prior to each principal payment date and Interest Date for the Bonds, moneys in the Reserve Account shall be applied by the Issuer to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Payment Account and Restricted Revenue Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement, such surplus moneys shall be deposited by the Issuer into the Payment Account. The Issuer shall inform each Insurer and Credit Bank of any draw upon the Reserve Account for purposes of paying the principal of and interest on the Bonds.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Issuer shall, on the date of delivery of such Series of Bonds, fund the Reserve Account in an amount at least equal to the Reserve Account Requirement.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. The Issuer may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit

in the Reserve Account upon compliance with the terms of this Section 4.05(A)(3). Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any principal payment date or Interest Date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose. A Reserve Account Insurance Policy issued to the Paying Agent, as agent of the Bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") may be deposited in the Reserve Account to meet the Reserve Account Requirement if the claims-paying ability of the issuer thereof shall be rated at least "AAA" by S&P or at least "Aaa" by Moody's. A Reserve Account Insurance Policy issued to the Paying Agent, as agent of the Bondholders, by an entity other than a municipal bond insurer, may be deposited in the Reserve Account to meet the Reserve Account Requirement if the form and substance of such Reserve Account Insurance Policy and the issuer thereof shall be approved by each Insurer.

A Reserve Account Letter of Credit issued to the Paying Agent, as agent of the Bondholders, by a bank may be deposited in the Reserve Account to meet the Reserve Account Requirement if the issuer thereof is rated at least "AA" by S&P. The Reserve Account Letter of Credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Bonds. The draws shall be payable within two days of presentation of the sight draft. The Reserve Account Letter of Credit shall be for a term of not less than three years and shall be subject to an "evergreening" feature so as to provide the Issuer with at least 30 months' notice of termination. The issuer of the Reserve Account Letter of Credit shall be required to notify the Issuer and the Paying Agent, not later than 30 months prior to the stated expiration date of the Reserve Account Letter of Credit, as to whether such

expiration date shall be extended, and if so, shall indicate the new expiration date. If such notice indicates that the expiration date shall not be extended, the Issuer shall deposit in the Reserve Account an amount sufficient to cause the cash or Authorized Investments on deposit in the Reserve Account, together with any other Reserve Account Insurance Policies and Reserve Account Letters of Credit, to equal the Reserve Account Requirement on all Outstanding Bonds, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the Reserve Account Letter of Credit, unless the Reserve Account Letter of Credit is replaced by a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit meeting the requirements of this Section 4.05(A)(3). The Reserve Account Letter of Credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such Reserve Account Letter of Credit if the Reserve Account Letter of Credit has not been replaced or renewed or the Reserve Account fully funded. The Paying Agent shall draw upon the Reserve Account Letter of Credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Account is fully funded in its required amount.

The use of any Reserve Account Insurance Policy or Reserve Account Letter of Credit pursuant to this Section 4.05(A)(3) shall be subject to receipt of an opinion of counsel acceptable to each Insurer in form and substance satisfactory to each Insurer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Reserve Account Insurance Policy or Reserve Account Letter of Credit is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to each Insurer. In addition, the use of a Reserve Account Letter of Credit shall be subject to receipt of an opinion of counsel acceptable to each Insurer in form and substance satisfactory to each Insurer to the effect that payments under such Reserve Account Letter of Credit would not constitute



avoidable preferences under Section 547 of the United States Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the United States Bankruptcy Code or similar state laws by or against the issuer of the Bonds (or any other account party under the Reserve Account Letter of Credit).

The obligation to reimburse the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit for any fees or expenses or claims or draws upon such Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be subordinate to the payment of debt service on the Bonds. The right of the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Reserve Account, and, subject to the second succeeding sentence of this paragraph, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Reserve Account. Each Reserve Account Insurance Policy and Reserve Account Letter of Credit shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit to reimbursement will be further subordinated to cash replenishment of the Reserve Account to an amount equal to the difference between the full original amount available under the Reserve Account Insurance Policy or Reserve Account Letter of Credit and the amount then available for further draws or claims. In the event (a) the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit becomes insolvent, or (b) the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit defaults in its payment obligations thereunder, or (c) the claims-paying ability of the issuer of the Reserve Account Insurance Policy falls below "AAA" by S&P or "Aaa" by Moody's, or (d) the rating of the issuer of the Reserve Account Letter of Credit falls below "AA" by S&P, the obligation to reimburse the issuer of such

Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be subordinate to the cash replenishment of the Reserve Account.

In the event (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated, or (b) the rating of the claims-paying ability of the issuer of the Reserve Account Insurance Policy falls below "AAA" by S&P or "Aaa" by Moody's, or (c) the rating of the issuer of the Reserve Account Letter of Credit falls below "AA" by S&P, the Issuer shall either (i) deposit into the Reserve Account an amount sufficient to cause the cash or Authorized Investments on deposit in the Reserve Account to equal the Reserve Account Requirement on all Outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually or (ii) replace such Reserve Account Insurance Policy or Reserve Account Insurance Letter of Credit with a Reserve Account Insurance Policy or Reserve Account Letter of Credit meeting the requirements provided herein within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the Reserve Account Insurance Policy falls below "A", or (b) the rating of the issuer of the Reserve Account Letter of Credit falls below "A", or (c) the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit defaults in its payment obligations hereunder, or (d) the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit becomes insolvent, the Issuer shall either (i) deposit into the Reserve Account an amount sufficient to cause the cash or Authorized Investments on deposit in the Reserve Account to equal the Reserve Account Requirement on all Outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis, or (ii) replace such instrument with a Reserve Account Insurance Policy or Reserve Account Letter of Credit meeting the requirements provided herein within six months of such occurrence. The amount available for draws or claims under the Reserve Account Insurance Policy or Reserve Account Letter of Credit may be reduced by the amount of cash or

Authorized Investments deposited in the Reserve Account.

Cash on deposit in the Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Account Insurance Policy or Reserve Account Letter of Credit. If and to the extent that more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit is deposited in the Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

If a disbursement is made from a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit provided pursuant to this Section 4.05(A)(3), the Issuer shall reinstate the maximum limits of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit immediately following such disbursement from moneys received in accordance with the provisions of this Section 4.05(A)(3).

If three (3) days prior to an interest payment or redemption date, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on the Bonds on such date, the Issuer shall immediately notify (A) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit, and (B) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such issuer or Insurer to provide moneys sufficient to pay all amounts due on such interest payment date.

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor, provided, however, any such note (a) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and

credit or taxing power of the Issuer, and (b) shall be payable solely from the Pledged Funds in the manner provided herein.

Any consent or approval of any Insurer described in this Section 4.05(A)(3) shall be required only so long as there are Outstanding Bonds secured by a Bond Insurance Policy issued by such Insurer which is in full force and effect and the commitments of which have been honored by such Insurer. The term "Paying Agent" as used in this Section 4.05(A)(3) may include one or more Paying Agents for the Outstanding Bonds.

If any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall terminate prior to the stated expiration date thereof, the Issuer agrees that it shall fund the Reserve Account over a period not to exceed sixty (60) months during which it shall make consecutive equal monthly payments in order that the amount on deposit in the Reserve Account shall equal the Reserve Account Requirement; provided, the Issuer may obtain a new Reserve Account Letter of Credit or a new Reserve Account Insurance Policy in lieu of making the payments required by this paragraph.

Whenever the amount of cash or securities in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other Accounts of the Debt Service Fund for the payment of the Bonds.

The Issuer may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such

Series of Bonds secured by the subaccount unless otherwise provided by Supplemental Resolution. Moneys shall be deposited to separate subaccounts in the Reserve Account on a pro rata basis. In the event the Issuer shall maintain a Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys in such subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Insurance Policy or Reserve Account Letter of Credit."

All provisions of the Original Resolution which reference a "subaccount" of the Reserve Account shall be deemed to refer to the entire Reserve Account unless the Issuer specifically establishes a subaccount pursuant to Section 4.05(A)(3). No subaccount shall be deemed to have been established with respect to the Series 1992 Bonds, and the Series 1992 Bonds shall be secured by the Reserve Account on the same basis as the Series 1996 Bonds and, unless a subaccount is established therefor, any Additional Bonds issued pursuant to the Resolution.

**SECTION 7. RATE COVENANT.** Section 5.04 of the Original Resolution is hereby amended to read as follows: "The Issuer shall, to the extent permitted by law, fix, establish and maintain such rates and collect such fees, rates or other charges for the product, services and facilities of its Marine Facilities, and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year, Net Revenues and, with the prior written consent of each Insurer, Supplemental Revenues adequate at all times to pay in each Fiscal Year at least one hundred twenty-five percent (125%) of the Annual Debt Service on all Outstanding Bonds and one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy as a result of a withdrawal from the Reserve Account. The Issuer hereby represents that it has the power to raise its rates and charges for the use of the Marine Facilities without the approval of any regulatory body. For purposes of the above-referenced covenant, Annual Debt Service with respect to any Variable Rate Bonds shall be calculated based on an interest rate equal to the maximum rate on such Variable Rate Bonds during the preceding twelve-month period, not to exceed the Maximum Interest Rate."

**SECTION 8. ADDITIONAL BONDS.** (A) Section 5.06(A) of the Original Resolution is hereby amended to read as follows: "Except as otherwise provided in Section 5.06(E) hereof, there shall have been obtained and filed with the Issuer a statement of an independent certified public accountant of reasonable experience and responsibility: (1) stating that the books and records of the Issuer relating to the Net Revenues and Supplemental Revenues have been examined by him; (2) setting forth the amount of the Net

Revenues and Supplemental Revenues which have been received by the Issuer during any twelve (12) consecutive months designated by the Issuer within the twenty-four (24) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made; and (3) stating that the amount of the Net Revenues and Supplemental Revenues, adjusted as hereinafter provided, received during the aforementioned 12-month period equals at least (a) 1.25 times the Maximum Annual Debt Service of the Senior Obligations and all Bonds then Outstanding and such Additional Bonds with respect to which such statement is made and (b) 1.00 times any amounts required by the terms hereof to be deposited in the Reserve Account and any amounts then owing to the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy as a result of a drawdown on such Reserve Account Letter of Credit or Reserve Account Insurance Policy; provided, however that Supplemental Revenues may not be included in the aforesaid calculation without the prior written consent of each Insurer. Notwithstanding anything herein contained to the contrary, if amounts owed to the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy are unpaid, no Additional Bonds may be issued without the prior written consent of the issuer of such Reserve Account Letter of Credit or Reserve Account Insurance Policy."

(B) Supplemental Revenues may, with the prior written consent of each Insurer, be included in the calculation set forth in Section 5.06(A) of the Original Resolution if said Supplemental Revenues became available after or during the twenty-four month period described therein, by assuming the amount of Supplemental Revenues which the Issuer has received notification from the Florida Seaport Transportation and Economic Development Council or any successor thereto that it is entitled to receive for the twelve-month period commencing with the date of calculation.

#### SECTION 9. SPECIAL PURPOSE BONDS.

(A) The Original Resolution is hereby amended to authorize the issuance of Special Purpose Bonds. "Special Purpose Bonds" shall mean obligations of the Issuer issued to finance Special Purpose Facilities. "Special Purpose Facilities" shall mean lands, buildings, facilities and structures and the cost of construction or acquisition of which are authorized by the Act and are financed with the proceeds of Special Purpose Bonds issued pursuant to this Section.

(B) Before any Special Purpose Facilities shall be constructed or acquired by the Issuer, the Issuer, pursuant to this Section, shall adopt a resolution (i) describing in reasonable detail sufficient for identification thereof, the Special Purpose Facilities to be constructed or acquired by the Issuer, (ii) authorizing the issuance of Special Purpose Bonds to finance the cost of construction or acquisition of such Special Purpose Facilities and (iii) prescribing the rights, duties, remedies and

obligations of the Issuer and the holders, from time to time, of such Special Purpose Bonds.

(C) The Special Purpose Bonds authorized by the resolution referred to above shall be revenue bonds payable solely from rentals or other charges derived by the Issuer under and pursuant to a lease or leases relating to the Special Purpose Facilities entered into by and between the Issuer, as lessor, and such person, firm or corporation, either public or private, as shall lease, as lessee, the Special Purpose Facilities from the Issuer and may be issued by the Issuer notwithstanding the limitations, restrictions and conditions otherwise contained in the Bond Resolution relating to the issuance of Additional Bonds or other obligations; provided, however, that no Special Purpose Bonds shall be issued by the Issuer unless the Consulting Engineers shall have, prior thereto, filed with the Issuer a certificate, certifying that the estimated rentals or other charges to be derived by the Issuer under and pursuant to the lease or leases relating to the Special Purpose Facilities then being financed with such Special Purpose Bonds will be at least sufficient to pay (i) the principal of and interest on such Special Purpose Bonds as the same mature and become due, (ii) all costs of operating and maintaining such Special Purpose Facilities not paid for by the lessee thereof and (iii) all sinking fund, reserve or other payments required by the resolution authorizing the Special Purpose Bonds as the same become due, and further certifying that the construction and operation of such Special Purpose Facilities will not decrease the revenues to be derived by the Issuer from the Marine Facilities, and provided further that no such Special Purpose Bonds shall be issued by the Issuer until the Issuer has entered into a lease as aforesaid, which lease shall be for a term at least as long as the period during which such Special Purpose Bonds are outstanding and unpaid and except for the acquisition of property then under lease or purchase and lease-back agreements, which lease shall provide for annual payments to the Issuer, in addition to all rentals and other charges for the use of the Special Purpose Facilities, of ground rent in an amount which is determined by the parties to such lease to be a fair and reasonable rental for the land on which said Special Purpose Facilities are constructed.

(D) All ground rents received by the Issuer under and pursuant to the leases referred to above shall be deemed to be part of the Gross Revenues.

(E) All rentals and other charges received by the Issuer for the use of the services and facilities of Special Purpose Facilities under and pursuant to the leases referred to above, except ground rents hereinbefore referred to, shall be used by the Issuer to the full extent necessary for the payment of the principal of and interest on the Special Purpose Bonds issued to finance the cost of construction of the Special Purpose Facilities from which said rentals and other charges are derived and for all other payments required by the resolution authorizing the issuance

of such Special Purpose Bonds. After such Special Purpose Bonds have been fully paid and retired, all rentals and other charges derived by the Issuer from the lease or leases relating to the Special Purpose Facilities constructed or acquired with the proceeds of such Special Purpose Bonds shall be deemed to be part of the Gross Revenues and all costs of operating and maintaining such Special Purpose Facilities not paid for by the lessee thereof shall be deemed to be Operating Expenses and said Special Purpose Facilities shall be deemed to be part of the Marine Facilities of the Issuer.

(F) Special Purpose Bonds shall not constitute "Bonds" within the meaning of the Bond Resolution.

(G) All references to Special Purpose Bonds or Special Purpose Facilities in the Original Resolution to being described or defined in the Senior Resolution shall be amended to mean as described or defined in the Bond Resolution.

**SECTION 10. SUPPLEMENTAL REVENUES FUND.** (A) The Original Resolution is hereby amended to provide that the Authority shall maintain a special fund, to be known as the "Supplemental Revenues Fund." The Authority shall deposit all Supplemental Revenues, as received, into the Supplemental Revenues Fund until the amount on deposit therein is equal to the aggregate required deposits to the Payment Account on or before the last day of said month.

(B) On the last business day of each month, amounts on deposit in the Supplemental Revenues Fund shall be deposited or credited to the Payment Account, when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent money transferred from the Unrestricted Revenue Account for such purpose shall be inadequate to fully provide for such insufficiency. Any funds on deposit in the Supplemental Revenues Fund not required for deposit or credit to the Payment Account shall be transferred out of the Supplemental Revenues Fund and may be used for any other lawful purpose of the Issuer.

**SECTION 11. TRANSFER OF AMOUNTS IN FUNDS AND ACCOUNTS FOR THE REFUNDED BONDS.** Upon issuance of the Series 1996 Bonds, all amounts on deposit in the funds and accounts established with respect to the Refunded Bonds shall be transferred to the funds and accounts established pursuant to the Bond Resolution as specified in the Issuer's Certificate as to Arbitrage and Certain Other Tax Matters executed at the time of issuance of the Series 1996 Bonds.

**SECTION 12. SALE OF THE SERIES 1996 BONDS.** Upon delivery to the Chairman or Vice Chairman and the Finance Director or the Issuer's Executive Director or his designee of a Purchase Contract substantially in the form of Exhibit A attached hereto, evidencing:



- (A) Series 1996A Bonds in an aggregate principal amount not exceeding \$16,000,000 and Series 1996B Bonds in an aggregate principal amount not exceeding \$16,000,000;
- (B) A true interest cost on such Series 1996 Bonds not greater than 6.75% per annum; and
- (C) Optional redemption of the Series 1996 Bonds beginning no later than June 1, 2006 at a price not in excess of 102% of par, declining to par no later than June 1, 2008;

the Series 1996 Bonds shall be sold to the Underwriter pursuant to the Purchase Contract at the purchase price provided therein (including any original issue discounts), plus accrued interest on the Series 1996 Bonds from the date of the Series 1996 Bonds to the date of delivery and payment therefor; all terms and conditions set forth in said Purchase Contract being hereby approved. Upon compliance with the foregoing, the Chairman or Vice Chairman is hereby authorized and directed to execute said Purchase Contract and to deliver the same to the Underwriter.

#### SECTION 13. OFFICIAL STATEMENT; CONTINUING DISCLOSURE AGREEMENT.

(A) The form, terms and provisions of the Official Statement, dated the date of execution of the Purchase Contract, in substantially the form of the Preliminary Official Statement attached hereto as Exhibit B, relating to the Series 1996 Bonds, be and the same hereby are approved with respect to the information therein contained. The Chairman, Finance Director and Secretary, upon execution of the Purchase Contract described above, are hereby authorized and directed to execute and deliver the Official Statement in substantially the form of the Preliminary Official Statement in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriter with such changes, amendments, omissions and additions as may be approved by the Chairman. The form of the Preliminary Official Statement attached hereto as Exhibit B is hereby approved. The use of the Preliminary Official Statement in the marketing of the Series 1996 Bonds is hereby authorized and the Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Chairman, and the information contained therein are hereby authorized to be used in connection with the sale of the Series 1996 Bonds to the public. Execution by the Chairman of the Official Statement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions.

(B) In order to enable the Underwriter to comply with the provisions of SEC Rule 15c2-12 relating to secondary market disclosure, the Chairman is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in the name and on behalf of the Issuer substantially in the form attached

hereto as Exhibit D with such changes, amendments, omissions and additions as shall be approved by the Chairman, his execution and delivery thereof being conclusive evidence of such approval.

**SECTION 14. APPOINTMENT OF REGISTRAR AND PAYING AGENT.**  
SunTrust Bank, Central Florida, National Association, Orlando, Florida, is hereby designated Registrar and Paying Agent for the Series 1996 Bonds. The Chairman and the Secretary are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 10.

**SECTION 15. AUTHORIZATION OF EXECUTION OF ESCROW AGREEMENT.**  
The Issuer hereby authorizes and directs the Chairman to execute, and the Secretary to attest under the corporate seal of the Issuer, the Escrow Agreement and to deliver the Escrow Agreement to SunTrust Bank, Central Florida, National Association, Orlando, Florida (the "Escrow Agent"), and does hereby authorize and direct the execution, sealing and delivery of the Escrow Agreement. All of the provisions of the Escrow Agreement, when executed and delivered by the Issuer as authorized herein and when duly authorized, executed and delivered by the Escrow Agent, shall be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated verbatim herein, and the Escrow Agreement shall be in substantially the form of the Escrow Agreement attached hereto as Exhibit C with such changes, amendments, modifications, omissions and additions, including the date of such Escrow Agreement, as may be approved by said Chairman. Execution by the Chairman of the Escrow Agreement shall be deemed to be conclusive evidence of approval of such changes. The Chairman is further authorized to approve the purchase, from proceeds of the Series 1996 Bonds and other available moneys of the Issuer, of obligations of the United States of America which, together with other funds to be deposited pursuant to the Escrow Agreement, shall be sufficient at the time of such deposit to pay and refund the Refunded Bonds as the same become due and payable or are redeemed prior to maturity.

**SECTION 16. PAYMENTS PURSUANT TO BOND INSURANCE POLICY FOR THE SERIES 1996 BONDS.**

(A) If, on the third day preceding any interest payment date for the Series 1996 Bonds there is not on deposit in the Payment Account sufficient moneys available to pay all principal of and interest on the Series 1996 Bonds due on such date, the Paying Agent shall immediately notify the Bond Insurer and State Street Bank and Trust Co., N.A., New York, New York, or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the Issuer has not provided the amount of such deficiency, the Paying Agent shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Bonds maintained by the Paying Agent. In addition:

(i) The Paying Agent shall provide the Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) The Paying Agent shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due, (3) that, except as provided in paragraph (B) below, in the event that any Bondholder is entitled to receive full payment of principal from the Bond Insurer, such Bondholder must tender his Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (B) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Bond Insurer, such Bondholder must tender his Bond for payment first to the Paying Agent, which shall note on such Bond the portion of principal paid by the Paying Agent, and then, with the form of transfer executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder.

(B) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 1996 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time it provides notice to the Bond Insurer, notify all Series 1996 Bondholders that, in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent and subsequently recovered from Bondholders, and the dates on which such payments were made.

(C) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 1996 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Bond

Insurer's rights as subrogee on the registration books maintained by the Paying Agent upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of such Bonds and (2) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of proof of the payment of principal thereof to the Bondholders of such Bonds.

(D) The notice address for the Bond Insurer and the Fiscal Agent shall be included:

Financial Guaranty Insurance Company  
115 Broadway  
New York, New York 10006  
Attention: Managing Counsel

State Street Bank & Trust Co., N.A.  
61 Broadway  
New York, New York 10006  
Attention: Corporate Trust Department

**SECTION 17. AUTHORIZATION OF 1996 PROJECT AND REFUNDING OF REFUNDED BONDS.** The Issuer hereby authorizes and approves the acquisition and construction of the 1996 Project and the Refunding of the Refunded Bonds. Upon issuance of the Series 1996 Bonds, all references in the Bond Resolution to the "Senior Obligations" and the "Senior Resolution" shall be no longer applicable.

**SECTION 18. GENERAL AUTHORITY.** The members of the Issuer and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Supplemental Resolution or the Original Resolution, or desirable or consistent with the requirements hereof or the Original Resolution for the full punctual and complete performance hereof or thereof. Each member, employee, attorney and officer of the Issuer is hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. The Chairman and/or the Secretary are hereby authorized to execute such security purchase forms or agreements as shall be necessary to effect the transactions contemplated hereby, including designating the Financial Advisor and Bond Counsel to assist or act as agent in such security purchase.

**SECTION 19. ORIGINAL RESOLUTION TO CONTINUE IN FORCE.** Except as herein expressly provided, the Original Resolution and all the terms and provisions thereof, including the covenants contained therein, are and shall remain in full force and effect.

**SECTION 20. SEVERABILITY AND INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein

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

**SECTION 21. EFFECTIVE DATE.** This Supplemental Resolution shall become effective immediately upon its adoption."

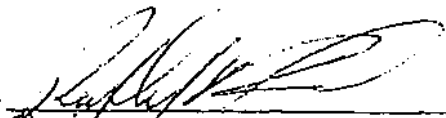
**SECTION 2. EFFECTIVE DATE.** This Amended and Restated Resolution shall become effective immediately upon its adoption.

DULY ADOPTED, this 17th day of July, 1996.

CANAVERAL PORT AUTHORITY

(SEAL)

By:

  
Chairman

Ralph J. Kennedy

ATTEST:

  
Secretary

Donald N. Molitor

**RESOLUTION NO. 2014-15**

RESOLUTION OF THE CANAVERAL PORT AUTHORITY SUPPLEMENTING A RESOLUTION ENTITLED: "A RESOLUTION OF THE CANAVERAL PORT AUTHORITY AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PORT IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1992 IN ORDER TO PROVIDE FUNDS FOR THE PURPOSES OF FINANCING THE COSTS OF REFUNDING CERTAIN OUTSTANDING OBLIGATIONS OF THE AUTHORITY AND FOR FINANCING CERTAIN PORT IMPROVEMENTS; PLEDGING THE GROSS REVENUES RECEIVED BY THE AUTHORITY TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; PROVIDING FOR CERTAIN ADDITIONAL MATTERS IN RESPECT TO SAID BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION;" AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$13,000,000 PRINCIPAL AMOUNT OF CANAVERAL PORT AUTHORITY PORT REVENUE REFUNDING BOND, SERIES 2015, IN ORDER TO REFUND ALL OR A PORTION OF THE OUTSTANDING CANAVERAL PORT AUTHORITY PORT REVENUE REFUNDING BONDS, SERIES 2005; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH BOND; AUTHORIZING A NEGOTIATED SALE OF SAID BOND; ACCEPTING AND AUTHORIZING THE EXECUTION OF A TERM SHEET FROM PNC BANK, NATIONAL ASSOCIATION TO PURCHASE THE SERIES 2015 BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A FORWARD FIXED RATE LOCK LETTER WITH PNC BANK IN CONNECTION WITH THE PROPOSED ISSUANCE OF SUCH BOND; DELEGATING CERTAIN AUTHORITY FOR THE APPROVAL OF THE TERMS AND DETAILS OF SAID BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT; APPOINTING

THE PAYING AGENT AND REGISTRAR FOR SAID  
BOND; AND PROVIDING AN EFFECTIVE DATE.

**BE IT RESOLVED BY THE CANAVERAL PORT AUTHORITY** as follows:

**SECTION 1. FINDINGS.** It is hereby found and determined that:

(A) On October 7, 1992, the Canaveral Port Authority (the "Issuer") duly adopted Resolution No. 92-8, as amended and supplemented (the "Bond Resolution").

(B) The Issuer has heretofore issued pursuant to the Bond Resolution its Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds").

(C) The Issuer also heretofore issued and currently has outstanding pursuant to the Bond Resolution Canaveral Port Authority Port Revenue Refunding Bonds, Series 2006A (the "Series 2006A Bonds"), Canaveral Port Authority Port Improvement Revenue Bonds, Series 2006B (the "Series 2006B Bonds"), Canaveral Port Authority Port Improvement Revenue Bond, Series 2008 (the "Series 2008 Bond"), Canaveral Port Authority Port Improvement Revenue Bond, Series 2010 (the "Series 2010 Bond"), Canaveral Port Authority Port Revenue Refunding Bond, Series 2012 (the "Series 2012 Bond"), Canaveral Port Authority Port Improvement Revenue Bond, Series 2013 (the "Series 2013 Bond"), and Canaveral Port Authority Improvement Revenue Bonds, Series 2014 (the "Series 2014 Bonds"). Any unrefunded Series 2005 Bonds, the Series 2006A Bonds, the Series 2006B Bonds, the Series 2008 Bond, the Series 2010 Bond, the Series 2012 Bond, the Series 2013 Bond and the Series 2014 Bonds are collectively referred to herein as the "Parity Bonds."

(D) The Bond Resolution provides for the issuance of Additional Bonds upon meeting the requirements set forth in the Bond Resolution.

(E) The Issuer deems it to be in its best interest to issue its Canaveral Port Authority Port Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond") in the principal amount of not exceeding \$13,000,000 for the principal purpose of refunding all or a portion of the Series 2005 Bonds (the "Refunded Bonds"). The Series 2015 Bond shall be issued on parity in all respects with the Outstanding Parity Bonds pursuant to the Bond Resolution.

(F) There is hereby authorized the payment and refunding of the Refunded Bonds on a current basis in order to achieve debt service savings, all in the manner as provide by this Supplemental Resolution. For the payment and refunding of said Refunded Bonds, the Issuer shall, as provided herein, deposit part of the proceeds derived from the sale of its Series 2015 Bond, together with other legally available moneys of the

Issuer, in an escrow deposit trust fund (the "Escrow Fund"), which moneys shall be held as cash and shall be sufficient to pay the Refunded Bonds as the same become due and payable or are redeemed prior to maturity, all as provided herein and in the Escrow Deposit Agreement (the "Escrow Deposit Agreement") between the Issuer and Regions Bank.

(G) The covenants, pledges and conditions in the Bond Resolution shall be applicable to the Series 2015 Bond herein authorized to the same extent as for the Parity Bonds, and said Series 2015 Bond shall constitute a "Bond" within the meaning of the Bond Resolution.

(H) The principal of and interest on the Series 2015 Bond and all required sinking fund, reserve and other payments shall be limited obligations of the Issuer, payable solely from the Pledged Funds, as provided in the Bond Resolution, on a parity with the Parity Bonds. The Series 2015 Bond shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the Issuer, the Port District, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State of Florida, any political subdivision thereof, the Issuer nor the Port District shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the Issuer to pay the principal of the Series 2015 Bond, the interest thereon, or other costs incidental thereto or (2) to pay the same from any other funds of the Issuer except from the Pledged Funds, in the manner provided in the Bond Resolution.

(I) Due to the volatility of the market for tax-exempt obligations such as the Series 2015 Bond and the nature of the transactions involving the Series 2015 Bond, it is in the best interest of the Issuer to sell the Series 2015 Bond by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 2015 Bond.

(J) The Issuer has heretofore received proposals from qualified banking institutions, including a favorable offer to purchase the Series 2015 Bond from PNC Bank, National Association (the "Purchaser") in the form of the Term Sheet attached hereto as Exhibit A (the "Term Sheet"), all within the parameters set forth herein.

(K) The Bond Resolution provides that Bonds such as the Series 2015 Bond shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption provisions as shall be determined by Supplemental Resolution adopted by the Issuer; and it is now appropriate that the Issuer determine parameters for such terms and details.

(L) In order to establish a fixed interest rate with respect to the Series 2015 Bond prior to its date of issuance, it is necessary and desirable for the Issuer and the



Purchaser to execute a Forward Fixed Rate Lock Letter (the "Interest Rate Lock Agreement").]

**SECTION 2. DEFINITIONS.** When used in this Supplemental Resolution, the terms defined in the Bond Resolution shall have the meanings therein stated, except as such definitions may be hereinafter amended or defined.

**SECTION 3. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.** This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Bond Resolution.

**SECTION 4. DESCRIPTION OF THE SERIES 2015 BOND.** (A) The Issuer hereby authorizes the issuance of a Series of Bonds in the aggregate principal amount of not to exceed \$13,000,000 to be known (notwithstanding any provision of Section 2.01 of the Bond Resolution to the contrary) as the "Canaveral Port Authority Port Revenue Refunding Bond, Series 2015." The Series 2015 Bond shall be issued for the purposes of refunding the Refunded Bonds and paying costs of issuance of the Series 2015 Bond. The aggregate principal amount of the Series 2015 Bond to be issued pursuant to the Bond Resolution shall be determined by the Chief Executive Officer, provided such aggregate principal amount does not exceed the amount provided above.

The Series 2015 Bond shall be dated as of the date of its delivery and shall be issued in the form of a fully registered bond. The Series 2015 Bond shall bear interest computed on the basis of a 360-day year consisting of twelve 30-day months, from its dated date, payable on each June 1 and December 1, commencing on June 1, 2015 (each an "Interest Date"), or such other date or dates as may be approved by the Chief Executive Officer, and at such interest rate or rates as shall be provided in the Interest Rate Lock Agreement and Term Sheet. Principal shall be payable in such amounts on such dates as shall be provided in the Term Sheet and approved by the Chief Executive Officer, subject to the conditions set forth herein. The Series 2015 Bond shall be subject to such redemption provisions as shall be provided in the Term Sheet and approved by the Chief Executive Officer. The final maturity date shall be June 1, 2021.

Interest payable on the Series 2015 Bond on any Interest Date and all principal payments coming due will be paid by check or draft mailed to each Holder in whose name such Series 2015 Bond shall be registered at the close of business on the date which shall be the fifth day (whether or not a business day) next preceding such payment date, or, at the request and expense of such Holder, by bank wire transfer for the account of such Holder. All payments of principal of and interest on the Series 2015 Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) The form of the Term Sheet, with such amendments, changes and modifications as shall be approved by the Chief Executive Officer, are hereby approved

subject to the conditions of this Section 4(B). Execution of the Term Sheet by the Chief Executive Officer shall be conclusive evidence of approval of any such amendments, changes and modifications. The Term Sheet shall not be executed by the Chief Executive Officer until such time as the following condition has been satisfied:

(i) Receipt by the Chief Executive Officer of a disclosure statement and a truth-in-bonding statement dated the date of the Term Sheet and complying with Section 218.385, Florida Statutes;

(ii) The Chief Executive Officer shall determine the aggregate principal amount of the Series 2015 Bond; provided it shall not exceed \$13,000,000;

(iii) The Chief Executive Officer shall determine, based upon advice of the Issuer's Financial Advisor, that the refunding of the Refunded Bonds shall result in present value savings of not less than 3% of the par amount of the Refunded Bonds;

(iv) The Chief Executive Officer shall determine, upon advice of the Financial Advisor, which Series 2005 Bonds shall constitute Refunded Bonds; and

(v) Receipt by the Chief Executive Officer of an Interest Rate Lock Agreement from the Purchaser dated the date of the Term Sheet.

Upon satisfaction of all the requirements set forth in this Section 4(B), the Chief Executive Officer is authorized to execute and deliver the Term Sheet containing terms complying with the provisions of this Section 4(B) and the Series 2015 Bond shall be sold to the Purchaser pursuant to the provisions of such Term Sheet. Upon execution of the Term Sheet, the provisions thereof and hereof shall constitute a contract between the Issuer and the Purchaser.

**SECTION 5. REDEMPTION PROVISIONS FOR SERIES 2015 BOND.** The Series 2015 Bond may be redeemed prior to its maturities from any moneys legally available therefor upon the notice and conditions provided in the Bond Resolution and the Term Sheet.

**SECTION 6. APPLICATION OF SERIES 2014 BOND PROCEEDS.** The proceeds derived from the sale of the Series 2015 Bond shall, simultaneously with the delivery of the Series 2015 Bond to the Purchaser, be applied by the Issuer as follows:

(A) A sufficient amount of Series 2015 Bond proceeds, together with any moneys transferred as provided in Section 7 hereof, shall be deposited in trust in the Escrow Fund under the terms and provisions of the Escrow Deposit Agreement. Such moneys shall be held uninvested in the manner set forth in the Escrow Deposit Agreement, and used to pay the principal of and interest on the Refunded Bonds as the

same mature and become due and payable or are redeemed prior to maturity. Moneys in the Escrow Fund may be invested in Refunding Securities provided the Issuer receives a verification report that such investments shall mature at such times and in such amounts as shall be sufficient, together with any interest earnings and cash deposit, to pay the principal of and interest on the Refunded Bonds as the same mature or are redeemed in accordance with the terms of the Escrow Deposit Agreement.

(B) The remaining Series 2015 Bond proceeds shall be used by the Issuer to pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2015 Bond.

**SECTION 7. TRANSFER OF AMOUNTS IN FUNDS AND ACCOUNTS FOR THE REFUNDED BONDS.** Simultaneously with the issuance of the Series 2015 Bond, any amounts on deposit in the funds and accounts established with respect to the Refunded Bonds shall be transferred to the Escrow Fund at the direction of the Chief Financial Officer.

**SECTION 8. APPOINTMENT OF PAYING AGENT AND REGISTRAR.** The Issuer shall serve as Registrar and Paying Agent for the Series 2015 Bond.

**SECTION 9. AUTHORIZATION TO EXECUTE ESCROW DEPOSIT AGREEMENT.** Subject in all respects to the satisfaction of the conditions set forth in Section 4 hereof, the Issuer hereby authorizes and directs the Chairman to execute the Escrow Deposit Agreement and to deliver the Escrow Deposit Agreement to Regions Bank, which is hereby appointed as Escrow Agent. The Escrow Deposit Agreement shall be in substantially the form of the Escrow Deposit Agreement attached hereto as Exhibit B with such changes, amendments, modifications, omissions and additions, including the date of such Escrow Deposit Agreement, as may be approved by said Chairman. Execution by the Chairman of the Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions.

**SECTION 10. AUTHORIZATION TO EXECUTE INTEREST RATE LOCK AGREEMENT.** The Issuer hereby authorizes and directs the Chairman to execute and to deliver an Interest Rate Lock Agreement in substantially the form attached hereto as Exhibit C with such changes, amendments, modifications, omissions and additions, including the date of such Interest Rate Lock Agreement, as may be approved by the Chairman. Execution by the Chairman of the Interest Rate Lock Agreement shall be deemed to be conclusive evidence of approval of such changes. Notwithstanding the foregoing, the Chairman shall only execute the Interest Rate Lock Agreement upon the recommendation and approval of the terms thereof by the Issuer's Financial Advisor.

**SECTION 10. AUTHORIZATION OF PAYMENT AND DEFEASANCE OF REFUNDED BONDS.** The Issuer hereby authorizes and approves the payment and

refunding of the Refunded Bonds. The Refunded Bonds shall be redeemed on June 1, 2015, as provided in the Escrow Deposit Agreement.

**SECTION 11. RESERVE ACCOUNT.** Pursuant to Section 4.05(A)(3) of the Bond Resolution, the Issuer hereby determines to establish a separate subaccount in the Reserve Account for the Series 2015 Bond. Such subaccount shall secure only the Series 2015 Bond, which shall not be secured by any moneys in the Reserve Account. The Reserve Account Requirement for the Series 2015 Bond shall be \$0.00.

**SECTION 12. GENERAL AUTHORITY.** The members of the governing body, the Chief Executive Officer, the Chief Financial Officer and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Supplemental Resolution, the Bond Resolution, the Escrow Deposit Agreement or the Term Sheet or desirable or consistent with the requirements hereof or the Bond Resolution, the Escrow Deposit Agreement or the Term Sheet for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2015 Bond, the Bond Resolution, the Escrow Deposit Agreement and the Term Sheet and each member, employee, attorney and officer of the Issuer or the governing body is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. If the Chairman is unavailable or unable at any time to perform any duties or functions hereunder, the Vice-Chairman or the Chief Executive Officer are hereby authorized to act on his behalf. If the Chief Executive Officer is unavailable or unable at any time to perform any of the duties or functions hereunder, including, but not limited to, those described in Section 4 hereof, the Chief Financial Officer is hereby authorized to act on his behalf.

**SECTION 13. BOND RESOLUTION TO CONTINUE IN FORCE.** Except as herein expressly provided, the Bond Resolution and all the terms and provisions thereof, including the covenants contained therein, are and shall remain in full force and effect.

**SECTION 14. SEVERABILITY AND INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, even though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or the Series 2015 Bond issued hereunder.

**SECTION 15. EFFECTIVE DATE.** This Supplemental Resolution shall become effective immediately upon its adoption.

**DULY ADOPTED**, this 19th day of November, 2014.

(SEAL)

**CANAVERAL PORT AUTHORITY**

By: \_\_\_\_\_

Chairman

ATTEST:

Secretary

**EXHIBIT A**  
**TERM SHEET**

Proposal for \$11,995,000 of Direct Non-Bank Qualified Tax Exempt Financing



**Canaveral Port Authority**

November 18, 2014



## **RESOLUTION NO. 2015-04**

A RESOLUTION APPROVING THE REFINANCING BY THE CANAVERAL PORT AUTHORITY OF ITS PORT REVENUE REFUNDING BONDS, SERIES 2005 IN AN AMOUNT NOT TO EXCEED \$13,000,000 THROUGH ISSUANCE OF ITS PORT REVENUE REFUNDING BOND, SERIES 2015; PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, the Canaveral Port Authority (the "Port Authority") desires to refinance its Port Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") in order to refinance certain capital improvements (the "Project") described in the Notice attached hereto;

**WHEREAS**, the Port Authority shall refinance the Series 2005 Bonds through the issuance of its Port Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond") in an amount not to exceed \$13,000,000; and

**WHEREAS**, the Port Authority desires to approve, for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended, the refinancing by the Port Authority of its Series 2005 Bonds in order to finance and refinance the Project by the issuance of its Series 2015 Bond;

**NOW, THEREFORE, BE IT RESOLVED BY THE CANAVERAL PORT AUTHORITY:**

**SECTION 1. AUTHORITY.** This resolution is adopted pursuant to the laws of the State of Florida.

**SECTION 2. FINDINGS.** The Port Authority hereby finds, determines and declares as follows:

A. Notice of a public hearing to be held by the Port Authority, inviting comments and discussion concerning the refinancing of the Series 2005 Bonds and the Project and the issuance of its Series 2015 Bond, was published in The Florida Today, a newspaper of general circulation in Brevard County, Florida, at least 14 days prior to the date of such public hearing. The form of such notice is attached hereto as Exhibit A. A proof of publication of such notice is on file with the Port Authority Secretary.

B. At the time and place described in such notice, a public hearing was conducted by the Port Authority, during which comments and discussions concerning the refinancing of the Series 2005 Bonds, the issuance of its Series 2015 Bond and the financing of the Project were requested and allowed.



C. The Project and the refinancing of the Series 2005 Bonds by the Port Authority for purposes of refinancing the Project and the issuance of its Series 2015 Bond will have a substantial public benefit.

D. The Port Authority is an elected legislative body and has jurisdiction over the entire area in which the Project is located.

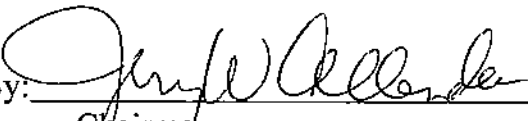
**SECTION 3. APPROVAL.** For purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended, the Port Authority hereby approves the refinancing of the Series 2005 Bonds and the Project and the issuance of its Series 2015 Bond to accomplish said refinancing.

**SECTION 4. EFFECTIVE DATE.** This resolution shall become effective immediately.

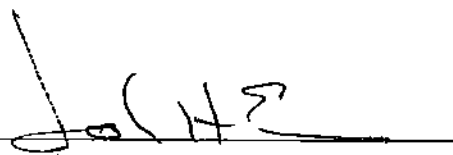
**DULY ADOPTED** this 2nd day of March, 2015.

(SEAL)

**CANAVERAL PORT AUTHORITY**

By:   
Chairman

ATTEST:

By:   
Secretary

**EXHIBIT A**

**FORM OF NOTICE OF PUBLIC HEARING**

# **INCUMBENCY CERTIFICATE**

I, John H. Evans, Acting Secretary/Treasurer of the Canaveral Port Authority (the "Authority"), **DO HEREBY CERTIFY** as follows:

1. The following are now, and have continuously been since the dates of beginning of their respective current terms shown below, the duly elected and acting members of the Authority, and the dates of the beginning and ending of their respective current terms are hereunder correctly designated opposite their names:

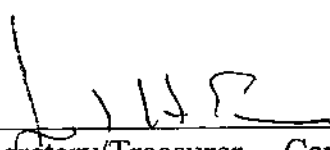
<u>Member</u>	<u>Beginning Date of Current Term</u>	<u>Ending Date of Current Term</u>
Jerry W. Allender	January 2015	January 2019
R. Bruce Deardoff	January 2013	January 2017
John H. Evans	January 2013	January 2017
Wayne Justice	January 2015	January 2019
Thomas W. Weinberg	January 2015	January 2019

2. The following are now, and have continuously been since the dates of beginning of their respective current terms of office shown below, the duly qualified and acting officers of the Authority and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

<u>Office</u>	<u>Name</u>	<u>Beginning Date of Current Term</u>	<u>Ending Date of Current Term</u>
Chairman	Jerry W. Allender	January 2015	January 2016
Vice Chairman	John H. Evans	January 2015	January 2016
Acting Secretary/Treasurer	John H. Evans	January 2015	January 2016

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this 3rd day of March, 2015.

(SEAL)

  
 \_\_\_\_\_  
 Acting Secretary/Treasurer, Canaveral Port  
 Authority

I, Rodger Rees, Deputy Executive Director/Chief Financial Officer for the Authority, do hereby certify that John H. Evans is the duly qualified and Acting Secretary/Treasurer of the Authority.

  
Deputy Executive Director/Chief Financial Officer

## SIGNATURE AND GENERAL CERTIFICATE

We, the undersigned, **DO HEREBY CERTIFY** as follows:

1. That we did heretofore cause to be officially executed the obligation described in **Schedule A** attached hereto (the "Series 2015 Bond") of the Canaveral Port Authority (the "Authority").

2. That Jerry W. Allender, Chairman of the Authority, has executed the Series 2015 Bond by his manual signature, and that said Chairman was on the date he executed the Series 2015 Bond and is now the duly chosen, qualified and acting Chairman of the Authority.

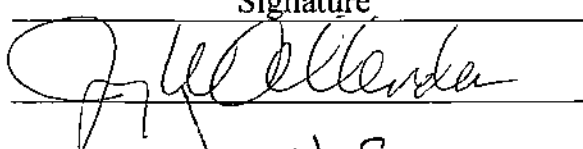
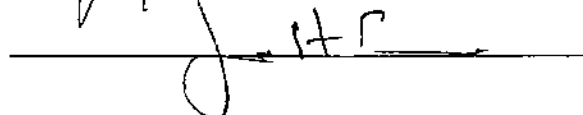
3. That we have caused the official seal of the Authority to be imprinted on the Series 2015 Bond, said seal imprinted thereon being the official seal of the Authority, and that John H. Evans, Acting Secretary/Treasurer of the Authority, has caused such seal to be attested by his manual signature, and that said John H. Evans was on the date he executed the Series 2015 Bond and is now the duly qualified and Acting Secretary/Treasurer of the Authority.

4. That the seal which has been impressed on the Series 2015 Bond and upon this certificate is the legally adopted, proper and only seal of the Authority.

5. No Event of Default has occurred and is continuing under the Bond Resolution. All conditions to the issuance of the Series 2015 Bond as "Additional Bonds" under the Bond Resolution have been satisfied.

**IN WITNESS WHEREOF**, we have hereunto set our hands and affixed the official seal of the Authority this 3rd day of March, 2015.

(SEAL)

Signature	Title of Office	Term of Office Expires
	Chairman	January 2016
	Acting Secretary/Treasurer	January 2016

I, Rodger Rees, Deputy Executive Director/Chief Financial Officer for the Authority, do hereby certify that the signatures of the officers which appear on the Signature Certificate to which this is attached are true and genuine and that I know said officers and know them to hold the offices set opposite their names.

  
Deputy Executive Director/Chief Financial Officer

## **SCHEDULE A**

**\$11,080,000**

### **CANAVERAL PORT AUTHORITY**

### **PORT IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2015**

The Series 2015 Bond is dated as of March 3, 2015 and is payable as to principal and interest commencing June 1, 2015 and semi-annually thereafter on December 1 and June 1 of each year, through and including its final maturity on June 1, 2021. The Series 2015 Bond bears interest at the rate of 2.08% per annum, except as otherwise provided in the Series 2015 Bond. Principal of the Series 2015 Bond shall be payable in installments in the following amounts on the following dates:

<b>Principal Payment Date (June 1)</b>	<b>Principal Amount</b>
2015	\$ 420,000
2016	1,685,000
2017	1,720,000
2018	1,760,000
2019	1,795,000
2020	1,830,000
2021*	1,870,000

\* Final Maturity

**CERTIFICATE AS TO ARBITRAGE  
AND CERTAIN OTHER TAX MATTERS**

I, Rodger Rees, Deputy Executive Director and Chief Financial Officer of the Canaveral Port Authority (the "Authority"), with respect to its \$11,080,000 Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond"), dated as of March 3, 2015 and being issued this day, **DO HEREBY CERTIFY** that:

**1. AUTHORIZATION AND DEFINITIONS.** The Series 2015 Bond is being issued pursuant to the authority contained in Chapter 315, Florida Statutes, Chapter 2003-335, Laws of Florida, Special Acts of 2003, as amended, and other applicable provisions of law, and pursuant to Resolution No. 92-8 of the Authority, adopted October 7, 1992, as amended and supplemented, particularly as supplemented by Resolution No. 2014-15 of the Authority, adopted November 19, 2014 (collectively, the "Bond Resolution").

The terms defined in the Bond Resolution shall retain the meanings set forth therein when used in this Certificate unless the context clearly indicates another meaning is intended. Other terms used in this Certificate shall have the meanings set forth herein or in the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder and under the Internal Revenue Code of 1954, as amended (collectively, the "Code"), or in the Arbitrage Rebate Statement attached hereto as Exhibit A, in each case unless the context clearly indicates another meaning is intended.

**2. PURPOSE.** The Series 2015 Bond is being issued for the purposes of providing moneys (a) to pay and defease all of the Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005 (the "Refunded Bonds"), and (b) to pay certain costs related to the issuance of the Series 2015 Bond.

**3. FACTS, ESTIMATES AND CIRCUMSTANCES.** On the basis of the facts, estimates and circumstances in existence on the date hereof, I reasonably expect the following with respect to the Series 2015 Bond and with respect to the proceeds of the Series 2015 Bond:

(a) **NET PROCEEDS.**

(i) Total. The amount of proceeds received by the Authority from the sale of the Series 2015 Bond (the "Net Proceeds"), will be \$11,080,000.

(ii) Escrow Deposit for Refunded Bonds. An aggregate amount of the Net Proceeds of the Series 2012 Bond equal to \$11,004,434.37, plus \$1,266,934.38 from moneys in the Payment Account allocable to the Refunded Bonds, for a total of \$12,271,368.75, will be deposited on the date hereof in the



escrow deposit trust fund (the "Escrow Fund") established pursuant to the Escrow Deposit Agreement, dated as of March 3, 2015 (the "Escrow Deposit Agreement"), between the Authority and Regions Bank (the "Escrow Agent"). Such moneys will be held in cash uninvested. Such cash deposit will be allocated to the payment of principal of, redemption premium, if any, and interest on the Refunded Bonds as provided in the Escrow Deposit Agreement. The Refunded Bonds shall be redeemed on June 1, 2015 (the first call date) at a redemption price of 100% of the principal amount thereof, plus accrued interest.

(iii) Accrued Interest. There is no accrued interest on the Series 2015 Bond.

(iv) Costs of Issuance. An amount of the Net Proceeds of the Series 2015 Bond equal to \$75,565.63 will be held by the Authority and will be used within six months of the date hereof to provide for the payment of the expenses of issuing the Series 2015 Bond.

(b) NO OVERISSUANCE. The Net Proceeds of the Series 2015 Bond (\$11,080,000.00), less payment of the costs of issuance of the Series 2015 Bond from the Net Proceeds of the Series 2015 Bond of \$75,565.63, will be \$11,004,434.37 (the "Original Proceeds of the Series 2015 Bond"). Taking into account other available funds, the amount of Original Proceeds of the Series 2015 Bond necessary to refund the Refunded Bonds equals or exceeds \$11,004,434.37. There are no unspent proceeds of the Refunded Bonds.

(c) AS TO THE REFUNDING OF THE REFUNDED BONDS. An amount of the Original Proceeds of the Series 2015 Bond equal to \$11,004,434.37 will be deposited on the date hereof into the Escrow Fund. Such amount will be applied in the manner described in Section 3(a)(ii) of this Certificate.

(d) FLOW OF FUNDS.

(i) Restricted Revenue Account. The Authority is required to promptly upon receipt deposit all Gross Revenues into the Restricted Revenue Account.

(ii) Payment Account. Except for the Payment Account, the Authority has not created and established and does not expect to create or establish any fund or account in connection with the Series 2015 Bond that is expected to be used to pay debt service on the Series 2015 Bond. The Payment Account will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year and will be depleted at least annually except for a reasonable carryover amount not to exceed the greater of (A) one year's earnings on amounts in the Payment Account, or (B) one-twelfth of the annual debt service on the Series 2015 Bond. Amounts deposited in the Payment Account will be used to pay debt service

on the Series 2015 Bond within a 13 month period beginning on the date of deposit therein.

(iii) Reserve Account. The Authority has established a separate subaccount in the Reserve Account for the Series 2015 Bond. The Reserve Account Requirement for such subaccount is \$0.00. The Series 2015 Bond shall not be secured by any moneys or investments in the Reserve Account.

(iv) Investment Earnings. Any and all income received from the investment of moneys in the Operation and Maintenance Fund, Restricted Revenue Account, the Payment Account and the Reserve Account (only to the extent such income and the other amounts in such Account does not exceed the Reserve Account Requirement) shall be retained in such respective Funds and Accounts and shall be expended or transferred to the Unrestricted Revenue Account within one year of receipt.

(v) No Other Funds. Other than the funds and accounts described in this Certificate, no fund or account has been established pursuant to any instrument which secures or otherwise relates to the Series 2015 Bond.

#### **4. YIELD.**

(a) GENERAL. For purposes of this Certificate, bond yield is, and shall be, calculated in the manner provided in Treasury Regulations Section 1.148-4, and the provisions therein will be complied with in all respects. The term "bond yield" means, with respect to a bond, the discount rate that when used in computing the present value of all the unconditionally payable payments of principal and interest and all the payments for qualified guarantees paid and to be paid with respect to the bond produces an amount equal to the present value of the issue price of the bond. In computing the purchase price of the Series 2015 Bond, which is equal to the issue price, the Authority did not take into consideration the costs of issuance. The purchase price of the Series 2015 Bond, therefore, is \$11,080,000. For purposes hereof, yield is, and shall be, calculated on a 360-day year basis with interest compounded semiannually. The yield on the Series 2015 Bond calculated in the above-described manner is 2.08038% (the "2015 Bond Yield"). Such yield calculation has been computed by RBC Capital Markets, Financial Adviser to the Authority. It should be noted, however, that such yield may, under certain circumstances set forth in the Treasury Regulations, be subject to recalculation.

The purchase price of all obligations other than certain Tax-Exempt Investments ("Taxable Obligations") to which restrictions as to yield or rebate of excess earnings under this Certificate applies shall be calculated using (i) the price, taking into account discount, premium, and accrued interest, as applicable, actually paid or (ii) the Fair Market Value (as described in the Arbitrage Rebate Statement attached hereto as Exhibit A) if less than the price actually paid and if such Taxable Obligations were not purchased

directly from the United States Treasury. The Authority will acquire all such Taxable Obligations in accordance with the provisions set forth in Section 4 of the Arbitrage Rebate Statement.

Any amounts subject to yield restrictions may be subject to yield reduction payments pursuant to Treasury Regulations Section 1.148-5(c).

(b) RESTRICTED REVENUE ACCOUNT. Amounts in the Restricted Revenue Account shall be invested without regard to yield restrictions.

(c) RESERVE ACCOUNT. There shall be no amounts on deposit in the subaccount of the Reserve Account established for the Series 2015 Bond.

(d) PAYMENT ACCOUNT – ACCRUED INTEREST. There is no accrued interest.

(e) PAYMENT ACCOUNT - DEBT SERVICE. Amounts held in the Payment Account which are set aside for the payment of the principal of and interest on the Bonds will be invested without regard to yield restrictions for a period not to exceed 13 months from the date of deposit of such amounts in such Accounts. Any amounts not expended within the period set forth above shall be subject to yield restrictions.

(f) OPERATION AND MAINTENANCE FUND. Amounts held in the Operation and Maintenance Fund shall be invested without regard to yield restrictions.

(g) UNRESTRICTED REVENUE ACCOUNT. Amounts on deposit in the Unrestricted Revenue Account shall be invested without regard to yield restrictions.

(h) ESCROW FUND. The moneys in the Escrow Fund shall be held uninvested.

(i) INVESTMENT EARNINGS. All investment earnings on amounts deposited in the Payment Account may be invested without regard to yield restrictions for a period not to exceed one year from the date of receipt of the amount earned. Any investment earnings not expended within the applicable period set forth above shall be subject to yield restrictions.

**5. FURTHER CERTIFICATIONS.** No bonds or other obligations of the Authority (a) were sold in the 15 days preceding the date of sale of the Series 2015 Bond or (b) were sold or will be sold within the 15 days after the date of sale of the Series 2015 Bond, pursuant to a common plan of financing with the plan for the issuance of the Series 2015 Bond and payable out of substantially the same source of revenues.

The Authority does not expect that the proceeds of the Series 2015 Bond will be used in a manner that would cause them to be arbitrage bonds under Section 148 of the

Code. The Authority does not expect that the proceeds of the Series 2015 Bond will be used in a manner that would cause the interest on the Series 2015 Bond to be includable in the gross income of the holder of the Series 2015 Bond under Section 103 of the Code.

**6. REBATE.** Pursuant to the Bond Resolution, the Authority has established a Rebate Fund for the Series 2015 Bond and shall deposit moneys therein as required by the terms of the Arbitrage Rebate Statement attached hereto as Exhibit A. Moneys in the Rebate Fund shall be held in trust by the Authority and, subject to the provisions hereof, shall be held for the benefit of the United States Government as contemplated under the provisions hereof and shall not constitute part of the trust estate held for the benefit of the holder of the Series 2015 Bond or the Authority. The Authority acknowledges and agrees to comply with the terms of the Arbitrage Rebate Statement attached hereto as Exhibit A.

**7. AMENDMENTS.** The provisions hereof need not be observed and this Certificate may be amended or supplemented at any time by the Authority if, in each case, the Authority receives an opinion or opinions of Bond Counsel that the failure to comply with such provisions will not cause, and that the terms of such amendment or supplement will not cause, the Series 2015 Bond to become an arbitrage bond under Section 148 of the Code, or other applicable section of the Code, or otherwise cause interest on the Series 2015 Bond to become includable in gross income for federal income tax purposes under the Code.

**8. SERIES 2015 BOND NOT FEDERALLY GUARANTEED.** Payment of debt service on the Series 2015 Bond is not directly or indirectly guaranteed in whole or in part by the United States, within the meaning of Section 149(b) of the Code.

**9. SERIES 2015 BOND NOT A HEDGE BOND.** It is reasonably expected that not less than 85% of the Original Proceeds will be used to carry out the governmental purposes of the Series 2015 Bond within three years from the date of its issuance. Not more than 50% of such Original Proceeds shall be invested in nonpurpose investments having a substantially guaranteed yield for four years or more (including but not limited to any investment contract or fixed yield investment having a maturity of four years or more). The reasonable expectations stated above are not based on and do not take into account any expectations or assumptions as to the occurrence of changes in market interest rates or of federal tax law or regulations or rulings thereunder. These reasonable expectations are not based on any prepayments of items other than items which are customarily prepaid.

**10. ADDITIONAL COVENANTS.** The Authority further agrees to (a) impose such limitations on the investment or use of moneys or investments related to the Series 2015 Bond, (b) make such rebate payments to the United States Treasury, (c) maintain such records, (d) perform such calculations, (e) enter into such agreements, and (f) perform such other acts as may be necessary under the Code to preserve the exclusion

from gross income for purposes of federal income taxation of interest on the Series 2015 Bond, which it may lawfully do.

**11. INFORMATION.** The Authority agrees to file all information statements as may be required by the Code.

**12. VALUATION AND MARKET PRICE RULES.** In determining the amounts on deposit in any fund or account for purposes of this Certificate, the purchase price of the obligations, including accrued interest, shall be added together, adding to or subtracting from such purchase prices any discount or premium, computed ratably on an annual basis. With respect to any amounts required to be restricted as to yield, the "market price rules" set forth in Exhibit A attached hereto shall apply.

**13. NO REPLACEMENT.** No portion of the amounts received from the sale of the Series 2015 Bond will be used as a substitute for other funds which were otherwise to be used for the purposes for which the Series 2015 Bond is being issued or payment of debt service of the Series 2015 Bond, and which have been or will be used to acquire, directly or indirectly, obligations producing a yield in excess of the 2015 Bond Yield. The weighted average maturity of the Series 2015 Bond does not exceed 120% of the average reasonable expected remaining economic life of that portion of the capital improvements which were financed or refinanced with proceeds of the Refunded Bonds (the "Project").

**14. REMEDIAL ACTION.** The Authority has entered into an operating agreement (the "Operating Agreement") with Royal Caribbean Cruises Ltd. ("RCC") whereby RCC will be given exclusive use on certain days of Cruise Terminal 10 ("CT10") which was refinanced in part from proceeds of the Series 2015 Bond. Such exclusive use shall cause the Series 2015 Bond to be treated as a private activity bond. In order to avoid having interest on the Refunded Bonds being included in gross income of the holders thereof for federal income taxation purposes, the Authority has determined to take the remedial action provided in Treas. Reg. Sec. 1.141-12.

(a) The Authority reasonably expected on the issue date of the Refunded Bonds that such bond issues would meet neither the private business tests nor the private loan financing test for the entire term of such Bonds.

(b) As provided in Section 13 of this Arbitrage Certificate, the weighted average maturity of the Series 2015 Bond does not exceed 120% of the average reasonably expected economic life of the Project or CT10.

(c) The terms of the Operating Agreement with RCC are bona fide and arm's-length and RCC is paying fair market value for the use of CT10.

(d) Any disposition proceeds shall be utilized as provided in Treas. Reg. Sec. 1.141-12.

(e) All proceeds of the Refunded Bonds and the Series 2015 Bond have been expended for governmental purposes.

(f) The Authority on March 2, 2015 held a public hearing and approved the issuance of the Series 2015 Bond as provided in Sec. 147(f) of the Code.

(g) The Authority will file a Form 8038 with the Internal Revenue Service documenting the issuance of the Series 2015 Bond as a private activity bond.

(h) Commencing on the date hereof, the Authority shall comply with all applicable provisions of Sections 55 through 59 and 141, 142, 144, 145, 146, 147, 149 and 150 of the Code.

**15. OTHER TAX REPRESENTATIONS.** (a) Not less than 95% of the sum of (i) proceeds received from the sale of the Refunded Bonds or Bonds refinanced with proceeds of the Refunded Bonds and (ii) investment earnings on proceeds described in (i) above have been used to pay Qualified Costs. Qualified Costs (a) consist of land or an improvement to land, or tangible personal property subject to the allowance for depreciation under Section 167 of the Code and having a useful life of more than one year; and (b) includes only (i) docks and wharves, and related storage and training facilities, or (ii) property that is (A) functionally related and subordinate to one or more items of property described in clause (i) of this sentence, and (B) of a character and size commensurate with the character and size of the item of property to which such property is functionally related and subordinate. For purposes of the preceding sentence, a "related storage facility" includes only those storage facilities which are both: (1) directly related to the docks and wharf facilities; and (2) physically located on or adjacent to such facilities. Except as provided below, docks and wharves include property such as structures alongside which vessel docks, the equipment needed to receive and to discharge cargo and passengers from vessels, such as cranes and conveyors, handling, office and passenger areas, and similar facilities. No portion of the original proceeds of the Refunded Bonds or Bonds refinanced with proceeds of the Refunded Bonds or investment earnings thereon were used to acquire (a) any lodging facility, (b) any retail facility (other than food and beverage facilities) in excess of a size necessary to serve passengers and employees, (c) any retail facility (other than parking) for passengers or the general public located outside the Project, (d) any office building for individuals who are not employees of the user of the Project or operating authority of the Project, and (e) any industrial park or manufacturing facility.

(b) Less than 25% of the "net proceeds" of the Refunded Bonds or Bonds refinanced with Proceeds of the Refunded Bonds within the meaning of Section 147(c) of the Code were used, either directly or indirectly, for the acquisition of land or an interest

therein. No portion of such net proceeds were used, either directly or indirectly, for land (or an interest therein) which was or is to be used for farming purposes.

(c) Any office space included in the Project is located on the same premises and not more than a de minimis amount of the functions to be performed at the office is not directly related to the day-to-day operations of the Project.

(d) The Authority will be the owner of the Project for federal income tax purposes. Any management contract or lease relating to the Project shall comply with the provisions of Section 142(b)(1)(B) of the Code.

**16. RELIANCE.** The Authority has relied on certain representations made by RBC Capital Markets in its certificate attached hereto as Exhibit B. The Authority is not aware of any facts or circumstances that would cause it to question the accuracy of such representations.


**17. NO ADVERSE ACTION.** The Authority has neither received notice that this Certificate may not be relied upon with respect to its issues, nor has it been advised that any adverse action by the Commissioner of Internal Revenue is contemplated.

To the best of my knowledge and belief there are no facts, estimates or circumstances other than those expressed herein that materially affect the expectations herein expressed, and, to the best of my knowledge and belief, the Authority's expectations are reasonable. I further represent that the Authority expects and intends to be able to comply with the provisions and procedures set forth herein, including Section 148 of the Code.

**IN WITNESS WHEREOF**, I have hereunto set my hand as of this 3rd day of March, 2015.

**CANAVERAL PORT AUTHORITY**

By:

  
Deputy Executive Director and  
Chief Financial Officer

## **EXHIBIT A**

### **ARBITRAGE REBATE STATEMENT**

This Arbitrage Rebate Statement ("Statement") is intended to set forth certain duties and requirements necessary for compliance with Section 148(f) of the Code to the extent necessary to preserve the tax exempt treatment of interest on the \$11,080,000 Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond"). This Statement is based upon Section 148(f) of the Code and by analogy, to the Regulations. However, it is not intended to be exhaustive.

Since the requirements of such Section 148(f) are subject to amplification and clarification, it may be necessary to supplement or modify this Statement from time to time to reflect any additional or different requirements of such Section and the Regulations or to specify that action required hereunder is no longer required or that some further or different action is required to maintain or assure the exemption from federal income tax of interest with respect to the Series 2015 Bond.

For purposes hereof, any covenant relating to a fund, account or subaccount established under the Bond Resolution shall be deemed to apply only to that portion of such fund, account or subaccount allocable to the Series 2015 Bond.

**SECTION 1. TAX COVENANTS.** Pursuant to the Bond Resolution, the Authority has made certain covenants designed to assure that the interest with respect to the Series 2015 Bond is and shall remain excludable from gross income for purposes of federal income taxation. The Authority shall not, directly or indirectly, use or permit the use of any proceeds of the Series 2015 Bond or any other funds or take or omit to take any action that would cause the Series 2015 Bond to be "arbitrage bonds" within the meaning of Section 148 of the Code or that would cause interest on the Series 2015 Bond to be included in gross income for federal income tax purposes under the provisions of the Code. The Authority shall comply with all other requirements as shall be determined by Bond Counsel to be necessary or appropriate to assure that interest on the Series 2015 Bond will be excludable from gross income for purposes of federal income taxation. To that end, the Authority shall comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2015 Bond.

**SECTION 2. DEFINITIONS.** Capitalized terms used herein, not otherwise defined herein, shall have the same meanings set forth in the Bond Resolution and in the Authority's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Series 2015 Bond.



**"Bond Counsel"** means Nabors, Giblin & Nickerson, P.A., Tampa, Florida or such other firm of nationally recognized bond counsel as may be selected by the Authority.

**"Bond Year"** means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date.

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

**"Computation Date"** means each date selected by the Authority as a computation date pursuant to Section 1.148-3(e) of the Regulations and the Final Computation Date.

**"Fair Market Value"** means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

**"Final Computation Date"** means the date the Series 2015 Bond is discharged.

**"Gross Proceeds"** means, with respect to the Series 2015 Bond:

- (1) Amounts constituting Sale Proceeds of the Series 2015 Bond.
- (2) Amounts constituting Investment Proceeds of the Series 2015 Bond.
- (3) Amounts constituting Transferred Proceeds of the Series 2015 Bond.
- (4) Other amounts constituting Replacement Proceeds of the Series 2015 Bond, including Pledged Moneys.

**"Investment Proceeds"** means any amounts actually or constructively received from investing proceeds of the Series 2015 Bond.

**"Investment Property"** shall have the meaning as ascribed to such term in Section 148(b)(2) of the Code, which includes any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(e) of the Regulations.

**"Issue Date"** means March 3, 2015.

**"Net Proceeds"** means Sale Proceeds, less the portion of such Proceeds invested in a reasonably required reserve or replacement fund under the Code.

**"Nonpurpose Investment"** means any Investment Property in which Gross Proceeds are invested which is not an investment that is acquired to carry out the governmental purpose of the Series 2015 Bond, e.g., obligations acquired with Gross

Proceeds that are invested temporarily until needed for the governmental purpose of the Series 2015 Bond, that are used to discharge a prior issue, or that are invested in a reasonably required reserve or replacement fund, as referenced in Section 1.148-1(b) of the Regulations.

**"Nonpurpose Payments"** shall include the payments with respect to Nonpurpose Investments specified in Section 1.148-3(d)(1)(i)-(v) of the Regulations.

**"Nonpurpose Receipts"** shall include the receipts with respect to Nonpurpose Investments specified in Section 1.148-3(d)(2)(i)-(iii) of the Regulations.

**"Pledged Moneys"** means moneys that are reasonably expected to be used directly or indirectly to pay debt service on the Series 2015 Bond or as to which there is a reasonable assurance that such moneys or the earnings thereon will be available directly or indirectly to pay debt service on the Series 2015 Bond if the Authority encounters financial difficulties.

**"Pre-Issuance Accrued Interest"** means amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Issue Date.

**"Proceeds"** means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

**"Qualified Administrative Costs"** means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. In addition, with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow, such costs will be considered reasonable if (1) the amount of the fee the Authority treats as a Qualified Administrative Cost does not exceed the lesser of (a) \$39,000 (for calendar year 2015), or (b) the greater of (x) .2% of the "computational base," or (y) \$4,000; and (2) the Authority does not treat as Qualified Administrative Costs more than \$110,000 (for calendar year 2015) in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue. For purposes of this definition only, "computational base" shall mean, with respect to guaranteed investment contracts, the amount of Gross Proceeds the Authority reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and for investments other than guaranteed investment contracts, "computational base" shall mean the amount of Gross Proceeds initially invested in such investments. The above-

described safe harbor dollar amounts shall be increased each calendar year for cost-of-living adjustments pursuant to Section 1.148-5(e) of the Regulations.

**"Rebatable Arbitrage"** means, as of any Computation Date, the excess of the future value of all Nonpurpose Receipts over the future value of all Nonpurpose Payments.

**"Rebate Fund"** means the Rebate Fund established pursuant to the Bond Resolution and described in Section 3 hereof.

**"Regulations"** means Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2, as amended, and any regulations amendatory, supplementary or additional thereto.

**"Replacement Proceeds"** means amounts that have a sufficiently direct nexus to the Series 2015 Bond or to the governmental purpose of the Series 2015 Bond to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Series 2015 Bond were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal of or interest on the Series 2015 Bond if there is reasonable assurance that the amount will be available for such purposes in the event that the Authority encounters financial difficulties.

**"Sale Proceeds"** means any amounts actually or constructively received by the Authority from the sale of the Series 2015 Bond, including amounts used to pay underwriters' discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2015 Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

**"Tax-Exempt Investment"** means (i) an obligation the interest on which is excluded from gross income pursuant to Section 103 of the Code, (ii) United States Treasury-State and Local Government Series, Demand Deposit Securities, and (iii) stock in a tax-exempt mutual fund as described in Section 1.150-1(b) of the Regulations. Tax-Exempt Investment shall not include a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. For purposes of this Statement, a tax-exempt mutual fund includes any regulated investment company within the meaning of Section 851(a) of the Code meeting the requirements of Section 852(a) of the Code for the applicable

taxable year; having only one class of stock authorized and outstanding; investing all of its assets in tax exempt obligations to the extent practicable; and having at least 98% of (1) its gross income derived from interest on, or gain from the sale of or other disposition of, tax exempt obligations or (2) the weighted average value of its assets represented by investments in tax exempt obligations.

**"Transferred Proceeds"** shall have the meaning provided therefor in Section 1.148-9 of the Regulations.

**"Universal Cap"** means the value of all then outstanding Series 2015 Bond.

**"Value" (of a Series 2015 Bond)** means with respect to a Series 2015 Bond issued with not more than two percent original issue discount or original issue premium, the outstanding principal amount, plus accrued unpaid interest; for any other Series 2015 Bond, its present value.

**"Value" (of an Investment)** shall have the following meaning in the following circumstances:

(1) General Rules. Subject to the special rules in the following paragraph, an Authority may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

(a) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest on such date;

(b) a fixed rate investment may be valued at its present value on such date; and

(c) an investment may be valued at its Fair Market Value on such date.

(2) Special Rules. Yield restricted investments are to be valued at present value provided that (except for purposes of allocating Transferred Proceeds to an issue, for purposes of the Universal Cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(a) an investment must be valued at its Fair Market Value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(b) in the case of Transferred Proceeds, the Value of a Nonpurpose Investment that is allocated to Transferred Proceeds of a refunding issue on a transfer date may not exceed the Value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

**"Yield on the Series 2015 Bond," "2015 Bond Yield" or "Bond Yield"** means, for all Computation Dates, the Yield expected as of the date hereof on the Series 2015 Bond over the term of such Bonds computed by:

(i) using as the purchase price of the Series 2015 Bond, the amount at which such Series 2015 Bond were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(ii) assuming that all of the Series 2015 Bond will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

**"Yield"** means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation. Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating the yield for the Series 2015 Bond on any Computation Date. Yield shall be calculated on a 360-day year basis with interest compounded semi-annually. For this purpose the purchase price of a Nonpurpose Investment or a Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of this Statement, as of the date that it becomes allocated to Gross Proceeds of the Series 2015 Bond.

### **SECTION 3. REBATE REQUIREMENTS.**

(a) The Authority shall pay to the United States Government at the times and in the amounts determined hereunder, the Rebatable Arbitrage. For purposes of determining the Rebatable Arbitrage, the Authority shall cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage rebate.

(b) Pursuant to the Bond Resolution, there has been established a fund separate from any other fund or account established and maintained under the Bond Resolution designated the "Rebate Fund." The Authority or its designated agent shall administer the

Rebate Fund and continuously invest all amounts held in the Rebate Fund in Federal Securities (as defined in the Bond Resolution) or Tax-Exempt Investments.

(c) Within 30 days after any Computation Date, the Authority shall calculate or cause to be calculated the Rebatable Arbitrage or any penalty due pursuant to Section 3(f) hereof. Immediately following such calculations, but in no event later than 60 days following the Computation Date (90 days in the case of any penalty payment due pursuant to Section 3(f) hereof), the Authority shall remit an amount which when added to the future value of previous rebate payments shall not be less than 90% (100% with respect to the Computation Date on the final repayment or retirement of the Series 2015 Bond) of the Rebatable Arbitrage or 100% of any penalty due pursuant to Section 3(f) hereof as of the applicable Computation Date.

Each payment shall be accompanied by Internal Revenue Service Form 8038-T.

(d) The obligation to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2015 Bond if (i) Gross Proceeds are expended for the governmental purpose of the Series 2015 Bond by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Series 2015 Bond and (ii) the requirement to pay Rebatable Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Series 2015 Bond is met. For purposes of the preceding sentence, Gross Proceeds do not include (i) amounts deposited in a bona fide debt service fund, so long as the funds therein constitute bona fide debt service funds, or a reasonably required reserve or replacement fund (meeting the requirements of Section 1.148-2(f) of the Regulations), (ii) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the date which is six months after the Issue Date, (iii) amounts representing Sale or Investment Proceeds derived from any Purpose Investment (as defined in Section 1.148-1 of the Regulations) and earnings on those payments, and (iv) amounts representing any repayments of grants (as defined in Section 1.148-6(d)(4) of the Regulations). If Gross Proceeds are in fact expended by such date, then, except as to the Reserve Account, Rebatable Arbitrage with respect to such Gross Proceeds need not be calculated and no payment thereof to the United States Department of Treasury need be made. Use of Gross Proceeds to redeem Series 2015 Bond shall not be treated as an expenditure of such Gross Proceeds.

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, then the requirements described herein relating to the calculation of Rebatable Arbitrage and the payment thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the

initial six month period. Any other amounts not described in this Section 3(d) which constitute proceeds of the Series 2015 Bond, other than a bona fide debt service fund, will be subject to rebate.

**THE FOLLOWING SUBSECTION (e) SHALL NOT APPLY TO THE SERIES 2015 BOND.**

(e) As an alternative to Section 3(d) above, the obligation of the Authority to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2015 Bond if (i) the rebate requirement is met for all proceeds of the Series 2015 Bond other than Gross Proceeds (as defined in Section 3(d) hereof) and (ii) the Gross Proceeds are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 15% of such Gross Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 60% of such Gross Proceeds are spent within the 1-year period beginning on the Issue Date; and

(iii) at least 100% of such Gross Proceeds are spent within the 18-month period beginning on the Issue Date.

As set forth in Section 1.148-7(d)(2) of the Regulations, for purposes of the expenditure requirements set forth in this Section 3(e), 100% of the Gross Proceeds of the Series 2015 Bond shall be treated as expended for the governmental purposes of the issue within the 18-month period beginning on the Issue Date if such requirement is met within the 30-month period beginning on the Issue Date and such requirement would have been met within such 18-month period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Series 2015 Bond). If Gross Proceeds are in fact expended by such dates, then Rebatable Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Any failure to satisfy the final spending requirement shall be disregarded if the Authority exercises due diligence to complete the project financed by the Series 2015 Bond and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Series 2015 Bond or (ii) \$250,000. Use of Gross Proceeds to redeem the Series 2015 Bond shall not be treated as an expenditure of such Gross Proceeds. For purposes of this Section 3(e), "Gross Proceeds" shall be modified as described in Section 3(d) above.

**THE FOLLOWING SUBSECTION (f) SHALL NOT APPLY TO THE SERIES 2015 BOND.**

(f) As an alternative to Sections 3(d) and (e) above, the obligation to pay Rebataable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2015 Bond if the Available Construction Proceeds (as defined in Section 148(f)(4)(C)(vi) of the Code and described below) are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 10% of such Available Construction Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 45% of such Available Construction Proceeds are spent within the 1-year period beginning on the Issue Date;

(iii) at least 75% of such Available Construction Proceeds are spent within the eighteen-month period beginning on the Issue Date; and

(iv) at least 100% of such Available Construction Proceeds are spent within the 2-year period beginning on the Issue Date.

For purposes of this Section 3(f), the term Available Construction Proceeds means the Net Proceeds of the Series 2015 Bond, increased by earnings on the Net Proceeds, earnings on amounts in the Reserve Account to the extent that such amounts were not funded from proceeds of the Series 2015 Bond, and earnings on all of the foregoing earnings, and reduced by the amount of the Net Proceeds deposited to the Reserve Account and amounts used to pay issuance costs. Notwithstanding the foregoing, the Authority elects pursuant to Section 148(f)(4)(C)(vi)(IV) of the Code not to include amounts earned on the Reserve Account in the definition of "Available Construction Proceeds." Any amounts which constitute proceeds of the Series 2015 Bond other than Available Construction Proceeds and amounts on deposit in a bona fide debt service fund will be subject to rebate.

As set forth in Section 148(f)(4)(C)(iii) of the Code, for purposes of the expenditure requirements set forth in this Section 3(f), 100% of Available Construction Proceeds of the Series 2015 Bond shall be treated as expended for the governmental purposes of the issue within the 2-year period beginning on the Issue Date if such requirement is met within the 3-year period beginning on the Issue Date and such requirement would have been met within such 2-year period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Series 2015 Bond). Use of Available Construction Proceeds to redeem the Series 2015 Bond shall not be treated as an expenditure of such Proceeds.



Any failure to satisfy the final spending requirement shall be disregarded if the Authority exercises due diligence to complete the project financed by the Series 2015 Bond and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Series 2015 Bond or (ii) \$250,000.

For purposes of Section 148(f)(4)(C)(vii) of the Code, in the event the Authority fails to meet the expenditure requirements referred to above, the Authority may elect to pay, in lieu of the Rebtable Arbitrage otherwise required to be paid with respect to such Gross Proceeds, a penalty with respect to the close of each 6-month period after the Issue Date equal to 1.5% of the amount of the Available Construction Proceeds of the Series 2015 Bond which, as of the close of such period, are not spent as required by the expenditure provisions set forth above. The penalty referred to above shall cease to apply only after the Series 2015 Bond (including any refunding bonds issued with respect thereto) are no longer outstanding. The Authority makes no election in regard to the above-described penalty.

In order to qualify for the exemption from the obligation to pay Rebtable Arbitrage to the United States pursuant to this Section 3(f), at least 75% of the Available Construction Proceeds must be used for construction expenditures (as defined in Section 1.148-7(g) of the Regulations) with respect to property which is owned by a governmental unit or an organization described in Section 501(c)(3) of the Code. The term "construction" includes reconstruction and rehabilitation of existing property and rules similar to the rules of Section 142(b)(1)(B) of the Code shall apply. If only a portion of an issue is to be used for construction expenditures, such portion and the other portion of such issue may, at the election of the Authority, be treated as separate issues for purposes of this Section 3(f) (although the remaining portion may not be entitled to the benefits of Section 3(d) hereof). The Authority does not elect to treat any portion of the Series 2015 Bond as a separate issue.

(g) The Authority shall keep proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Series 2015 Bond, including moneys derived from, pledged to, or to be used to make payments on the Series 2015 Bond. Such records shall, at a minimum, be adequate to enable the Authority or its consultants to make the calculations for payment of Rebtable Arbitrage as required by this Statement. The records required to be maintained under this Section 3(g) shall be retained by the Authority until six years after the retirement of the last obligation of the Series 2015 Bond or for such other period as the United States Treasury may by regulations otherwise provide. Such records shall at least specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (i) its purchase price (including the amount of accrued interest to be stated separately), (ii) identifying information, including par amount,

coupon rate, and payment dates, (iii) the amount received at maturity or its sale price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, (v) the dates of acquisition and disposition or maturity, (vi) the amount of original issue discount or premium (if any), (vii) the frequency of periodic payments (and actual dates and amounts of receipts), (viii) the period of compounding, (ix) the transaction costs (e.g., commissions) incurred in acquiring, carrying or disposing of the Nonpurpose Investments, and (x) market price data sufficient to establish that the purchase price (disposition price) was not greater than (less than) the arm's-length price (see Section 4 below) on the date of acquisition (disposition) or, if earlier, on the date of a binding contract to acquire (dispose of) such Nonpurpose Investment.

**SECTION 4. MARKET PRICE RULES.** Except as provided below, the Authority agrees to comply with the requirements relating to the "Fair Market Value" of acquired Nonpurpose Investments, as defined in Section 1.148-5(d) of the Regulations ("Fair Market Value"). All investments required to be made pursuant to this Statement shall be made to the extent permitted by law. In this regard, the Authority agrees, among other things, that it will not acquire or cause to be acquired a Nonpurpose Investment (or any other investment acquired with Gross Proceeds or on deposit in the Rebate Fund) for a price in excess of its Fair Market Value or sell any such investment at a price (determined without any reduction for transaction costs) less than its Fair Market Value, except as provided below. For this purpose, the following rules shall apply:

(a) Established securities markets. Except as otherwise provided below, any market especially established to provide a security or obligation to an Authority of municipal obligations shall not be treated as an established market and shall be rebuttably presumed to be acquired or disposed of for a price that is not its Fair Market Value.

(b) Arm's-length price. Any transaction in which a Nonpurpose Investment is directly purchased with Gross Proceeds, or in which a Nonpurpose Investment allocable to Gross Proceeds is disposed of, shall be undertaken in an arm's-length manner, and no amount shall be paid to reduce the yield on the Nonpurpose Investment.

(c) Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow. In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm's-length price unless all the following conditions are met:

(i) The Authority makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers;

(2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Authority or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Authority or any other person for purposes of satisfying these requirements;

(4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the Authority reasonably requires);

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Authority's reasonably expected deposit and draw down schedule for the amounts to be invested;

(6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before providing a bid); and

(7) At least three providers are solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the Authority must meet all of the following requirements:

(1) The Authority receives at least three bids from providers that the Authority solicited under a Bona Fide Solicitation and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential

providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(2) At least one of the three bids described in paragraph (c)(ii)(1) above is from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

(3) If the Authority uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(iii) The winning bid must meet the following requirements:

(1) *Guaranteed investment contracts.* If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) *Other Nonpurpose Investments.* If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest bid is either the lowest cost bid for the portfolio or, if the Authority compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Authority from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting these requirements is taken into account in determining the lowest cost bid.

(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. If such State and Local Government Series Securities are not available for purchase on the day that bids are required to be submitted because sales of those securities have been

suspended, the cost comparison described in this paragraph is not required.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

(d) The Authority shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Series 2015 Bond is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the Authority for the investments, including a record of any administrative costs paid by the Authority and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

**SECTION 5. MODIFICATION UPON RECEIPT OF BOND COUNSEL OPINION.** Notwithstanding any provision of this Statement, if the Authority shall receive an opinion of Bond Counsel that any specified action required under this Statement is no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of interest with respect to the Series 2015 Bond, the Authority may conclusively rely on such opinion in complying with the requirements of this Statement and the covenants herein shall be deemed to be modified to that extent. This Statement shall be amended or modified by the parties hereto in any manner which is necessary to comply with such regulations as may be promulgated by the United States Treasury Department from time to time.

**SECTION 6. ACCOUNTING FOR GROSS PROCEEDS.** In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the Authority must adopt reasonable and consistently applied methods of accounting for all Gross Proceeds. Appendix I hereto sets forth a description of the required allocation and accounting rules with which the Authority agrees to comply.

**SECTION 7. ADMINISTRATIVE COSTS OF INVESTMENTS.** Except as otherwise provided in this Section 7, an allocation of Gross Proceeds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Authority such as employee salaries and office expenses and costs associated with computing Rebutable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

## APPENDIX I

### ALLOCATION AND ACCOUNTING RULES

(a) General Rule. Any Authority may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as hereinafter defined) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) Allocation of Gross Proceeds to an Issue. Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to Transferred Proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) Allocation of Gross Proceeds to Investments. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment as of the purchase or sale date. The Fair Market Value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) Allocation of Gross Proceeds to Expenditures. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) Commingled Funds. Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in

accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally a commingled fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same Authority. Subject to the Universal Cap limitation, and the principle that amounts are allocable to only one issue at a time as Gross Proceeds, investments held by a commingled fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

(f) Universal Cap. Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an Authority should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.



(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

For purposes of this section, "working capital expenditures" include all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general federal income tax principles. Such costs include, for example, costs incurred to acquire, construct or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an Authority for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an Authority for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an Authority in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an Authority for a prior fiscal year, any expenditures (whether capital or working capital expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Issue Date and ending on the date that is the later of three years from the Issue Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior

issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

## APPENDIX I

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distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

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outstanding bonds of that issue, an Authority should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

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expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

## EXHIBIT B

### FINANCIAL ADVISOR'S CERTIFICATE

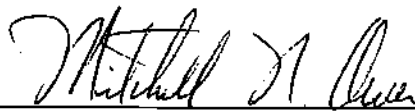
The undersigned, acting on behalf of RBC Capital Markets, Financial Advisor with respect to the \$11,080,000 Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015, hereby certifies to the Canaveral Port Authority (the "Authority") that the 2015 Bond Yield as described in the Certificate as to Arbitrage and Certain Other Tax Matters (the "Arbitrage Certificate") is accurate as of the date hereof.

We understand that the representation set forth above is being relied on by the Authority in the Authority's Arbitrage Certificate.

Dated: March 3, 2015.

**RBC CAPITAL MARKETS**

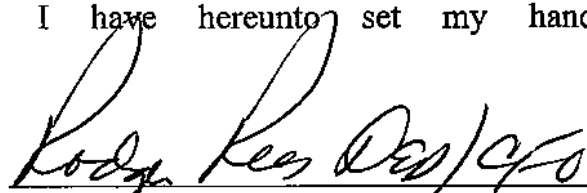
By:

  
Authorized Signatory

**CERTIFICATE AS TO SPECIMEN BOND**

I, Rodger Rees, the undersigned Deputy Executive Director/Chief Financial Officer of the Canaveral Port Authority (the "Authority"), **DO HEREBY CERTIFY** that attached hereto as Exhibit A is a specimen of the Canaveral Port Authority's Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond"), which specimen is identical in all respects, other than signatures, with the Series 2015 Bond this day delivered to the initial purchaser thereof.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 3rd day of March, 2015.

  
Deputy Executive Director/Chief Financial  
Officer, Canaveral Port Authority



COPY

No. R-1

\$11,080,000

**UNITED STATES OF AMERICA  
STATE OF FLORIDA  
CANAVERAL PORT AUTHORITY  
PORT IMPROVEMENT REVENUE REFUNDING BOND,  
SERIES 2015**

<u>Interest Rate</u>	<u>Date of Original Issue</u>	<u>Final Maturity Date</u>
2.08%	March 3, 2015	June 1, 2021

CANAVERAL PORT AUTHORITY (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described in the within mentioned Bond Resolution, to the order of PNC BANK, NATIONAL ASSOCIATION, or its successors or assigns (the "Bondholder"), the principal sum of ELEVEN MILLION EIGHTY THOUSAND AND 00/100 DOLLARS (\$11,080,000.00) (the "Principal Amount"), and to pay interest on such outstanding Principal Amount from the Date of Original Issue thereof, or from the most recent date to which interest has been paid at the Interest Rate per annum identified above semi-annually on June 1 and December 1 of each year, commencing June 1, 2015 (the final interest payment date shall be June 1, 2021), until such Principal Amount shall have been paid. The Principal Amount hereof shall be payable as described below or upon earlier redemption described herein. Such Principal Amount and interest is payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. The Paying Agent and Registrar for the Bond shall be the Issuer. Interest shall be calculated on a 360 day year consisting of twelve 30-day months.

The Principal Amount of this Bond is subject to mandatory redemption in the following Amortization Installments on the following dates (a complete debt service schedule is attached hereto as Exhibit A):

<b>Principal Payment Date (June 1)</b>	<b>Principal Amount</b>
2015	\$ 420,000
2016	1,685,000
2017	1,720,000
2018	1,760,000
2019	1,795,000
2020	1,830,000
2021*	1,870,000

\* Final Maturity

Payment of any Amortization Installment shall not require presentment of this Bond at the office of the Issuer or the Paying Agent, and the Paying Agent shall make a notation of such payment in its records.

In the event that this Bond, or any portion thereof, is called for redemption other than an Amortization Installment, the Issuer shall provide notice as provided in the Bond Resolution.

This Bond is issued for the principal purpose of currently refunding all of the Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005, under the authority of and full compliance with the Constitution and laws of the State of Florida, particularly Chapter 2003-335, Laws of Florida, Special Acts of 2003, as amended and supplemented, Chapter 315, Florida Statutes, and other applicable provisions of law (the "Act"), and Resolution No. 92-8 duly adopted by the Issuer on October 7, 1992, as amended and supplemented, particularly as supplemented by Resolution No. 2014-15, duly adopted by the Issuer on November 19, 2014 (collectively, the "Bond Resolution), and is subject to all the terms and conditions of the Bond Resolution. Any capitalized term used in this Bond and not otherwise defined shall have the meaning ascribed to such term in the Bond Resolution.

This Bond and the interest hereon are payable solely from and secured by a parity lien upon and a parity pledge of (1) the Gross Revenues (as defined in the Bond Resolution) and (2) until applied in accordance with the provisions of the Bond Resolution, all moneys, including investments thereof, in certain of the funds and accounts established by the Bond Resolution, all in the manner and to the extent described in the Bond Resolution (collectively, the "Pledged Funds"). This Bond shall be issued on parity with certain other obligations of the Issuer.

Reference to the Bond Resolution is hereby made for a description of the funds charged with and pledged to the payment of the principal of and interest on this Bond, the nature and extent of the security for the payment of this Bond, a statement of the rights, duties and obligations of the Issuer, the rights of the Bondholder, to all the provisions of which Bond Resolution the holder hereof by the acceptance of this Bond assents. The Bond Resolution is incorporated by reference as if fully stated herein.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond of this issue does not violate any constitutional, statutory, or charter limitation or provision, and that provision has been made for the collection of a direct

annual tax, without limitation, on all property in the Issuer taxable for such purpose sufficient to pay and discharge the principal hereof at maturity.

The transfer of this Bond is registrable by the Bondholder hereof in person or by his attorney or legal representative at the designated corporate trust office of the Registrar but only in the manner and subject to the conditions provided in the Bond Resolution and upon surrender and cancellation of this Bond.

This Bond shall be subject to prepayment, in whole or in part, on any date at the option of the Issuer, at the Prepayment Price (as defined below) plus interest accrued on the amount being prepaid to the date of prepayment. Prepayment in part shall be applied against scheduled payments of Amortization Installments in inverse order.

"Prepayment Price" means the principal amount of this Bond being prepaid plus an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the Applicable Interest Period (as defined herein), of a U.S. Treasury obligation with a maturity the same or substantially similar to the Applicable Interest Period minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity the same or substantially similar to the remaining maturity of the Applicable Interest Period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the Applicable Interest Period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates." For purposes of making present value calculations, the yield, on the beginning date of the Applicable Interest Period, of a U.S. Treasury obligation with a maturity the same or substantially similar to the Applicable Interest Period shall be deemed the discount rate. For purposes of determining the Prepayment Price, a separate calculation shall be made with respect to each principal payment date (and the final maturity date) with respect the portion of this Bond prepaid, using the Applicable Interest Period, and the sum of such calculations shall be the Prepayment Price.

"Applicable Interest Period" means the period from the date of issuance of this Bond to the final maturity date of this Bond.

While this Bond remains Outstanding, upon the occurrence of a Determination of Taxability (as defined below), the interest rate shall be adjusted in such manner as shall be determined by the Bondholder, absent manifest error, as shall be necessary to provide to the Bondholder an after-tax yield on the then outstanding principal amount of this Bond equal to the after-tax yield to the Bondholder, if such Determination of Taxability had not occurred, from the date such interest must be included in such gross income, whereupon the Issuer shall reimburse the Bondholder for the difference between (a) the interest then due computed at the adjusted rate, and (b) the interest previously paid on this Bond at the unadjusted rate, along with all costs, expenses, penalties, attorneys fees and all other losses incurred by the Bondholder as a result of such Determination of

Taxability (but not due to any negligent delay of the Bondholder), within 30 days after the date a written notice (including a copy of the Determination of Taxability) is delivered by the Bondholder to the Issuer stating that such a determination has been made and stating the amount that is then due. The obligation to pay such additional interest and such other costs, expenses, penalties, attorney's fees and other losses shall survive the payment of the principal of this Bond but shall be payable solely from Pledged Funds in a manner and to the extent described in the Bond Resolution. "Determination of Taxability" means a final determination by the Internal Revenue Service that any interest portion of this Bond is includable in the gross income of the Bondholder under the Code as a result of an action or omission to take action on the part of the Issuer.


Upon and during the continuance of an Event of Default under Sections 6.01(A) or (B) of the Bond Resolution, the interest rate on this Bond shall adjust to the Default Rate as of the date of occurrence. "Default Rate" means the lesser of (a) the maximum rate permitted by applicable law, and (b) the Bondholder's Base Rate plus 3.00% per annum. The Base Rate is the highest of the (i) Bondholder's Prime Rate, (ii) Daily Libor, plus 100 basis points, and (iii) Federal Funds Rate, plus 50 basis points. "Prime Rate" means that index rate of interest which the Bondholder from time to time announces as its prime lending rate, which rate is an index rate for guidance to loan officers and is not necessarily the best or lowest rate charged borrowing customers of the Bondholder, or if such rate is no longer announced, such comparable prime rate as shall be published in the Wall Street Journal.


The Issuer shall maintain a rating of Baa2 or better from Moody's on its Bonds. For any rating downgrade below A3 by Moody's, the interest rate shall increase by 10 basis points for each rating level. If the Issuer fails to maintain an interest grade rating on its Bonds, the Bondholder may increase the interest rate on this Bond to the Default Rate.

**IN WITNESS WHEREOF**, the Canaveral Port Authority has issued this Bond and has caused the same to be executed by the manual signature of its Chairman and to be attested and countersigned by the manual signature of its Acting Secretary/Treasurer and its official seal to be affixed hereon, all as of the Date of Original Issue.

(SEAL)

**CANAVERAL PORT AUTHORITY**

  
Chairman

  
Acting Secretary/Treasurer

## **CERTIFICATE OF AUTHENTICATION**

This Bond is this Bond described in the within-mentioned Bond Resolution.

Date of Authentication: March 3, 2015

**CANAVERAL PORT AUTHORITY,**  
Registrar

By:   
Authorized Officer

## 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 request that the Canaveral Port Authority, as Registrar, register the transfer of the said Bond on the books kept for registration thereof.

Dated: \_\_\_\_\_

**PNC BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_

**EXHIBIT A**

**DEBT SERVICE SCHEDULE**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
03/03/2015						11,080,000	11,080,000
06/01/2015	420,000	2.080%	56,335.64	476,335.64	476,335.64	10,660,000	10,660,000
12/01/2015			110,864.00	110,864.00	-	10,660,000	10,660,000
06/01/2016	1,685,000	2.080%	110,864.00	1,795,864.00	1,906,728.00	8,975,000	8,975,000
12/01/2016			93,340.00	93,340.00		8,975,000	8,975,000
06/01/2017	1,720,000	2.080%	93,340.00	1,813,340.00	1,906,680.00	7,255,000	7,255,000
12/01/2017			75,452.00	75,452.00		7,255,000	7,255,000
06/01/2018	1,760,000	2.080%	75,452.00	1,835,452.00	1,910,904.00	5,495,000	5,495,000
12/01/2018			57,148.00	57,148.00		5,495,000	5,495,000
06/01/2019	1,795,000	2.080%	57,148.00	1,852,148.00	1,909,296.00	3,700,000	3,700,000
12/01/2019			38,480.00	38,480.00		3,700,000	3,700,000
06/01/2020	1,830,000	2.080%	38,480.00	1,868,480.00	1,906,960.00	1,870,000	1,870,000
12/01/2020			19,448.00	19,448.00		1,870,000	1,870,000
06/01/2021	1,870,000	2.080%	19,448.00	1,889,448.00	1,908,896.00		
	11,080,000		845,799.64	11,925,799.64	11,925,799.64		

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue  
Service  
Ogden, Utah 84201

2. Article Number

(Transfer from service label)

7014 0510 0001 4639 7594

PS Form 3811, July 2013

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

MAR 23 2015

OGDEN, UT

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

Domestic Return Receipt



**TAMPA**

2502 Rocky Point Drive  
Suite 1060  
Tampa, Florida 33607  
(813) 281-2222 Tel  
(813) 281-0129 Fax

**FORT LAUDERDALE**

110 East Broward Boulevard  
Suite 1700  
Fort Lauderdale, Florida 33301  
(954) 315-3852 Tel

**Nabors  
Giblin &  
Nickerson** P.A.  
ATTORNEYS AT LAW

**FORT MYERS**

12731 World Plaza Lane  
Suite 2  
Fort Myers, Florida 33907  
(239) 288-4027 Tel  
(239) 288-4057 Fax

**TALLAHASSEE**

1500 Mahan Drive  
Suite 200  
Tallahassee, Florida 32308  
(850) 224-4070 Tel  
(850) 224-4073 Fax

March 6, 2015

**VIA CERTIFIED MAIL  
7014 0510 0001 4639 7594**

Internal Revenue Service Center  
Ogden, Utah 84201

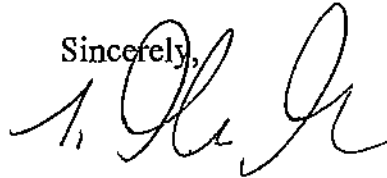
Re: \$11,080,000 Canaveral Port Authority Port Improvement Revenue  
Refunding Bond, Series 2015

Dear Sir or Madam:

Enclosed herewith is Form 8038 (Information Return for Tax-Exempt Private Activity Bond Issues) for the above-referenced issue submitted pursuant to Section 149(e) of the Internal Revenue Code of 1986.

Please do not hesitate to call if we can provide you with any further information.

Sincerely,



L. Thomas Giblin

LTG/lstf  
Enclosure

**Information Return for Tax-Exempt  
Private Activity Bond Issues**  
(Under Internal Revenue Code section 149(e))  
▶ See separate instructions.

OMB No. 1545-0720

<b>Part I Reporting Authority</b>		Check if Amended Return <input type="checkbox"/>
<b>1 Issuer's name</b> Canaveral Port Authority (Florida)		<b>2 Issuer's employer identification number</b> 59-6002482
<b>3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)</b> L. Thomas Giblin, Esq.		<b>3b Telephone number of other person shown on 3a</b> 813/281-2222
<b>4 Number and street (or P.O. box if mail is not delivered to street address)</b> c/o Nabors, Giblin & Nickerson, P.A., 2502 Rocky Point Drive	<b>Room/suite</b> 1060	<b>5 Report number (For IRS Use Only)</b> <input type="checkbox"/> 1 <input type="checkbox"/> <input type="checkbox"/>
<b>6 City, town, or post office, state, and ZIP code</b> Tampa, Florida 33607		<b>7 Date of issue (MM/DD/YYYY)</b> 3/3/2015
<b>8 Name of issue</b> Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015		<b>9 CUSIP number</b>
<b>10a Name and title of officer or other employee of the issuer whom the IRS may call for more information</b> Rodger Rees, Deputy Executive Director/Chief Financial Officer		<b>10b Telephone number of officer or other employee shown on 10a</b> 321/783-7831

<b>Part II Type of Issue (Enter the issue price.)</b>	<b>Issue Price</b>
<b>11 Exempt facility bond:</b>	
<b>a</b> Airport (sections 142(a)(1) and 142(c)) . . . . .	<b>11a</b>
<b>b</b> Docks and wharves (sections 142(a)(2) and 142(c)) . . . . .	<b>11b</b> 11,080,000
<b>c</b> Water furnishing facilities (sections 142(a)(4) and 142(e)) . . . . .	<b>11c</b>
<b>d</b> Sewage facilities (section 142(a)(5)) . . . . .	<b>11d</b>
<b>e</b> Solid waste disposal facilities (section 142(a)(6)) . . . . .	<b>11e</b>
<b>f</b> Qualified residential rental projects (sections 142(a)(7) and 142(d)) (see instructions) . . . . .	<b>11f</b>
Meeting 20-50 test (section 142(d)(1)(A)) . . . . . <input type="checkbox"/>	
Meeting 40-60 test (section 142(d)(1)(B)) . . . . . <input type="checkbox"/>	
Meeting 25-60 test (NYC only) (section 142(d)(6)) . . . . . <input type="checkbox"/>	
Has an election been made for deep rent skewing (section 142(d)(4)(B))? . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>g</b> Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f)) . . . . .	<b>11g</b>
<b>h</b> Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions) . . . . .	<b>11h</b>
Facility type _____	
1986 Act section _____	
<b>i</b> Qualified enterprise zone facility bonds (section 1394) (see instructions) . . . . .	<b>11i</b>
<b>j</b> Qualified empowerment zone facility bonds (section 1394(f)) (see instructions) . . . . .	<b>11j</b>
<b>k</b> District of Columbia Enterprise Zone facility bonds (section 1400A) . . . . .	<b>11k</b>
<b>l</b> Qualified public educational facility bonds (sections 142(e)(13) and 142(k)) . . . . .	<b>11l</b>
<b>m</b> Qualified green building and sustainable design projects (sections 142(a)(14) and 142(l)) . . . . .	<b>11m</b>
<b>n</b> Qualified highway or surface freight transfer facilities (sections 142(a)(15) and 142(m)) . . . . .	<b>11n</b>
<b>o</b> Other (see instructions) _____	
<b>p</b> Qualified New York Liberty Zone bonds (section 1400L(d)) _____	<b>11p</b>
<b>q</b> Other (see instructions) _____	<b>11q</b>
<b>12a</b> Qualified mortgage bond (section 143(a)) . . . . .	<b>12a</b>
<b>b</b> Other (see instructions) _____	<b>12b</b>
<b>13</b> Qualified veterans' mortgage bond (section 143(b)) (see instructions) . . . . . ▶	<b>13</b>
Check the box if you elect to rebate arbitrage profits to the United States . . . . . <input type="checkbox"/>	
<b>14</b> Qualified small issue bond (section 144(a)) (see instructions) . . . . . ▶	<b>14</b>
Check the box for \$10 million small issue exemption . . . . . <input type="checkbox"/>	
<b>15</b> Qualified student loan bond (section 144(b)) . . . . .	<b>15</b>
<b>16</b> Qualified redevelopment bond (section 144(c)) . . . . .	<b>16</b>
<b>17</b> Qualified hospital bond (section 145(c)) (attach schedule—see instructions) . . . . .	<b>17</b>
<b>18</b> Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions) . . . . .	<b>18</b>
Check box if 95% or more of net proceeds will be used only for capital expenditures . . . ▶ <input type="checkbox"/>	
<b>19</b> Nongovernmental output property bond (treated as private activity bond) (section 141(d)) . . . . .	<b>19</b>
<b>20a</b> Other (see instructions) _____	
<b>b</b> New York Liberty Zone advance refunding bond (section 1400L(e)) (see instructions) _____	<b>20b</b>
<b>c</b> Other. Describe (see instructions) ▶ _____	<b>20c</b>

**Part III Description of Bonds** (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
<b>21</b>	6/1/2021	\$ 11,080,000	\$ 11,080,000	3.670 years	2.08038 %

**Part IV Uses of Proceeds of Issue** (including underwriters' discount)

	Amount
<b>22</b> Proceeds used for accrued interest . . . . .	<b>22</b> -0-
<b>23</b> Issue price of entire issue (enter amount from line 21, column (b)) . . . . .	<b>23</b> 11,080,000.00
<b>24</b> Proceeds used for bond issuance costs (including underwriters' discount) . . . . .	<b>24</b> 75,565.63
<b>25</b> Proceeds used for credit enhancement . . . . .	<b>25</b>
<b>26</b> Proceeds allocated to reasonably required reserve or replacement fund . . . . .	<b>26</b>
<b>27</b> Proceeds used to currently refund prior issue (complete Part VI) . . . . .	<b>27</b> 11,004,434.37
<b>28</b> Proceeds used to advance refund prior issue (complete Part VI) . . . . .	<b>28</b>
<b>29</b> Add lines 24 through 28 . . . . .	<b>29</b> 11,080,000.00
<b>30</b> Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) . . . . .	<b>30</b> -0-

**Part V Description of Property Financed by Nonrefunding Proceeds**

**Caution:** The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.

<b>31</b>	Type of Property Financed by Nonrefunding Proceeds:	Amount
<b>a</b>	Land . . . . .	<b>31a</b>
<b>b</b>	Buildings and structures . . . . .	<b>31b</b>
<b>c</b>	Equipment with recovery period of more than 5 years . . . . .	<b>31c</b>
<b>d</b>	Equipment with recovery period of 5 years or less . . . . .	<b>31d</b>
<b>e</b>	Other. Describe (see instructions) . . . . .	<b>31e</b>
<b>32</b>	North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.	
	NAICS Code Amount of nonrefunding proceeds	NAICS Code Amount of nonrefunding proceeds
<b>a</b>	\$	<b>c</b> \$
<b>b</b>	\$	<b>d</b> \$

**Part VI Description of Refunded Bonds** (Complete this part only for refunding bonds.)

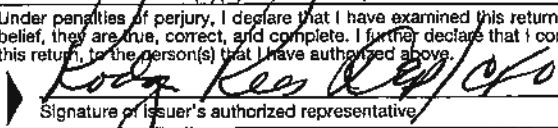
<b>33</b> Enter the remaining weighted average maturity of the bonds to be currently refunded . . . . .	<b>33</b> 3.421 years
<b>34</b> Enter the remaining weighted average maturity of the bonds to be advance refunded . . . . .	<b>34</b> N/A years
<b>35</b> Enter the last date on which the refunded bonds will be called . . . . .	<b>35</b> 6 / 1 / 2015
<b>36</b> Enter the date(s) the refunded bonds were issued ▶	5/19/2005

**Part VII Miscellaneous**


<b>37</b>	Name of governmental unit(s) approving issue (see the instructions) ▶ See attached Schedule
<b>38</b>	Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) . . . . . ▶ <input type="checkbox"/>
<b>39</b>	Check the box if you have elected to pay a penalty in lieu of arbitrage rebate . . . . . ▶ <input type="checkbox"/>
<b>40a</b>	Check the box if you have identified a hedge and enter the following information . . . . . ▶ <input type="checkbox"/>
<b>b</b>	Name of hedge provider
<b>c</b>	Type of hedge ▶
<b>d</b>	Term of hedge ▶
<b>41</b>	Check the box if the hedge is superintegrated . . . . . ▶ <input type="checkbox"/>
<b>42a</b>	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) ▶
<b>b</b>	Enter the final maturity date of the GIC . . . . . ▶ / /
<b>c</b>	Enter the name of the GIC provider ▶
<b>43</b>	Check the box if the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated in accordance with the requirements under the Code and Regulations (see instructions) . . . . . ▶ <input type="checkbox"/>
<b>44</b>	Check the box if the issuer has established written procedures to monitor the requirements of section 148 . . . . . ▶ <input type="checkbox"/>
<b>45a</b>	Enter the amount of reimbursement if some portion of the proceeds was used to reimburse expenditures . . . . . ▶
<b>b</b>	Enter the date the official intent was adopted . . . . . ▶ / /
<b>46</b>	Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user . . . . . ▶ <input type="checkbox"/>
	Name ▶ EIN

<b>Part VIII Volume Caps</b>		Amount
<b>47</b>	Amount of state volume cap allocated to the issuer. <b>Attach copy of state certification</b>	<b>47</b> N/A
<b>48</b>	Amount of issue subject to the unified state volume cap	<b>48</b>
<b>49</b>	Amount of issue not subject to the unified state volume cap or other volume limitations:	<b>49</b>
<b>a</b>	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	<b>49a</b> 11,080,000.00
<b>b</b>	Under a carryforward election. Attach a copy of Form 8328 to this return	<b>49b</b>
<b>c</b>	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	<b>49c</b>
<b>d</b>	Under the exception for current refunding (section 146(f) and section 1313(a) of the Tax Reform Act of 1986)	<b>49d</b>
<b>50a</b>	Amount of issue of qualified veterans' mortgage bonds	<b>50a</b> -0-
<b>b</b>	Enter the state limit on qualified veterans' mortgage bonds	<b>50b</b>
<b>51a</b>	Amount of section 1394(f) volume cap allocated to issuer. <b>Attach copy of local government certification</b>	<b>51a</b> -0-
<b>b</b>	Name of empowerment zone ▶	
<b>52</b>	Amount of section 142(k)(5) volume cap allocated to issuer. <b>Attach copy of state certification</b>	<b>52</b> -0-

<b>Signature and Consent</b>	Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the Issuer's return information, as necessary to process this return, to the person(s) that I have authorized above.			
	 Signature of issuer's authorized representative		3/3/2015 Date	Rodger Rees, Chief Financial Officer Type or print name and title

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	Preparer's PTIN
	L. Thomas Giblin		3/3/2015		P01241677
	Firm's name ▶ Nabors, Giblin & Nickerson, P.A.	Firm's EIN ▶ 59-2427540			
	Firm's address ▶ 2502 Rocky Point Drive, Suite 1060, Tampa, Florida 33607	Phone no. 813/281-2222			

**SCHEDULE A TO FORM 8038**

**Issuer's Name:** Canaveral Port Authority

**Issuer's Employer Identification No:** 59 - 6002482

**IRS Form:** 8038

**Report Number:** 1

**Page 2, Line 37**

<b>Name of Governmental Unit</b>	<b>Resolution Adopted</b>	<b>Date of Public Hearing</b>
Canaveral Port Authority	March 2, 2015	March 2, 2015

<b>NAME OF GOVERNMENTAL UNIT</b> Canaveral Port Authority			
<b>MAILING ADDRESS OF GOVERNMENTAL UNIT OR ITS MANAGER</b> Address(1) 445 Challenger Road Address(2) City Cape Canaveral State FL Zip 32920			
<b>COUNT(IES) IN WHICH GOVERNMENTAL UNIT HAS JURISDICTION</b> Brevard			
<b>TYPE OF ISSUER</b> Authority			
<b>IS THE ISSUER A COMMUNITY DEVELOPMENT DISTRICT?</b> <input type="checkbox"/>			
<b>ISSUE NAME</b>	<b>AMOUNT</b>	<b>INTEREST CALCULATION</b>	<b>YIELD</b>
Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015	\$11,080,000.00	ARBI	2.0804
<b>AMOUNT AUTHORIZED</b> \$11,080,000.00			
<b>DATED DATE (MM/DD/YYYY)</b> 3/3/2015			
<b>SALE DATE (MM/DD/YYYY)</b> 3/3/2015			
<b>DELIVERY DATE (MM/DD/YYYY)</b> 3/3/2015			
<b>LEGAL AUTHORITY FOR ISSUANCE</b> F.S. 315 and Ch. 28922, Special Acts of 1953, as amended			
<b>TYPE OF ISSUE</b> Revenue			
<b>IS THIS A PRIVATE ACTIVITY BOND (PAB)?</b> <input type="checkbox"/>			
Did This Issue Receive a PAB Allocation? <input type="checkbox"/>			
Amount of Allocation \$0.00			
<b>SPECIFIC REVENUES(S) PLEDGED</b> Primary Facility/Revenues/User Fees Secondary  Other			
<b>PURPOSE(S) OF THE ISSUE</b> Primary Refunding Secondary			

Other

IS THIS A REFUNDING ISSUE? ☒

ISSUE NAME	DATE	ORIGINAL PAR VALUE	PAR VALUE REFUNDED
Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005	5/19/2005	\$16,360,000.00	\$11,995,000.00

REFUNDED DEBT HAS BEEN

Defeased

DID THE REFUNDING ISSUE CONTAIN NEW MONEY? ☐

APPROXIMATELY WHAT PERCENTAGE OF PROCEEDS IS NEW MONEY?

TYPE OF SALE

Negotiated

INSURANCE/ENHANCEMENTS

No Credit Enhancement

RATING(S)

Moody's

N/A

S &amp; P

N/A

Fitch

N/A

Other

DEBT SERVICE SCHEDULE PROVIDED BY

E-mail

OPTIONAL REDEMPTION PROVISIONS PROVIDED BY

E-mail

PROVIDE THE NAME AND ADDRESS OF THE SENIOR MANAGING UNDERWRITER OR SOLE PURCHASER

Underwriter PNC Bank, National Association

Address(1) 420 S. Orange Avenue

Address(2) Suite 300

City Orlando

State FL

Zip 32801

CO-Underwriter None

Address(1)

Address(2)

City

State -

Zip

PROVIDE THE NAME(S) AND ADDRESS(ES) OF ANY ATTORNEY OR FINANCIAL CONSULTANT WHO ADVISED THE UNIT OF LOCAL GOVERNMENT WITH RESPECT TO THE BOND ISSUE.

**Bond Counsel** Nabors, Giblin & Nickerson

Address(1) 2502 Rocky Point Drive

Address(2) Suite 1060

City Tampa

State FL

Zip 33607

**CO-Bond Counsel** None

Address(1)

Address(2)

City

State -

Zip

**Financial Advisor/Consultant** RBC Capital Markets, LLC

Address(1) 1650 Prudential Drive

Address(2) Suite 101

City Jacksonville

State FL

Zip 32207

**CO-Financial Advisor/Consultant** None

Address(1)

Address(2)

City

State -

Zip

**Other Professionals** Stromire, Bistline & Niniclier

Address(1) 1970 Michigan Avenue

Address(2) Building E

City Cocoa

State FL

Zip 32922

**PAYING AGENT**

Regions Bank

**REGISTRAR**

Regions Bank

**BF2004-A AND BF2004-B**

NOTE: The following items are required to be completed in full for all bond issues except those sold pursuant to Section 154 Part III, Sections 159 Parts II, III, or V; or Section 243 Part I, Florida Statutes.

HAS ANY FEE, BONUS, OR GRATUITY BEEN PAID BY ANY UNDERWRITER OR FINANCIAL CONSULTANT, IN CONNECTION WITH THE BOND ISSUE, TO ANY PERSON NOT REGULARLY EMPLOYED OR ENGAGED BY SUCH UNDERWRITER OR CONSULTANT? IF YES, PLEASE PROVIDE THE FOLLOWING INFORMATION WITH RESPECT TO EACH SUCH UNDERWRITER OR CONSULTANT.

HAVE ANY OTHER FEES BEEN PAID BY THE UNIT OF LOCAL GOVERNMENT WITH RESPECT TO THE BOND ISSUE, INCLUDING ANY FEE PAID TO ATTORNEYS OF FINANCIAL CONSULTANTS? IF YES, PLEASE PROVIDE THE TOTAL FEES PAID TO APPLICABLE PARTICIPANTS.

Total Bond Counsel Fees Paid

\$27,500.00

Total Financial Advisor Fees Paid

\$27,500.00

Other Fees Paid



COMPANY NAME	FEE PAID	SERVICE PROVIDED OR FUNCTION SERVED
Stromire, Bistline & Niniclier	\$12,000.00	Issuer's Counsel
Akerman LLP	\$6,500.00	Bank's Counsel

FILING OF THIS FORM HAS BEEN AUTHORIZED BY THE OFFICIAL OF THE ISSUER IDENTIFIED BELOW

Name

Jerry W. Allender, Chairman

Title

Governmental Officer primarily responsible for coordinating issuance of the bonds

FEES CHARGED BY UNDERWRITER

Management Fee (Per Thousand Par Value)

0

Private Placement Fee

\$0.00

UNDERWRITER'S EXPECTED GROSS SPREAD (PER THOUSAND PAR VALUE)

0

FOR ADDITIONAL INFORMATION, THE DIVISION OF BOND FINANCE SHOULD CONTACT:

Name

L. Thomas Giblin

Title

Bond Counsel

Phone

8132812222

Company

Nabors Giblin & Nickerson, P.A

Address(1)

2502 Rocky Point Drive

Address(2)

Suite 1060

City

Tampa

State

FL

Zip

33607

INFORMATION RELATING TO PARTY COMPLETING THIS FORM (IF DIFFERENT FROM ABOVE)

Name

Title

Phone

Company

Address(1)

Address(2)

City

State

-

Zip

In order to better serve local governments, the Division of Bond Finance will remind issuers as their deadlines approach for filing continuing disclosure information required by SEC Rule 15c2-12, based on the following information:

IF THE ISSUER IS REQUIRED TO PROVIDE CONTINUING DISCLOSURE INFORMATION IN ACCORDANCE WITH SEC RULE 15c2-12, DO YOU WANT THE DIVISION OF BOND FINANCE TO REMIND YOU OF YOUR FILING DEADLINE? ☒

ON WHAT DATE IS THE CONTINUING DISCLOSURE INFORMATION REQUIRED TO BE FILED? (MM/DD)

PROVIDE THE FOLLOWING INFORMATION REGARDING THE PERSON(S) RESPONSIBLE FOR FILING CONTINUING DISCLOSURE INFORMATION REQUIRED BY SEC RULE 15c2-12 AND THE CONTINUING DISCLOSURE AGREEMENT (INCLUDING OTHER OBLIGATED PARTIES, IF APPROPRIATE).

Name	
Title	
Phone	
Company	
Address(1)	
Address(2)	
City	
State	-
Zip	
Fax	
Email	

**STATE OF FLORIDA - DIVISION OF BOND FINANCE LOCAL BOND MONITORING**

- Home
- My Contact Info
- Manage Password
- Logout

**Notice of Sale Status**

Notice of Sale submission successful.

Submit Date: 2/10/2015

**Bond Issue Name:** Canaveral Port Authority Port Improvement Revenue Bonds, Series 2015

**Sale Date:** 03/03/2015

**Closing Date:** 03/03/2015

[Print this page](#)

Mailed to:

Canaveral Port Authority  
Attn: Karen Pappas  
445 Challenger Road Ste 301  
Cape Canaveral, FL 32920

A daily publication by:



STATE OF FLORIDA  
COUNTY OF BREVARD

Before the undersigned authority personally appeared Kathy Cicala  
who on oath says that she is LEGAL ADVERTISING SPECIALIST of the FLORIDA TODAY, a  
newspaper published in Brevard County, Florida; that the attached copy of advertising being a

LEGAL NOTICE

Ad # ( 348684 \$ 277.97

Acct. # ( 6CA224 )

CANAVERAL PORT AUTHORITY

the Court NOTICE OF PUBLIC HEARING

MARCH 2 2015

as published in the FLORIDA TODAY in the issue(s) of:

FEBRUARY 16, 2015

Affiant further says that the said FLORIDA TODAY is a newspaper in said Brevard County, Florida, and that the said newspaper has heretofore been continuously published in said Brevard County, Florida, regularly as stated above, and has been entered as periodicals matter at the post office in MELBOURNE in said Brevard County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in said newspaper.

Sworn to and subscribed before this:



RUBY ROYER  
NOTARY PUBLIC  
STATE OF FLORIDA  
Comm# FF088043  
Expires 1/30/2018

*Kathy Cicala*  
(Signature of Affiant)

16TH DAY OF FEBRUARY 2015

*Ruby Royer*  
(Signature of Notary Public)

Ruby Royer

(Name of Notary Typed, Printed or Stamped)

Personally Known X or Produced Identification \_\_\_\_\_  
Type Identification Produced \_\_\_\_\_

Vendor # \_\_\_\_\_

Account # \_\_\_\_\_

Account # \_\_\_\_\_

PO# \_\_\_\_\_

RO# \_\_\_\_\_

Entered in IFAS Y N Date \_\_\_\_\_

AD034484/02/16/2015

**NOTICE OF PUBLIC HEARING**

Notice is hereby given of a public hearing to be held by the Canaveral Port Authority (the "Port Authority") at 1:00 p.m. on March 2, 2015, at 445 Challenger Road, Commissioner's Meeting Room, Cape Canaveral, Florida, for the purpose of receiving comments and hearing discussion of a plan of financing relating to the refinancing by the Port Authority of its Port Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") by the issuance of not exceeding \$13,000,000 Port Revenue Refunding Bonds, Series 2015 (the "Series 2015 Bonds"). The Series 2005 Bonds were issued for the principal purpose of financing and refinancing various capital improvements to be owned by the Port Authority, including the improvements described below (the "Project"):

**CRUISE TERMINAL 10.** Cruise Terminal 10 is a two-story 106,000 square foot concrete block structure with stucco siding and insulated metal roofing. The first floor of the terminal contains an 8,600 square foot lobby with a designated indoor area for a baggage conveyor and handling system in addition to an outdoor area for baggage loading and unloading. The second floor contains ticketing facilities for arriving and departing cruise passengers as well as temporary offices for cruise line operators, Customs and Border Patrol screening facilities, public restrooms and areas for HVAC and other mechanical are located on both floors.

The Port Authority is located at the Canaveral Port Authority, 445 Challenger Road, Cape Canaveral, Florida 32920. The Project is located on the east side of Port Canaveral at 9005 Charles M. Rowland Drive, Cape Canaveral, Florida. The Project will be utilized by Royal Caribbean International, Norwegian Cruise Lines and other various cruise lines.

All affected taxpayers, property owners and citizens and all other interested persons are invited to attend said hearing and, either personally or through their representatives, present comments and discussion, oral or written, concerning the proposed plan of financing and the nature and location of the Project. Should any person decide to appeal any decision, he will need a record of the proceedings, and he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Any persons with disabilities requiring accommodations in order to participate in the hearing should contact 321/783-7831 at least 24 hours in advance to request such accommodation.

The public hearing is required by Section 147(f) of the Internal Revenue Code of 1986, as amended. Subsequent to the public hearing, the Port Authority will consider whether to approve the refinancing of the Series 2005 Bonds and the Project and the issuance of its Series 2015 Bonds as required by Section 147(f) of the Code. Any person interested in the proposed plan of financing or the location or nature of the Project may appear and be heard.

CANAVERAL PORT AUTHORITY  
By: /s/ Rodger Rees  
Chief Financial Officer



November 19, 2014

Canaveral Port Authority  
445 Challenger Road, Suite 301  
Cape Canaveral, Florida 32920

Re: **Forward Fixed Rate Lock Letter**

Canaveral Port Authority, Florida (the "**Issuer**") has requested that PNC Bank, National Association (the "**Bank**") provide the Issuer with a forward rate commitment (the "**Forward Rate**") for the Issuer's Port Improvement Revenue Refunding Bond, Series 2014 (the "**Facility**") described in our Summary of Terms and Conditions dated November 18, 2014 (the "**Terms and Conditions**"). The Forward Rate is offered at a fixed rate of 2.08% per annum for a principal amount of not exceeding \$11,995,000 beginning no later than March 3, 2015 (the "**Rate Lock Expiration Date**"). Principal and interest under the Facility shall be repaid as provided in the resolutions of the Issuer pursuant to which the Facility is issued.

The Bank is willing to commit to the Forward Rate upon the terms and conditions specified herein, subject to execution and delivery of the definitive documentation for the Facility in form and content satisfactory to the Bank and satisfaction of the other terms and conditions as are set forth in the Terms and Conditions. The documentation must be executed and delivered and funding of the Facility must occur by a date (the "**Closing Date**") which is no later than the Rate Lock Expiration Date.

By accepting this letter, the Issuer agrees that in the event that for any reason the Closing Date does not occur on or before the Rate Lock Expiration Date, the Bank shall not be obligated to provide the Forward Rate and the Issuer shall pay to the Bank the amount of any loss or expense which the Bank may sustain or incur as a result of the Issuer's failure to close the Facility by such date, including but not limited to any loss of margin, loss or expense incurred in liquidating or employing deposits from third parties and any loss or expense incurred in connection with funds acquired by the Bank to fund borrowings subject to the Forward Rate. Such payment shall be due thirty (30) business days after the Bank gives notice to the Issuer of the amount thereof, setting forth in reasonable detail the basis for the calculation thereof. A certificate by the Bank as to such amount shall be conclusive if made in good faith. The Issuer acknowledges and agrees that such amount represents reasonable compensation for loss of bargain and is not a penalty.

This letter is governed by the laws of the State of Florida. No modification or waiver of any of the terms of this letter will be valid unless agreed to in writing by the Bank. When accepted, this letter will constitute the entire agreement between the Bank and the Issuer.

Canaveral Port Authority, Florida

November 18, 2014


Page 2

concerning the Forward Rate, and shall supersede all prior and contemporaneous understandings and agreements (written or oral) relating thereto.

To accept this letter, please sign the enclosed copy where indicated below and return it to the Bank no later than the Bank's close of business on November 19, 2014. If this letter is not accepted by said date, this letter will automatically terminate without liability or further obligation of the Bank.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By: 

Name: Jerry D. Stanforth

Title: Senior Vice President

### ACCEPTANCE

The Issuer hereby agrees to the above provisions, intending to be legally bound hereby. The Issuer understands that the above provisions may obligate the Issuer to make a significant payment to the Bank in the event the Closing Date does not occur by the Rate Lock Expiration Date, and the amount of any such payment cannot be predicted in advance of such event. The Issuer is fully informed of and is capable of evaluating, and has evaluated, the potential financial risks and benefits and the appropriateness in light of its individual circumstances, of this letter. The Issuer is entering into this letter in reliance only upon its own judgment, and is not relying upon any representations, warranty, views or advice of the Bank.

 CANAVERAL PORT AUTHORITY

By: 

Name: Tom Weinberg

Title: Chairman

**\$11,080,000 Canaveral Port Authority  
Port Improvement Revenue  
Refunding Bond, Series 2015**

**VERIFICATION REPORT**

**March 3, 2015**

**GNP SERVICES, CPA, PA  
385 STILES AVENUE  
ORANGE PARK, FLORIDA 32073  
(904) 278-8980 PHONE  
(904) 278-4665 FAX  
linda@gnpcpas.com E-MAIL**



**\$11,080,000 Canaveral Port Authority  
Port Improvement Revenue Refunding Bond, Series 2015**

**Exhibits**

Exhibit 1 - Sources and Uses of Funds

Exhibit 2 - Verification of Total Debt Service and Arbitrage Yield on the Bond

Exhibit 3 - Verification of Debt Service and Call Requirements for the Refunded Bonds

Exhibit 4 - Verification of Total Escrow Cash Flow and Escrow Sufficiency

**GNP SERVICES, CPA, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

385 STILES AVENUE  
ORANGE PARK, FLORIDA 32073  
TELEPHONE: 904 278-8980  
FACSIMILE: 904 278-4665

MAILING ADDRESS:  
POST OFFICE BOX 1179  
ORANGE PARK, FLORIDA 32067-1179  
www.gnpcpas.com

March 3, 2015

Canaveral Port Authority  
Cape Canaveral, Florida

Nabors Giblin & Nickerson, P.A.  
Tampa, Florida

RBC Capital Markets  
Jacksonville, Florida

PNC Bank, National Association  
Orlando, Florida

Regions Bank  
Jacksonville, Florida

RE:    \$11,080,000 Canaveral Port Authority (the "Issuer") Port Improvement  
Revenue Refunding Bond, Series 2015

In connection with the proposed issuance of the above Bond (the "Bond") on March 3, 2015, RBC Capital Markets has provided us with certain schedules they have prepared, including, but not limited to, the following:

1.     the total debt service on the Bond;
2.     the arbitrage yield on the Bond (the "Arbitrage Yield"); and
3.     debt service information and escrow requirements for the current refunding of the remaining outstanding amount of the Issuer's \$16,360,000 Port Revenue Refunding Bonds, Series 2005 of which \$1,505,000 of serial bond principal maturing on June 1, 2015 is being paid at maturity (the "Maturing Serial Bond Principal"), and of which \$10,490,000 of a combination of serial bond principal maturing on June 1, 2016 through and including June 1, 2017 and mandatory sinking fund installments with scheduled payment dates on June 1, 2018 through and including June 1, 2021 are being redeemed on June 1, 2015 (the "Refunded Serial Bond Principal and Refunded Mandatory Sinking Fund Installments", and together with the Maturing Serial Bond Principal, the "Refunded Bonds").

We have assumed all debt service payments on the Refunded Bonds to be current as of March 3, 2015. We have also assumed that all documentation provided to us by RBC Capital Markets is accurate. This documentation includes the Official Statement for the Refunded Bonds dated April 28, 2005 (the "Official Statement for the Refunded Bonds"), Form of Bond No. R-1, and the Escrow Deposit Agreement. Nothing has come to our attention that has led us to conclude

Canaveral Port Authority  
Nabors Giblin & Nickerson, P.A.  
RBC Capital Markets  
PNC Bank, National Association  
Regions Bank  
March 3, 2015  
Page 2

that any of the information included in these documents has been affected by events or circumstances occurring after their respective dates.

We have verified the arithmetical accuracy of certain computations prepared by RBC Capital Markets. We have verified the arithmetical accuracy of only those computations specifically described herein. We have not independently verified the existence of any of the sources of funds presented on Exhibit 1 nor have we verified that the actual uses of funds are consistent with the expected uses of funds presented on Exhibit 1.

We determined the following:

1. the maturity dates, principal, and interest rate for the Bond used in the schedules prepared by RBC Capital Markets as shown on Exhibit 2 are the same as the information presented in Form of Bond No. R-1; and
2. the maturity dates, scheduled payment dates, serial bond principal, mandatory sinking fund installments, interest rates, and redemption date for the Refunded Bonds used in the schedules prepared by RBC Capital Markets as shown on Exhibit 3 where applicable, are the same as the information presented in the Official Statement for the Refunded Bonds.

In our opinion, the computations, prepared by RBC Capital Markets as contemplated by this refunding transaction are arithmetically accurate and indicate that:

1. the Arbitrage Yield is 2.080384% as shown on Exhibit 2; and
2. an initial cash deposit of \$12,271,368.75 as shown on Exhibit 4 will provide amounts at least equal to the amounts necessary to pay on June 1, 2015, the Maturing Serial Bond Principal, Refunded Serial Bond Principal and Mandatory Sinking Fund Installments and interest due.

We have determined that the computation of the Arbitrage Yield followed an actuarial method whereby that yield which has been calculated is the yield which when used in computing the present value of all payments of principal and interest to be paid on an obligation, using semiannual compounding on the basis of a 360 day year consisting of twelve thirty day months, produces an amount equal to the issue price of such obligations as determined in accordance with Section 148 of the Internal Revenue Code of 1986, as amended.

Because the aforementioned computations are based on assumptions and estimates, the achievement of which is dependent upon future events and transactions, we do not express an opinion on the attainability of the assumptions or the resultant projections included in the accompanying schedules. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We are an independent certified public accounting firm licensed to perform all services described herein, and we carry errors and omissions insurance.

*Leo Seriver, CPA, PA*

**\$11,080,000 Canaveral Port Authority  
Port Improvement Revenue Refunding Bond, Series 2015**

**Exhibit 1 - Sources and Uses of Funds**

<b>SOURCES (*)</b>	<b>Total</b>
Bond Proceeds:	
Par Amount	\$ 11,080,000.00
Other Sources of Funds:	
Sinking Fund	<u>1,266,934.38</u>
Total Sources	<u>\$ 12,346,934.38</u>

<b>USES (*)</b>	
Refunding Escrow Deposits:	
Cash Deposit	\$ 12,271,368.75
Delivery Date Expenses:	
Cost of Issuance	75,000.00
Other Uses of Funds:	
Additional Proceeds	<u>565.63</u>
Total Uses	<u>\$ 12,346,934.38</u>

\* We have not independently verified the existence of any of the sources of funds presented on this Exhibit 1, nor have we verified that the actual uses of funds are consistent with the expected uses of funds presented on this Exhibit 1.

**\$11,080,000 Canaveral Port Authority  
Port Improvement Revenue Refunding Bond, Series 2015**

**Exhibit 2 - Verification of Total Debt Service and Arbitrage Yield on the Bond**

MATURITY DATES		PRINCIPAL	INTEREST RATE	SEMIANNUAL INTEREST	TOTAL DEBT SERVICE	ARBITRAGE YIELD ON THE BOND 2.080384%
03-Mar-15	(*)	\$ -		\$ -	\$ -	\$ -
01-Jun-15		420,000.00	2.08%	56,335.64	476,335.64	473,931.89
01-Dec-15				110,864.00	110,864.00	109,168.98
01-Jun-16		1,685,000.00	2.08%	110,864.00	1,795,864.00	1,750,201.18
01-Dec-16				93,340.00	93,340.00	90,030.19
01-Jun-17		1,720,000.00	2.08%	93,340.00	1,813,340.00	1,731,033.39
01-Dec-17				75,452.00	75,452.00	71,285.76
01-Jun-18		1,760,000.00	2.08%	75,452.00	1,835,452.00	1,716,251.42
01-Dec-18				57,148.00	57,148.00	52,886.49
01-Jun-19		1,795,000.00	2.08%	57,148.00	1,852,148.00	1,696,388.19
01-Dec-19				38,480.00	38,480.00	34,881.12
01-Jun-20		1,830,000.00	2.08%	38,480.00	1,868,480.00	1,676,292.04
01-Dec-20				19,448.00	19,448.00	17,268.00
01-Jun-21		1,870,000.00	2.08%	19,448.00	1,889,448.00	1,660,381.35
GNP Services, CPA, PA		11,080,000.00		845,799.64	11,925,799.64	11,080,000.00
RBC Capital Markets		11,080,000.00		845,799.64	11,925,799.64	11,080,000.00
Difference		0.00		0.00	0.00	0.00

(\*) Delivery Date

Target Amount

\$ 11,080,000.00

**\$11,080,000 Canaveral Port Authority  
Port Improvement Revenue Refunding Bond, Series 2015**

**Exhibit 3 - Verification of Debt Service and Call Requirements for the Refunded Bonds**

MATURITY DATES AND SCHEDULED PAYMENT DATES	SERIAL BOND PRINCIPAL AND MANDATORY SINKING FUND INSTALLMENTS		INTEREST RATES	INTEREST TO MATURITY	TOTAL DEBT SERVICE TO MATURITY	MATURING SERIAL BOND PRINCIPAL	REFUNDED SERIAL BOND PRINCIPAL	REFUNDED MANDATORY SINKING FUND INSTALLMENTS	REFUNDED INTEREST	REFUNDED DEBT SERVICE
01-Jun-15 (*)	\$ 25,000.00	(1)	3.7500%	276,368.75	301,368.75	\$ 1,505,000.00	\$ 3,190,000.00	\$ 7,300,000.00	\$ 276,368.75	\$ 12,271,368.75
01-Jun-15	1,480,000.00	(1)	4.0000%		1,480,000.00					
01-Dec-15				246,300.00	246,300.00					
01-Jun-16	1,565,000.00	(2)	4.0000%	246,300.00	1,811,300.00					
01-Dec-16				215,000.00	215,000.00					
01-Jun-17	1,625,000.00	(2)	4.0000%	215,000.00	1,840,000.00					
01-Dec-17				182,500.00	182,500.00					
01-Jun-18	1,695,000.00	(3)	5.0000%	182,500.00	1,877,500.00					
01-Dec-18				140,125.00	140,125.00					
01-Jun-19	1,780,000.00	(3)	5.0000%	140,125.00	1,920,125.00					
01-Dec-19				95,625.00	95,625.00					
01-Jun-20	1,865,000.00	(3)	5.0000%	95,625.00	1,960,625.00					
01-Dec-20				49,000.00	49,000.00					
01-Jun-21	1,960,000.00	(3)	5.0000%	49,000.00	2,009,000.00					
GNP Services, CPA, PA	11,995,000.00			2,133,468.75	14,128,468.75	1,505,000.00	3,190,000.00	7,300,000.00	276,368.75	12,271,368.75
RBC Capital Markets	11,995,000.00			2,133,468.75	14,128,468.75	1,505,000.00	3,190,000.00	7,300,000.00	276,368.75	12,271,368.75
Difference	0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00

(\*) Redemption Date

Maturing Serial Bond Principal (1)		\$ 1,505,000.00
Refunded Serial Bond Principal (2)	\$ 3,190,000.00	
Refunded Mandatory Sinking Fund Installments (3)	7,300,000.00	10,490,000.00
Total Refunded Bonds		\$ 11,995,000.00

**\$11,080,000 Canaveral Port Authority  
Port Improvement Revenue Refunding Bond, Series 2015**

**Exhibit 4 - Verification of Total Escrow Cash Flow and Escrow Sufficiency**

<b>DATE</b>	<b>TOTAL CASH DEPOSIT</b>	<b>DRAW REQUIREMENTS</b>	<b>EXCESS BALANCE</b>
03-Mar-15	\$ 12,271,368.75	\$ -	\$ 12,271,368.75
01-Jun-15		12,271,368.75	0.00
GNP Services, CPA, PA	12,271,368.75	12,271,368.75	
RBC Capital Markets	12,271,368.75	12,271,368.75	
Difference	0.00	0.00	

**REFUNDING BOND CERTIFICATE**

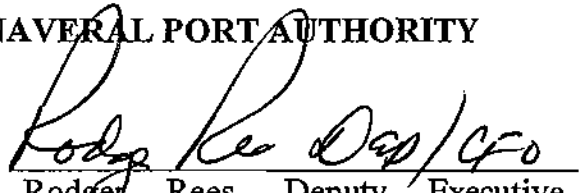
The undersigned, Rodger Rees, Deputy Executive Director/Chief Financial Officer of the Canaveral Port Authority (the "Issuer"), does hereby certify as follows pursuant to Section 5.06(E) of Resolution No. 92-8 of the Issuer, adopted October 7, 1992 (as amended and supplemented, the "Bond Resolution"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

1. The issuance of the Canaveral Port Authority Port Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond") will not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds.
2. The issuance of the Series 2015 Bond will not result in an increase in the Maximum Annual Debt Service on the Bonds.
3. The Annual Debt Service on the Series 2015 Bond in any Fiscal Year does not exceed by more than ten percent (10%) the Annual Debt Service in any corresponding Fiscal Year on the Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005, being refunded with the proceeds of the Series 2015 Bond.

IN WITNESS WHEREOF, I have hereunto executed this certificate this 3rd day of March, 2015.

**CANAVERAL PORT AUTHORITY**

By:

  
Rodger Rees, Deputy Executive  
Director/Chief Financial Officer



**DISCLOSURE LETTER**

March 3, 2015

Canaveral Port Authority  
Cape Canaveral, Florida

Re: Canaveral Port Authority Port Improvement Revenue Refunding  
Bond, Series 2015

Commissioners:

In connection with the purchase of the \$11,080,000 aggregate principal amount of the Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015 (the "Bond") authorized to be issued by Resolution No. 92-8 adopted by Canaveral Port Authority (the "Issuer") on October 7, 1992, as amended and supplemented (the "Resolution"), the undersigned purchaser of the Bond (the "Purchaser"), hereby acknowledges and represents that (1) the Purchaser is familiar with the Issuer as it relates to the above transaction; (2) the Purchaser has been furnished certain business and financial information about the Issuer; (3) the Issuer has made available to the Purchaser the opportunity to obtain additional information and to evaluate the merits and risks of an investment in the Bond; and (4) the Purchaser has had the opportunity to ask questions of and receive answers from representatives of the Issuer concerning the terms and conditions of the offering and the information supplied to the Purchaser.

The Purchaser acknowledges and represents that it has been advised that the Bond has not been registered under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) thereof, and that the Issuer is not presently registered under Section 12 of the Securities and Exchange Act of 1934, as amended. The Purchaser, therefore, realizes that if and when the Purchaser wishes to resell the Bond, there may not be available current business and financial information about the Issuer. Further, no trading market now exists for the Bond. Accordingly, the Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to the maturity of the Bond may not be possible or may be at a price below that which the Purchaser is paying for the Bond.

It is understood that the Purchaser has undertaken to verify the accuracy, completeness and truth of any statements made concerning any of the material facts relating to this transaction, including information regarding the business and financial condition of the Issuer. The Purchaser has conducted its own investigation to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Issuer. On this

basis, it is agreed by execution of this letter that the Purchaser hereto is not relying on any other party or person to undertake the furnishing or verification of information relating to this transaction.

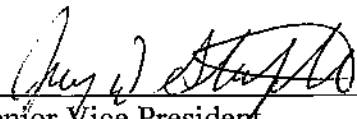
The Purchaser acknowledges that the Bond is being purchased as part of a private placement of the Bond negotiated directly between the Issuer and representatives of the undersigned. Accordingly, no Official Statement or other disclosure document has been prepared in connection with the issuance of the Bond and the Purchaser hereby acknowledges that it has made its own independent examination of all facts and circumstances surrounding the Bond and the financing and that no reliance has been placed on anyone other than the Issuer.

The Purchaser is purchasing the Bond for investment purposes only and not with any present intent to distribute or resell the Bond. The Purchaser hereby covenants that if the Purchaser subsequently decides to distribute or resell the Bond, it shall comply in all respects with all securities laws then applicable with respect to any such distribution or resale.

The Purchaser further acknowledges and represents that (1) it is the only initial purchaser of the Bond, (2) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Bond, and (3) it is not purchasing the Bond for more than one account or with a view to distributing the Bond. The Purchaser acknowledges that the representations contained in this paragraph are being made in order to meet one of the exceptions to the continuing disclosure requirements set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Very truly yours,

**PNC BANK, NATIONAL ASSOCIATION**

By:   
Senior Vice President

Proposal for \$11,995,000 of Direct Non-Bank Qualified Tax Exempt Financing



**Canaveral Port Authority**

November 18, 2014





November 18, 2014

Mr. Rodger Rees  
Deputy Executive Director  
Chief Financial Officer  
Canaveral Port Authority  
445 Challenger Road, Suite 301  
Cape Canaveral, Florida 32920

Mr. Mitch Owens  
Managing Director  
RBC Capital Markets  
1650 Prudential Drive, Suite 101  
Jacksonville, Florida 32207

Re: Canaveral Port Authority Port Improvement Revenue Refunding Bonds, Series 2015 Proposal

Dear Mr. Rees & Mr. Owens:

PNC Bank, National Association ("PNC") is pleased to provide the Canaveral Port Authority (the "Authority") with a maximum \$11,995,000 of secured financing, consisting of a Tax Exempt Non-Bank Qualified Loan (the "Credit Facility"). The proceeds of which will be used to provide a forward refunding of the Canaveral Port Authority Revenue Bonds, Series 2005.

PNC brings a team-oriented approach to each financing, offering deep industry experience and sound technical expertise. Furthermore, PNC believes in developing full relationships with its clients. We work hard to comprehensively understand our clients' unique financial needs, and leverage the complete capabilities of the bank to respond with thorough, thoughtful solutions.

PNC is pleased be able to once again support the Authority in this credit financing solution and aims to get the transaction completed in a timely fashion. If you have any questions or need any additional information, please do not hesitate to contact me at 407-428-3003 or via email at [jerry.stanforth@pnc.com](mailto:jerry.stanforth@pnc.com).

Regards,

A handwritten signature in black ink, appearing to read "Jerry D. Stanforth".

Jerry D. Stanforth  
Senior Vice President  
The PNC Financial Services Group



Canaveral Port Authority

## Term Sheet

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### *Preliminary Terms and Conditions*

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**This Summary of Terms and Conditions is not a commitment or an offer to lend and does not create any obligation on the part of the Bank. The Bank will not be deemed to extend any commitment to the Borrower unless and until a formal commitment letter is issued. This outline is only a brief description of the principal terms of the suggested loan and is intended for discussion purposes only.**

## **Canaveral Port Authority**

**November 18, 2014**

**Borrower:** Canaveral Port Authority ("Borrower" or "Authority")

**Lender:** PNC Bank, National Association ("Bank")

**Purpose:** Proceeds of the loan will be used to provide a forward refunding of the Canaveral Port Authority Revenue Bonds, Series 2005.

**Credit Facility:** \$11,995,000 Port Improvement Revenue Refunding Note, Series 2015 ("Credit Facility" or "Loan")

**Contact Person:** Jerry Stanforth  
T: 407-428-3003 F: 407-428-3025 C: 407-342-0816  
Email: jerry.stanforth@pnc.com

**Non-Bank Qualified Interest Rate:** Tax-Exempt Rate - 2.08%

**Interest:** Interest will be calculated on the daily outstanding principal balance on a 360 day year consisting of twelve (12) 30 day months and will be due semi-annually on June 1 and December 1 of each fiscal year, commencing June 1, 2015.

**Amortization/ Maturity:** Amortization will remain as they exist under the current 2005 Bonds with a final maturity of June 1, 2021.

**Legal Fee:** Legal fees incurred by the Bank for its counsel, shall be paid by the Borrower at closing, and will be capped at \$6,500. The Bank will use Akerman Senterfitt as Bank Counsel.

**Closing fee:** Waived

**Security:** The Credit Facility will be secured by a pledge of Authority Revenues and will be cross-defaulted with all present and future obligations of the Borrower.



<b>Prepayment:</b>	The Bank will not assess a penalty in the event of any prepayment of the Credit Facility; however, customary yield protection and prepayment cost recovery provisions will be included in the definitive loan documents.
<b>Rating Maintenance:</b>	The Borrower shall maintain a rating of Baa2/ BBB or better. For any rating downgrade below Moody's A3, the Borrower's interest rate shall increase by 10 basis points for each rating level. Failure to maintain an investment grade rating, the Bank can increase the rate to the Default Rate.
<b>Yield Protection:</b>	If an event of taxability occurs due to action (or inaction) caused by the Board, the interest rate charged on the outstanding principal balance of the Loan shall, effective as of and after the date of the occurrence of such event of taxability, be increased to, calculated and recalculated at the taxable equivalent rate from the date of the determination of taxability.
<b>Conditions Precedent:</b>	<p>Including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>(a) No material adverse change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower.</li> <li>(b) No material threatened or pending litigation or material contingent obligations.</li> <li>(c) Execution of documentation satisfactory to the Bank.</li> <li>(d) Satisfactory review of legal documents prepared by the Borrower's counsel.</li> <li>(e) Opinion of counsel to Borrower regarding due Authorization, NBQ tax status of the Loan, enforceability, and such others as maybe required by the bank.</li> </ul>
<b>Default Rate:</b>	3% per annum over the Bank's Base Rate. The Base Rate is the highest of the (i) Bank's Prime Rate, (ii) Daily Libor + 100bps, (iii) Federal Funds Rate + 50bps.
<b>Events of Default:</b>	<p>To include, but not be limited to the following:</p> <ul style="list-style-type: none"> <li>1) Payment default.</li> <li>2) Breach of Representations or Warranties.</li> <li>3) Violation of covenant(s).</li> <li>4) Bankruptcy, insolvency.</li> </ul>
<b>Financial Covenants:</b>	<p>Consistent with existing Bond Resolution:</p> <ul style="list-style-type: none"> <li>1) <b>Debt Service Coverage &gt; 1.25x:</b> Net Revenues/Total Annual Debt Service</li> </ul>

**Reporting Covenants:** Consistent with existing Bond Resolution.

**Other Covenants:** Consistent with existing Bond Resolution.

**Documentation:** Loan Documents in form and substance satisfactory to the Bank must be executed and delivered containing representations, warranties, covenants, indemnities, conditions to lending, events of default and other provisions as are appropriate in the Bank's opinion and specified by the Bank.

**Governing Law:** Florida. Submission to Florida jurisdiction.

**Miscellaneous:** Waiver of jury trial.

ACCEPTED

CANAVERAL PORT AUTHORITY

By:  \_\_\_\_\_

**Date:** November 19, 2014

## TRUTH-IN-BONDING STATEMENT

November 24, 2014

Canaveral Port Authority  
Cape Canaveral, Florida

Canaveral Port Authority (the "Authority") is proposing to issue its \$11,080,000 Port Revenue Refunding Bond, Series 2015 (the "Bond") to refund certain of the Authority's outstanding Port Revenue Refunding Bonds, Series 2005. The Bond is expected to be paid over a period of approximately 6.25 years. At a fixed interest rate of 2.08%, total interest paid over the life of the Bond (assuming no prepayments) will be \$845,799.64. The Bond is payable from and secured solely by the Gross Revenues as defined in the resolutions of the Authority authorizing the issuance of the Bond. Authorizing the Bond will result in a maximum annual amount of \$1,910,904.00 of such Gross Revenues not being available to finance other services of the Authority each year for approximately 6.25 years. This statement is provided to enable the Bond to comply with applicable law and does not modify the terms of the Bond.

PNC BANK, NATIONAL ASSOCIATION

By: 

Name: Perry D. Stanforth

Title: Senior Vice President



**FLORIDA STATUTES, SECTION 218.385(6)**  
**DISCLOSURE STATEMENT**

RE: \$11,080,000  
Canaveral Port Authority (the "Issuer"),  
Port Revenue Refunding Bond, Series 2015  
(the "Bond")

Canaveral Port Authority,

PNC Bank National Association (the "Purchaser") is on the date hereof purchasing for its own account all of the \$11,080,000 initial aggregate principal amount of the referenced Bond. The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, certain information in connection with our purchase of the Bond as follows:

(a) The Purchaser is not incurring any expenses in connection with its purchase of the Bond.

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

(c) The Bond is being purchased by us for its face amount.

(d) We will not receive any management fee in connection with our purchase of the Bond.

(e) Our counsel, Akerman LLP is being paid a fee of \$6,500 by the Issuer.

We understand that you do not require any further disclosure from the Purchaser, pursuant to Section 218.385(6), Florida Statutes.

November 24, 2014

PNC BANK, NATIONAL ASSOCIATION  
420 South Orange Avenue, Suite 300  
Orlando, Florida 32801

By: \_\_\_\_\_

Name: Jerry D. Stanforth

Title: Senior Vice President

**CERTIFICATE AS TO DELIVERY AND PAYMENT**

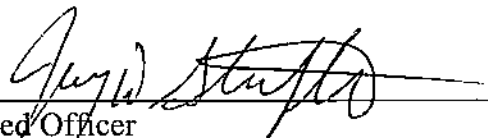
March 3, 2015

Canaveral Port Authority  
Cape Canaveral, Florida

Gentlemen:

We have transferred to your account an amount equal to \$11,080,000 being payment of the purchase price for your Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond"), received today from you by the undersigned. Of such amount \$11,004,434.37 shall be wired to the escrow account at Regions Bank and \$75,565.63 shall be wired to your bank account at Wells Fargo. We understand you have wired to Regions Bank an amount equal to \$1,266,934.38 for deposit to the escrow fund. The undersigned hereby acknowledges delivery of said Series 2015 Bond.

**PNC BANK, NATIONAL ASSOCIATION**

  
\_\_\_\_\_  
Authorized Officer

Please acknowledge receipt of the foregoing deposit by signing and returning the original or a counterpart of this letter.

**CANAVERAL PORT AUTHORITY**

\_\_\_\_\_  
Chief Financial Officer, Canaveral Port  
Authority

**CERTIFICATE AS TO DELIVERY AND PAYMENT**

March 3, 2015

Canaveral Port Authority  
Cape Canaveral, Florida

Gentlemen:

We have transferred to your account an amount equal to \$11,080,000 being payment of the purchase price for your Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond"), received today from you by the undersigned. Of such amount \$11,004,434.37 shall be wired to the escrow account at Regions Bank and \$75,565.63 shall be wired to your bank account at Wells Fargo. We understand you have wired to Regions Bank an amount equal to \$1,266,934.38 for deposit to the escrow fund. The undersigned hereby acknowledges delivery of said Series 2015 Bond.

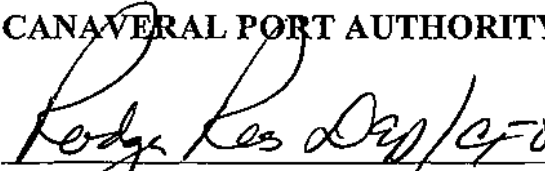
**PNC BANK, NATIONAL ASSOCIATION**

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Authorized Officer

Please acknowledge receipt of the foregoing deposit by signing and returning the original or a counterpart of this letter.

**CANAVERAL PORT AUTHORITY**



Chief Financial Officer, Canaveral Port  
Authority

## **ESCROW DEPOSIT AGREEMENT**

**ESCROW DEPOSIT AGREEMENT**, dated as of March 3, 2015, between **CANAVERAL PORT AUTHORITY** (the "Issuer"), and **REGIONS BANK** (the "Escrow Agent"), an Alabama banking corporation, having its designated corporate trust office in Jacksonville, Florida, as escrow agent hereunder.

**WHEREAS**, the Issuer has heretofore issued its \$16,360,000 Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005 (the "Refunded Bonds") pursuant to Resolution No. 92-8, adopted by the Issuer on October 7, 1992, as amended and supplemented (the "Bond Resolution"); and

**WHEREAS**, the Issuer has determined to exercise its option under the Bond Resolution to pay and refund the Refunded Bonds; and

**WHEREAS**, the Issuer has determined to issue its \$11,080,000 Canaveral Port Authority Port Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond") pursuant to the Bond Resolution, a portion of the proceeds of which Series 2015 Bond, together with other legally available moneys of the Issuer, will be deposited with the Escrow Agent to provide payment for the Refunded Bonds and discharge and satisfy the pledge of the Issuer and the covenants, agreements and other obligations under the Bond Resolution in regard to such Refunded Bonds; and

**WHEREAS**, the issuance of the Series 2015 Bond, the transfer of certain moneys to the Escrow Agent, the deposit of such cash into an escrow deposit trust fund to be held by the Escrow Agent and the discharge and satisfaction of the pledge, covenants, agreements and other obligations of the Issuer under the Bond Resolution in regard to the Refunded Bonds shall occur as a simultaneous transaction; and

**WHEREAS**, this Agreement is intended to effectuate such simultaneous transaction;

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**SECTION 1. PREAMBLES.** The Issuer represents that the recitals stated above are true and correct, and the same are incorporated herein.

**SECTION 2. RECEIPT OF BOND RESOLUTION AND VERIFICATION REPORT.** Receipt of a true and correct copy of the above-mentioned Bond Resolution and this Agreement is hereby acknowledged by the Escrow Agent. The applicable and necessary provisions of the Bond Resolution, including, without limitation, Sections 3.03 and 8.01 thereof, are incorporated herein by reference. The Escrow Agent also acknowledges receipt of the verification report of GNP Services, CPA, PA, a firm of certified public accountants, dated March 3, 2015 (the "Verification Report"). Reference

herein to or citation herein of any provisions of the Bond Resolution or the Verification Report shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

**SECTION 3. DISCHARGE OF PLEDGE OF HOLDERS OF REFUNDED BONDS.** In accordance with Section 8.01 of the Bond Resolution, the Issuer by this writing exercises its option to have the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the holders of the Refunded Bonds, cease, terminate and become void and be discharged and satisfied.

**SECTION 4. ESTABLISHMENT OF ESCROW FUND.** There is hereby created and established with the Escrow Agent a special, segregated and irrevocable escrow deposit trust fund designated the "Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005 Escrow Deposit Trust Fund" (the "Escrow Fund"). The Escrow Fund shall be held in the custody of the Escrow Agent as a trust fund for the benefit of the holders of the Refunded Bonds, separate and apart from other funds and accounts of the Issuer and the Escrow Agent. The Escrow Agent hereby accepts the Escrow Fund and acknowledges the receipt of and deposit to the credit of the Escrow Fund the sum of \$11,004,434.37 received from the Issuer from proceeds of the Series 2015 Bond (the "Bond Proceeds") and the sum of \$1,266,934.38 received from the Issuer from certain excess moneys on deposit in the Payment Account established for the holders of the Refunded Bonds and that portion of the Reserve Account allocable to the Refunded Bonds (the "Issuer Moneys").

**SECTION 5. DEPOSIT OF MONEYS IN ESCROW FUND.** The Escrow Agent represents and acknowledges that, the Bond Proceeds and the Issuer Moneys transferred under Section 4 above (the "Cash Deposit") shall be deposited in the Escrow Fund and held uninvested.

**SECTION 6. SUFFICIENCY OF CASH DEPOSIT.** In reliance upon the Verification Report, the Issuer represents that the Cash Deposit is sufficient such that moneys will be available to the Escrow Agent in amounts sufficient and at the times required to pay the amounts of principal of and interest due and to become due on the Refunded Bonds as described in Schedule A attached hereto. If the Cash Deposit shall be insufficient to make such payments, the Issuer shall timely deposit to the Escrow Fund, solely from legally available funds of the Issuer, such additional amounts as may be required to pay the Refunded Bonds as described in Schedule A hereto. Notice of any insufficiency shall be given by the Escrow Agent to the Issuer as promptly as possible, but the Escrow Agent shall in no manner be responsible for the Issuer's failure to make such deposits.

**SECTION 7. CASH DEPOSIT IN TRUST FOR HOLDERS OF REFUNDED BONDS.** The deposit of the Cash Deposit in the Escrow Fund shall constitute an irrevocable deposit of cash in trust solely for the payment of the principal of and interest on the Refunded Bonds at such times and in such amounts as set forth in Schedule A hereto, and the Cash Deposit shall be used solely for such purpose.

**SECTION 8. ESCROW AGENT TO PAY REFUNDED BONDS FROM ESCROW FUND.** The Escrow Agent hereby agrees that it will take all actions required to be taken by it under the provisions of the Bond Resolution, including the timely transfer of money to Regions Bank, as paying agent for the Refunded Bonds (in such capacity, the "Paying Agent") as provided in the Bond Resolution, in order to effectuate this Agreement and to pay the Refunded Bonds in the amounts and at the times provided in Schedule A hereto. The Cash Deposit shall be used to pay the principal of and interest on the Refunded Bonds as the same may mature or be redeemed. If any payment date shall be a day on which either the Paying Agent for the Refunded Bonds or the Escrow Agent is not open for the acceptance or delivery of funds, then the Escrow Agent may make payment on the next business day. The liability of the Escrow Agent for the payment of the principal of and interest on the Refunded Bonds pursuant to this Agreement shall be limited to the application of the Cash Deposit available for such purposes in the Escrow Fund.

**SECTION 9. REDEMPTION OF REFUNDED BONDS.** The Issuer hereby irrevocably instructs the Escrow Agent, as Registrar for the Refunded Bonds, to give at the appropriate times the notice or notices, if any, required by the Bond Resolution in connection with the redemption of the Refunded Bonds. The Refunded Bonds maturing on or after June 1, 2016 shall be redeemed on June 1, 2015, at a redemption price of 100% of the par amount thereof, plus interest accrued to such date.

**SECTION 10. DEFEASANCE NOTICE TO HOLDERS OF REFUNDED BONDS.** Concurrently with the deposit of the Cash Deposit set forth in Section 5 hereof, the Refunded Bonds shall be deemed to have been paid within the meaning and with the effect expressed in Section 8.01 of the Bond Resolution. Within three days of the deposit of moneys into the Escrow Fund the Escrow Agent, on behalf of the Issuer, shall cause the Registrar for the Refunded Bonds to mail, by first-class mail, postage prepaid, to the holders of the Refunded Bonds the notice substantially in the form provided in Schedule B attached hereto.

**SECTION 11. ESCROW FUND IRREVOCABLE.** The Escrow Fund hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on the Cash Deposit deposited in the Escrow Fund pursuant to the terms hereof and the interest earnings thereon until paid out, used and applied in accordance with this Agreement and the Bond Resolution. Neither the Issuer nor the Escrow Agent shall

cause nor permit any other lien or interest whatsoever to be imposed upon the Escrow Fund.

**SECTION 12. AMENDMENTS TO AGREEMENT.** This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the Escrow Agent; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

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

The Escrow Agent shall be entitled to rely exclusively upon an opinion of Bond Counsel with respect to compliance with this Section 12, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section 12.

**SECTION 13. FEES AND EXPENSES OF ESCROW AGENT; INDEMNIFICATION; LIABILITY.** In consideration of the services rendered by the Escrow Agent under this Agreement, the Issuer agrees to and shall pay to the Escrow Agent the fees and expenses as shall be agreed to in writing by the parties hereto. The Escrow Agent shall have no lien whatsoever upon the Cash Deposit in said Escrow Fund for the payment of such proper fees and expenses. The Issuer further agrees to indemnify and save the Escrow Agent harmless, to the extent allowed by law, against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or misconduct. Indemnification provided under this Section 13 shall survive the termination of this Agreement.

Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer. The Escrow Agent may conclusively rely,

as to the correctness of statements, conclusions and opinions therein, upon any certificate, report, opinion or other document furnished to the Escrow Agent pursuant to any provision of this Agreement; the Escrow Agent shall be protected and shall not be liable for acting or proceeding, in good faith, upon such reliance; and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Escrow Agent may consult with counsel, who may be counsel to the Issuer or independent counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance herewith. Prior to retaining such independent counsel, the Escrow Agent shall notify the Issuer of its intention.

The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of moneys to pay the Refunded Bonds and is relying upon the Verification Report, exclusively, for this purpose. The Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

#### **SECTION 14. REPORTING REQUIREMENTS OF ESCROW AGENT.**

As soon as practicable after June 1, 2015, the Escrow Agent shall forward in writing to the Issuer a statement setting forth the activity of the Escrow Fund since the date hereof.

#### **SECTION 15. RESIGNATION OR REMOVAL OF ESCROW AGENT.**

The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than 60 days' written notice to the Issuer and mailing notice thereof, specifying the date when such resignation will take effect, to the holders of the Refunded Bonds then outstanding, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding or by the Issuer as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be replaced at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and signed by either the Issuer or the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding. Such instrument shall provide for the appointment of a successor Escrow



Agent, which appointment shall occur simultaneously with the removal of the Escrow Agent.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the Issuer shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the Issuer shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders. The Issuer shall mail notice of any such appointment made by it at the times and in the manner described in the first paragraph of this Section 15.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the Issuer pursuant to the foregoing provisions of this Section 15 within 60 days after written notice of resignation of the Escrow Agent has been given to the Issuer, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

In the event of replacement or resignation of the Escrow Agent, the Escrow Agent shall remit to the Issuer the prorated portion of prepaid fees not yet incurred or payable, less any termination fees and expenses at the time of discharge, the Issuer shall pay all accrued and unpaid fees and expenses of the Escrow Agent and the Escrow Agent shall have no further liability hereunder and the Issuer shall indemnify and hold harmless Escrow Agent from any such liability, including costs or expenses incurred by Escrow Agent or its counsel.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any State, and shall have at the time of appointment capital and surplus of not less than \$30,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer an instrument in writing accepting such

appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of such successor Escrow Agent or the Issuer execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the Issuer be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 16. TERMINATION OF AGREEMENT.** Except for provisions hereof which are stated to survive the termination hereof, this Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. Upon such termination, all moneys remaining in the Escrow Fund shall be released to the Issuer.

**SECTION 17. GOVERNING LAW.** This Agreement shall be governed by the applicable laws of the State of Florida.

**SECTION 18. SEVERABILITY.** If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

**SECTION 19. COUNTERPARTS.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

**SECTION 20. NOTICES.** Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing and sent by registered or certified mail addressed to:


Regions Bank  
10245 Centurion Parkway, 2nd Floor  
Jacksonville, Florida 32256  
Attention: Corporate Trust Services

Canaveral Port Authority  
445 Challenger Road, Suite 301  
Cape Canaveral, Florida 32920  
Attention: Chief Financial Officer

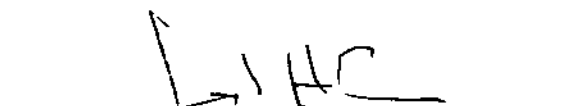
**IN WITNESS WHEREOF**, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers and appointed officials and their seals to be hereunder affixed and attested as of the date first written herein.

(SEAL)

**CANAVERAL PORT AUTHORITY**

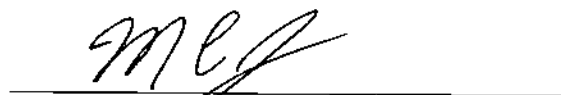
  
Chairman

ATTEST:

  
Acting Secretary/Treasurer

(SEAL)

**REGIONS BANK,**  
as Escrow Agent

  
Authorized Signatory

# SCHEDULE A

## DEBT SERVICE REQUIREMENTS FOR REFUNDED BONDS

MATURITY DATES AND SCHEDULED PAYMENT DATES	SERIAL BOND PRINCIPAL AND MANDATORY SINKING FUND INSTALLMENTS		INTEREST RATES	INTEREST TO MATURITY	TOTAL DEBT SERVICE TO MATURITY	MATURING SERIAL BOND PRINCIPAL	REFUNDED SERIAL BOND PRINCIPAL	REFUNDED MANDATORY SINKING FUND INSTALLMENTS	REFUNDED INTEREST	REFUNDED DEBT SERVICE
01-Jun-15 (*)	\$ 25,000.00	(1)	3.7500%	276,368.75	301,368.75	\$ 1,505,000.00	\$ 3,190,000.00	\$ 7,300,000.00	\$ 276,368.75	\$ 12,271,368.75
01-Jun-15	1,480,000.00	(1)	4.0000%		1,480,000.00					
01-Dec-15				246,300.00	246,300.00					
01-Jun-16	1,565,000.00	(2)	4.0000%	246,300.00	1,811,300.00					
01-Dec-16				215,000.00	215,000.00					
01-Jun-17	1,625,000.00	(2)	4.0000%	215,000.00	1,840,000.00					
01-Dec-17				182,500.00	182,500.00					
01-Jun-18	1,695,000.00	(3)	5.0000%	182,500.00	1,877,500.00					
01-Dec-18				140,125.00	140,125.00					
01-Jun-19	1,780,000.00	(3)	5.0000%	140,125.00	1,920,125.00					
01-Dec-19				95,625.00	95,625.00					
01-Jun-20	1,865,000.00	(3)	5.0000%	95,625.00	1,960,625.00					
01-Dec-20				49,000.00	49,000.00					
01-Jun-21	1,960,000.00	(3)	5.0000%	49,000.00	2,009,000.00					
GNP Services, CPA, PA	11,995,000.00			2,133,468.75	14,128,468.75	1,505,000.00	3,190,000.00	7,300,000.00	276,368.75	12,271,368.75
RBC Capital Markets	11,995,000.00			2,133,468.75	14,128,468.75	1,505,000.00	3,190,000.00	7,300,000.00	276,368.75	12,271,368.75
Difference	0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00

(\*) Redemption Date

Maturing Serial Bond Principal (1)		\$ 1,505,000.00
Refunded Serial Bond Principal (2)	\$ 3,190,000.00	
Refunded Mandatory Sinking Fund Installments (3)	7,300,000.00	10,490,000.00
Total Refunded Bonds		<u>\$ 11,995,000.00</u>

## SCHEDULE B

### FORM OF NOTICE OF DEFEASANCE FOR REFUNDED BONDS

Notice is hereby given pursuant to Resolution No. 92-8 of the Canaveral Port Authority (the "Authority"), adopted on October 7, 1992, as amended and supplemented (the "Bond Resolution"), that the Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005 (the "Refunded Bonds") are deemed to be paid within the meaning of the Bond Resolution and shall no longer be secured from the revenues and other moneys and funds and accounts provided in the Bond Resolution and shall be secured solely from the irrevocable deposit of cash made by the Authority with Regions Bank, Jacksonville, Florida, as Escrow Agent, in accordance with Section 8.01 of the Bond Resolution. The Refunded Bonds maturing on or after June 1, 2016 shall be redeemed on June 1, 2015 at a redemption price of 100%.

The Refunded Bonds are described as follows:

<u>Principal Amount</u>	<u>Maturity Date (June 1)</u>	<u>CUSIP Number</u>
\$ 25,000	2015	137288FK7
1,480,000	2015	137288FL5
1,565,000	2016	137288FM3
1,625,000	2017	137288FN1
3,475,000	2019	137288FP6
3,825,000	2021	137288FQ4

**REGIONS BANK**, as Escrow Agent

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Authorized Signatory

**\$11,080,000**  
**CANAVERAL PORT AUTHORITY**  
**PORT IMPROVEMENT REVENUE REFUNDING BOND,**  
**SERIES 2015**

**CERTIFICATE OF ESCROW AGENT**

The undersigned duly authorized officer of Regions Bank (the "Bank"), as Escrow Agent under and pursuant to that certain Escrow Agent Agreement, dated as of March 3, 2015 (the "Escrow Agent Agreement"), with respect to the issuance by Canaveral Port Authority (the "Authority") of the \$11,080,000 Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond") issued pursuant to Resolution No. 92-8, adopted on October 7, 1992, as amended and supplemented (collectively, the "Resolution"), DOES HEREBY CERTIFY as follows:

1. The Escrow Deposit Agreement has been executed by the Bank by an authorized signatory who was and is duly authorized to execute such Escrow Deposit Agreement on behalf of the Bank.

2. The Bank is an Alabama banking corporation duly organized, validly existing and in good standing under the laws of the State of Alabama, having its designated corporate trust office in Orlando, Florida, and is duly authorized to exercise trust powers in the State of Florida. The Bank has all requisite authority, power, licenses, permits and franchises, and has full corporate power and legal authority to execute and perform its functions under the Escrow Deposit Agreement.

3. The execution, delivery and performance by the Bank of the Escrow Deposit Agreement are authorized by the Bank, and under present law does not and will not contravene the articles of association or the bylaws of the Bank or conflict with or constitute a breach of or default under any law, administrative regulation, court order, consent decree or any agreement, indenture or other obligation or instrument to which the Bank is subject.

4. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Bank of its duties and obligations under the Escrow Deposit Agreement have been obtained and are in full force and effect.

5. The Escrow Deposit Agreement has been duly entered into and delivered by the Bank and constitutes a legal, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its respective terms, except as the enforceability thereof may be limited by applicable bankruptcy or other similar laws affecting the enforcement of creditors' rights generally. Such enforcement may be subject to equitable principles of general applicability (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6. To the best knowledge of the undersigned, no litigation, action, suit, proceeding or investigation at law or in equity before any court, public board or body is pending or, to the knowledge of the undersigned agent, threatened in any way contesting or affecting the existence or powers (including trust powers) of the Bank or the Bank's ability to fulfill its duties and obligations under the Escrow Deposit Agreement, wherein an unfavorable ruling, decision or finding is likely to materially and adversely affect the Bank's ability to perform its obligations thereunder.

7. The attached Exhibit A is a true and correct copy of an excerpt of the By-Laws of the Bank evidencing the authority of the agent authorized to execute and deliver the Escrow Deposit Agreement on behalf of the Bank.

**IN WITNESS WHEREOF**, the undersigned has hereunto set his or her hand as of the 3rd day of March, 2015.

**REGIONS BANK**

Barbara B. Beck  
Authorized Officer



## CERTIFICATE

I, Barbara B. Buck, a duly elected and qualified Assistant Secretary of Regions Bank, an Alabama state-chartered banking corporation headquartered in Birmingham, Alabama, hereby certify as follows:

1. Following is a true and correct copy of Article IV, Sections 10 -11 of the By-Laws of Regions Bank, as amended by the Board of Directors at a duly convened meeting held on October 16, 2014, at which a quorum was present, and the same are in full force and effect on the date hereof:

### **"Article IV. Officers**

#### **Section 10. Officer in Charge of Wealth Management.**

The officer in charge of Wealth Management shall be designated as such by the Board of Directors and shall exercise general supervision and management over the affairs of Private Wealth Management, Institutional Services, and Wealth Management Operations and Support, which groups are responsible for exercise of the Bank's trust powers. That officer is hereby empowered to appoint all necessary agents or attorneys; also to make, execute and acknowledge all checks, bonds, certificates, deeds, mortgages, notes, releases, leases, agreements, contracts, bills of sale, assignments, transfers, powers of attorney or of substitution, proxies to vote stock, or any other instrument in writing that may be necessary in the purchase, sale, mortgage, lease, assignment, transfer, management or handling, in any way of any property of any description held or controlled by the Bank in any fiduciary capacity. Said officer shall have such other duties and powers as shall be designated by the Board of Directors.

#### **Section 11. Other Officers in Private Wealth Management, Institutional Services, and Wealth Management Operations and Support.**

The officer in charge of Wealth Management shall appoint officers responsible for the activities of Private Wealth Management, Institutional Services, and Wealth Management Operations and Support. Various other officers as designated by the officers responsible for the activities of Private Wealth Management, Institutional Services, and Wealth Management Operations and Support are empowered and authorized to make, execute, and acknowledge all checks, bonds, certificates, deeds, mortgages, notes, releases, leases, agreements, contracts, bills of sale, assignments, transfers, powers of attorney or substitution, proxies to vote stock or any other instrument in writing that may be necessary to the purchase, sale, mortgage, lease, assignments, transfer, management or handling in any way, of any property of any description held or controlled by the Bank in any fiduciary capacity.

2. I further certify that the following individual is a duly elected and serving officer of Regions Bank holding the title shown by his or her name below and that such officer has been designated, empowered and authorized by the officer responsible for the activities of Private Wealth Management, Institutional Services, or Wealth Management Operations and Support.

#### Name

#### Title

Michael C. Jenkins

Vice President and Trust Officer

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Regions Bank, an Alabama banking corporation, on this the 3<sup>rd</sup> day of March, 2015.

SEAL

Barbara B. Buck, Senior Vice President and  
Assistant Secretary



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Suite 1060  
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**FORT LAUDERDALE**

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**FORT MYERS**

12731 World Plaza Lane  
Suite 2  
Fort Myers, Florida 33907  
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**TALLAHASSEE**

1500 Mahan Drive  
Suite 200  
Tallahassee, Florida 32308  
(850) 224-4070 Tel  
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March 3, 2015

Canaveral Port Authority  
Cape Canaveral, Florida

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$11,080,000 Canaveral Port Authority Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond"). The Series 2015 Bond is issued under and pursuant to Chapter 315, Florida Statutes, Chapter 2003-335, Laws of Florida, Special Acts of 2003, as amended and supplemented, and Resolution No. 92-8 of the Canaveral Port Authority (the "Authority") adopted on October 7, 1992, as amended and supplemented, in particular as supplemented by Resolution No. 2014-15 adopted on November 19, 2014 (collectively, the "Bond Resolution").

The Series 2015 Bond is dated and shall bear interest from the date hereof. The Series 2015 Bond will be payable on the dates and in the principal amounts, and will bear interest at the rate or rates per annum, as provided in the Bond Resolution and the Series 2015 Bond. The Series 2015 Bond is subject to redemption prior to maturity as provided in the Bond Resolution and the Series 2015 Bond.

The Series 2015 Bond is issued for the principal purpose of paying and defeasing the Canaveral Port Authority Port Revenue Refunding Bonds, Series 2005 (the "Refunded Bonds"). Certain proceeds of the Series 2015 Bond, together with other legally available moneys of the Authority, shall be deposited into an escrow deposit trust fund (the "Escrow Fund") established pursuant to the Escrow Deposit Agreement, dated as of the date hereof (the "Escrow Deposit Agreement"), between the Authority and Regions Bank, such that the cash on deposit in the Escrow Fund shall be sufficient to pay the principal of and interest on the Refunded Bonds, as the same become due or are redeemed prior to maturity.

As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Bond Resolution, the Escrow Deposit Agreement and in the certified proceedings relating thereto and to the issuance of the

Series 2015 Bond and other certifications of public officials furnished to us in connection therewith without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The Authority is a duly created and validly existing public body corporate and politic of the State of Florida.

2. The Authority has the right and power under the Constitution and Laws of the State of Florida to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Bond Resolution creates the valid pledge which it purports to create of the Pledged Funds (as such term is defined in the Bond Resolution), subject to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

3. The Authority is duly authorized and entitled to issue the Series 2015 Bond, and the Series 2015 Bond has been duly and validly authorized and issued by the Authority in accordance with the Constitution and Laws of the State of Florida and the Bond Resolution. The Series 2015 Bond constitutes a valid and binding obligation of the Authority as provided in the Bond Resolution, is enforceable in accordance with its terms and the terms of the Bond Resolution and is entitled to the benefits of the Bond Resolution and the laws pursuant to which it is issued. The Series 2015 Bond shall be issued on parity under the Bond Resolution with certain other bonds that are outstanding under the Bond Resolution. The Series 2015 Bond does not constitute a general indebtedness of the Authority, the Port District, the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but is payable solely from the Pledged Funds in the manner and to the extent provided in the Bond Resolution. No holder of the Series 2015 Bond shall ever have the right to compel the exercise of any ad valorem taxing power of the Authority, the Port District or the State of Florida or any political subdivision, agency or department thereof to pay the Series 2015 Bond.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2015 Bond is excluded from gross income for federal income tax purposes, except during any period while a Series 2015 Bond is held by a "substantial user" of the facilities refinanced with the Series 2015 Bond or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that such interest is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in the first sentence of this paragraph 4 is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2015 Bond in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2015 Bond to be so included in gross income retroactive to the date of issuance of the Series 2015 Bond. The Authority has covenanted to comply with all such requirements. Ownership of the Series 2015 Bond may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2015 Bond.

5. Assuming the deposit and application of cash in accordance with the provisions of the Escrow Deposit Agreement, such deposit and application shall cause the Refunded Bonds to be deemed paid and to no longer be outstanding for purposes of the Bond Resolution, and the pledge of the Pledged Funds securing the Refunded Bonds shall be discharged and terminated in accordance with the terms of the Bond Resolution.

In rendering the opinions set forth above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by RBC Capital Markets relating to the computations of projected receipts of the amounts deposited in the Escrow Fund, of the adequacy of such sums to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds and (b) the verifications of the arithmetical accuracy of such computations by GNP Services, CPA, PA, a firm of certified public accountants.

It should be noted that we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Series 2015 Bond and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Bond Resolution and the Series 2015 Bond may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar

Moteno, J.L. - Mechanisms, P.A.

## TAMPA

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# Nabors Giblin & Nickerson P.A.

ATTORNEYS AT LAW

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(850) 224-4073 Fax

March 3, 2015

PNC Bank, National Association  
Orlando, Florida

Re: \$11,080,000 Canaveral Port Authority Port Improvement Revenue  
Refunding Bond, Series 2015

Dear Sir or Madam:

We have acted as Bond Counsel to the Canaveral Port Authority (the "Authority") in connection with the issuance by the Authority of \$11,080,000 principal amount of Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond") pursuant to Resolution No. 92-8 of the Authority adopted on October 7, 1992, as amended and supplemented, in particular as supplemented by Resolution No. 2014-15 adopted on November 19, 2014 (collectively, the Bond Resolution"), and we have participated in various proceedings relating thereto.

Of even date herewith we have also delivered to the Authority our approving opinion as Bond Counsel with respect to the Series 2015 Bond. This letter will confirm that you may rely on such opinion as if it were addressed to you; provided, however, no attorney-client relationship has existed or exists between our firm and yours in connection with the Series 2015 Bond and by virtue of this letter or our approving opinion. This letter is delivered to you solely for your benefit as the purchaser of the Series 2015 Bond and may not be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

This letter is furnished by us in our capacity as Bond Counsel for the Authority and not as counsel to any other person.

Very truly yours,

*Nabors, Giblin & Nickerson, P.A.*

LAW OFFICES OF  
STROMIRE, BISTLINE & MINICLIER  
AN ASSOCIATION OF PROFESSIONAL ASSOCIATIONS  
1037 PATHFINDER WAY  
SUITE #150  
ROCKLEDGE, FLORIDA 32955

HAROLD T. BISTLINE, P.A.  
JOSEPH E. MINICLIER, P.A.  
LEON STROMIRE  
1931-2001

E-MAIL: sbmmglaw@aol.com  
FAX: (321) 636-1170  
PHONE: (321) 639-0505

March 3, 2015

Canaveral Port Authority  
Cape Canaveral, Florida

PNC Bank, National Association  
Orlando, Florida

Ladies and Gentlemen:

In connection with the issuance by the Authority of its \$11,080,000 principal amount of Port Improvement Revenue Refunding Bond, Series 2015 (the "Series 2015 Bond") pursuant to Resolution No. 92-8 of the Authority adopted on October 7, 1992, as amended and supplemented, in particular as supplemented by Resolution No. 2014-15 adopted on November 19, 2014 (collectively, the Bond Resolution"), I have participated in various proceedings in connection therewith. All terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

I am of the opinion that:

1. The Authority is a duly existing public body politic and corporate of the State of Florida (the "State") and had and has good right and lawful authority under the Constitution and laws of the State, including the Act, (a) to adopt the Bond Resolution and (b) to authorize and issue the Series 2015 Bond, and the Bond Resolution has been duly adopted by the Authority and is in full force and effect as of this date.
2. As of this date, the Authority has duly performed all obligations required to be performed by it pursuant to the Bond Resolution.
3. The adoption of the Bond Resolution and the authorization, execution and delivery of the Series 2015 Bond, and all documents related thereto and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, ordinance, resolution or any agreement or other instrument to which the Authority was or is subject, as the case may be, nor will such enactment, adoption, execution, delivery, authorization or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, or under the terms

of any law, administrative regulation, ordinance, resolution or instrument, except as expressly provided in the Bond Resolution.

4. The Authority is lawfully empowered under the Act and Constitution and Laws of the State of Florida to pledge the Pledged Funds as security for the Series 2015 Bond to the extent provided in the Bond Resolution, and upon issuance and delivery thereof, the Series 2015 Bond will be secured by and payable from a valid and effective pledge of and first lien upon the Pledged Funds, on a parity with the parity Bonds and any Additional Bonds thereafter issued pursuant to the Bond Resolution, to the extent provided in the Bond Resolution.

5. To the best of my knowledge after due inquiry with respect thereto, no litigation or other proceedings are pending or threatened in any court or other tribunal of competent jurisdiction, State or Federal, in any way (a) restraining or enjoining the issuance, sale or delivery of the Series 2015 Bond, or (b) questioning or affecting the validity of the Series 2015 Bond, the Bond Resolution or the pledge by the Authority of the Gross Revenues or Pledged Funds so pledged under the Bond Resolution and/or use of other funds as provided in the Bond Resolution, or (c) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, registration, issuance or delivery of the Series 2015 Bond and the security therefor, or (d) questioning or affecting the organization or existence of the Authority or the Port District or the title to office of the Commissioners thereof, or (e) which could materially adversely affect the operations of the 2015Project, the Marine Facilities or the financial condition of the Authority.

6. All approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Authority of its obligations under the Bond Resolution or any other documents related to the issuance of the Series 2015 Bond have been obtained and are in full force and effect (except that no opinion is expressed with respect to approvals, consents, authorizations and orders relating to the [Blue Sky] or legal investment laws of any jurisdiction or with respect to Federal securities laws).

All of the above opinions as to enforceability of the legal obligations of the Authority shall be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and similar laws, in each case relating to or affecting the enforcement of creditors rights generally, and other general principles of equity.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'H. Bistline', with a stylized flourish at the end.

Harold T. Bistline  
Port Attorney

HTB/pc





1650 Prudential Drive, Suite 101  
Jacksonville, Florida 32207  
904.399.4496 Tel  
904.399.4562 Fax

## FINAL CLOSING MEMORANDUM

**TO:** Working Group  
**FROM:** Mitch Owens  
**RE:** Canaveral Port Authority Port Improvement Revenue Bonds, Series 2015  
**DATE:** February 20, 2015

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### **I. SCHEDULE**

#### Pre-Closing

Date: Monday, March 2, 2015  
Place: Canaveral Port Authority  
445 Challenger Road  
Cape Canaveral, Florida 32920

Rodger Rees, Deputy Executive Director, Chief Financial Officer  
Phone: 321.783.7831 Ext. 222

Closing will be held by phone and via email Tuesday, March 3, 2015

### **II. SOURCES AND USES OF FUNDS**

#### **SOURCES OF FUNDS**

Par Amount of 2011 Note	\$11,080,000.00
Series 2005 Sinking Fund	<u>1,266,934.38</u>
<b>Total Sources</b>	<b><u>\$12,346,934.38</u></b>

#### **USES OF FUNDS**

Refunding Escrow Deposits	\$12,271,368.75
Cost of Issuance	<u>75,565.63</u>
<b>Total Uses</b>	<b><u>\$12,346,934.38</u></b>

**III. PAYMENT AND TRANSFER OF AVAILABLE FUNDS**

**A. From PNC Bank, National Association to Regions Bank:**

**Escrow for Refunding Series 2005 Bonds ..... \$11,004,434.37**

ABA #: 062005690  
Beneficiary  
name: Wealth Management Operations  
Beneficiary  
a/c #: 0017541387  
FFC: Canaveral Port Authority 2015 Escrow  
Attn: Michael Jenkins 904.565.7973

**B. From PNC Bank, National Association for Canaveral Port Authority:**

**Cost of Issuance ..... \$75,565.63**

To: Wells Fargo  
ABA #: 121000248  
DDA#: 2000137013625  
To Account: Canaveral Port Authority for Canaveral Master  
Account  
Attn: Diana Mims-Reid 321.783.7831 Ext. 228

**TOTAL FROM PNC ..... \$11,080,000.00**

**C. From Canaveral Port Authority to Regions Bank:**

**Escrow for Refunding Series 2005 Bonds ..... \$1,266,934.38**

ABA #: 062005690  
Beneficiary  
name: Wealth Management Operations  
Beneficiary  
a/c #: 0017541387  
FFC: Canaveral Port Authority 2015 Escrow  
Attn: Michael Jenkins 904.565.7973

**TOTAL TRANSFER OF ALL FUNDS ..... \$12,346,934.38**

**IV. COST OF ISSUANCE**

Canaveral Port Authority will pay the fees upon receipt of invoices from each party.

Bank Counsel	\$ 6,500.00
Port Counsel	12,000.00
Bond Counsel	27,500.00
Financial Advisor	27,500.00
Escrow Agent	800.00
Miscellaneous	1,265.63
Total	\$ 75,565.63

By your signature below, you agree to the terms and acknowledge receipt of a copy of this Closing Memorandum.

Canaveral Port Authority

By:  (SEAL)

Rodger Rees, Deputy Executive Director, Chief Financial Officer

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**CANAVERAL PORT AUTHORITY**

**\$11,080,000**

**PORT IMPROVEMENT REVENUE REFUNDING BOND,  
SERIES 2015**

**CLOSING DATE: MARCH 3, 2015**

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Prepared by:



**Art Bookbinders of America**

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