

**TOWN OF CINCO BAYOU  
REGULAR COUNCIL MEETING MINUTES  
AUGUST 13, 1998**

Mayor Drabczuk called the Regular Town Council meeting to order at 6:02 PM. following a silent prayer and the Pledge of Allegiance to the Flag, roll call was taken.

**PRESENT:** Mayor Drabczuk  
Councilwoman Carroll  
Councilman Kendrick  
Councilman Payne  
Councilman Skelly  
Councilman Williams

**ALSO PRESENT:** Town Manager Turner, Attorney McInnis, Engineer Griswold Jim Bratton, Bryan Beard, Priscilla Smiley, Pinky Ward, Eli Skelly and Ed Connors .

**Regular Business**

1. **COUNCIL APPROVAL OF AGENDA** - Councilman Payne made a motion to approve the Agenda, seconded by Councilman Williams. The motion was unanimously approved.

2. **CONSENT AGENDA**

- A. Minutes, Council Meetings of July 11, 1998
- B. List of Checks and Status of Funds, June 30, 1998
- C. List of Deposits - June 1998

Councilman Williams made a motion to approve the Consent Agenda, seconded by Councilman Payne. The motion was unanimously approved.

3. **ACTION ITEMS**

A. Approval of Resolution 98-08 relating to \$120,000.00 Town of Cinco Bayou, Florida Road Improvement Revenue notes, series 1998. Councilwoman Carroll made a motion to approve Resolution 98-08, seconded by Councilman Kendrick. The motion was unanimously approved.

B. Revised FY 1999 Budget. Councilman Williams made a motion to approve the FY 1999 Budget as presented, seconded by Councilwoman Carroll. The motion was unanimously approved.

C. Date for first Budget Hearing on September 10, 1998. Councilman Payne made a motion to approve the date for the first Budget Hearing on September 10, 1998, seconded by Councilman Kendrick. The motion passed unanimously.

D. Services for Town's audit for September, 1998, 1999 & 2000. Councilman Kendrick made a motion to approve the Services of Creel, Bryan & Gallagher for the Town's audit for 1998, 1999 & 2000 at the rates as quoted, seconded by Councilman Payne. Town Manager Turner explained to the Council that the rates reflected a 30% increase over a three (3) Year period and that the Town would be using computerized accounting as suggested by Creel, Bryan & Gallagher. After Council discussion, the motion on the floor was revised to accept the proposed rates for 1998 and negotiate the following two years. The revised motion passed by unanimous vote.

E. I.D. Cards for Council Members. Town Manager explained that due to the security problem in town, that all Councilmembers and Employees of the town should have I.D. Cards. This would identify

anyone in the event that the Sheriff's Department stops him or her. Councilman Payne made a motion to approve getting I.D. Cards, seconded by Councilwoman Carroll. The motion was approved unanimously.

F. Ocean City/Wright Fire Dept. (Burned out Trailer). Manager Turner explained that the owners insurance company paid for the Trailer that burned and the previous owners could not be located. The fire department wrote a letter to Cinco Bayou. The owners of the Trailer Park have sealed it up so noone can enter. After Council discussion and legal advise from Attorney McInnis, Town Manager Turner said he would keep them abreast of any changes in the situation.

G. Town Attorney Contract Addendum. Councilman Payne made a motion to approve the Addendum to Attorney McInnis's Contract, seconded by Councilman Williams. The motion passed unanimously.

H. Computer Bid Reviews & Purchase. Town Manager Turner presented the three- (3) bids received, which were from Computer City, Oscars Computers and Computer Masters. After a short discussion, Councilman Kendrick made a motion to accept the bid from Computer Masters, seconded by Councilman Williams. At that time Councilman Payne asked Mr. Jim Bratton, an expert in computer, to comment on our accepted bid price. Mr. Bratton said that the bid accepted was a good deal. Then Mayor Drabczuk suggested that Mr. Bratton look at all of the bids. Which he did and commented that our accepted bid appeared to be the best deal. The present motion passed by unanimous vote.

I. Town Engineer's Contract Extension. Town Manager suggested that the present contract for Engineer Griswold be extended till 1999 the next budget year. The Engineer agreed to that suggestion. Councilman Payne made a motion to approve the Engineer's contract for one (1) more year, seconded by Councilman Kendrick. The motion passed unanimously.

4. Engineer's Report - Engineer Griswold reported that the paving was right on schedule. Also, there will be enough money to pave Laverne Street and part of Irwin to the present overlay by Tops Burger. We will know by the first part of next week if there will be enough money do that plus stripe the streets. He also reported that he has received site plans for the Larkin Place Townhomes and they will be reviewed next week.

5. Attorney's Report- No Report

6. Town Manager's Report

- A. reported an error in the financial report and explained the error which involved a n erroneous starting balance.
- B. There were two invoices from AT & T for 7.32 that were paid twice.
- C. Attended Meeting with DOT concerning paving of Eglin Parkway and briefed the Council on the proposed schedule.
- D. Announced that the beavers are back in Glenwood Park.
- E. Met with Mr. Milton of the Larkin Place Townhomes and reviewed and discussed the plans which were forwarded to the Engineer for comment.
- F. Ask for Council guidance on an Ordinance Violation at 90 Yacht Club Drive the Property of Paul K. Howard. Council requested Town Manager to proceed with abatement of the violation .
- G. Will write a letter to Fort Walton Beach asking the to quote a price for the street sweeping crew to sweep all the streets in Cinco Bayou twice annually.
- H. American Security is patrolling in all residential areas at this time. Have been meeting with the Sheriff's Department for more patrols in Town. Will report on progress at next meeting.

- I. Breakfast meeting on Tuesday for the EDC. Councilwoman Carroll and I will attend.
- J. Still pursuing the parking problem at the boat ramp.

7. Public Requests/Comments - None

8. Councilmember Reports/Comments

A Councilman Skelly.

- 1. Inquired on the abandoned Car at 90 Yacht Club Drive.
- 2. Are there any progress on the Landscaping project on the Kelly property at Eglin and Yacht Club?
- 3. Inquired on the progress of the K-Mart landscaping project.

B Councilman Kendrick.

- 1. Inquired on the graffiti located on the building of Kelly's old store.
- 2. Would like Town Manager to investigate Sign Company's who violate Cinco Bayou Sign Ordinances.

C. Councilwoman Carroll

- 1. Inquired on a dock located behind the Compass Bank.
- 2. Thanked Manger Turner for the improved street lighting on Lucile Street.

D. Councilman Payne

- 1. Thanked Manager Turner for the good job he is doing.

9. Correspondence

- A. Letter, Panhandle League of Cities, BOD meeting notice. No Action
- B. Letter, Florida League of Cities, Financial Disclosure Law Revisions. No Action

10. Mayor's Comments/Announcements - Reminded everyone of the Town Potluck Dinner on Thursday, September 10, 1998, at 6:30 PM.

11. There being no further business, the meeting adjourned at 7:00 PM.

  
\_\_\_\_\_  
RANDALL P. DRABCZUK, Mayor

Attest:

  
\_\_\_\_\_  
Charles W. Turner      Town Manager/Clerk

*THE TOWN OF CINCO BAYOU, FLORIDA*

*RESOLUTION NO. 98-\_\_\_\_\_*

*Dated as of August 13, 1998*

*RELATING TO THE:*

*\$120,000.00*  
*TOWN OF CINCO BAYOU, FLORIDA*  
*ROAD IMPROVEMENT REVENUE NOTE, SERIES 1998*

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RESOLUTION NO. 98-\_\_\_\_\_

A RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN ROAD IMPROVEMENTS; PROVIDING FOR THE ISSUANCE BY THE TOWN OF CINCO BAYOU, FLORIDA OF A \$120,000.00 ROAD IMPROVEMENT REVENUE NOTE, SERIES 1998, TO FINANCE THE COST OF SUCH IMPROVEMENTS; PLEDGING FUNDS TO PROVIDE FOR THE PAYMENT THEREOF; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE NOTE; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH NOTE; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CINCO BAYOU, FLORIDA:

**Section 1. AUTHORITY FOR THIS RESOLUTION.**

This Resolution is adopted pursuant to the provisions of the Act, hereinafter defined.

**Section 2. DEFINITIONS.**

The following terms shall have the following meanings in this Resolution unless the context otherwise expressly requires. Where the context so requires, words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"1998 Note" shall mean the obligation authorized to be issued pursuant to Section 6 hereof.

"Act" shall mean Chapter 166, Part II, Florida Statutes, as amended, the Charter of the Issuer, this Resolution and other applicable provisions of law.

"Bank" shall mean Ready Bank of West Florida, Fort Walton Beach, Florida.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Town" shall mean the Town of Cinco Bayou, Florida.

"Designated Revenues" shall mean (1) any moneys budgeted and appropriated by the Town for the payment of the 1998 Note as provided herein and (2) any proceeds of the 1998 Note held in any of the funds and accounts created hereunder pending application thereof in accordance with the provisions hereof.

"Issuer" shall mean the Town, a municipal corporation of the State of Florida.

"Non-Ad Valorem Revenues" shall mean all legally available revenues of the Town derived from any source whatsoever other than ad valorem taxation on real and personal property which are legally available to make the payments required herein, but only after provision has been made by the Town for the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Town or which are legally mandated by applicable law.

"Note Year" shall mean an annual period coinciding with the Issuer's Fiscal Year.

"Notcholder" shall mean any person in whose name the Note is issued.

"Note" shall mean the 1998 Note authorized by Section 6 hereof and any Additional Parity Obligations which may hereafter be issued.

"Project" shall mean the acquisition, construction and installation (including site preparation) of certain road improvements within the geographical limits of the Town further described on Schedule 1 hereof, as such Schedule may be amended from time to time.

"Resolution" shall mean this resolution of the Issuer, as hereafter amended and supplemented from time to time in accordance with the provisions hereof.

"State" shall mean the State of Florida.

### **Section 3. FINDINGS.**

It is hereby found, determined and declared as follows:

A. The Issuer is authorized to acquire, construct and install road improvements within the geographical limits of the Town for the purpose of providing public safety and service for the well-being

of its citizens.

B. The Issuer is duly authorized to collect the Gas Taxes and to use the proceeds thereof for the purpose of providing for the costs of financing road improvements within the geographical limits of the Town, including the Project.

C. There are no uncommitted funds of the Issuer available to pay the costs of the Project, and the Issuer has determined that the essential public purposes to be provided by the Project cannot be delayed awaiting availability of sufficient uncommitted Gas Tax revenues to commence and complete the Project.

D. All proceeds of the Note will be expended only for capital projects.

E. The Issuer hereby finds that the small size of the financing and lack of involvement by expensive financing professionals require that its terms be negotiated at private sale rather than offered by competitive bid at public sale in order to assure the most favorable terms in the bond market and, therefore, has determined to sell such 1998 Note at private, negotiated sale.

F. The Issuer, together with all subordinate agencies of the Issuer, does not expect to issue in the aggregate in excess of \$10,000,000 of obligations, the interest on which is excluded from gross income for federal tax purposes, in the current calendar year of 1998.

G. The adoption of this Resolution and the execution and delivery of the Note herein authorized, the consummation of the transactions provided for in this Resolution, the security for the Note and the other payments to be made as provided herein, and compliance by the Town with the provisions of this Resolution:

(i) are within the powers of the Town and have been duly and effectively authorized by all necessary action on the part of the Town;

(ii) do not and will not (1) conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Town pursuant to any indenture, loan agreement or other agreement or instrument (other than this Resolution) to which the Town is a party or by which it, its properties or operations may be bound, or (2) with the giving of notice or the passage of time or both, constitute a breach or default of any such loan agreement, indenture or other agreement or instrument or so result in the creation or imposition of any such lien, charge, or encumbrance (other than the lien on the Designated Revenues granted hereby), or (3) result in any violation of the provisions of the Town charter, or any laws, ordinances, governmental rules or regulations or court orders to which the Town, its properties or

operations may be bound.

H. The principal of and interest on the Note and all other required payments hereunder shall be limited obligations of the Town, payable solely from and secured by an irrevocable lien upon and pledge of the Designated Revenues, as provided herein. The Note shall not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or taxing power of the Town, the State of Florida, or any agency, instrumentality or political subdivision thereof, within the meaning of any constitutional or statutory provisions or limitations. Neither the State of Florida, nor any agency, instrumentality or political subdivision thereof, nor the Town shall be obligated (1) to levy ad valorem taxes on any property to pay the principal of the Note, the interest thereon, the reserves therefor, or other costs incidental thereto or (2) to pay the same from any other funds of the Town, except from the Designated Revenues, in the manner provided herein.

The Bonds shall not constitute a lien upon any property of the Town, but shall constitute a lien only on the Designated Revenues in the manner provided herein.

**Section 4. THIS RESOLUTION TO CONSTITUTE CONTRACT.**

In consideration of the acceptance of the 1998 Note authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such holders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal holders of any and all of the 1998 Note, all of which shall be of equal rank and without preference, priority or distinction of any of the 1998 Note over any other thereof, except as expressly provided therein and herein.

**Section 5. PROJECT AUTHORIZED.**

The Project, as defined in this Resolution, is hereby authorized. The proper officers of the Issuer are hereby directed to take all action and steps deemed necessary to acquire, construct and equip the Project which are not inconsistent with the terms and provisions of this Resolution.

**Section 6. AUTHORIZATION AND DESCRIPTION OF 1998 NOTE.**

Subject and pursuant to the provisions hereof, an obligation of the Issuer to be known as its

"Road Improvement Revenue Note, Series 1998" (herein defined as the "1998 Note") is hereby authorized to be issued in the aggregate principal amount of \$120,000.00. The 1998 Note shall have such terms as are set forth in the form of 1998 Note hereinafter set forth.

In the event that the interest on the 1998 Note is ever determined to be fully taxable for purposes of federal or state income taxation (other than for purposes of the alternative minimum tax under the Code), or in the event that any or all of the interest on the 1998 Note is deemed to be included in the gross income of the Noteholder for federal income taxation (other than for purposes of the alternative minimum tax under the Code), the interest on the 1998 Note shall be adjusted to result in an after tax yield to the Noteholder equal to the after tax yield which would have been realized by the Noteholder had such event not occurred, effective on and after the date of such event. A determination by a nationally recognized bond counsel acceptable to the Noteholder and the Issuer shall be conclusive. In no event, however, shall the interest rate on the 1998 Note exceed that maximum rate permitted by law.

In the event legislation is adopted which changes the maximum corporate income tax rate, the Noteholder may and, upon the demand of the Issuer shall, adjust the interest rate on the 1998 Note in order to maintain the after tax yield to the Noteholder existing prior to such change in the maximum corporate income tax rate, effective on the date of such change.

#### **Section 7. EXECUTION OF 1998 NOTE.**

The 1998 Note shall be executed in the name of the Issuer by the manual signature of its Mayor or Vice Mayor and attested by the manual or facsimile signature of its Town Clerk, and the official seal of the Issuer or a facsimile thereof shall be affixed thereto. The facsimile signature of such officers may be imprinted or reproduced on the 1998 Note. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such 1998 Note, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any 1998 Note may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such 1998 Note shall hold the proper office with the Issuer, although at the date of adoption of this Resolution such person may not have held such office or may not have been so authorized.

#### **Section 8. 1998 NOTE MUTILATED, DESTROYED, STOLEN OR LOST.**

In case any 1998 Note shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new 1998 Note of like tenor as the 1998 Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 1998 Note upon surrender and cancellation

of such mutilated 1998 Note or in lieu of and substitution for the 1998 Note destroyed, stolen or lost, and upon the Noteholder furnishing the Issuer proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur.

**Section 9. FORM OF 1998 NOTE.**

The 1998 Note shall be issued in the form attached hereto as Exhibit "A."

**Section 10. APPLICATION OF 1998 NOTE PROCEEDS.**

The proceeds received from the sale of the 1998 Note shall be applied by the Issuer simultaneously with the delivery of such 1998 Note to the purchaser thereof, as follows:

A. To the extent not paid or reimbursed therefor by the original purchaser of the 1998 Note or by the Issuer from sources other than 1998 Note proceeds, the Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the 1998 Note.

B. The balance of the proceeds shall be deposited in a special fund of the City which is hereby created and designated the "Town of Cinco Bayou Road Improvement Revenue Note Project Fund" and shall be used only for the payment or reimbursement of the costs of the Project.

**Section 11. SPECIAL OBLIGATIONS OF ISSUER.**

The 1998 Note shall be limited and special obligations of the Issuer, as provided in the 1998 Note, payable solely from and secured solely by a lien upon and pledge of the Infrastructure Surtax, as herein provided.

The payment of the principal of and the interest on the 1998 Note shall be secured forthwith equally and ratably by an irrevocable lien on the Designated Revenues, all in the manner provided herein. The Issuer does hereby irrevocably pledge the Designated Revenues to the payment of the principal of and interest on the 1998 Note, and for all other required payments in the manner provided herein.

**Section 12. COVENANTS OF THE ISSUER.**

For as long as any of the principal of and interest on any of the Note shall be outstanding and unpaid, or until payment has been provided for as herein permitted, the Issuer covenants with the holders of any and all Note as follows:

**A. Budget and Appropriation of Designated Revenues.**

(1) Until all principal and interest of the Note and other amounts owing under this Resolution are paid pursuant to the provisions contained herein, the Town covenants to appropriate in its annual budget, by amendment if necessary, from Non-Ad Valorem Revenues lawfully available in each fiscal year of the Town in which principal or interest on the Note and other amounts owing under this Resolution becomes due and payable, amounts sufficient, together with other available moneys, to pay such amounts of principal and interest and other amounts, as the same become due (whether by redemption, at maturity or otherwise). Such covenant and agreement on the part of the Town to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in the amounts sufficient to make all such required payments hereunder shall have been budgeted, appropriated and actually paid. Once such Non-Ad Valorem Revenues are so budgeted and appropriated (for purposes other than the Rebate Deposit), the same shall constitute "Designated Revenues" hereunder. Notwithstanding the foregoing covenant of the Town, the Town does not covenant to maintain any services or programs, now provided or maintained by the Town, which generate Non-Ad Valorem Revenues.

(2) Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Town from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Town to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Bank a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the Town. Such covenant to appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). The covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available for the payment of the Note and other amounts owing hereunder in the manner described herein Non-Ad Valorem Revenues and placing on the Town a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject to the payment of services and programs which are for essential public

purposes affecting the health, welfare and safety of the inhabitants of the Town or which are legally mandated by applicable law.

B. APPLICATION OF REVENUES. On or before each date upon which payment of principal or interest on the 1998 Note is due, the Issuer shall apply sufficient Designated Revenues to the payment of such amounts.

C. TAX COVENANT. (1) The Issuer at all times while the 1998 Note is outstanding will comply with all applicable provisions of the Code and any valid and applicable rules and regulations promulgated thereunder, in order to ensure that the interest on the 1998 Note will be excluded from gross income for Federal income tax purposes. The Issuer hereby covenants that it will make no investment or other use of the proceeds of the 1998 Note which would cause such 1998 Note to be "arbitrage bonds" as that term is defined in Section 148 of the Code and regulations promulgated thereunder.

(2) It is expected that the Issuer will be exempt from the requirement to calculate periodically and pay arbitrage rebate with respect to the Note because the Note is issued to finance governmental activities of the issuer and the Issuer, together with all subordinate agencies thereof, reasonably expects to issue less than \$5,000,000 in tax-exempt debt in this calendar year. However, if for any reason such exemption does not pertain, the Issuer shall make such periodic calculations of the Issuer's rebate liability on the 1998 Note and remit such payments as shall be required to comply with Section 148(e) of the Code.

(3) The Issuer covenants that upon request it will make all filings of reports or other documents as may be required by Section 149(e) of the Code and regulations promulgated thereunder.

(4) The Issuer covenants that it will not take any action or allow any action which would cause the 1998 Note to become private activity bonds as described in Section 141 of the Code.

(5) The Issuer covenants to take all actions reasonable and necessary to maintain the exclusion of the interest on the 1998 Note of such series from gross income for Federal income tax purposes.

(6) The provisions of this Section may be modified or amended by resolution of the Issuer without the consent of any Noteholder, upon receipt of an opinion of nationally recognized bond counsel to the effect that such modification or amendment will not adversely affect the exclusion from gross income of interest on the Note for purposes of Federal income taxation.

**Section 13. MODIFICATION OR AMENDMENT.**

No material modification or amendment of this Resolution or of any ordinance or resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of 51% or more of the 1998 Note then outstanding; provided, in addition, that no modification or amendment shall permit a change in the maturity of such 1998 Note or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affecting the unconditional promise of the Issuer to pay the principal of and interest on the 1998 Note as the same shall come due from the Pledged Funds or reduce the percentage of the holders of the 1998 Note required to consent to any material modification or amendment hereof, without the consent in writing of all such holders of all such 1998 Note.

**Section 14. USE OF ADDITIONAL FUNDS FOR DEBT PAYMENT.**

Subject to the provisions of the Florida Constitution, nothing herein contained shall preclude the Issuer from using any legally available funds, in addition to the Designated Revenues herein provided, which may come into its possession, including, but not limited to, the proceeds of sale of the Note, contributions or grants, for the purpose of payment of principal of and interest on the Note in accordance with the provisions of this Resolution; provided that, nothing herein shall be deemed to grant a pledge of or lien upon such other legally available funds or to obligate the Issuer to make payments in respect of the Note from any such funds, other than the Designated Revenues.

**Section 15. SEVERABILITY.**

If any one or more of the covenants, agreements, or provisions of this Resolution should 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 separate from the remaining covenants, agreements or provisions of this Resolution or of the Note issued hereunder.

**Section 16. AWARD OF 1998 NOTE.**

The Issuer hereby finds, determines and declares that the small size of the issue and local nature of the marketing of the 1998 Note, as well as the absence of involvement of expensive financing professionals require that the sale of the 1998 Note be negotiated at private sale rather than offered by competitive bid at public sale in order to assure the necessary flexibility to change the maturities, redemption features and interest rates necessary to obtain the most favorable terms in the market. The

negotiated sale of the principal amount of \$120,000.00 of the 1998 Note to , in accordance with the letter of commitment attached hereto as Exhibit "B," is hereby authorized pursuant to Section 218.385, Florida Statutes.

**Section 17. DESIGNATION AS BANK QUALIFIED.**

The Issuer hereby designates the Note for purposes of paragraph (3) of Section 265(b) of the Code, and covenants that the Note does not constitute a private activity bond as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of the obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Note, have been or shall be issued by the Issuer including all subordinate entities of the Issuer, during the calendar year of 1998.

**Section 18. AUTHORIZATION OF ALL OTHER NECESSARY ACTION.**

The Mayor and Vice Mayor of the Town Council, the Town Clerk, Miller, Canfield, Paddock and Stone, P.L.C., bond counsel for the Issuer, and the Attorney for the Issuer are each designated agents of the Issuer in connection with the issuance and delivery of the 1998 Note, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the 1998 Note and which are not inconsistent with the terms and provisions of this Resolution and other actions relating to the 1998 Note heretofore taken by the Issuer.

**Section 19. REPEALING CLAUSE.**

All resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 20. **EFFECTIVE DATE.**

This Resolution shall take effect immediately upon its adoption, this 13th day of August, 1998.

**TOWN OF CINCO BAYOU, FLORIDA**

By: \_\_\_\_\_  
Randall P. Drabczuk  
Mayor

(SEAL)

Attest:

By: \_\_\_\_\_  
Charles W. Turner, Sr.  
Town Clerk

STATE OF FLORIDA

COUNTY OF OKALOOSA

I, Charles W. Turner, Sr., Clerk to the Town Council of the Town of Cinco Bayou, Florida, do hereby certify that the above and foregoing is a true and correct copy of a Resolution which was duly passed and adopted at a duly called meeting of the Town Council of the Town of Cinco Bayou, Florida, Florida, on the 13th day of August, 1998, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 13th day of August, 1998.

TOWN CLERK

By: \_\_\_\_\_  
Charles W. Turner, Sr.

## Exhibit "A"

(Form of 1998 Note)

No. 1

\$120,000.00

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
TOWN OF CINCO BAYOU, FLORIDA  
ROAD IMPROVEMENT REVENUE NOTE, SERIES 1998

KNOW ALL MEN BY THESE PRESENTS, that the Town of Cinco Bayou, Florida (hereinafter called "Issuer"), for value received, hereby promises to pay to Ready Bank of West Florida, Fort Walton Beach, Florida, on the dates and in the amounts set forth on Schedule I hereto, the principal sum totaling \$120,000.00, and to pay interest on said sum from the date hereof or from the most recent interest payment date to which interest has been paid, at the rate of interest per annum equal to 5.5%, such interest to be calculated upon the outstanding balance hereof on a \_\_\_\_\_ day basis, until payment of such sum. The interest rate on this Note is subject to adjustment under certain circumstances as provided in the Resolution hereafter described. Such interest shall be calculated on the basis of a 360 day year, of twelve 30 day months and shall be payable on the dates set forth on Schedule I. All amounts due hereunder shall be payable in any coin or currency of the United States which is at the time of payment legal tender for the payment of public or private debts.

This Note constitutes the authorized issue of Note in the aggregate principal amount of \$120,000.00 issued to finance the cost of the acquisition, construction and installation of certain road improvements within the geographical limits of the Town of Cinco Bayou (the "Project"), under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, and a resolution duly adopted by the Town Council on August 13, 1998 (hereinafter called "Resolution"), and is subject to all the terms and conditions of the Resolution, the provisions of which are incorporated herein by reference.

This Note is a limited and special obligation of the Issuer payable solely from and secured by a lien upon and pledge of the Designated Revenues, as defined in the Resolution. The Note 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 provision but shall be payable solely from the Designated Revenues. Neither the Issuer, the State of Florida nor any political subdivision thereof shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the Issuer to pay the principal of or interest on the Note or other costs incident thereto, or (2) to pay the same from any funds of the Issuer except the Designated Revenues in the manner provided in the Resolution. The acceptance of the Note by

the holders from time to time thereof shall be deemed an agreement between the Issuer and each of such holders that the Note and the obligations evidenced thereby shall not constitute a lien upon the Project or upon any property of or in the Issuer, but shall constitute a lien only upon the Designated Revenues in the manner provided in the Resolution.

In and by the Resolution the Issuer has made certain covenants and agreements with the Registered Owners of the Note, and reference is hereby made to the Resolution for a description of such covenants and agreements. Pursuant to Resolution, the Issuer has reserved the right to amend the Resolution, all in the manner, and upon the terms and conditions provided in the Resolution.

The Note has been validly designated by the Issuer as a "Qualified Tax Exempt Obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer hereby covenants with the Registered Holders from time to time of this Note that it will not take or permit any action which would cause this Note not to be a "Qualified Tax Exempt Obligation" within the meaning of Section 265(b) of the Code, or which would cause the interest on this Note to be included in the gross income, for federal tax purposes, of the holder hereof.

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

The Note or any principal installment thereof may be redeemed prior to their dates of maturity, at the option of the Issuer, as a whole or in part in such amounts as the Issuer in its discretion shall select on any date from moneys which may be available for such purpose, without premium or penalty. Any such redemption, either in whole or in part, shall be made only upon written notice to the owner hereof on or before the date of such redemption.

All Note or portion thereof so called for redemption will cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time.

Subject to the limitations provided herein and in the Resolution, this Note is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities of the State of Florida. The Issuer may deem and treat the person to whom this Note is issued as the absolute owner hereof (whether or not this Note shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer shall not be affected by any notice to the contrary. No transfer of this Note shall be effective until the same has been surrendered to the Issuer for transfer and a new Note has been issued in the name of the transferee. The Issuer reserves the right to limit transferability of this Note to sophisticated investors in accordance with criteria established from time to time by the Issuer.

IN WITNESS WHEREOF, the Town of Cinco Bayou, Florida, has issued this Note and has caused the same to be signed by its Mayor and countersigned and attested by its Town Clerk, either manually or with their facsimile signatures, and the official seal of the Issuer or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon all as of the \_\_\_\_\_ day of \_\_\_\_\_, 1998.

**TOWN OF CINCO BAYOU, FLORIDA**

(SEAL)

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

Randall P. Drabczuk, Mayor

Attest:

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

Charles W. Turner, Sr., Town Clerk

SCHEDULE I  
TO FORM OF NOTE

(DEBT SERVICE SCHEDULE)

DATED DATE: 8/15/98  
 FIRST INT. PYMT: 8/15/99  
 SETTLEMENT DATE: 8/15/98  
 ACCRUED INTEREST: \$0.00

PERIOD	PRINCIPAL	COUPON	INTEREST	TOTAL
1 08/15/99	\$9,320.00	5.500	\$6,600.00	\$15,920.00
2 08/15/00	\$9,833.00	5.500	\$6,087.40	\$15,920.40
3 08/15/01	\$10,374.00	5.500	\$5,546.59	\$15,920.59
4 08/15/02	\$10,944.00	5.500	\$4,976.01	\$15,920.01
5 08/15/03	\$11,546.00	5.500	\$4,374.10	\$15,920.10
6 08/15/04	\$12,181.00	5.500	\$3,739.07	\$15,920.07
7 08/15/05	\$12,851.00	5.500	\$3,069.11	\$15,920.11
8 08/15/06	\$13,558.00	5.500	\$2,362.31	\$15,920.31
9 08/15/07	\$14,303.00	5.500	\$1,616.62	\$15,919.62
10 08/15/08	\$15,090.00	5.500	\$829.95	\$15,919.95
TOTAL	\$120,000.00		\$39,201.14	\$159,201.14

Current date is 08-03-1998  
 Current time: 17:52  
 Debtfile: cinco.dbt  
 6345/debt.doc  
 Miller, Canfield, Paddock and Stone, P.L.C.

> \$159,201.14

Exhibit "B"

(Letter of Commitment)

**READY BANK**

OF WEST FLORIDA  
71 N. DEAL PARKWAY  
P.O. BOX 4400  
FORT WALTON BEACH, FLORIDA 32549  
PHONE: (850) 243-7447 • FAX: (850) 243-7339

June 25, 1998

Town of Cinco Bayou  
10 Yacht Club Drive  
Ft. Walton Beach, FL 32548  
c/o Mr. Charles Turner, Town Manager

Dear Council Members,

Ready Bank of West Florida has committed to extent credit to the Town of Cinco Bayou under the following terms:

**LOAN AMOUNT AND TERM:** \$120,000 for a period of five, seven or ten years, for the purpose of Road Improvement. Payments will be due annually on a simple interest basis without any pre-payment penalty.

**RATE AND FEES:** The rate will be fixed at 5.5% assuming a tax exempt basis. There are no lender fees associated with the loan; however, the Town of Cinco Bayou would be responsible for any fees incidental to loan closing. Any such fees may be added to the loan amount if the Town desires and the Council ratify the increase of the request.

**OTHER CONDITIONS:** The loan must close with an attorney acceptable to the bank to insure that the loan is granted under the terms and conditions authorized by the Town Council. Additionally, the loan must be in compliance with the proper tax code with an opinion from Council regarding tax exemption.

This commitment will expire 60 days from the date of this letter.

A proposed re-payment schedule is attached based on a loan amount of \$120,000. As you can see, it is in the best interest of the Town to pay off the debt as soon as possible. My recommendation would be to take the ten year term and apply early payments as the Town sees fit based on actual revenues.

Please feel free to call if you have any questions.

Respectfully,



J. Steve Burks  
Sr. Vice President

SCHEDULE I  
TO LOAN AGREEMENT  
(THE PROJECT)

# Oscar's Computers

224-F Eglin Parkway  
 Fort Walton Beach, FL 32547  
 850-862-1007 fax 850-862-3021

Invoice No. 212342

## QUOTATION

### Customer

Name Town of Cinco Bayou  
 Address 10 Yacht Club Drive (Cinco Bayou)  
 City Fort Walton Beach State FL ZIP 32457  
 Phone 244-2712

Date 7/20/98  
 Order No. \_\_\_\_\_  
 Rep JAM  
 FOB \_\_\_\_\_

Qty	Description	Unit Price	TOTAL
2	MTI Pentium II 300 Computer 512K Pipeline Burst Cache 64 MB SDRAM(10 nsec) 6.4 GB UDMA Hard Drive 32X CD-ROM 4MB S3(GX2) AGP Video Card Windows 98, 56K Flex FAX/MODEM, Sound Card and Speakers, 104 Key Windows Keyboard, Ergo Mouse Ethernet Network Interface Card	\$1,828.00	\$3,656.00
1	Hewlett Packard T3000 3.2 GB Tape Backup Unit	\$189.00	\$189.00
0		\$0.00	\$0.00
2	APC 400 VA Uninterruptable Power Supply	\$168.00	\$336.00
<p><i>Includes Setup &amp; Delivery                  + Network hook-up</i></p> <p><i>3 year Limited Warranty                  1 year parts &amp; labor, 2 year labor only</i></p>			
		SubTotal	\$4,181.00
		Shipping & Handling	\$0.00
		Taxes FL Sales	\$0.00
		<b>TOTAL</b>	<b>\$4,181.00</b>

### Payment Details

- Cash  
 Check  
 Credit Card

Name \_\_\_\_\_  
 CC # \_\_\_\_\_  
 Expires \_\_\_\_\_

SubTotal	\$4,181.00
Shipping & Handling	\$0.00
Taxes FL Sales	\$0.00
<b>TOTAL</b>	<b>\$4,181.00</b>

Office Use Only

Oscar's Computers is your Local Source for High Technology!

continuing contract that exceed \$500,000 in construction cost or study activities exceeding \$25,000 will be governed by the applicable procedures under Chapter 287.055 of Florida Statutes.

C. Projects may be divided into phases to accommodate Town priorities and budgetary allocations. In this connection, a good faith effort to comply with the provisions and intent of Chapter 287.055, Florida Statutes, shall be made. Phases will generally be classified as preliminary phase, design phase and construction phase.

**ARTICLE II**  
**COMPENSATION FOR SERVICES.**

Compensation for services requested and satisfactorily performed in a timely manner shall be made on the following basis: Fees for those projects for which the estimated Engineering costs are less than \$1,500.00 shall be based upon the hourly rate schedule herein. Fees for those projects in which the estimated Engineering costs are greater than \$1,500.00 shall be negotiated on a project by project basis, and shall be agreed upon by both Parties prior to the Engineer commencing work on any assignment. The ENGINEER shall periodically render detailed invoices for fees, costs and expenses for services satisfactorily and timely performed.

A. <u>Service Rate:</u>	1996 Per Hour	1997 Per Hour
Project Manager (P.E.).....	\$90	\$93
Project Manager (P.E.).....	\$75	\$77
Staff Engineer (E.I.).....	\$59	\$61
Technician.....	\$51	\$52
Drafter/CAD Operator.....	\$35	\$35
Graphics Technician.....	\$37	\$37
Clerical.....	\$27	\$27
CAD.....	\$12	\$12

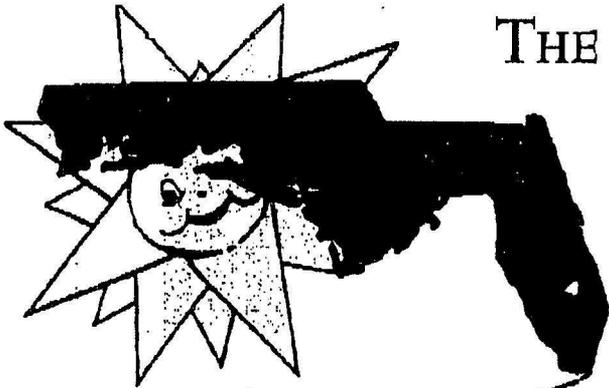
Fees for design projects shall be based on the FMHA Form 442-19 (Table II ) for large and small projects with the understanding of a mutually agreed upon construction cost estimate for the fee determination.

B. Mileage: No mileage will be charged for trips made to and from Cinco Bayou, Florida. Other Mileage will be charged at the CITY'S established rate.

C. TRAVEL: Overnight travel expenses outside Okaloosa County will be charged and billed by expenditure invoices.

D. PRINTING: Document printing and copying, long distance telephone and telecopying will be billed at the ENGINEER'S established rates.

E. Outside Services: If the Town authorizes the ENGINEER to contract for outside services, applicable fees shall be negotiated at that time. A supplemental agreement shall be prepared and executed by ENGINEER and Town.



# THE PANHANDLE LEAGUE OF CITIES

*Brnda Hendricks, President  
and FLC Director  
City of Parker  
Clay Ford, First Vice President  
City of Gulf Breeze  
Samuel Hayes, Second Vice President  
City of Crestview  
Judy White, Treasurer  
City of Calaway  
Howard Milton, Jr., Past President  
City of Marianna*

*Rita E. Jones, Legislative Chair  
City of Pensacola  
Guyton Williams, Legislative Vice Chairman  
City of Graceville  
A.O. Campbell, Director  
and FLC Director  
City of Defuniak Springs  
Scott Maddox, Director  
City of Tallahassee*

## PANHANDLE LEAGUE OF CITIES BOARD OF DIRECTORS MEETING NOTICE

August 4, 1998

### MEMORANDUM

To: Board of Directors, Member Cities and Associate Members  
Panhandle League of Cities

From: Jeff Hendry, Executive Director   
Panhandle League of Cities

Re: Next Scheduled Board Meeting: August 20th at Defuniak Springs Community Center

This memo is to provide formal notice for the Panhandle League of Cities Board of Directors meeting scheduled for *August 20th, 1998* at the Defuniak Springs Community Center. The meeting will be preceded by a light dinner (as provided at all PLC Board meetings) at 5:30 p.m. Central Standard Time with the meeting starting promptly at 6:00 p.m. (CST).

Please R.S.V.P. *no later than Thursday August 13, 1998*, if you will be attending the meeting by faxing the attached response form to (850) 487-0041. If you have questions or need additional information, please contact me at (850) 487-1870. Thank You!

Original document is skewed

**PANHANDLE LEAGUE OF CITIES  
BOARD OF DIRECTORS MEETING  
(DeFuniak Springs Community Center)**

\_\_\_ **YES**, our city/firm will be represented at the August 20th Board of Directors meeting. The following persons will be in attendance:

<u>NAME</u>	<u>TITLE</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

\*\*\*\*\*

City/Firm: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**PLEASE RETURN THIS FORM, NO LATER THAN AUGUST 13, 1998, TO:**

Jeff Hendry  
The Florida Institute of Government  
325 John Knox Road, Building 300, Suite 301-EC  
Tallahassee, FL 32303  
Phone: (850) 487-1870 Fax: (850) 487-0041

**(PLEASE MAKE ADDITIONAL COPIES OF FORM IF NEEDED.)**

Original document has a line on the image

Quote for Town of Cinco Bayou

Qty 2 XPA Pentium II 300 Mhz Computers w/  
 512k Pipeline Burst Cache  
 64MB SDRAM  
 1.44 MB Floppy  
 6.4 UDMA Hard Drive  
 32x FIDE CR-Rom  
 4MB SGRAM ATI Expert@Work W/ 3D Support  
 56.6 Flex Modem for Win 95 & 98  
 16 Bit sound card w/ Speakers  
 104 Button Kyb  
 2 Button Mouse (ergo option add \$59.00)  
 Ethernet adapter card 3Com 10/100 Mbps  
 3 Year On-Site Warranty on above system \$1749.99 (each)

Qty 1 Hewlett Packard tape Back-up \$199.99  
 Installation of Tape Backup \$60.00

APC 420 Pro 259.00 ea.

Setup and Delivery of Computers 150.00\*  
 \*(Further information will be needed prior to pricing of network installation)

If you have any further question please call Computer City: Business Solutions Attn Michael 301-0557

11477.97 plus

ETSA price

# Computer Masters

8116 3rd Street  
Navarre, FL 32566

# Invoice

DATE	INVOICE #
7/23/98	271

<b>BILL TO</b>
Town of Cinco Bayou Chuck Turner 10 NE Yacht Club Drive Fort Walton Beach, Fl 32548

<b>SHIP TO</b>
Town of Cinco Bayou Chuck Turner 10 NE Yacht Club Drive Fort Walton Beach, Fl 32548

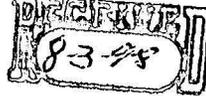
P.O. NUMBER	TERMS	REP	SHIP	VIA	F.O.B.	PROJECT
	Cash/Check	CLS	7/23/98	UPS/CM		

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
2	Pentium II	Pentium II 300 Computer System with UL Tower Case & Power Supply, with Ball Bearing CPU Fan, 64 MB SDRAM, 1.44 Mb Floppy Drive, 8.4 GB Hard Drive, 32X CD-ROM Drive with Sound Blaster AWE64 Sound System (includes, speakers, microphone, Sub Woofer), 8Mb Matrox Millinium Video Card, US Robotics 56k Fax/Voice Modem, KT2000 Windows Keyboard, Microsoft Mouse, Full Version Windows 98 Operating System on CD-ROM, 10 Base 2 Network Interface Card.	1,395.00	2,790.00
1	MTU	Magnetic Tape Unit, Hewlett-Packard T3000 3.2 Gb Backup Unit	175.00	175.00
2	UPS	Uninterruptible Power Supply APC 450va	179.00	358.00
1	Floppy Drive	1.2 Mb 3.5" Floppy Drive	39.00	39.00

Thank You for allowing us to offer this proposal.

**Total**





LAW OFFICES OF  
**MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.**  
A PROFESSIONAL LIMITED LIABILITY COMPANY  
25 WEST CEDAR STREET, SUITE 500  
PENSACOLA, FLORIDA 32501

850/469-1088  
TELECOPY 850/432-0677

OF COUNSEL

RICHARD I. LOTT  
PATRICIA D. LOTT

ANNA HOLLIDAY BENSON

July 31, 1998

City Council  
Town of Cinco Bayou  
10 Yacht Club Drive  
Ft. Walton Beach, FL 32548  
c/o Mr. Charles Turner, Town Manager

Re: Scope of services and fee as Bond Counsel in connection with  
Town of Cinco Bayou, Florida Road Improvement Revenue  
Note, Series 1998

Dear Mr. Turner:

This letter shall serve to confirm the scope of our services and fee as Bond Counsel in connection with the proposed issuance by the Town of Cinco Bayou of its \$120,000 Road Improvement Revenue Note, Series 1998. We understand that we will act as Bond Counsel in the transaction, and that the City will be represented by its general counsel. Our services as Bond Counsel will include consultation at all times with you, Town officials, including counsel for the Town, its financial advisor, if any and Ready Bank, the purchaser of the Note. Our services will be as follows:

1. Preliminary advice as to legal authority for financing alternatives being considered, and compliance with applicable tax laws respecting the Note.
2. Preparation of all resolutions and ordinances, and any other basic documents which may be required.
3. Preparation of all necessary closing documents.
4. Delivery of an opinion with respect to the validity of the Note, subject to certain standard exceptions.
5. Attendance if necessary at the closing and meetings of the Town.

Our fee for the services as Bond Counsel described above will be calculated on an hourly basis, not to exceed \$1,000. Our hourly rate schedule is attached hereto. We will not bill for expenses unless we are requested to travel, in which event we expect to bill at our customary rates for mileage. We will provide unbound transcripts of the proceedings relating to the issuance of the Note unless we are advised that the Town desires bound transcripts, in which event we expect to bill at our customary rates for binding materials and copies.

Mr. Charles Turner  
July 31, 1998  
Page Two

We understand that all of the Note will be issued under a single resolution and have established our fees accordingly. If the financing is not completed, we will bill only for our out-of-pocket expenses. This fee does not embrace any work in connection with any validation proceedings or appeals thereof, or any services in connection with a ruling from, or Registration of the Note with, the Securities and Exchange Commission, as neither is likely to be needed. Our services and obligations under this agreement with respect to the Note and any related matters is completed upon issuance of the Note; although we will furnish transcripts following the closing in accordance with our usual practice.

As you may know, our firm regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, our firm has represented, is representing or may in the future represent underwriters and banks, other public entities, trustees, contractors, suppliers, financial and other consultants/advisors, issuers of derivative products and others who may have a role or interest in the Note financing or the project to be financed or that may be involved with or adverse to the Town in this or some other matter. We agree not to represent any such entity in connection with this particular Note financing, prior to the issuance of the Note, without the consent of the Town and such other entity. Given the special, limited role of our engagement hereunder, we believe that no conflict of interest exists or would exist. However, you, by engaging us for the services described herein, will be deemed to consent to such other representation.

We look forward to working with you on this issue.

Sincerely,

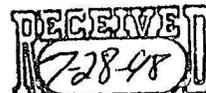
A handwritten signature in cursive script, appearing to read "Patricia D. Lott", written in black ink.

Patricia D. Lott

cc: Jeff McInnis

## HOURLY FEE SCHEDULE

Senior Partners	\$175/hr.
Junior Partners	\$130/hr.
Associate Attorneys	\$95/hr.
Paralegals	\$50/hr.



*Anchors, Foster, McInnis & Keefe, P. A.*  
*Attorneys at Law*

909 MAR WALT DRIVE, SUITE 1014  
FT. WALTON BEACH, FLORIDA 32547-6711

35008 EMERALD COAST PARKWAY, SUITE 102  
DESTIN, FL 32541

C. LEDON ANCHORS  
W. SCOTT FOSTER\*  
C. JEFFREY McINNIS  
LAWRENCE KEEFE  
HARMON O. MASSEY, JR.\*\*  
THOMAS E. BYRON

FT. WALTON: (850) 863-4064  
FAX: (850) 862-1138

DESTIN: (850) 654-4222  
FAX: (850) 654-4086

E-MAIL: AFMR@CYBERTRON.COM

PLEASE REPLY TO:

Ft. Walton Beach

\*ALSO ADMITTED IN ALABAMA  
\*\*ALSO ADMITTED IN MISSISSIPPI

July 27, 1998

Town of Cinco Bayou  
Attn: Charles W. Turner, Sr.  
Town Manager/Clerk  
10 Yacht Club Drive  
Fort Walton Beach, FL 32548

Dear Chuck,

Please find enclosed two originals of a Second Addendum to Contract for Legal Services. These Addendums amend the amount of the hourly rate the Town Council will be charged for legal services rendered by me and/or the law firm. The hourly rate has been amended to \$110.00 which is consistent with the budget discussions recently held. I would ask that you please place the Second Addendum to Contract for Legal Services in the next agenda for review and approval. Please hold these original documents for signature.

If you should have any questions, please do not hesitate to give me a call.

Sincerely,

ANCHORS, FOSTER, McINNIS & KEEFE, P.A.

  
C. JEFFREY McINNIS

**SECOND ADDENDUM TO CONTRACT FOR LEGAL SERVICES**

THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, 1998, by and between THE TOWN COUNCIL FOR THE TOWN OF CINCO BAYOU, Okaloosa County, State of Florida (hereinafter referred to as "Town Council") and ANCHORS, FOSTER, MCINNIS & KEEFE, P.A. and C. JEFFREY McINNIS, ESQ., its designated Principal attorney for these services (hereinafter referred to collectively as "Town Attorney").

**WITNESSETH:**

WHEREAS, the Town Council entered into that certain Contract for Legal Services with the Town Attorney dated March 10, 1986, to perform professional legal services; and,

WHEREAS, a Contract For Legal Services Addendum was entered into between the Town Council and the Town Attorney dated September 14, 1995 amending certain provisions of the aforementioned Contract for Legal Services; and,

WHEREAS, the Town Council and the Attorney desire to further amend certain provisions of the Contract for Legal Services.

NOW THEREFORE, the aforementioned Contract for Legal Services as previously amended shall be further amended as follows:

1. The second paragraph of the Section of the Contract for Legal Services Addendum entitled Compensation shall be amended as follows:

**COMPENSATION**

The Town Council also agrees to pay the Town Attorney a professional fee of \$110.00 per hour for office and legal research time and all other legal services provided outside of the retainer.

All other provisions of the Section of the Contract for Legal Services Addendum entitled Compensation shall remain in full force and effect except as modified or amended herein. In addition, all other provisions of the Contract for Legal Services as previously amended shall remain in full force and effect except as modified or amended herein.

IN WITNESS WHEREOF, the Town Council and the Town Attorney have executed this Agreement, in duplicate, the day and year first above written.

ATTEST:

**THE TOWN OF CINCO BAYOU,  
FLORIDA**

BY: \_\_\_\_\_  
Charles W. Turner, Sr. as its  
Town Manager/Clerk

BY: \_\_\_\_\_  
Randall P. Drabczuk as its Mayor

Witnesses:

ANCHORS, FOSTER, McINNIS &  
KEEFE, P.A.

\_\_\_\_\_  
print name: \_\_\_\_\_

\_\_\_\_\_  
print name: \_\_\_\_\_

BY: \_\_\_\_\_  
C. Jeffrey McInnis for Anchors, Foster,  
McInnis & Keefe, P.A.

To the Honorable Mayor and  
Members of the Town Council  
July 10, 1998  
Page two

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the general purpose financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the general purpose financial statements. (Tests of controls are required only if control risk is assessed below the maximum level.) Our tests, if performed, will be less in scope than would be necessary to render an opinion on the internal control and, accordingly, no opinion will be expressed.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Identifying and ensuring that the Town of Cinco Bayou, Florida complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we will perform tests of the Town of Cinco Bayou, Florida's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorney as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

To the Honorable Mayor and  
Members of the Town Council  
July 10, 1998  
Page three

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that a material misstatement may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or illegal acts that are immaterial to the general purpose financial statements. However, we will inform you of any material errors and any fraud that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes the maintenance of adequate records and related internal control structure policies and procedures, the selection and application of accounting principles, and the safeguarding of assets.

We understand that your employees will locate any invoices selected by us for testing.

Our audit is not specifically designed and cannot be relied on to disclose reportable conditions, that is, significant deficiencies in the design or operation of internal control. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

Our fees for these services will be based on the actual time spent at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The fees will be \$5,500, \$6,000 and \$6,500 for the fiscal years ending September 30, 1998, 1999 and 2000, respectively. These fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

To the Honorable Mayor and  
Members of the Town Council  
July 10, 1998  
Page four

We appreciate the opportunity to be of service to the Town of Cinco Bayou, Florida and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



**CREEL, BRYAN & GALLAGHER**  
**Certified Public Accountants**

**RESPONSE:**

This letter correctly sets forth the understanding of the *Town of Cinco Bayou, Florida*.

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_



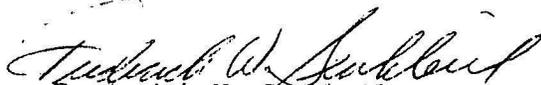
**OCEAN CITY - WRIGHT  
FIRE CONTROL DISTRICT**

2 Racetrack Road, N.E.  
Fort Walton Beach, Florida 32547  
Telephone: (904) 862-1185

July 28, 1997

Mr. Charles W. Turner  
Town Manager  
10 Yacht Club Dr.  
Fort Walton Beach F, 32548

1. At your request I inspected the burned-out trailer in Oakland Trailer Park, 23 Yacht Club Drive, Cinco Bayou.
2. The trailer has suffered severe fire damage and is beyond repair. Although there is no power to the trailer, the fact that it is not secured against entry can certainly make it a safety hazard. Homeless adults or curious children can easily enter the trailer. Once inside, children may be tempted to play with matches, smoke cigarettes, or deliberately set a fire to complete the destruction of the trailer. Similarly, adults using the trailer as a temporary shelter might overcome the lack of electric power by using unauthorized means to cook, provide heat, etc.
3. In my opinion, this trailer should be removed from the park. Failing that, the owner should be required to comply with paragraph 3-8.1 of the National Fire Protection Association Standard #1, Fire Prevention Code, which requires the owner to "secure all windows, doors, and other openings in the building to prohibit entry by unauthorized persons".
4. Please contact me if I can be of further assistance.

  
Frederick W. Senkbeil  
Fire Marshal



# CREEL BRYAN & GALLAGHER

CERTIFIED PUBLIC ACCOUNTANTS • A PROFESSIONAL ASSOCIATION

7-14-98  
M  
T:7

J. STEVE JAY, CPA  
MARJORIE L. CUMMINS, CPA  
GENE G. BARKER, CPA  
JOSEPH W. HENDERSON, CPA  
KEVIN D. BOWYER, CPA

R. BRENTWOOD BRYAN, CPA  
CONSULTANT

July 10, 1998

To the Honorable Mayor and  
Members of the Town Council  
Town of Cinco Bayou  
10 Yacht Club Drive  
Fort Walton Beach, Florida 32548

We are pleased to confirm our understanding of the services we are to provide for the Town of Cinco Bayou, Florida for the fiscal years ending September 30, 1998, 1999 and 2000. We will audit the general purpose financial statements of the Town of Cinco Bayou, Florida as of and for the fiscal years ending September 30, 1998, 1999 and 2000. Also, the document we submit to you will include the following additional information that will be subjected to the auditing procedures applied in our audit of the general purpose financial statements.

1. Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.

Our audit will be conducted in accordance with generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Town of Cinco Bayou, Florida and other procedures we consider necessary to enable us to express an unqualified opinion that the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.

The management of the Town of Cinco Bayou, Florida is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

In planning and performing our audit for the years ending September 30, 1998, 1999 and 2000, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the Town of Cinco Bayou, Florida's general purpose financial statements and not to provide assurance on the internal control structure.