

**FORT PIERCE UTILITIES AUTHORITY
BOND RESOLUTION
PRESENTATION OUTLINE**

TUESDAY, OCTOBER 10, 2006

Bryant ▪ Miller ▪ Olive
ATTORNEYS AT LAW

I. WHAT IS A BOND RESOLUTION AND WHY IS IT IMPORTANT?

A. CONTRACT WITH LENDERS

B. CREDIT RATING AND ACCESS TO CREDIT MARKETS

II. WHAT ARE THE PROVISIONS OF THE UTILITY AUTHORITY'S BOND RESOLUTION WITH WHICH AUTHORITY MEMBERS AND MANagements SHOULD BE FAMILIAR?

A. DEFINITIONS IN SECTION 1.02

1. "System"
2. "Gross Revenues"
3. "Operating Expenses"
4. "Net Revenues"
5. "Debt Service Requirement"
6. "Investment Securities"
7. "Maximum Debt Service Requirement"
8. "Maximum Emergency Reserve Amount"
9. "Conditional Service Contract"
10. "Unconditional Service Contract"

II. WHAT ARE THE PROVISIONS OF THE UTILITY AUTHORITY'S BOND RESOLUTION WITH WHICH AUTHORITY MEMBERS AND MANAGEMENT SHOULD BE FAMILIAR? (Continued)

B. PLEDGE AND SECURITY PROVISIONS IN ARTICLE III

1. Pledge of Net Revenues in Section 3.02
2. Application of Gross Revenues in Section 3.03
 - a. Operating Expenses (B.3)
 - b. Interest, Principal, and Amortization Installments (B.4)
 - c. Debt Service Reserve Account (B.5)
 - d. Renewal and Replacement Fund (B.7)
 - e. Emergency Reserve Fund (B.8)
 - f. Unconditional Service Contracts (B.9)
 - g. Rate Stabilization Fund (B.10)
 - h. (i) 60% of balance used for Operating Reserve (B.11)
(ii) 40% of balance to City of Fort Pierce (B.11)
 - i. Purchase or redeem Bonds/any lawful purpose/acquisition

II. WHAT ARE THE PROVISIONS OF THE UTILITY AUTHORITY'S BOND RESOLUTION WITH WHICH AUTHORITY MEMBERS AND MANagements SHOULD BE FAMILIAR? (Continued)

C. COVENANTS IN ARTICLE V,

1. Operate and Maintain – Section 5.01(A)
2. Rates – Section 5.01(B)

RATE RESOLUTION. The Authority will enact a rate resolution and thereby will fix, establish and maintain such rates and will collect such fees, rentals or other charges for the services of the System and revise the same from time to time, whenever necessary, as will always provide Net Revenues, as defined herein sufficient to provide one hundred per centum (100%) of all reserve or other requirements, Unconditional Service Contracts, and debt service on any junior and subordinate debt obligations, plus one hundred twenty five per centum (125%) of the Adjusted Aggregate Debt Service Requirement becoming due in such Fiscal Year upon the Bonds, after excluding from such Debt Service Requirement payments to be derived for that purpose from other sources, including, but not limited to, any Capital Improvement Charges pledged to pay such Adjusted Aggregate Debt Service Requirement or portion thereof. Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide Revenues for such purposes.

II. WHAT ARE THE PROVISIONS OF THE UTILITY AUTHORITY'S BOND RESOLUTION WITH WHICH AUTHORITY MEMBERS AND MANAGEMENT SHOULD BE FAMILIAR?

(Continued)

C. COVENANTS IN ARTICLE V (Continued)

3. Maintain Books and Records – Section 5.01(C)
4. Perform Annual Audit – Section 5.01(D)
5. No Mortgage or Sale of System – Section 5.01(E)
6. Maintain Insurance – Section 5.01(F)
7. Free Service – Section 5.01(G)
8. Mandatory Cut-Off – Section 5.01(H)
9. Enforcement of Collections – Section 5.01(I)
10. Remedies – Section 5.01(J)
11. Operating Budget 5.01(K)
12. Consulting Engineer 5.01(L)
13. No Competing Facilities 5.01(M)

**II. WHAT ARE THE PROVISIONS OF THE UTILITY
AUTHORITY'S BOND RESOLUTION WITH WHICH
AUTHORITY MEMBERS AND MANAGERMENT SHOULD
BE FAMILIAR?
(Continued)**

C. COVENANTS IN ARTICLE V (Continued)

- 14. Not Issue Other Debt – Section 5.01(N)
- 15. Additional Parity Debt – Section 5.01(O)
- 16. Completion of Projects – Section 5.01(P)
- 17. Director of Utilities – Section 5.01(Q)
- 18. Connection with Facilities – Section 5.01(R)
- 19. Joint Utility Facilities – Section 5.01(S)
- 20. Modification or Amendment – Section 5.02
- 21. Defeasance – Section 5.03
- 22. No Arbitrage – Section 5.04

D. NO RECOURSE PROVISION IN SECTION 6.05

III. WHAT PROVISIONS OF NO PARTICULAR SIGNIFICANCE?

- A. BALANCE OF ARTICLE I NOT COVERED ABOVE**
- B. ARTICLE II (DESCRIPTION OF BONDS, REGISTRATION, EXCHANGE)**
- C. ARTICLE IV (APPLICATION OF PROCEEDS OF PRIOR BONDS)**
- D. BALANCE OF ARTICLE VI NOT COVERED ABOVE**

**IV. OTHER LAW INCORPORATED IN RESOLUTION
OR APPLICABLE BY VIRTUE OF BONDS**

- A. FLORIDA CONSTITUTION (E.G., NO IMPAIRMENT)**
- B. FLORIDA STATUTES (E.G., SECTION 218.385)**
- C. INTERNAL REVENUE CODE OF 1986 AND
RULINGS/REGULATIONS THEREUNDER**
- D. RULE 10B-5 UNDER SECURITIES AND EXCHANGE ACT OF 1934**

V. RELATIONSHIP OF BOND RESOLUTION TO OTHER CONTRACTS

A. FMPA CONTRACTS

B. FGU AND FGT CONTRACTS

VI. DAY-TO-DAY ISSUES RAISED BY BOND RESOLUTION PROVISIONS

- A. USE OF SYSTEM FACILITIES**
- B. USE OF MONEYS TREATED AS “BOND PROCEEDS”, “SINKING FUND MONEYS”, “REPLACEMENT PROCEEDS”, “INVESTMENT PROCEEDS”**
- C. OTHER CONTRACTS RELATED TO SYSTEM**