

REGULAR MEETING

SEPTEMBER 16, 2003

A regular meeting of the Arcadia City Council was held on September 16, 2003 at 6:00 p.m. in Room D of the Way Building at 23 N. Polk Avenue. Councilmembers attending were: Goodman, Fazzone, Heine, Johnson and Whitlock. Absent: Attorney Holloman was out of town. Also in attendance were: Administrator Strube, City Fire Chief Rutherford, City Marshal Lee, Ms. Way and Recorder Baumann.

Mayor Goodman called the meeting to order.

The Invocation was given by W. Paul Matthews, Pastor for Elizabeth Missionary Baptist Church.

Pledge of Allegiance to the Flag.

The minutes of the Regular Meeting of August 5, 2003 and the Regular Meeting of August 19, 2003 were adopted on motion of Johnson; seconded by Whitlock and carried.

Mayor Goodman called the Public Hearing to order and stated the purpose of the hearing as advertised is to discuss activities which may be funded by the Local Law Enforcement Block Grant (LLEBG) program. The FY 2003/2004 grant is for \$14,206.00 and the City will supply a match of \$1,578.00. Marshal Lee then addressed Council stating that the committee met on September 9, 2003 to discuss how the LLEBG funds for FY 2003/2004 should be used. The committee recommends that the fund be used to purchase seventeen (17) Motorola GXT Mobile Radios for police vehicles. Currently the walkie-talkies do not have the range needed. The proposed radios are compatible with the current system and are being used by the school board. It was noted that the grant will pay for seventeen (17) of the twenty-one (21) radios needed, the City will pick up the cost for the additional four (4) radios. Mayor Goodman called for comments from the public. No one spoke. Fazzone then moved to authorize the use of FY 2003/2004 LLEBG funds to purchase seventeen (17) Motorola GXT Mobile Radios to be installed in police vehicles; seconded by Heine and carried.

The Public Hearing was closed.

Mayor Goodman then called the Public Hearing to order and stated that the purpose of the Hearing is to consider the Proposed Millage Rate and Tentative Budget for the Fiscal Year (FY) 2003-2004.

Administrator Strube stated that the Public Hearing was noticed on the trim notices sent to each property owner by the Property Appraiser, showing the value, proposed millage, proposed tax and date of Public Hearing. The Proposed Millage rate of 8.9963 is the same as last year's millage rate. The Roll Back Rate is 8.7617 representing an increase of 2.677% in the Millage over the Roll Back Rate necessary to fund the budget for Fiscal Year 2003-2004.

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The purpose for the budget increase is to provide funding for allocation towards increased operational expenditures, equipment purchases, and reserve needs in all departments, employee merit increases and additional operational cash flow. Administrator Strube noted that the Water and Sewer Fund as discussed in May shows a need for an increase in the water/sewer rates which were last increased in 1997. Administrator Strube stated that a 10% rate increase would bring in an additional \$250,000.00 to balance the Water/Sewer Fund. Councilman Whitlock asked if the \$250,000.00 would be used to offset expenditures and was told yes. The City is still looking at getting grant funds for plant improvements; however the Department of Environmental Protection (DEP) has not approved any improvements at this time. The proposed increase is needed to keep the system paying for it's self.

Administrator Strube also noted that an increase of \$5.00 per lot in the Mobile Home Park will be implemented January 1, 2004.

Mayor Goodman called for comments from the Council; there were none.

Mayor Goodman then asked if anyone from the public wished to comment on the Proposed Budget; no one spoke.

Since the proposed tentative budget remained the same there was no need to amend the tentative budget or to recompute the proposed millage rate.

Johnson moved to set the tentative millage rate at 8.9963 for the 2003-2004 Fiscal Year; seconded by Fazzino and carried.

Fazzino then moved to adopt the tentative budget as presented for 2003-2004 Fiscal Year; seconded by Johnson and carried.

Heine moved to authorize the Advertisement for a Public Hearing to finally adopt a Millage Rate and Budget on Tuesday, September 23, 2003 at 6:00p.m. in the City Council Chambers at 23 N. Polk Avenue; seconded by Johnson and carried.

There being no further business the Public Hearing was adjourned.

Mayor Goodman then reconvened the regular meeting.

Proposed Ordinance No. 905 was presented on third and final reading. Johnson moved to waive the rules and read the proposed ordinance by title only; seconded by Fazzino and carried.

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ORDINANCE 905

AN ORDINANCE OF THE CITY OF ARCADIA, FLORIDA,
GOVERNING CONSTRUCTION WITHIN FLOOD PRONE AREAS;
STATING STATUTORY AUTHORIZATION; FINDINGS OF FACT,
PURPOSE AND OBJECTIVES; DEFINITIONS; STATING LANDS TO
WHICH THIS ORDINANCE APPLIES; DISCLAIMER OF LIABILITY;
PENALTIES; PERMIT PROCEDURES, PROVISIONS FOR FLOOD
HAZARD REDUCTION; STANDARDS FOR CONSTRUCTION;
PROVIDING FOR VARIANCES; REPEAL OF ALL ORDINANCES IN
CONFLICT HEREWITH; SPECIFIC REPEAL OF PRESENT CHAPTER
58 IN THE CITY CODE OF THE CITY OF ARCADIA; PROVIDING
FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

Fazzone then moved to adopt Ordinance No. 905 on third and final reading and that it become an ordinance of the City of Arcadia; seconded by Johnson. Mayor Goodman called for comments from the public, there were none. The motion carried on roll call vote. Ayes: Heine, Whitlock, Johnson, Fazzone and Goodman. Nays: None.

ORDINANCE 905

AN ORDINANCE OF THE CITY OF ARCADIA, FLORIDA
GOVERNING CONSTRUCTION WITHIN FLOOD PRONE AREAS;
STATING STATUTORY AUTHORIZATION; FINDINGS OF
FACT, PURPOSE AND OBJECTIVES; DEFINITIONS,
STATING LANDS TO WHICH THIS ORDINANCE APPLIES;
DISCLAIMER OF LIABILITY; PENALTIES; PERMIT
PROCEDURES, PROVISIONS FOR FLOOD HAZARD REDUCTION;
STANDARDS FOR CONSTRUCTION; PROVIDING FOR
VARIANCES; REPEAL OF ALL ORDINANCES IN CONFLICT
HEREWITH; SPECIFIC REPEAL OF PRESENT CHAPTER 58
IN THE CITY CODE OF THE CITY OF ARCADIA; PROVIDING
FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ARCADIA,
FLORIDA, AS FOLLOWS:

- I. Chapter 58 of the Code of Ordinances of the City of Arcadia, Florida, is repealed.
- II. That the Code of Ordinances of the City of Arcadia, Florida, is hereby amended by adding a section to be Numbered 58, which said section reads as follows:

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(Ordinance 905 continued)

**ARTICLE 1. STATUTORY AUTHORIZATION, FINDINGS OF FACT,
PURPOSE AND OBJECTIVES.**

SECTION 58.31. STATUTORY AUTHORIZATION.

The Legislature of the State of Florida has in Florida Statutes 166 delegated the responsibility to local government units to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry. Therefore, the City Council of the City of Arcadia does hereby adopt the following Flood Plain management regulations.

SECTION 58.32. FINDINGS OF FACT.

- (1) The flood hazard areas of Arcadia are subject to periodic inundation which results in loss of life and property, health and safety hazards, disruption of commerce and governmental services, extraordinary public expenditures for flood protection and relief, and impairment of the tax base, all of which adversely affect the public health, safety and general welfare.
- (2) These flood losses are caused by the cumulative effect of obstructions in Flood Plains causing increases in flood heights and velocities, and by the occupancy in flood hazard areas by uses vulnerable to floods or hazardous to other lands which are inadequately elevated, flood-proofed, or otherwise unprotected from flood damages.

SECTION 58.33 STATEMENT OF PURPOSE.

It is the purpose of this ordinance to promote the public health, safety and general welfare and to minimize public and private losses due to flood conditions in specific areas by provisions designed to:

- (1) Restrict or prohibit uses which are dangerous to health, safety and property due to water or erosion hazards, which result in damaging increases in erosion or in flood heights velocities;
- (2) Require that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;
- (3) Control the alteration of natural Flood Plains, stream channels, and natural protective barriers which are involved in the accommodation of flood waters;
- (4) Control filling, grading, dredging and other development which may increase erosion or flood damage, and;

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- (5) Prevent or regulate the construction of flood barriers which will unnaturally divert floodwaters or which may increase flood hazards to other lands.

SECTION 58.34. OBJECTIVES.

The objectives of this ordinance are:

- (1) To protect human life and health;
- (2) To minimize expenditure of public money for costly flood control projects;
- (3) To minimize the need for rescue and relief efforts associated with flooding and generally undertaken at the expense of the general public;
- (4) To minimize prolonged business interruptions;
- (5) To minimize damage to public facilities and utilities such as water and gas mains, electric, telephone and sewer lines, street and bridges located in Flood Plains;
- (6) To help maintain a stable tax base by providing for the sound use and development of flood prone areas in such a manner as to minimize flood blight areas, and;
- (7) To ensure that potential homebuyers are notified that property is in a flood area.

SECTION 58.35. METHODS OF REDUCING FLOOD LOSSES.

In order to accomplish its purposes, this ordinance includes methods and provisions for:

- (1) Restricting or prohibiting uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or in flood heights or velocities;
- (2) Requiring that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;
- (3) Controlling the alteration of natural Flood Plains, stream channels, and natural protective barriers, which help accommodate or channel flood waters;
- (4) Controlling filling, grading, dredging, and other development which may increase flood damage; and,

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- (5) Preventing or regulating the construction of flood barriers that will unnaturally divert flood waters or may increase flood hazards in other areas.

ARTICLE 2. 58.36 DEFINITIONS.

Unless specifically defined below, words or phrases used in this ordinance shall be interpreted so as to give them the meaning they have in common usage and to give this ordinance its most reasonable application.

Accessory structure (Appurtenant structure) means a structure which is located on the same parcel of property as the principle structure and the use of which is incidental to the use of the principle structure. Accessory structures should constitute a minimal initial investment, may not be used for human habitation, and be designed to have minimal flood damage potential. Examples of accessory structures are detached garages, carports, storage sheds, pole barns, and hay sheds.

Addition (to an existing building) means any walled and roofed expansion to the perimeter of a building in which the addition is connected by a common load-bearing wall other than a firewall. Any walled and roofed addition, which is connected by a firewall or is separated by independent perimeter load-bearing walls, is new construction.

Appeal means a request for a review of the Flood Plain Administrator's interpretation of any provision of this ordinance or a request for a variance.

Area of special flood hazard is the land in the Flood Plain within a community subject to a one-percent or greater chance of flooding in any given year.

Base flood means the flood having a one percent chance of being equaled or exceeded in any given year (also called the 100-year flood). Base flood is the term used throughout this ordinance.

Basement means that portion of a building having its floor sub-grade (below ground level) on all sides.

Breakaway wall means a wall that is not part of the structural support of the building and is intended through its design and construction to collapse under specific lateral loading forces without causing damage to the elevated portion of the building or the supporting foundation system.

Building see Structure.

Critical facility means a facility for which even a slight chance of flooding might be too great. Critical facilities include, but are not limited to schools, nursing homes, hospitals,

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police, fire and emergency response installations, installations which produce, use or store hazardous materials or hazardous waste.

Development means any man-made change to improved or unimproved real estate, including, but not limited to, buildings or other structures, mining, dredging, filling, grading, paving, excavating, drilling operations, or permanent storage of materials or equipment.

Elevated building means a non-basement building built to have the lowest floor elevated above the ground level by means of fill, solid foundation perimeter walls, pilings, columns (posts and piers), shear walls, or breakaway walls.

Encroachment means the advance or infringement of uses, plant growth, fill, excavation, buildings, permanent structures or development into a Flood Plain, which may impede or alter the flow capacity of a Flood Plain.

Existing Construction any structure for which the start of construction commenced before the effective date of the first Flood Plain management code, ordinance, or standard based upon specific technical base flood elevation data which establishes the area of special flood hazard.

Existing manufactured home park or subdivision means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including at a minimum the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed before the effective date of the flood plain management regulations adopted by a community before the effective date of the first flood plain management code, ordinance, or standard based upon specific technical base flood elevation date which established the area of special flood hazard.

Expansion to an existing manufactured home park or subdivision means the preparation of additional sites by the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads).

Flood or flooding means a general and temporary condition of partial or complete inundation of normally dry land areas from:

- (1) The overflow of inland or tidal waters;
- (2) The unusual and rapid accumulation or runoff of surface waters from any source.

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Flood Boundary and Floodway Map (FBFM) means the official map on which the Federal Emergency Management Agency (FEMA) or Federal Insurance Administration (FIA) has delineated the areas of flood hazards and regulatory floodway.

Flood Hazard Boundary Map (FHBM) means an official map of a community, issued by FEMA, where the boundaries of the areas of special flood hazard have been identified as Zone A.

Flood Insurance Rate Map (FIRM) means an official map of a community, on which FEMA has delineated both the areas of special flood hazard and the risk premium zones applicable to the community.

Flood Insurance Study (FIS) is the official hydraulic & hydrologic report provided by FEMA. The report contains flood profiles, as well as the FIRM, FHBM (where applicable) and the water surface elevation of the base flood.

Flood Plain means any land area susceptible to flooding.

Flood Plain management means the operation of an overall program of corrective and preventive measures for reducing flood damage and preserving and enhancing, where possible, natural resources in the Flood Plain, including but not limited to emergency preparedness plans, flood control works, Flood Plain management regulations, and open space plans.

The Flood Plain Management Administrator is the individual appointed to administer and enforce the Flood Plain management regulations.

Flood Plain management regulations means this ordinance and other zoning ordinances, subdivision regulations, building codes, health regulations, special purpose ordinances, and other applications of police power which control development in flood-prone areas. This term describes federal, state or local regulations in any combination thereof, which provide standards for preventing and reducing flood loss and damage.

Floodway means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than one foot.

Floodway fringe means that area of the Flood Plain on either side of the regulatory floodway where encroachment may be permitted without additional hydraulic and/or hydrologic analysis.

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Functionally dependent facility means a facility which cannot be used for its intended purpose unless it is located or carried out in close proximity to water, such as a docking or port facility necessary for the loading and unloading of cargo or passengers, shipbuilding, ship repair, or seafood processing facilities. The term does not include long-term storage, manufacture, sales, or service facilities.

Hardship (as related to variances of this ordinance) means the exceptional hardship that would result from a failure to grant the requested variance. The City Council requires that the variance is exceptional, unusual, and peculiar to the property involved. Mere economic or financial hardship alone is NOT exceptional. Inconvenience, aesthetic considerations, physical handicaps, personal preferences, or the disapproval of one's neighbors likewise cannot, as a rule, qualify as an exceptional hardship. All of these problems can be resolved through other means without granting a variance, even if the alternative is more expensive, or requires the property owner to build elsewhere or put the parcel to a different use than originally intended.

Highest adjacent grade means the highest natural elevation of the ground surface, prior to the start of construction, next to the proposed walls of a building.

Historic Structure means any structure that is:

- (1) Listed individually in the National Register of Historic Places (a listing maintained by the Department of Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register:
- (2) Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic or a district preliminarily determined by the Secretary to qualify as a registered historic district:
- (3) Individually listed on a state inventory of historic places in states with historic preservation programs which have been approved by the Secretary of the Interior; or
- (4) Individually listed on a local inventory historic places in communities with historic preservation programs that have been certified either:
- (5) By an approved state program as determined by the Secretary of the Interior, or
- (6) Directly by the Secretary of the Interior in states without approved programs.

Increased Cost of Construction (ICC) means the cost to repair a substantially damaged building that exceeds the minimal repair cost and that is required to bring a substantially

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damaged building into compliance with the local flood damage prevention ordinance. ICC insurance coverage is provided in a standard (NFIP) flood insurance policy.

Lowest adjacent grade means the lowest elevation, after the completion of construction, of the ground, sidewalk, patio, deck support, or basement entryway immediately next to the structure.

Lowest floor means the lowest floor of the lowest enclosed area (including basement). An unfinished or flood resistant enclosure, used solely for parking of vehicles, building access, or storage, in an area other than a basement, is not considered a building's lowest floor, provided that such enclosure is not built so as to render the structure in violation of the nonelevation design standards of this ordinance.

Manufactured home means a building, transportable in one or more sections, which is built on a permanent chassis and designed to be used with or without a permanent foundation when connected to the required utilities. The term also includes park trailers, travel trailers, and similar transportable structures placed on a site for 180 consecutive days or longer and intended to be improved property.

Manufactured home park or subdivision means a parcel (or contiguous parcels) of land divided into two or more manufactured home lots for rent or sale.

Market value means the building value, excluding the land (as agreed to between a willing buyer and seller), as established by what the local real estate market will bear. Market value can be established by independent certified appraisal, replacement cost depreciated by age of building (Actual Cash Value) or adjusted assessed values.

Mean Sea Level means the average height of the sea for all stages of the tide. It is used as a reference for establishing various elevations within the Flood Plain. For purposes of this ordinance, the term is synonymous with National Geodetic Vertical Datum (NGVD).

National Geodetic Vertical Datum (NGVD) as corrected in 1929 is a vertical control used as a reference for establishing varying elevations within the Flood Plain.

New Construction means any structure for which the "start of construction" commenced after the effective date of the first Flood Plain management code, ordinance, or standard based upon specific technical base flood elevation data which establishes the area of special flood hazard. The term also includes any subsequent improvements to such structures.

New manufactured home park or subdivision means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including at a minimum, the installation of utilities,

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the construction of streets, and either final site grading or the pouring of concrete pads) is completed on or after the effective date of Flood Plain regulations adopted by a community.

Obstruction includes, but is not limited to, any dam, wall, wharf, embankment, levee, dike, pile, abutment, protection, excavation, channelization, bridge, conduit, culvert, building, wire, fence, rock, gravel, refuse, fill, structure, vegetation or other material in, along, across or projecting into any watercourse which may alter, impede, retard or change the direction and/or velocity of the flow of water, or due to its location, its propensity to snare or collect debris carried by the flow of water, or its likelihood of being carried downstream.

Public safety and nuisance, anything which is injurious to safety or health of an entire community or neighborhood, or any considerable number of persons, or unlawfully obstructs the free passage or use, in the customary manner, of any navigable lake, or river, bay, stream, canal, or basin.

Recreational vehicle means a vehicle that is:

- (1) Built on a single chassis;
- (2) 400 square feet or less when measured at the largest horizontal projection;
- (3) Designed to be self-propelled or permanently towable by a light duty truck; and
- (4) Designed primarily not for use as a permanent dwelling but as a temporary living quarters for recreational, camping, travel, or seasonal use.

Regulatory floodway means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than one foot.

Repetitive Loss means flood-related damages sustained by a structure on two separate occasions during a 10-year period ending on the date of the event for which the second claim is made, in which the cost of repairing the flood damage, on the average, equaled or exceeded 25% of the market value of the building at the time of each such flood event.

Special flood hazard area (SFHA) (see Area of Special Flood Hazard) means an area having special flood hazard and shown on a FHBM or FIRM as Zone A, AO, A1-A30, AE, A99, or AH.

Start of construction (for other than new construction or substantial improvements under the Coastal Barrier Resources Act P. L. 97-348), includes substantial improvement, and means the date the building permit was issued, provided the actual start of construction,

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repair, reconstruction, or improvement was within 180 days of the permit date. The actual start means the first placement of permanent construction of a building (including a manufactured home) on a site, such as the pouring of slabs or footings, installation of piles, construction of columns, or any work beyond the stage of excavation or placement of a manufactured home on a foundation. Permanent construction does not include land preparation, such as clearing, grading and filling; nor does it include the installation of streets and/or walkways; nor does it include excavation for a basement, footings, piers or foundations or the erection of temporary forms; nor does it include the installation on the property of accessory buildings, such as garages or sheds not occupied as dwelling units or not part of the main building. For substantial improvement, the actual start of construction means the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

Structure means a walled and roofed building that is principally above ground, a manufactured home, a gas or liquid storage tank, or other man-made facilities or infrastructures.

Substantial damage means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred. Substantial damage also means flood-related damages sustained by a structure on two separate occasions during a 10-year period for which the cost of repairs at the time of each such flood event, on the average, equals or exceeds 25 percent of the market value of the structure before the damage occurred.

Substantial improvement means any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure before the "start of construction" of the improvement. This term includes structures which have incurred "substantial damage, regardless of the actual repair work performed. This includes any combination of repairs, reconstruction, alteration, or improvements to a building taking place during the life of the building, in which the cumulative cost equals or exceeds 50 percent of the market value of the building either:

- (1) Before the improvement or repair is started; or,
- (2) If the structure has been damaged and is being restored, before the damage occurred. For the purposes of this definition "substantial improvement" is considered to occur when the first alteration of any wall, ceiling, floor, or other structural part of the building commences, whether or not that alteration affects the external dimensions of the structure.

This term includes structures that have incurred substantial damage and are repetitive loss, regardless of the actual repair work performed. For the purposes of this definition, "substantial improvement" is considered to occur when the first alteration of any wall,

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ceiling, floor, or other structural part of the building commences, whether or not that alteration affects the external dimensions of the building. The term does not, however, include either:

- (1) Any project for improvement of a building required to comply with existing health, sanitary, or safety code violations which have been identified prior to permit issuance by the Code Enforcement Official and which are solely necessary to assure safe living conditions; or,
- (2) Any alteration of a "historic structure" provided that the alteration will not preclude the structure's continued designation as a "historic structure."

Substantially improved existing manufactured home parks or subdivisions is where the repair, reconstruction, rehabilitation or improvement of the streets, utilities and pads equals or exceeds 50 percent of the value of the streets, utilities and pads before the repair, reconstruction or improvement commenced.

Variance is a grant of relief from the requirements of this ordinance, which permits construction in a manner otherwise prohibited by this ordinance where specific enforcement would result in unnecessary hardship.

Violation means the failure of a structure or other development to be fully compliant with this ordinance. A structure or other development without the elevation certificate, other certifications, or other evidence of compliance required in this ordinance is presumed to be in violation until such time as that documentation is provided.

Watercourse means a lake, river, creek, stream, wash, channel or other topographic feature on or over which waters flow at least periodically. Watercourse includes specifically designated areas in which substantial flood damage may occur.

Water surface elevation means the height, in relation to the National Geodetic Vertical Datum (NGVD) of 1929, (or other datum, where specified) of floods of various magnitudes and frequencies in the Flood Plains of coastal or riverine areas.

ARTICLE 3. GENERAL PROVISIONS.

SECTION 58.37. LANDS TO WHICH THIS ORDINANCE APPLIES.

This ordinance shall apply to all areas of special flood hazard within the zoning and building code jurisdiction of the City Council of the City of Arcadia, Florida.

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**SECTION 58.38. BASIS FOR ESTABLISHING THE AREAS OF
SPECIAL HAZARD FEE**

The areas of special flood hazard identified by the Federal Emergency Management Agency in its Flood Insurance Study, dated February 17, 1987, with accompanying maps and other supporting data, and any revision thereto, are adopted by reference and declared to be a part of this ordinance.

SECTION 58.39. ESTABLISHMENT OF DEVELOPMENT PERMIT.

A development permit shall be required in conformance with the provisions of this ordinance prior to the commencement of any development activities.

SECTION 58.40. COMPLIANCE.

No structure or land shall hereafter be located, extended, converted or structurally altered without full compliance with the terms of this ordinance and other applicable regulations.

SECTION 58.41. ABROGATION AND GREATER RESTRICTIONS.

This ordinance is not intended to repeal, abrogate, or impair any existing easements, covenants, or deed restrictions. However, where this ordinance and another conflict or overlap, whichever imposes the more stringent restrictions shall prevail.

SECTION 58.42. INTERPRETATION.

In the interpretation and application of this ordinance all provisions shall be:

- (1) Considered as minimum requirements;
- (2) Liberally construed in favor of the governing body, and;
- (3) Deemed neither to limit nor repeal any other powers granted under state statutes.

SECTION 58.43. WARNING AND DISCLAIMER OF LIABILITY.

The degree of flood protection required by this ordinance is considered reasonable for regulatory purposes and is based on scientific and engineering consideration. Larger floods can and will occur on rare occasions. Flood heights may be increased by man-made or natural causes. This ordinance does not imply that land outside the areas of special flood hazard or uses permitted within such areas will be free from flooding or flood damages. This ordinance shall not create liability on the part of the City Council of the City of Arcadia of the City of Arcadia, a municipal corporation or by any officer or employee thereof for any

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flood damages that result from reliance on this ordinance or any administrative decision lawfully made thereunder.

SECTION 58.44. PENALTIES FOR VIOLATION.

Violation of the provisions of this ordinance or failure to comply with any of its requirements, including violation of conditions and safeguards established in connection with grants of variance or special exceptions, shall constitute a misdemeanor. Any person who violates this ordinance or fails to comply with any of its requirements shall, upon conviction thereof, be fined or imprisoned under term of section 1-12 of the Code of Ordinances of the City of Arcadia. Each day such violation continues shall be considered a separate offense. Nothing herein contained shall prevent the Flood Plain Administrator from taking such other lawful actions as is necessary to prevent or remedy any violation.

ARTICLE 4. ADMINISTRATION.

**SECTION 58.45. DESIGNATION OF FLOOD DAMAGE PREVENTION
ORDINANCE ADMINISTRATOR.**

The City of the City of Arcadia hereby appoints the City Administrator or his designee to administer and implement the provisions of this ordinance and is herein referred to as the Flood Plain Ordinance Administrator, the Flood Plain Management Administrator and/or the Administrator.

SECTION 58.46. PERMIT PROCEDURES.

Application for a Development Permit shall be made to the Flood Plain Management Administrator on forms furnished by him or her prior to any development activities, and may include, but not be limited to, the following plans in duplicate drawn to scale showing the nature, location, dimensions, and elevations of the area in question; existing or proposed structures, earthen fill, storage of materials or equipment, drainage facilities, and the location of the foregoing. Specifically, the following information is required:

Application Stage.

- (1) Elevation in relation to mean sea level of the proposed lowest floor (including basement) of all buildings;
- (2) Elevation in relation to mean sea level to which any non-residential building will be flood-proofed;

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- (3) Description of the extent to which any watercourse will be altered or relocated as result of proposed development, and;

Construction Stage:

Upon placement of the lowest floor, or flood-proofing by whatever construction means, it shall be the duty of the permit holder to submit to the Flood Plain Management Administrator a certification of the NGVD elevation of the lowest floor or flood-proofed elevation, as built, in relation to mean sea level. Said certification shall be prepared by or under the direct supervision of a registered land surveyor or professional engineer and certified by same. When flood proofing is utilized for a particular building said certification shall be prepared by or under the direct supervision of a professional engineer or architect and certified by same. Any work undertaken prior to submission of the certification shall be at the permit holder's risk. (The Flood Plain Management Administrator shall review the lowest floor & flood-proofing elevation survey data submitted.) The permit holder immediately and prior to further progressive work being permitted to proceed shall correct deficiencies detected by such review. Failure to submit the survey or failure to make said corrections required hereby, shall be cause to issue a stop-work order for the project.

**SECTION 58.47. DUTIES AND RESPONSIBILITIES OF THE FLOOD
PLAIN MANAGEMENT ADMINISTRATOR**

Duties of the Flood Plain Management Administrator or his designee shall include, but not be limited to:

- (1) Review all development permits to assure that the permit requirements of this ordinance have been satisfied;
- (2) Advise permittee that additional federal or state permits may be required, and if specific federal or state permit requirements are known, require that copies of such permits be provided and maintained on file with the development permit.
- (3) Notify adjacent communities, the State Flood Plain Coordinator, and other federal and/or state agencies with statutory or regulatory authority prior to any alteration or relocation of a watercourse.
- (4) Assure that maintenance is provided within the altered or relocated portion of said watercourse so that the flood-carrying capacity is not diminished.
- (5) Verify and record the actual elevation (in relation to mean sea level) of the lowest floor (including basement) of all new or substantially improved buildings, in accordance with 58.46(2).

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Continued

(Ordinance 905 continued)

- (6) Verify and record the actual elevation (in relation to mean sea level) to which the new or substantially improved buildings have been flood-proofed, in accordance with 58.46 (2).
- (7) Review certified plans and specifications for compliance.

ARTICLE 5. PROVISIONS FOR FLOOD HAZARD REDUCTION.

SECTION 58.48. GENERAL STANDARDS.

In all areas of special flood hazard the following provisions are required:

- (1) New construction and substantial improvements shall be anchored to prevent flotation, collapse or lateral movement of the structure;
- (2) Manufactured homes shall be anchored to prevent flotation, collapse, or lateral movement. Methods of anchoring may include, but are not limited to, use of over-the-top or frame ties to ground anchors. This standard shall be in addition to and consistent with applicable state requirements for resisting wind forces;
- (3) New construction and substantial improvements shall be constructed with materials and utility equipment resistant to flood damage;
- (4) New construction or substantial improvements shall be constructed by methods and practices that minimize flood damage;
- (5) Electrical, heating, ventilation, plumbing, air conditioning equipment and other service facilities shall be designed and/or located so as to prevent water from entering or accumulating within the components during conditions of flooding;
- (6) New and replacement water supply systems shall be designed to minimize or eliminate infiltration of flood waters into the system;
- (7) New and replacement sanitary sewage systems shall be designed to minimize or eliminate infiltration of flood waters into the systems and discharges from the systems into flood waters;
- (8) On-site waste disposal systems shall be located and constructed to avoid impairment to them or contamination from them during flooding;

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Continued

(Ordinance 905 continued)

- (9) Any alteration, repair, reconstruction or improvements to a building that is in compliance with the provisions of this ordinance shall meet the requirements of new construction as contained in this ordinance; and,
- (10) Any alteration, repair, reconstruction or improvements to a building that is not in compliance with the provisions of this ordinance, shall be undertaken only if said non-conformity is not furthered, extended, or replaced.

SECTION 58.49. SPECIFIC STANDARDS.

In all areas of special flood hazard where base flood elevation data have been provided, as set forth in 58.38, the following provisions are required:

- (1) **Residential Construction.** New construction or substantial improvement of any residential building (or manufactured home) shall have the lowest floor, including basement, elevated no lower than 1 foot above the base flood elevation. Should solid foundation perimeter walls be used to elevate a structure, openings sufficient to facilitate the unimpeded movements of flood waters shall be provided in accordance with standards of 58.49(3).
- (2) **Non-Residential Construction.** New construction or substantial improvement of any commercial, industrial, or non-residential building (or manufactured home) shall have the lowest floor, including basement, elevated to no lower than 1 foot above the level of the base flood elevation. Buildings located in all A-Zones may be flood-proofed in lieu of being elevated provided that all areas of the building below the **BFE (plus any community free board)** elevation are water tight with walls substantially impermeable to the passage of water, and use structural components having the capability of resisting hydrostatic and hydrodynamic loads and the effect of buoyancy. A registered professional engineer or architect shall certify that the standards of this subsection are satisfied.
- (3) **Elevated Buildings.** New construction or substantial improvements of elevated buildings that include fully enclosed areas formed by foundation and other exterior walls below the base flood elevations shall be designed to preclude finished living space and designed to allow for the entry and exit of floodwaters to automatically equalize hydrostatic flood forces on exterior walls.
- (4) Designs for complying with this requirement must either be certified by a professional engineer or architect or meet the following minimum criteria:

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Continued

(Ordinance 905 continued)

- (a) Provide a minimum of two openings having a total net area of not less than one square inch for every square foot of enclosed area subject to flooding;
 - (b) The bottom of all openings shall be no higher than one foot grade (which must be equal to in elevation or higher than the exterior foundation grade); and,
 - (c) Openings may be equipped with screens, louvers, valves or other coverings or devices provided they permit the automatic flow of floodwaters in both directions.
- (5) Access to the enclosed area shall be minimum necessary to allow for parking of vehicles (garage door) or limited storage of maintenance equipment used in connection with the premises (standard exterior door) or entry to the living area (stairway or elevator); and
- (6) The interior portion of such enclosed area shall not be partitioned or finished into separate rooms.
- (7) Where elevation requirements exceed 6 feet above the highest adjacent grade, a copy of the legally recorded deed restriction prohibiting the conversion of the area below the lowest floor to a use or dimension contrary to the building's originally approved design, shall be presented as a condition of issuance of the final Certificate of Occupancy.

**SECTION 58.50 STANDARDS FOR MANUFACTURED HOMES AND
RECREATIONAL VEHICLES.**

- (1) All manufactured homes placed, or substantially improved, on individual lots or parcels, in expansions to existing manufactured home parks or subdivisions, in a new manufactured home park or subdivision or in substantially improved manufactured home parks or subdivisions, must meet all the requirements for new construction, including elevation and anchoring.
- (2) All manufactured homes placed or substantially improved in an existing manufactured home park or subdivision must be elevated so that:
- (a) The lowest floor of the manufactured home is elevated no lower than 1 foot above the level of the base flood elevation, or
 - (b) The manufactured home chassis is supported by reinforced piers or other foundation elements of at least an equivalent strength, of no less than 36 inches in height above the ground.

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Continued

(Ordinance 905 continued)

- (c) The manufactured home must be securely anchored to the adequately anchored foundation system to resist flotation, collapse and lateral movement.
 - (d) In an existing manufactured home park or subdivision on which a manufactured home has incurred substantial damage as the result of a flood, any manufactured home placed or substantially improved must meet the standards of Section 58.50 (2)(a) and (c) above.
- (3) All recreational vehicles placed on sites must either:
- (a) Be fully licensed and ready for highway use (a recreational vehicle is ready for highway use if it is on its wheels or jacking system, is attached to the site only by quick disconnect type utilities and security devices and has no permanently attached additions), or;
 - (b) Meet all the requirements for new construction, including anchoring and elevation requirements of Section 58.50(a) and (c), above, or;
 - (c) Be on the site for fewer than 180 consecutive days.

SECTION 58.51 FLOODWAYS.

Located within areas of special flood hazard established in 58.38, are areas designated as floodways. Since the floodway is an extremely hazardous area due to the velocity of flood waters which carry debris, potential projectiles and has erosion potential, the following provisions shall apply:

- (1) Prohibit encroachments, including fill, new construction, substantial improvements and other developments unless certification (with supporting technical data) by a registered professional engineer is provided demonstrating that encroachments shall not result in any increase in flood levels during occurrence of the base flood discharge;
- (2) If 58.51 (1) is satisfied, all new construction and substantial improvements shall comply with all applicable flood hazard reduction provisions.
- (3) Prohibit the placement of manufactured homes (mobile homes), except in an existing manufactured homes (mobile homes) park or subdivision. A replacement manufactured home may be placed on a lot in an existing manufactured home park or subdivision provided the anchoring standards of 58.48 (2), and the elevation standards of 58.49 (1) and the encroachment standards of 58.51 (1) are met.

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Continued

(Ordinance 905 continued)

**SECTION 58.52. STANDARDS FOR STREAMS WITHOUT ESTABLISHED
BASE FLOOD ELEVATION AND/OR FLOODWAYS.**

Located within the areas of special flood hazard established in Section 58-37, where streams exist but where no base flood data has been provided or where base flood data has been provided without floodways, the following provisions apply:

- (1) When base flood elevation data or floodway data have not been provided in Accordance with 58-38, then the local administrator shall obtain, review, and reasonably utilize any base flood elevation and floodway data available from a federal, state, or other source, in order to administer the provisions of Article 5. (Sections 58.48 through 58.54)
- (2) No encroachments, including fill material or structures, shall be located within a distance of the stream bank equal to 3 times the width of the stream at the top of the bank or 30 feet each side from the top of the bank, whichever is greater, unless certification by a registered professional engineer is provided demonstrating that such encroachment shall not result in any increase in flood levels during the occurrence of the base flood discharge. (NOTE: Use of center line of a stream may be a more suitable standard under some conditions)
- (3) In Special Flood Hazard Areas without Base Flood Elevation Data, new construction and substantial improvements of existing structures shall have the lowest floor of the lowest enclosed area (including basement) elevated no less than 7 feet above the highest adjacent grade at the building site.

SECTION 58.53. STANDARDS FOR SUBDIVISION PROPOSALS.

- (1) All subdivision proposals shall be consistent with the need to minimize flood damage;
- (2) All subdivision proposals shall have public utilities and facilities such as sewer, gas, electrical and water systems located and constructed to minimize flood damage;
- (3) All subdivision proposals shall have adequate drainage provided to reduce exposure to flood hazards, and;
- (4) Base flood elevation data shall be provided for subdivision proposals and other proposed development (including manufactured home parks and subdivisions) which is greater than the lesser of fifty lots or five acres.

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September 16, 2003
Continued

(Ordinance 905 continued)

SECTION 58.54 CRITICAL FACILITY.

Construction of new critical facilities shall be, to the extent possible, located outside the limits of the special flood hazard area (SFHA) (100-year Flood Plain). Construction of new critical facilities shall be permissible within the SFHA if no feasible alternative site is available. Critical facilities constructed within the SFHA shall have the lowest floor elevated three feet or more above the level of the base flood elevation at the site. Flood proofing and sealing measures must be taken to ensure that toxic substances will not be displaced by or released into floodwaters. Access routes elevated to or above the level of the base flood elevation shall be provided to all critical facilities to the extent possible.

ARTICLE 6. VARIANCE PROCEDURES.

SECTION 58.55. DESIGNATION OF VARIANCE AND APPEALS BOARD.

The City Council shall hear and decide appeals and requests for variances from requirements of this ordinance.

SECTION 58.56. DUTIES OF VARIANCE AND APPEALS BOARD.

The City Council shall hear and decide appeals when it is alleged an error in any requirement, decision, or determination is made by the Flood Plain Management Administrator in the enforcement or administration of this ordinance. Any person aggrieved by the decision of the board may appeal such decision to the appropriate Court.

SECTION 58.57. VARIANCE PROCEDURES.

In passing upon such applications, the City Council shall consider all technical evaluations, all relevant factors, standards specified in other sections of this ordinance, and:

- (1) The danger that materials may be swept onto other lands to the injury of others;
- (2) The danger of life and property due to flooding or erosion damage;
- (3) The susceptibility of the proposed facility and its contents to flood damage and the effect of such damage on the individual owner;
- (4) The importance of the services provided by the proposed facility to the community;
- (5) The necessity to the facility of a waterfront location, where applicable;

Regular Meeting
September 16, 2003
Continued

(Ordinance 905 continued)

- (6) The availability of alternative locations for the proposed use which are not subject to flooding or erosion damage;
- (7) The compatibility of the proposed use with existing and anticipated development;
- (8) The relationship of the proposed use to the comprehensive plan and Flood Plain management program for that area;
- (9) The safety of access to the property in times of flood for ordinary and emergency vehicles;
- (10) The expected heights, velocity, duration, rate of rise, and sediment of transport of the flood waters and the effects of wave action, if applicable, expected at the site; and,
- (11) The costs of providing governmental services during and after flood conditions, including maintenance and repair of public utilities and facilities such as sewer, gas, electrical, and water systems, and streets and bridges.

SECTION 58.58. CONDITIONS FOR VARIANCES.

- (1) Variances shall only be issued when there is:
 - (a) A showing of good and sufficient cause;
 - (b) A determination that failure to grant the variance would result in exceptional hardship; and,
 - (c) A determination that the granting of a variance will not result in increased flood heights, additional threats to public expense, create nuisance, cause fraud on or victimization of the public, or conflict with existing local laws or ordinances.
- (2) Variances shall only be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief; and in the instance of an historic structure,a determination that the variance is the minimum necessary so as not to destroy the historic character and design of the building.
- (3) Any applicant to whom a variance is granted shall be given written notice specifying the difference between the base flood elevation and the elevation to which the lowest floor is to be built and stating that the cost of flood insurance will be commensurate with the increased risk resulting from the reduced lowest floor elevation.
- (4) The Flood Plain Management Administrator shall maintain the records of all appeal actions and report any variances to the Federal Emergency Management Agency or *State Coordinating Agency* upon request.

Regular Meeting
September 16, 2003
Continued

(Ordinance 905 continued)

SECTION 58.59. VARIANCE NOTIFICATION.

Any applicant to whom a variance is granted shall be given written notice over the signature of a community official that:

- (1) The issuance of a variance to construct a structure below the base flood elevation will result in increased premium rates for flood insurance up to amounts as high as \$25 for \$100 of insurance coverage, and;
- (2) Such construction below the base flood level increases risks to life and property. A copy of the notice shall be recorded by the Flood Plain Management Administrator in the office of the Clerk of the Circuit Court of DeSoto County and shall be recorded in a manner so that it appears in the chain of title of the affected parcel of land.

The Flood Plain Management Administrator will maintain a record of all variance actions, including justification for their issuance, and report such variances issued in the community's biennial report submission to the Federal Emergency Management Agency.

SECTION 58.60. HISTORIC STRUCTURES.

Variances may be issued for the repair or rehabilitation of "historic structure" upon a determination that the proposed repair or rehabilitation will not preclude the structure's continued designation as an "historic structure" and the variance is the minimum to preserve the historic character and design of the structure.

SECTION 58.61. SPECIAL CONDITIONS.

Upon consideration of the factors listed in Article 6 Section 55.59, and the purposes of this ordinance, the City Council may attach such conditions to the granting of variances as it deems necessary to further the purposes of this ordinance.

SECTION 58.62 STRUCTURES IN REGULATORY FLOODWAY.

Variances shall not be issued within any designated floodway if any impact in flood conditions or increase in flood levels during the base flood discharge would result.

SECTION 58.63 SEVERABILITY

If any subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held invalid or unconstitutional, the remainder of this ordinance shall not be affected by such invalidity.

Regular Meeting
September 16, 2003
Continued

(Ordinance 905 continued)

SECTION 58.64 EFFECTIVE DATE

This Ordinance shall take effect pursuant to Chapter 73-403 of the laws of the State of Florida.

UNANIMOUSLY PASSED BY THE CITY COUNCIL OF THE CITY OF
ARCADIA, FLORIDA, IN REGULAR SESSION AT CITY COUNCIL CHAMBERS,
ARCADIA, FLORIDA ON THIS 16th DAY OF SEPTEMBER, 2003.

ATTEST:

CITY OF ARCADIA, FLORIDA

By: /s/ RACHELLE M. BAUMANN
RACHELLE M. BAUMANN
CITY RECORDER

By: /s/ SHARON T. GOODMAN
SHARON T. GOODMAN
MAYOR

PASSED ON FIRST READING: AUGUST 19, 2003.

PASSED ON SECOND READING: SEPTEMBER 2, 2003.

PASSED ON THIRD READING: SEPTEMBER 16, 2003.

APPROVED AS TO FORM:

David C. Holloman, City Attorney

Administrator Strube addressed Council regarding Resolution No. 2003-7 stating that in April 2002 Council approved Resolution 2002-5 in form which authorized an amendment to the Trust Indenture dated July 1, 1993 between the City of Arcadia and the Bank of New York. It has taken this long for all parties involved to concur with the language that was changed pertaining to escrow funds. Resolution No. 2003-7 will authorize the Mayor to sign the "First Supplemental Trust Indenture". Fazzone moved to adopt Resolution No. 2003-7; seconded by Whitlock and carried.

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September 16, 2003
Continued

RESOLUTION NO. 2003-7

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCADIA, FLORIDA, AUTHORIZING THE MAYOR TO SIGN THE FIRST SUPPLEMENTAL LOAN AGREEMENT AMONG CITY OF ARCADIA, FLORIDA AS SPONSOR AND THE BANK OF NEW YORK AS TRUSTEE AND FIRST SUPPLEMENTAL TRUST INDENTURE BETWEEN CITY OF ARCADIA, FLORIDA AND THE BANK OF NEW YORK AS TRUSTEE BOTH DATED SEPTEMBER 1, 2003: AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on April 2, 2002 the City Council of the City of Arcadia, Florida unanimously passed Resolution 2002-5, the form of which was approved by the City Attorney, and the intent of which was approved by the City Council, and

WHEREAS, said Resolution authorized an amendment to the Trust Indenture dated as of July 1, 1993 between the City of Arcadia, Florida and the Bank of New York, as trustee and the Loan Agreement dated as of July 1, 1993, between the City (as sponsor), and the Trustee.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Arcadia, Florida, that the Mayor of the City of Arcadia is hereby authorized to sign the "First Supplemental Loan Agreement" among City of Arcadia, Florida (as sponsor) the City of Arcadia, Florida and The Bank of New York, as Trustee – dated as of September 1, 2003, and

BE IT FURTHER RESOLVED that the Mayor of the City of Arcadia, Florida is hereby authorized to sign the "First Supplemental Trust Indenture" between the City of Arcadia, Florida and The Bank of New York, as trustee, dated as of September 1, 2003.

UNANIMOUSLY PASSED by the City Council of the City of Arcadia in Regular Session this 16th day of September, 2003

CITY OF ARCADIA, FLORIDA

By: /s/ SHARON T. GOODMAN
SHARON T. GOODMAN
MAYOR

ATTEST:

By: /s/RACHELLE M. BAUMANN
RACHELLE M. BAUMANN
CITY RECORDER

Regular Meeting
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Continued

Pfil Hunt and Will Weathers of Gardnyr Michael Capital, Inc. addressed Council regarding an "Authorizing" resolution, proposed Resolution No. 2003-9 authorizing the issuance of not to exceed \$6,000,000.00 Water and Sewer Refunding and Improvement Revenue Bonds Series 2003. Mr. Hunt stated that interest rates dropped last week and he estimates the City will receive a savings of \$225,000.00 due to the refunding. The proposed resolution will give the authority for Gardnyr Michael Capital, Inc. to sell the Bonds with a closing date of October 1, 2003 at an estimated interest rate of 3.81%. Johnson moved to adopt Resolution No. 2003-9; seconded by Heine and carried.

RESOLUTION NO. 2003-9

A RESOLUTION PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$6,000,000 WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2003 OF THE ISSUER, TO BE APPLIED TO PAY THE COST OF REFUNDING OF THE ISSUER'S 1993 GOVERNMENTAL UNIT NOTE AND THE COSTS OF THE EXPANSION AND IMPROVEMENT OF AN EXISTING SEWER REUSE FACILITY; PROVIDING FOR THE PAYMENT THEREOF; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE AND SALE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ARCADIA, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION.

This Resolution is adopted pursuant to Chapter 166, Part II, Florida Statutes, and other applicable provisions of law.

SECTION 2. DEFINITIONS.

The following terms shall have the following meanings herein, unless the text otherwise expressly 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.

"2003 Bonds" shall mean the City's Water and Sewer Refunding and Improvement Revenue Bonds, Series 2003, herein authorized to be issued.

"Act" shall mean Chapter 166, Part II, Florida Statutes, Chapter 218, Florida Statutes, the Charter of the City of Arcadia, and other applicable provisions of law.

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Continued

(RESOLUTION 2003-9 continued)

“Additional Parity Obligations” shall mean any additional obligations hereafter issued in compliance with the terms, conditions and limitations contained herein and which shall have an equal lien upon the Pledged Revenues, and rank equally in all respects with the 2003 Bonds.

“Ambac Assurance” shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

“Amortization Installments” with respect to any Term Bonds of a series shall mean an amount or amounts so designed which is or are established for the Term Bonds of such series, provided that (i) each such installment shall be deemed to be due on such interest or principal maturity date of each applicable year as is fixed by the Issuer and shall be a multiple of \$5,000 principle amount, and (ii) the aggregate of such installments for such series shall equal the aggregate principle amount of Term Bonds authenticated and delivered on original issuance.

“Authorized Investments” shall mean while any of the 2003 Bonds are Outstanding, any of the following if and to the extent the same are at the time legal for investment of municipal funds:

- (A) For all purposes, including defeasance investments in refunding escrow accounts.
 - (1) Cash (insured at all times by the Federal Deposit Insurance Corporation),
 - (2) Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury), or
 - (3) Senior debt obligations of other Government Sponsored Agencies approved by the Municipal Insurer.
- (B) For all purposes other than defeasance investments in refunding escrow accounts.

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September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Municipal Insurer.

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S & P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S & P;

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September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the Issuer prior to maturity or as to which irrevocable instructions have been given by the Issuer to call on the date specified in the notice: and

(i) which are rated, based on an irrevocable escrow account or fund (the "Escrow"), in the highest rating category or Moody's or S&P or any successors thereto; or

(ii) (a) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (b) which escrow is sufficient, as verified by a national recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(7) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(8) Investment agreements approved in writing by the Municipal Insurer (supported by appropriate opinions of counsel); and

(9) Other forms of investments (including repurchase agreements) approved in writing by the Municipal Insurer.

(C) The value of the above investments shall be determined as follows:

(1) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Paying Agent shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Salomon Smith Barney, Bear Stearns, or Lehman Brothers.

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(RESOLUTION 2003-9 continued)

(2) As to certificates of deposit and bankers' acceptances; the face amount thereof, plus accrued interest thereon; and

(3) As to any investment not specified above: the value thereof established by prior agreement among the Issuer, the Paying Agency, and the Municipal Insurer.

"Bond Service Requirement" for any Bond Year, as applied to the Bonds of any series, shall mean the sum of:

(1) The amount required to pay the interest becoming due on the Bonds of such series during Bond Year, except to the extent that such interest shall have been provided by payments into the Sinking Fund out of Bond proceeds for a specified period of time. In computing the amount of interest becoming due on any series of Bonds which bear interest at a variable rate, the amount of interest to become due on such series of Bonds at such variable rate shall be assumed to be the rate of interest per annum equal to the higher of (1) the actual rate of interest per annum borne by such Bonds on the date the Bond Service Requirement for such series is computed, or (2) the maximum variable interest rate borne by such series of Bonds for the last twelve months preceding the month of computation of the Bond Service Requirement for such series or such lesser period as such Bonds may have actually been outstanding; provided however, that in determining the Bond Service Requirement on such variable rate Bonds for purposes of establishing the initial deposit into the Reserve Account for such Bonds and for purposes of Section 17(T) in the issuance of such Bonds as Additional Parity Obligations, such variable rate shall be assumed to be equal to the 20-year Bond Buyer Revenue Bonds Index rate per annum prevailing on the date of issuance, or such other rate as the Municipal Insurers, if any, of the then Outstanding Bonds shall approve; and

(2) The amount required to pay the principal of Serial Bonds of such series maturing in such Bond Year; and

(3) The Amortization Installment for the Term Bonds of such series for such Bond Year. In computing the Bond Service Requirement for any Bond Year for Bonds of any series, the Issuer shall assume that an amount of the Term Bonds of such series equal to the Amortization Installment for the Term Bonds of such series for such Bond year will be retired by purchase or redemption in such Bond Year or that payment of such amount of Term Bonds at maturity will be fully provided for in such Bond Year. When determining the amount of principal of and interest on the Bonds which mature in any year, for purposes of this Resolution or the issuance of any

Regular Meeting
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(RESOLUTION 2003-9 continued)

Additional Parity Obligations, the stated maturity date of Term Bonds shall be disregarded, and the Amortization Installment, if any, applicable to Term Bonds in such year shall be deemed to mature in such year. In the event the Issuer has purchased or entered into an agreement to purchase direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America ("Government Obligations") from moneys in the Bond Amortization Account, then the income received or to be received on such Government Obligations from the date of acquisition thereof to the date of maturity thereof, shall be taken into consideration in calculating the payments which will be required to be made into the Sinking Fund.

The Bond Service Requirement for any Bond Year shall be adjusted to Reflect any amounts on deposit in the Sinking Fund in excess of current Requirements (including deficiencies in prior requirements) and available for the payment of the Bond Service Requirement in such Bond Year.

"Bond Year" shall mean the annual period ending on a principal maturity date, or, with respect to the Rebate Fund, the period defined by the Code.

"Bonds" shall mean the 2003 Bonds and all Additional Parity Obligations.

"Capital Charges" shall mean revenues, other than Special Assessments, hereafter derived by the Issuer from impact fees or other such fees or charges for capital facilities of the System to satisfy Increased Capacity Requirements.

"City Council" shall mean the governing body of the Issuer.

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

"Consulting Engineers" shall mean such qualified and recognized consulting engineers, having a favorable reputation for skill and experience in the construction and operation of such facilities as the System, at the time retained by the Issuer to perform the acts and carry out the duties as herein provided for Consulting Engineers.

"Cost of Operation and Maintenance" of the System shall mean all current expenses, paid or accrued, for the operation, maintenance and repair of all facilities of the System, as calculated in accordance with sound accounting practice, and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the Issuer related solely to the System, labor, cost of materials and supplies used for current operation, and charges for the accumulation

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(RESOLUTION 2003-9 continued)

of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice, but excluding any reserve for renewals or replacements, for extraordinary repairs or any allowance for depreciation.

“Escrow Deposit Agreement” shall mean the Escrow Deposit Agreement in substantially the form attached hereto as Exhibit “A” providing for the payment of the Government Unit Note.

“Federal Securities” shall mean direct obligations of the United States of America and obligations the principal of and interest on which are fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, none of which permit redemption prior to maturity at the option of the obligor.

“Financial Guaranty Insurance Policy” shall mean, with respect to the 2003 Bonds, the financial guaranty insurance policy issued by Ambac Assurance insuring the payment when due of the principal of and interest on the 2003 Bonds as provided therein.

“Fiscal Year” shall mean the period commencing on October 1 of each year and continuing to and including the succeeding September 30, or such other annual period as may be established by law as the Issuer’s fiscal year.

“Governmental Unit Note” shall mean the Issuer’s \$6,605,000 Governmental Unit Note, currently outstanding in the amount of \$6,000,000, issued pursuant to that Certain Loan Agreement dated August 10, 1993 among NationsBank of Florida N.A. As Trustee for the holders of the City of Arcadia \$45,550,000 Dedicated Pool Local Government Revenue Bonds, Series 1993, the City of Arcadia as Sponsor and Issuer of said bonds, and the City of Arcadia as the Governmental Unit executing the Governmental Unit Note evidencing said Loan Agreement.

“Gross Revenues” shall mean all moneys received from rates, fees, rentals or other charges or income received by the Issuer or accruing to it in the management and operation of the System, all calculated in accordance with sound accounting practice.

“Holder of Bonds,” “Bondholders,” “Registered Owner” or “Owner” or any similar term shall mean the owner of any registered 2003 Bond, as shown on the registration books of the Issuer maintained by the Registrar. The Issuer may deem and treat the person in whose name any 2003 Bond is registered as the absolute

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Continued

(RESOLUTION 2003-9 continued)

owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon, and for all other purposes.

“Increased Capacity Requirements” means any increased demand upon or usage of the capital facilities of the System resulting from additional connections thereto, or from substantial changes to or in the use of properties connected thereto.

“Issuer” shall mean the City of Arcadia, Florida, a municipal corporation of the State of Florida.

“Maximum Bond Service Requirement” for any series of Bonds shall mean, as of any particular date of calculation, the greatest amount of aggregate Bond Service Requirements for the then current or any future Bond year.

“Moody’s” shall mean Moody’s Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Issuer.

“Municipal Bond Insurance Policy” shall mean a bond purchase agreement, letter or line of credit, surety bond, insurance policy or guaranty issued by a Municipal Insurer securing the timely payment of principal of and interest on the Bonds.

“Municipal Insurer” shall mean any nationally recognized financial institution or insurer of principal and interest on the Bonds whose bond purchase agreement, letter or line of credit, surety bond, insurance policy or guaranty would result in such Bonds being rated in one of the highest two categories by Standard & Poor’s or Moody’s and, with respect to the 2003 Bonds, shall initially mean Ambac Assurance, or any successor thereto.

“Net Revenues” shall mean Gross Revenues less Cost of Operation and Maintenance and amounts required to be deposited in the Rebate Fund as provided herein.

“Pledged Revenues” shall mean the (i) Net Revenues of the System, and (ii) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in certain of the funds and accounts established pursuant to the Resolution other than the Rebate Fund.

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

“Project” shall mean the acquisition and construction of additions, extensions and improvements to the System, including, without limitation, expansion of an existing sewage reuse facility.

“Rebate Fund” shall mean the fund as designated and created pursuant to Section 17(U) hereof and comprised of the Rebate Principal Account and the Rebate Interest Account.

“Registrar” shall mean the paying agent for the Bonds, or such other person firm or corporation as may, from time to time be designated by the Issuer as the Registrar for the Bonds.

“Reserve Requirement” shall mean an amount equal to the Maximum Debt Service Requirement on the Bonds other than any Additional Parity Obligations hereafter issued which, by their terms, do not have any claim upon right to payment from the Reserve Account; provided, however, that such Reserve Requirement shall not exceed the lesser of (i) one hundred twenty-five percent (125%) of the Average Annual Debt Service on such Bonds or (ii) ten percent (10%) if the proceeds of the Bonds, within the meaning of Section 147 of the Code.

“Resolution” shall mean this Resolution of the Issuer, as may be amended and supplemented as provided herein.

“Serial Bonds” shall mean any 2003 Bonds for the payment of the principal of which, at the maturity thereof, no Amortization Installments are required to be made prior to the twelve-month period immediately preceding the stated date of maturity of such Serial Bonds.

“Special Assessments” shall mean revenues derived by the Issuer from special assessments or other charges imposed upon benefited property in connection with the acquisition or construction of additions, extensions or improvements to the System.

“Standard & Poor’s” shall mean Standard & Poor’s Rating Group, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Issuer.

“State” shall State of Florida.

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Continued

(RESOLUTION 2003-9 continued)

“Subordinate Indenture” shall mean the State Revolving Loan Fund Agreement dated August 3, 1989, as amended, by and between the City of Arcadia and the State of Florida, Department of Environmental Regulation, as well as any other indebtedness hereafter issued and payable from the Pledged Revenues, but which does not qualify as an Additional Parity Obligation as defined herein.

“System” shall mean the Issuer’s combined system for the production, treatment and distribution of water and for the collection, treatment and disposal of sewage together with any and all assets, improvements, extensions and additions thereto hereafter constructed or acquired.

“Tax-Exempt Obligations” shall mean obligations, the interest on which is exempt from Federal income tax under Section 103(a) of the Internal Revenue Code of 1954, as amended, of which is excluded from individual gross income pursuant to Section 103 of the Code, provided that the timely payment of the principal thereof and interest thereon shall be unconditionally guaranteed by a Municipal Insurer.

“Term Bonds” shall mean the 2003 Bonds all of which shall be stated to mature on one date and which shall be subjected to retirement by operation of the Bond Amortization Account.

SECTION 3. FINDINGS.

It is hereby ascertained, determined and declared that:

A. The Issuer now owns, operates and maintains the System and is empowered to maintain, operate, improve and extend such System and regulate and fix reasonable rates and charges for the services furnished thereby.

B. The Issuer derives Gross Revenues from rates, fees and charges made and collected for the services and facilities of the System supplying water and sanitary sewerage services. The Pledged Revenues are not pledged for encumbered in any manner, except for payment of the Governmental Unit Note, as to which provision for payment (within the meaning of the resolution authorizing the issuance of the Governmental Unit Note) will be made as of the date of issuance of the 2003 Bonds, and except for obligations payable from the Pledged Revenues junior and subordinate to the 2003 Bonds (the “Subordinate Indebtness”).

C. It is necessary and desirable to refund the Governmental Unit Note in order to minimize the amounts of interest payable on obligations issued to finance the System.

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Continued

(RESOLUTION 2003-9 continued)

D. The estimated costs of the refunding authorized herein is not less than principal amount of the bonds authorized herein, together with the anticipated earnings on the proceeds used for such purpose. Such cost shall be paid from the proceeds derived from the sale of the 2003 Bonds, and funds currently held for payment of the Governmental Note, together with the anticipated earnings on the proceeds thereof.

E. The estimated Pledged Revenues will be sufficient to pay all of the principal of and interest on the 2003 Bonds, as the same become due, and to make all required sinking fund, reserve and other payments required under this Resolution, and to pay the Subordinate Indebtedness.

F. The Project is necessary and desirable for the operation of the System, and the Issuer does not have available funds sufficient for the payment of the costs of such improvements.

G. The estimated cost of the Project together with the costs of the refunding authorized herein is the sum of not exceeding \$6,000,000. Such costs shall be paid from the proceeds derived from the sale of the 2003 Bonds remaining after the refunding of the Governmental Note and the costs of issuing the Bonds has been paid, and from other funds, if any, available to the Issuer.

H. The principal of and interest on the 2003 Bonds and all required sinking fund, reserve and other payments shall be made solely from the Pledged Revenues as provided herein. The Issuer shall never be required to levy ad valorem taxes on any property therein to pay the principal of and interest on the 2003 Bonds or to make any of the requiring sinking fund, reserve or other payments, and any failure to pay the 2003 Bonds shall not give rise to a lien upon any property of or in the Issuer, except the Pledged Revenues.

SECTION 4. AUTHORIZATION OF REFUNDING AND PROJECT.

A. The Issuer deems it necessary and in its best interest to provide for the refunding of the Governmental Unit Note. The refunding program herein described will be advantageous to the Issuer by (1) effecting a favorable restructuring of debt service requirements applicable to bonded indebtedness previously issued to finance capital improvements to the System; (2) liberalizing certain conditions and limitations on the Issuer under the Resolution authorizing the issuance of the Governmental Unit Note; and (3) effecting an anticipated overall interest cost savings on the Governmental Unit Note. The refunding of the Governmental Unit Note is hereby authorized and shall be accomplished as required in Section 14 thereof.

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September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

B. The Issuer is hereby authorized to acquire and construct the Project. The cost of the Project shall be deemed to include, without limitation, in addition to the cost of the items described in the plans and specifications for the Project, the cost of any lands or interest therein or any other properties deemed necessary or convenient therefor; engineering, legal and financing expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; the fees of fiscal agents, financial advisors or consultants; administrative expenses for plans, specifications and surveys; administrative expenses relating solely to the construction and acquisition of the Project; the premiums and other costs of obtaining insurance on the 2003 Bonds; interest upon the 2003 Bonds during construction and initial operation of the Project if any; the creation and establishment of reasonable reserves for debt service; discount on sale of the 2003 Bonds; repayment of interim advances and indebtedness, if any; and such other costs and expenses as may be necessary or incidental to the financing herein authorized and the construction and acquisition of the Project and the placing of same in operation.

SECTION 5. THIS RESOLUTION TO CONSTITUTE CONTRACT.

In consideration of the acceptance of the Bonds by the Bondholders from time to time, this Resolution as amended and supplemented as provided herein shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders. 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 Bondholders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 6. AUTHORIZATION OF 2003 BONDS.

Subject and pursuant to the provisions hereof, Bonds of the Issuer to be known as "Water and Sewer Refunding and Improvement Revenue Bonds Series 2003," are authorized to be issued in the aggregate principal amount of not exceeding the amount set forth in the title hereof.

SECTION 7. DESCRIPTION OF 2003 BONDS.

The 2003 Bonds shall be dated as of a date or dates to be fixed by subsequent resolution or ordinance of the Issuer, but not later than their date of delivery, may be Serial Bonds, Term Bonds, or a combination thereof; shall be designated "R-1" and numbered consecutively from one upward in order of authentication; shall be in the denomination of \$5,000 each or integral multiples thereof, shall bear interest at such rate or rates not exceeding the maximum legal rate allowable by law to be

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

payable at such times, shall be redeemable at such times and in such amounts, and shall mature either annually or semiannually on such dates and in such years and amounts, all as shall be determined by subsequent resolution or ordinance of the Issuer, duly adopted to the sale of the 2003 Bonds. The 2003 Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid, until payment of the principal sum.

The 2003 Bonds shall be issued in fully registered form, payable as to principal and premium, if any, upon presentation and surrender thereof on the date fixed for maturity or redemption thereof at the corporate trust office of the paying agent hereafter named by subsequent resolution or ordinance of the Issuer, duly adopted or enacted prior to the sale of the 2003 Bonds. Unless otherwise specified by resolution or ordinance of the Issuer, duly adopted prior to the sale of the 2003 Bonds, interest on each fully registered 2003 Bond shall be paid by check or draft mailed to the person in whose name the 2003 Bond is registered, at his or her address as it appears on the registration books for the Bonds maintained by the Registrar, at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date (the "Record Date"), irrespective of any transfer of such 2003 Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such 2003 Bond is registered at the close of business on a special record date for the payment of defaulted interest (the "Special Record Date") as established by notice mailed by the Registrar to the registered owner of the 2003 Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the person in whose name such 2003 Bond is registered at the close of business on the (5th) day preceding the date of mailing. All payments shall be made in accordance with and pursuant to the terms of this Resolution and the 2003 Bonds and 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 or private debts.

If the date for payment of the principal of, premium, if any, or interest on the 2003 Bonds shall be a Saturday, Sunday, legal holiday or other day on which the banking institutions in the city where the corporate trust office of the paying agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

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September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

SECTION 8. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT FOR BONDS.

Use of the Preliminary Official Statement in marketing the Bonds, in the form attached hereto as Exhibit "B" and made a part hereof, is hereby ratified and approved.

SECTION 9. DESIGNATION AS BANK QUALIFIED.

The Issuer hereby designates the 2003 Bonds for purpose of paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code") and covenants that the 2003 Bonds do not constitute private activity bonds 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 2003 Bonds, have been or shall be issued by the Issuer including all subordinate entities of the Issuer, during the calendar year 2003.

SECTION 10. EXECUTION OF 2003 BONDS.

The 2003 Bonds shall be executed in the name of the Issuer by the Mayor and attested by the City Recorder, either manually or with their facsimile signatures, and the official seal of the Issuer or a facsimile thereof shall be affixed thereto or reproduced thereon. The facsimile signature of such officers may be imprinted or reproduced on the 2003 Bonds. The Certification of Authentication of the Registrar shall appear on the 2003 Bonds, and no 2003 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless such Certificate of Authentication shall have been duly executed on such 2003 Bond. The authorized signature for the Registrar appearing on the 2003 Bonds shall at all Times be a manual signature. In case any officer whose signature shall appear on any 2003 Bonds shall cease to be such officer before the delivery of such 2003 Bonds, 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 2003 Bonds may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such 2003 Bonds 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.

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Continued

(RESOLUTION 2003-9 continued)

SECTION 11. NEGOTIABILITY.

Subject to the provisions hereof respecting registration and transfer, the 2003 Bonds shall be and shall have the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive holder, in accepting any of the 2003 Bonds, shall be conclusively deemed to have agreed that the 2003 Bonds shall be and have all of such qualities and incidents of negotiable instruments under the Uniform Commercial Code – Investment Securities of the State of Florida.

SECTION 12. REGISTRATION, EXCHANGE AND TRANSFER.

There shall be a Registrar for the Bonds, which shall be a bank or trust company located within or without the State. The Registrar shall maintain the registration books of the Issuer and be responsible for the transfer and exchange of the 2003 Bonds. The Issuer hereby designates the Paying Agent to serve as Registrar. The Registrar shall maintain the registration books for the registration of the transfer and exchange of the 2003 Bonds (the "Bond Register") in compliance with the Florida Registered Public Obligations Act and the system of registration as established by the Issuer pursuant hereto.

2003 Bonds may be transferred upon the registration books, upon delivery to the Registrar, together with written instructions as to the details of the transfer of such 2003 Bonds, along with the address and social security number or federal taxpayer identification number of such transferee and, if such transferee is a trust, the name and social security or federal taxpayer identification numbers of the settlor and beneficiaries of the trust, the date of the trust and the name of the trustee. No transfer of any 2003 Bond shall be effective until entered on the registration books maintained by the Registrar.

Upon surrender for transfer or exchange of any 2003 Bond, the Issuer shall execute and the Registrar shall authenticate and deliver in the name of the Registered Owner or the transferee or transferees, as the case may be, a new fully registered 2003 Bond or 2003 Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the Registered Owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Resolution. The Issuer or the Registrar may change the Owner of such 2003 Bond for every transfer or exchange an amount sufficient to reimburse them for any tax, fee, or other governmental charge required to be paid with respect to such transfer, and may require that such charge be paid before any such new 2003 Bond shall be delivered.

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(RESOLUTION 2003-9 continued)

All 2003 Bonds presented for transfer, exchange, redemption or payment (if so required by the Registrar), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or by his duly authorized attorney in fact or legal representative.

All 2003 Bonds delivered upon transfer or exchange shall be dated and shall bear interest from such date that neither gain nor loss in interest shall result from the transfer or exchange. New 2003 Bonds delivered upon any transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the 2003 Bond surrendered, shall be secured by this Resolution and shall be entitled to all of the security and the benefits hereof to the same extent as the 2003 Bonds surrendered.

The Issuer and the Registrar may treat the person in whose name any 2003 Bond is registered as the absolute owner thereof for all purposes, whether or not such 2003 Bonds shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any 2003 Bond is registered may be deemed the Registered Owner thereof by the Issuer and the Registrar, and any notice to the contrary shall be binding upon the Issuer and the Registrar.

Whenever any 2003 Bonds shall be delivered to the Registrar for cancellation upon payment of the principal amount thereof, or for replacement, transfer or exchange, such 2003 Bonds shall be cancelled and, upon request of the Issuer, destroyed by the Registrar. Counterparts of the certificate of destruction evidencing any such destruction shall be furnished to the Issuer.

Prior to the delivery of the Bonds of a Series, the Mayor, on behalf of the Issuer and with the consent of the Underwriter, may enter into an agreement in usual and customary form (the "Book Entry Agreement") with the Registrar and Paying Agent and with Depository Trust Company ("DTC") or any successor thereto, or other securities depository, with such changes in the Book Entry Agreement as may be approved by the Mayor, his execution thereof to be conclusive proof of his approval, and make such other provisions and perform such further acts as may be necessary or convenient to provide for the distribution of such Bonds in book entry form. In connection therewith, the Mayor shall be authorized to execute and deliver an appropriate letter of representations regarding the book entry system.

The Book Entry Agreement may provide that such Bonds shall be immobilized in the custody of DTC, with the beneficial owners of such Bonds having no right to receive the Bonds in the form of physical securities or certificates. In such event, ownership of the Bonds shall be shown by book entry on the system

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Continued

(RESOLUTION 2003-9 continued)

maintained and operated by DTC and its participants, and transfers of ownerships of beneficial interests shall be made only by DTC and its participants, by book entry, the Issuer having no responsibility therefor. Bonds in book entry form, as set forth herein shall not be transferable or exchangeable, except for transfer to another depository or to another nominee of a depository, without further action by the Issuer.

**SECTION 13. 2003 BONDS MUTILATED, DESTROYED,
STOLEN OR LOST.**

In case any 2003 Bond shall become mutilated, or be destroyed, stolen or lost the Issuer may in its discretion issue and deliver a new 2003 Bond of like tenor as the 2003 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2003 Bond upon surrender and cancellation of such mutilated 2003 Bond or in lieu of and substitution for the 2003 Bond destroyed, stolen or lost, and upon the holder 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. All 2003 Bonds so surrendered shall be cancelled by the Registrar for the 2003 Bonds. If any of the 2003 Bonds shall have matured or be about to mature, instead of issuing a substitute 2003 Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such 2003 Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate 2003 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed 2003 Bonds be at any time found by anyone, and such duplicate 2003 Bonds shall be entitled to equal and proportionate benefits and rights as to lien on the source and security for payment from the funds, as hereinafter pledged, to the same extent as all other 2003 Bonds issued hereunder.

SECTION 14. PROVISIONS FOR REDEMPTION.

A. The 2003 Bonds which are Term Bonds shall be subject to mandatory redemption by means of the Bond Amortization Account and the 2003 Bonds shall be redeemable as provided by subsequent resolution or ordinance of the Issuer, duly adopted prior to the sale of the 2003 Bonds.

2003 Bonds in denominations greater than \$5,000.00 shall be deemed to be an equivalent number of Bonds of the denomination of \$5,000.00. In the event a Bond is of a denomination larger than \$5,000.00, a portion of such may be redeemed, but

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September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

Bonds shall be redeemed only in the principal amount of \$5,000.00 or any integral multiple thereof. B. Notice of such redemption, identifying the 2003 Bonds or portions thereof called for redemption which notice shall include the CUSIP numbers as well as other identifying and relevant descriptive details (i) shall be filed with the paying agents and any Registrar, and (ii) shall be mailed by the Registrar, registered or certified mail or overnight delivery service, postage prepaid, to all registered owners of the 2003 Bonds and to the four depositories and to one or more of the national call information services to be redeemed not more than forty-five (45) days and not less than thirty (30) days prior to the date fixed for redemption at their addresses as they appear on the registration books to be maintained in accordance with the provisions hereof. In the case of an advance refunding of the 2003 Bonds, a second redemption notice shall be sent not less than thirty (30) days prior to the redemption date scheduled under an advance refunding previously noticed. In the event of any redemption of Bonds at the option of the Issuer, such notice shall be mailed in like manner to the applicable Municipal Insurer, if any, of such Bonds. Failure to give such notice by mailing to any owner of 2003 Bonds or to any depository or national call information service, or any defeat therein, shall not affect the validity of any proceeding for the redemption of other 2003 Bonds.

B. Each notice of redemption shall state the redemption date, the place of redemption, the redemption price and, if less than all, the distinctive numbers of the 2003 Bonds to be prepaid, and shall also state that the interest represented by such 2003 Bonds designated for redemption shall cease to accrue from and after such redemption date and that on the redemption date there will become due and payable for each of the 2003 Bonds the redemption price.

C. Reserved.

D. Notice having been mailed and filed in the manner and under the conditions hereinabove provided, the 2003 Bonds or portions of 2003 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such 2003 Bonds or portions of 2003 Bonds on such date. Redemption payments should include the CUSIP number of the 2003 Bonds to which they apply. On the date so designated for redemption, noticing having been mailed and filed and moneys for payment of the redemption price being held in separate accounts in trust for the holders of the 2003 Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the 2003 Bonds or portions of the 2003 Bonds so called for redemption shall cease to accrue, such 2003 Bonds and portions of 2003 Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the holders or registered owners of such 2003 Bonds or portions of 2003 Bonds, shall have no rights in respect thereof except to receive payment of the redemption price thereof.

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Continued

(RESOLUTION 2003-9 continued)

E. Upon surrender of any 2003 Bond for redemption in part only, the Issuer shall issue and deliver to the holder thereof, the costs of which shall be paid by the holder, a new 2003 Bond or 2003 Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

F. Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by Municipal Insurer pursuant to the Financial Guaranty Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the lien and pledge of the Pledged Revenues and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of Municipal Insurer, and Municipal Insurer shall be subrogated to the rights of such registered owners.

SECTION 15. FORM OF 2003 BONDS.

The text of the 2003 Bonds, the Certificate of Authentication and the Assignment shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized and permitted by this Resolution or by any subsequent resolution or ordinance adopted prior to the issuance thereof:

(Form of Fully Registered Bonds)

No.R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF ARCADIA
WATER AND SEWER REFUNDING AND IMPROVEMENT REVENUE BOND, SERIES
2003

Rate of Interest

Maturity Date

Dated Date

Cusip

Registered Owner:

Principal Amount:

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Continued

(RESOLUTION 2003-9 continued)

KNOW ALL MEN BY THESE PRESENTS, that the City of Arcadia, Florida, a municipal corporation of the State of Florida (hereinafter called "Issuer"), for value received, hereby promises to pay to the Registered Holder identified above, or registered assigns, on the Maturity Date identified above (unless this Bond shall be redeemed prior to such date pursuant to the Provisions hereof), the Principal Amount shown above, solely from the revenues hereinafter mentioned, and to pay solely from such revenues, interest on said sum from the date of this Bond or from the most recent interest payment date to which interest has been paid, at the Rate of Interest per annum set forth above until the payment of such principal sum, such interest being payable on June 1, 2004, and semiannually thereafter on June 1 and December 1 of each year. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof on the date fixed for maturity or redemption at the designated office of Bank of New York in Jacksonville, Florida-, or at the office designated for such payment of any successor thereof. The interest on this Bond, when due and payable, shall be paid by check or draft mailed to the Registered Holder, at his address as it appears on the registration books for the Bonds, at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date (the "Record Date"), irrespective of any transfer of this Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of defaulted interest as established by notice mailed by the Registrar to the Registered Holder not less than fifteen days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing. 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.

The Bond is one of a duly authorized issue of Bonds of the Issuer designated "Water and Sewer Refunding and Improvement Revenue Bonds, Series 2003" in the aggregate principal amount of \$6,000,000, of like tenor and effect, except as to number, date, maturity, interest rate and redemption provisions, issued to finance the cost of making certain improvements to the complete and consolidated water and sewer system (the "System") of the Issuer and the cost of refunding certain outstanding obligations of the Issuer which were issued to refinance the cost of the construction and acquisition of additions, extensions and improvements to the System, pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, and other applicable provisions of law, and pursuant to Resolution No. 2003-9, adopted by the City Council of the Issuer on September 16, 2003, as amended and supplemented (hereinafter collectively called the "Instrument"), and is subject to all the terms and conditions of such Instrument.

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Continued

(RESOLUTION 2003-9 continued)

This Bond and the issue of Bonds of which it is a part, are special obligations of the Issuer payable solely from and secured by an irrevocable lien upon and pledge of (i) the net revenues derived by the Issuer from the operation of the System (the "Net Revenues"), and (ii) the investment earnings on certain funds and accounts established pursuant to the Resolution (all hereinafter collectively referred to as the "Pledged Revenues"), all in the manner provided in the Instrument.

This Bond does not constitute a general indebtedness, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida nor any political subdivision thereof, within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof, nor the Issuer 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 the Bonds, the interest thereon or other costs incident thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Revenues, in the manner provided herein and in the Instrument. It is further agreed between the Issuer and the registered holder of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien on the System or any other property of the Issuer, but shall constitute a lien only on the Pledged Revenues, in the manner provided in the Instrument.

(Insert Redemption Provisions)

Bonds in denominations greater than \$5,000.00 shall be deemed to be an equivalent number of Bonds of the denomination of \$5,000.00. In the event a Bond is of a denomination larger than \$5,000.00, a portion of such may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000.00 or any integral multiple thereof. In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed which notice shall include the CUSIP numbers as well as other identifying and relevant descriptive details will be given by the Registrar (who shall be the paying agent for the Bonds, or such other person, firm or corporation as may from time to time be designated by the Issuer as the Registrar for the Bonds) by mailing a copy of the redemption notice by certified or registered mail overnight delivery service (postage prepaid) not more than forty-five (45) days and not less than thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books and to others as set forth in the Instrument. Failure to give such notice to any owner of Bonds or any other, or any defect therein, shall not affect the validity of any proceeding for the redemption of the Bonds. All Bonds 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.

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

If the date for payment of the principal of, premium, if any, or interest of this bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the corporate trust office of the paying agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

In and by the Instrument, the Issuer has covenanted and agreed with the holders of the Bonds that it will fix, establish and maintain such rates and collect such fees, rentals and other charges for the services and facilities of the System and revise the same from time to time whenever necessary, as will provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order and to provide for the payment of the principal and interest becoming due in such fiscal year on the outstanding Bonds and on all outstanding Additional Parity Obligations, plus all reserve and other payments required to be made pursuant to the Instrument, and has entered into certain other covenants and agreements respecting the Bonds, as to which reference is made to the Instrument.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to an 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 the Bonds of this issue does not violate any constitutional or statutory limitations or provisions.

Statement of Insurance

Financial Guaranty Insurance Policy No. __ (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York Trust Company of Florida, N.A., as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

(To be inserted where appropriate on face of bond:

"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 this side.")

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

Subject to the provisions of the Instrument respecting registration, this Bond 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 Bonds are issued in the form of fully registered bonds without coupons in denominations of \$5,000.00 or any integral multiple of \$5,000.00. Subject to the limitations and upon payment of the charges provided in the Instrument, Bond may be exchanged for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing, at the above-mentioned office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Instrument, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of the same maturity and rate of interest, and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor at the earliest practicable time in accordance with the provisions of the Instrument. Bonds may be transferred upon the registration books upon delivery to the Registrar of the Bonds, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number of federal employer identification number of such transferee and, if such transferee is a trust, the name and social security or federal employer identification numbers of the settlor and beneficiaries of the trust, the federal employer identification number and date of the trust and the name of the trustee. The Issuer or the Registered Owner of such Bond for every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee, or other governmental charge required to be paid with respect to such transfer, and may require that such charge be paid before any such new Bond shall be delivered.

The Issuer may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond 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.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Instrument until the certificate of authentication endorsed hereon shall have been duly executed with the manual signature of the Registrar.

Regular Meeting
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Continued

(RESOLUTION 2003-9 continued)

IN WITNESS WHEREOF, the City of Arcadia, Florida, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Recorder, and its official seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, as of _____, 2003.

CITY OF ARCADIA, FLORIDA

By: _____
MAYOR

(SEAL)

ATTEST:

By: _____
CITY RECORDER

CERTIFICATE OF AUTHENTICATION OF BOND REGISTRAR

This Bond is one of the Issue of the within described Bonds. The Rate of Interest, Maturity Date, Registered Owner, and Principal Amount shown above are correct in all respects and have been recorded, along with the applicable federal taxpayer identification number and the address of the Registered Holder, in the registration books for the Bonds maintained at the principal offices of the undersigned.

Registrar

Date of Registration and
Authentication: _____

By: _____
Authorized Officer

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Continued

(RESOLUTION 2003-9 continued)

ASSIGNMENT

ASSIGNMENT FOR VALUE RECEIVED, the undersigned _____

(the "Transferor"), hereby sells, assigns, and transfers unto _____

(Please insert name and Social Security or Federal Employer Identification number of assignee)the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ (the "Transferee") as attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____
Signature Guaranteed: _____

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

NOTICE: No transfer will be Registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment corresponds with the name 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 Federal Employer Identification Number of the Transferee is supplied.

Regular Meeting
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Continued

(RESOLUTION 2003-9 continued)

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 UNIF GIF MIN ACT _____ (Cust.)

TENANT as tenants by the entireties Custodian for _____ (Minor)

JT TEN as joint tenants with right of survivorship and not as tenants in common under Uniform Gifts to Minors Act of _____ (State)

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

SECTION 16. APPLICATION OF BOND PROCEEDS.

The proceeds, including accrued interest and premium, if any, received from the sale of any or all of the 2003 Bonds shall be deposited in a special account in a bank or trust company and shall be applied by the Issuer simultaneously with the delivery of such 2003 Bonds to the purchaser thereof, as follows:

A. The accrued interest shall be deposited in the Interest Account in the Sinking Fund herein created and shall be used only for the purpose of paying interest becoming due on the 2003 Bonds.

B. Unless provided from other funds of the Issuer on the date of issuance of the 2003 Bonds, or unless the Issuer shall have delivered to the Paying Agent a Reserve Account Insurance Policy for the 2003 Bonds or unless the timely payment of principal and interest on the 2003 Bonds have been guaranteed by a Municipal Bond Issuer which does not require either a Reserve Account or a Reserve Account Insurance Policy, a sum sufficient, with other funds on deposit in the Reserve Account, to equal the Reserve Requirement shall be deposited in the Reserve Account in the Sinking Fund, herein created and established, and shall be used only for the purposes provided therefore.

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September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

C. Unless paid or reimbursed by the original purchases of the 2003 Bonds, the Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the 2003 Bonds.

D. A sum specified in the Escrow Deposit Agreement which together with the other funds described in the Escrow Deposit Agreement to be deposited in escrow, when invested as provided in the Escrow Deposit Agreement, will produce cash and maturing principal and interest on such investments which will be sufficient to pay, as of any date of calculation, the principal of and premium, if any, and interest on the Governmental Unit Note as the same shall become due or are redeemed as provided by subsequent resolution or ordinance of the Issuer, whenever is earlier and to pay the expenses specified in the Escrow Deposit Agreement, shall be deposited into the Escrow Account established in the Escrow Deposit Agreement, in the amounts sufficient for such purposes.

Simultaneously with the delivery of the 2003 Bonds to the original purchaser thereof, the Issuer shall enter into the Escrow Deposit Agreement in substantially the form attached as Exhibit "A" hereto with a bank or trust company approved by the Issuer, which shall provide for the deposit of sums into the Escrow Account and for the investment of such moneys so as to produce sufficient funds to make all of the payments described in Section 14D of this Resolution. At the time of execution of the Escrow Deposit Agreement, the Issuer shall furnish to the Escrow Holder named therein appropriate documentation to demonstrate that the sums being deposited and the investments to be made will be sufficient for such purposes.

Such funds shall be kept separate and apart from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein and in the Escrow Deposit Agreement. All such proceeds shall be and constitute trust funds for such purposes and there is hereby created a lien in favor of the holders of the Governmental Unit Note upon such money until so applied by the Issuer solely for the purposes set forth herein and in the Escrow Deposit Agreement.

E. The remaining proceeds of the 2003 Bonds shall be deposited into the "City of Arcadia Water and Sewer System Series 2003 Project Fund" (hereinafter called the "Project Fund"), and used only for payment of the costs of the Project. Such costs shall include, but shall not be limited to, reimbursement of advances from other funds of the Issuer for the Project, capitalized interest for a period not exceeding 36 months on the portion of the 2003 Bonds attributable to the Project, and all costs paid or incurred for engineering, design or construction of the Project. Any funds on deposit in the Project Fund which, in the opinion of the Issuer, acting upon the recommendation of the Consulting Engineers, are not immediately necessary for expenditure may be invested in the manner authorized by law in Authorized Investments maturing at such times as the moneys in the Fund will be needed for their intended purposes. All such securities shall be held in the Project Fund, and all income derived therefrom shall be deposited in the Project Fund until the Project has been

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September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

completed, at which time such income, together with any balance remaining in the Project Fund, shall, at the option of the Issuer, be deposited in the Revenue Fund. All expenditures or disbursements from the Project Fund shall be made pursuant to written requisition in form acceptable to the Issuer's Budget Director. Such written requisition shall contain representations substantially equivalent to those set forth in Exhibit "C" hereto. The date of the completion of the Project shall be determined by the Consulting Engineers who shall certify such fact in writing to the governing body of the Issuer.

Such funds shall be kept separate and apart from all other funds of the Issuer and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely for the purposes set forth herein and in the Escrow Deposit Agreement. All such proceeds shall be and constitute trust funds for such purposes and there is hereby created a lien in favor of the holders of the 2003 Bonds upon such money until so applied by the Issuer solely for the purposes set forth herein and in the Escrow Deposit Agreement.

SECTION 17. BONDS SPECIAL OBLIGATIONS OF ISSUER.

The 2003 Bonds do not constitute a general indebtedness, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida nor any political subdivision thereof, within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof, nor the Issuer 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 the 2003 Bonds, the interest thereon or other costs incident thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Revenues, in the manner provided herein. It is further agreed between the Issuer and the registered holder of the 2003 Bonds that the 2003 Bonds and the indebtedness evidenced thereby shall not constitute a lien on the System or any other property of the Issuer, but shall constitute a lien only on the Pledged Revenues, in the manner provided herein.

SECTION 18. PLEDGED REVENUES.

The payment of the principal of and interest on the 2003 Bonds shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Revenues prior and superior to all other liens or encumbrances on such Pledged Revenues and the Issuer does hereby irrevocably pledge such Pledged Revenues to the payment of the principal of and interest and premium, if any, on the 2003 Bonds, the reserves therefore, and for all other required payments.

Pursuant to this Resolution, the City has covenanted to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always

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Continued

(RESOLUTION 2003-9 continued)

provide Revenues in each year sufficient to pay (i) one hundred percent (100%) of all Cost of Operation and Maintenance as the same shall become due in such year, (ii) one hundred twenty-five percent (125%) of the Bond Service Requirement becoming due in such year on the Outstanding Bonds (as defined herein), and (iii) one hundred percent (100%) of all other deposits to be made pursuant to this Resolution and to pay all other amounts payable from the Pledged Revenues. Such rates, fees, rentals or other charges shall not be reduced so as to render them insufficient to provide revenues for such purposes.

SECTION 19. COVENANTS OF THE ISSUER.

For as long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid, or until payment has been provided for as herein permitted, or until there shall have been set apart in the Sinking Fund, herein established, including the Reserve Account therein, a sum sufficient to pay when due the entire principal of the Bonds, remaining unpaid, together with interest accrued and to accrue thereon, the Issuer covenants with the holders of any and all Bonds as follows:

A. Revenue Fund.

The entire Gross Revenues, shall upon receipt thereof be deposited in the "City of Arcadia Water and Sewer Bonds Revenue Funds" (hereinafter called the "Revenue Fund"), hereby created and established. Such Revenue Fund shall constitute a trust fund for the purposes herein provided, and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner herein provided.

B. Sinking Fund.

There is hereby created and established a separate fund to be designated "City of Arcadia Water and Sewer Bonds Sinking Fund" (hereinafter called "Sinking Fund"). There are also hereby created and established in the Sinking Fund four accounts to be known as the "Interest Account", "Principal Account", "Reserve Account" and "Bond Amortization Account".

C. Disposition of Revenues.

All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of on or before the fifteenth (15th) day of each month commencing in the month immediately following the delivery of the Bonds, first to deposit to the Rebate Principal Account of the Rebate Fund established under Section 17(U) of this Resolution an amount estimated to be sufficient to timely provide for the Rebate Deposit required thereunder, and then only in the following manner and in the following order of priority:

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(RESOLUTION 2003-9 continued)

(1) Revenues, other than Capital Charges, shall first be used to deposit in the "City of Arcadia Water and Sewer Operation and Maintenance Fund" (the "Operation and Maintenance Fund") which fund is hereby created and established, such sums as are necessary for the Cost of Operation and Maintenance, as hereinabove defined, for the next ensuing month.

(2) Revenues shall next be used for deposit into the Interest Account, such sums as will be sufficient to pay one-sixth (1/6) of all interest becoming due on the Bonds on the next semiannual interest payment date. In the event the Issuer has issued Variable Rate Bonds pursuant to the provisions of the Resolution, Revenues shall be deposited at such other or additional times and amounts as necessary to pay any interest coming due on such Variable Rate Bonds on the next interest payment date, all in the manner provided in a supplemental Resolution of the Issuer. Any monthly payment out of Revenues to be deposited as set forth above, for the purpose of meeting interest payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of interest payment dates applicable to such Series, and may be decreased to reflect any amounts already on deposit in the Interest Account.

(3) Revenues shall next be used for deposit into the Principal Account, in any Bond Year in which a Serial Bond matures, such sums as will be sufficient to pay one-sixth (1/6th) of the principal amount of the Outstanding Bonds which will mature and come due on such semiannual maturity dates and one-twelfth (1/12) of the principal maturing on Serial Bonds in such Bond Year. Any monthly payment out of Revenues to be deposited as set forth above, for the purpose of meeting principal payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of principal payment dates applicable to such Series.

(4) Revenues shall next be used for deposit into the Bond Amortization Account, in any Bond Year in which an Amortization Installment is due, such sums as will be sufficient to pay one-sixth (1/6th) of any Amortization Installment established for the mandatory redemption of Outstanding Bonds on such semi-annual maturity date and one-twelfth (1/12) of the Amortization Installment required to be made in such Bond Year for the annual maturity date. Such payments shall be credited to a separate special account for each series of Term Bonds outstanding, and if there shall be more than one stated maturity for Term Bonds of a series, then into a separate special account in the Bond Amortization Account for each such separate maturity of Term Bonds. The funds and investments in each such separate account shall be pledged solely to the payment of principal of the Term Bonds of the series or maturity within a series for which it is established and shall not be available for payment, purchase or redemption of Term Bonds of any other series or within a series, or for transfer to any other account in the Sinking Fund to make up any deficiencies in required

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Continued

(RESOLUTION 2003-9 continued)

payments therein. Upon the sale of any series of Term Bonds, the Issuer shall, by resolution or ordinance establish the amounts and maturities of such Amortization Installments for each series, and if there shall be more than one maturity of Term Bonds within a series, the Amortization Installments for the Term Bonds of each maturity. In the event the moneys deposited for retirement of a maturity of Term Bonds are required to be invested, in the manner provided below, then the Amortization Installments may be stated in terms of either the principal amount of the investments to be purchased on, or the cumulative amounts of the principal amount of investments required to have been purchased by, the payment date of such Amortization Installment.

Moneys on deposit in each of the separate accounts in the Bond Amortization Account shall be used for the open market purchase or the redemption of Term Bonds of the series or maturity of Term Bonds within a series for which such separate special account is established or may remain in said separate special account and be invested until the stated date of maturity of the Term Bonds. The resolution or ordinance establishing the Amortization Installments for any series or maturity of Term Bonds may limit the use of moneys to any one or more of the uses set forth in the preceding sentence.

The required deposits to the Principal Account, Interest Account and Bond Amortization Account shall be adjusted in order to take into account the amount of money currently on deposit therein.

(5) (a) Revenues shall next be applied by the Issuer to maintain in the Reserve Account a sum equal to the Reserve Requirement, which sum shall initially be deposited therein from the proceeds of the sale of the Bonds or from the reserves established for the Governmental Unit Note, unless a Reserve Account Insurance Policy has been established therefore as provided herein. The amount required to be on deposit in the Reserve Account shall be recomputed not less than annually, and any surplus may be transferred to the Reserve Fund. In the event any separate subaccounts have been created in the Reserve Account as provided in paragraph (d) below, the Revenues shall be applied pro-rata to the Reserve Account and the subaccounts therein, in proportion to the deficiencies therein.

(b) Any withdrawals from the Reserve Account which reduce the balance below the then applicable Reserve Requirement, or any deficiencies which appear as a result of a valuation of the Reserve Account as described above, shall be subsequently restored from the first moneys available in the Revenue Fund after all required current payments for the Operation and Maintenance Fund and Sinking Fund (including all deficiencies in prior payments to those Funds) have been made in full. Notwithstanding the fore-

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Continued

(RESOLUTION 2003-9 continued)

going, in no event shall the Issuer be required to deposit into any account in the Reserve Account an amount greater than that amount necessary to ensure that the difference between the Reserve Requirement for the Series of Bonds for which such account was established and the amounts on deposit in such account on the date of calculation shall be restored not later than twelve (12) months after the date of such deficiency (assuming equal monthly payments into such account for such twelve (12) month period. To the extent the Issuer determines pursuant to a supplemental Resolution or ordinance to fund an account within the Reserve Account for a respective Series of Bonds, the Issuer may provide that the difference between the amounts on deposit in such account and the Reserve Requirement for such Series of Bonds shall be an amount covered by obtaining bond insurance issued by a Municipal Insurer, by a letter of credit rated in one of the two highest categories by one of the Rating Agencies, or any combination thereof.

(c) Moneys in the Reserve Account shall be used only for the purpose of the payment of maturing principal of or interest on the Bonds, or maturing Amortization Installments, if any, when the other moneys in the Sinking Fund are insufficient therefore, and for no other purpose.

(d) Notwithstanding the foregoing, the Issuer may, at any time, deposit a Reserve Account Insurance Policy with the Paying Agent. The amount available under such Reserve Account Insurance Policy shall be treated as a credit toward the amount required to be held on deposit in the Reserve Account pursuant to the terms hereof. If the terms of any Reserve Account Insurance Policy provide that the moneys available thereunder for payment of principal and interest on the Bonds may only be applied to the particular Series of Bonds for which such Reserve Account Insurance Policy was established, the Issuer shall maintain a separate subaccount within the Reserve Account for such Series of Bonds. The moneys in such subaccount shall be held and applied solely for such Series of Bonds, and such Series of Bonds shall have no claim upon or lien for payment from the other moneys in the Reserve Account.

(6) Upon the issuance of any Additional Parity Obligations under the terms, limitations and conditions as are herein provided, the payments into the several accounts in the Sinking Fund shall be increased in such amounts as shall be necessary to make the payments for the principal of, interest on and reserves for such Additional Parity Obligations and, if Term Bonds are issued, the Amortization Installments, on the same basis as hereinabove provided with respect to the Bonds initially issued under this Resolution.

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Continued

(RESOLUTION 2003-9 continued)

The Issuer shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in the Sinking Fund is at least equal to the total Bond Service Requirement of the Bonds then outstanding, plus the amount of redemption premium, if any, then due and thereafter to become due on such Bonds then outstanding by operation of the Bond Amortization Account.

(7) The Issuer shall next apply and deposit the moneys in the Revenue Fund into a special account to be known as the "City of Arcadia Water and Sewer Renewal and Replacement Fund" (hereinafter called the "Renewal and Replacement Fund"), which fund is hereby created and established. The Issuer shall deposit into the Renewal and Replacement Fund an amount equal to one-twelfth (1/12) of one per centum (1%) of the Gross Revenues of the System for the previous Fiscal Year; provided, however, that so long as there shall be on deposit in such Renewal and Replacement Fund a balance of at least one per centum (1%) of the value of the fixed assets of the System, according to the most recent annual audit of the Issuer, no additional deposits in such Fund shall be required. The moneys in the Renewal and Replacement Fund shall be used only for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the System and emergency repairs thereto. Such moneys on deposit in such Fund shall also be used to supplement the Reserve Account if necessary, in order to prevent a default in the payment of the principal or Amortization Installments of and interest on the Bonds. The moneys on deposit in such Fund shall be withdrawn only upon the authorization of the City Council.

(8) The balance of any moneys remaining in the Revenue Fund after the above required payments and deposits have been made, shall be deposited into the Subordinate Indebtedness Fund, hereby created and established for the benefit of the holders of Subordinate Indebtedness, in amounts sufficient to timely pay all amounts coming due on Subordinate Indebtedness.

(9) The balance of any moneys remaining in the Revenue Fund after the above-required payments have been made each month may be used by the Issuer for any lawful purpose.

(10) The Operation and Maintenance Fund, the Sinking Fund, the Renewal and Replacement Fund, the Revenue Fund, and all accounts therein and any other special funds herein established and created shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as deposits of governmental funds are authorized to be secured by the laws of the State of Florida.

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Continued

(RESOLUTION 2003-9 continued)

Monies on deposit in the Revenue Fund, and the Sinking Fund (except the Reserve Account therein) may be invested and reinvested in the manner provided by law provided such investments either mature or are redeemable at not less than par at the option of the Issuer not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund. The moneys in the Reserve Account in the Sinking Fund and in the Renewal and Replacement Fund may be invested and reinvested only in Authorized Investments, in the manner provided by law. All income on such investments shall be deposited into the Revenue Fund, except however that investment income earned in the Bond Amortization Account shall remain therein or be transferred to the Principal Account or the Interest Account and used to pay maturing principal, Amortization Installments and interest on the Bonds.

The cash required to be accounted for in each of the foregoing funds established herein may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such Funds as herein provided.

The designation and establishment of the various Funds 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 and assets of the System for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided,

(11) Notwithstanding anything herein to the contrary, however, funds on deposit in the Escrow Account described in Section 14(D) hereof shall be invested only as described in the Escrow Deposit Agreement described in such Section 14(D), and funds on deposit in the Rebate Fund described in Section 17(U) hereof shall be invested only as described in such Section 17(U).

D. Operation of Bond Amortization Account.

Money held for the credit of the Bond Amortization Account shall applied to the retirement of term obligations as follows:

(1) Subject to the provisions of Paragraph 3 below, the Issuer shall endeavor to purchase Term Bonds then outstanding at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal of such Term Bonds plus the accrued interest to the date of delivery thereof. The Issuer shall pay the interest accrued on such Term Bonds to the date of delivery thereof from the Interest Account and the purchase price from the Bond Amortization Account, but no

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(RESOLUTION 2003-9 continued)

such purchase shall be made by the Issuer with the period of 45 days immediately preceding any interest payment date on which Term Bonds are subject to call for redemption, except from money in excess of the amounts set aside or deposited for the redemption of Term Bonds.

(2) Subject to the provisions of Paragraph 3 below, whenever sufficient money is on deposit in the Bond Amortization Account to redeem \$5,000 or more principal amount of Term Bonds, the Issuer shall call for redemption from money in the Bond Amortization Account such amount of Term Bonds then subject then subject to redemption as, with the redemption premium, if any, will exhaust the money then held in the Bond Amortization Account as nearly as may be practicable. Prior to calling Term Bonds for redemption, the Issuer shall withdraw from the Interest Account and from the Bond Amortization Account and set aside in separate accounts or deposit with the Paying Agent the respective amounts required for paying the interest on and the principal of and redemption premium applicable to the Term Bonds so called for redemption.

(3) Money in the Bond Amortization Account shall be applied by the Issuer in each fiscal year to the retirement of Term Bonds then outstanding in the following order:

(a) To the redemption of Term Bonds of each series of Bonds, to the extent of the Amortization Installment, if any, for such Fiscal Year for the Term Bonds of each such series then outstanding, plus the applicable premium, if any, and, if the amount available in such Fiscal Year shall not be sufficient therefore, then in proportion to the Amortization Installment, if any, for such Fiscal Year for the Term Bonds of each such series then outstanding, plus the applicable premium, if any; provided, however, that if the Term Bonds of any such series shall not then be subject to redemption from money in the Bond Amortization Account and if the Issuer shall at any time be unable to exhaust the money applicable to the Term Bonds of such series under the provisions of this clause or in the purchase of such Term Bonds under the provisions of Paragraph 1 above, such money or the balance of such money, as the case may be, shall be retained in the Bond Amortization Account and, as soon as it is feasible, applied to the Term Bonds of such series; and

(b) Any balance then remaining, other than money retained under the first clause of this paragraph 3, shall be applied to the retirement of such Term Bonds as the Issuer in its sole discretion shall determine, but only, in the case of the redemption of Term Bonds of any series, in such amounts and on such terms as may be provided in the Resolution authorizing the issuance of the obligations of such series.

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(4) The Issuer shall deposit into the Bond Amortization Account Amortization Installments for the amortization of the principal of the Term Bonds, together with any deficiencies for prior required deposits, such Amortization Installments to be in such amounts and to be due in such years as shall be determined by the Issuer prior to the delivery of the Bonds,

The Issuer shall pay from the Sinking Fund all expenses in connection with any such purchase or redemption.

E. Operation and Maintenance.

The Issuer will maintain the System and all parts thereof in good condition and will operate the same in an efficient and economical manner making such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof.

F. Annual Budget.

The Issuer shall annually prepare and adopt at least fifteen (15) days prior to the beginning of each of its Fiscal Years, a detailed budget of the estimated expenditures for operation and maintenance of the System during such next succeeding Fiscal Year. No expenditure for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amount provided therefore in such budget without a finding and recommendation by the duly authorized officer in charge thereof, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such expenditure shall be made until the City Council of the Issuer shall have approved such finding and recommendation. The Issuer shall mail copies of such annual budgets and good and sufficient evidence of all official action authorizing increased expenditures for operation and maintenance to any Rating Services, any holder or holders of Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and copies of such official action be furnished him and shall make available such budgets and copies of such official action authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any holder or holders of Bonds or to anyone acting for and on behalf of such holder or holders.

G. Rate Covenant.

The Issuer covenants to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide Revenues in each year sufficient to pay (i) one hundred percent (100%) of all Cost of Operation and

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Maintenance as the same shall become due in such year, (ii) one hundred twenty-five percent (125%) of the Bond Service Requirement becoming due in such year on the Outstanding Bonds (as defined herein), and (iii) one hundred percent (100%) of all other deposits to be made pursuant to this Resolution and all other amounts payable from the Pledged Revenues. Such rates, fees, rentals or other charges shall not be reduced so as to render them insufficient to provide revenues for such purposes.

The Issuer further covenants and agrees that the Issuer will annually within ninety (90) days after adoption of the budget described in the preceding Subsection F revise such fees, rates, rentals and other charges for the use of the product, services and facilities of the System to the extent necessary for the estimated Gross Revenues to be derived from the operation of the System during the next succeeding Fiscal Year to increase so as to be sufficient to pay the estimated expenditures for operation and maintenance of the System during such next succeeding Fiscal year and otherwise comply with all covenants in this Resolution.

H. Books and Records

The Issuer shall also keep books and records of the Pledged Revenues of the System which shall be kept separate and apart from all other books, records and accounts of the Issuer, and the holders of not less than ten per centum (10%) of the Bonds shall have the right at all reasonable times to inspect all records, accounts and data of the Issuer relating thereto.

I. Annual Audit.

The Issuer shall also, at least once a year, within 180 days after the close of its Fiscal Year, cause the records, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants and shall make generally available the report of such audits to any holder or holders of Bonds. Such audits shall contain a complete report of operation of the System including, but not limited to, a comparison with the current budget and with the previous year, the balance sheet, a schedule of insurance in existence, a schedule of the application of all Revenues of the System, a schedule of reserves and investments, a schedule showing the number of customers connected with the System at the end of the Fiscal Year, and a certificate by the auditors stating no default on the part of the Issuer of any covenant herein has been disclosed by reason of the audit. The auditors selected shall be changed at any time by a written request signed by a majority of the holders of the Bonds or their duly authorized representatives. A copy of such annual audit shall regularly be furnished to the Rating Services and to any holder of any Bonds who shall have requested in writing that a copy of such reports be furnished him.

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J. No Mortgage or Sale of the System.

The Issuer will not sell, lease, mortgage, pledge or otherwise encumber the System, or any substantial part thereof, or any revenues to be derived there from, except as herein provided.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System which the Issuer shall hereafter determine, in the manner provided herein, to be no longer necessary, useful or profitable in the operation of the System. Prior to any such sale, lease or other disposition of said property, if the amount to be received therefore is not excess of \$50,000, the City Manager of the Issuer or other duly authorized officer in charge thereof shall make a finding in writing determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof.

If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$50,000 but not in excess of \$100,000 such City Manager or other officer shall first make a finding in writing determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council shall, by Resolution duly adopted, approve and concur in the finding of such City Manager or other officer, and authorize such sale, lease or other disposition of said property.

If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$100,000 but not in excess of 10% of the value of fixed assets of the System according to the most recent annual audit report, such City manager or other officer shall first make a finding in writing determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Consulting Engineer shall make a finding that it is in the best interest of the System that such property be disposed of, and the City Council shall by Resolution, duly adopted, approve and concur in the findings of such City Manager or other officer and of the Consulting Engineer, and shall authorize such sale, lease or other disposition of said property.

Anything in this Subsection J to the contrary notwithstanding, nothing herein shall restrict the City Council or, to the extent such authority has been vested in him by such governing body, the City Manager or other officer in the exercise of his discretion, from authorizing the sale or other disposition of any of the property comprising a part of the System, if the Consulting Engineer shall certify that the Net Revenues of the System will not be materially adversely affected by reason of such sale or disposition.

If the proceeds derived from any such sale or other disposition of the property are in excess of 10% of the value of the fixed assets of the System according to the most recent annual audit and operating report, such proceeds shall be used for the retirement of

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outstanding Bonds. If the proceeds derived from any such sale or other disposition of property are less than 10% of the value of the fixed assets of the System according to the most recent annual audit and operating report, such proceeds shall be placed in the Renewal and Replacement Fund or used for the retirement of outstanding Bonds, in such proportions to be determined by the City Council upon the recommendations of the City Manager. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such Fund by other provisions herein.

K. Insurance.

For so long as any of the Bonds are outstanding, the Issuer will carry adequate fire and windstorm insurance on all buildings and structures of the works and properties of the System which are subject to loss through fire or windstorm, and will otherwise carry insurance of all kinds and in the amounts normally carried in the operation of similar facilities and properties in Florida; provided, however, that in lieu of such insurance the Issuer may establish a qualified plan of self-insurance in accordance with the laws of the State of Florida. Any such insurance shall be carried for the benefit of the holders of the Bonds. All moneys received for losses under any of such insurance, except public liability, are hereby pledged by the Issuer as security for the Bonds, until and unless such proceeds are used to remedy the loss or damage for which such proceeds are received, either by repairing the property damaged or replacing the property destroyed as soon as practicable.

L. No Free Service.

The Issuer will not render or cause to be rendered any free services of any nature by its System, nor will any preferential rates be established for users of the same class. Whenever the Issuer, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the Issuer and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds to the Revenue Fund sufficient sums to pay such charges. The revenues so received shall be deemed to be Revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the System.

M. Mandatory Cut Off.

Upon failure of any user to pay for services rendered by the System within one hundred twenty (120) days, the Issuer shall shut off the connection of such user and shall not furnish him or permit him to receive from the System further service until all obligations owed by him to the Issuer on account of services shall have been paid in full. This covenant

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shall not, however, prevent the Issuer from causing the System connection to be shut off sooner.

N. Enforcement of Collections.

The Issuer will diligently impose, assess, enforce and collect the rates, fees and other charges for the services and facilities of the System herein pledged; will take all reasonable steps, actions and proceedings for the imposition, assessment, enforcement and collection of such rates, charges and fees as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues herein pledged shall, as collected, be held in trust to be applied as herein provided and not otherwise.

O. Connections with Sewer System.

The Issuer will, to the full extent required by law, require all lands, buildings and structures within the boundaries of the Issuer which can use the facilities and services of such sewer system of the System to connect with and use the facilities and services of such sewer system and to cease all other means and methods for the collection, purification, treatment and disposal of sewage and waste water.

P. Remedies.

Any holder of Bonds or any coupons appertaining thereto, issued under the provision hereof or any trustee acting for the holders of such Bonds, 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, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained herein, and may enforce and compel the performance of all duties required herein or by any applicable statutes to be performed by the Issuer or by any officer thereof.

Nothing herein, however, shall be construed to grant to any holder of the Bonds any lien on the System or any real or personal property of the Issuer.

Q. Consulting Engineer.

The Consulting Engineer shall provide the Issuer with competent counsel affecting the proper, efficient and economical operation and maintenance of the System and in connection with the making of capital improvements and renewals and replacements to the System. The Issuer shall, every three years, cause to be prepared by the Consulting Engineer a report or survey of the System, with respect to the management of the properties thereof,

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the sufficiency of the rates and charges for services, the proper maintenance of the properties of the System, and the necessity for capital improvements and recommendations therefore. Such a report or survey shall also show any failure for the Issuer to perform or comply with the covenants herein contained.

If any such report or survey of the Consulting Engineer shall set forth that the provisions hereof or any reasonable recommendations of such Consulting Engineering have not been complied with, the Issuer shall immediately take such reasonable steps as are necessary to comply with such requirements and recommendations. Copies of each report or survey shall be mailed to the Rating Services and shall be placed on file with the City Recorder and shall be open to the inspection of any holder of Bonds or other interested parties.

R. No Competing System.

To the full extent permitted by law, the Issuer will not hereafter grant, or cause, consent to, or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever, for the furnishing of water or sewer services to or within the boundaries of the Issuer; provided, however, that if the Consulting Engineer renders an opinion that it would not be feasible for the Issuer to provide such services to any specific area within the three years succeeding a request to provide such service, the Issuer may authorize or allow the granting of such franchise or permit for such area upon such terms and conditions as it may approve.

S. Issuance of Other Obligations.

The Issuer will not hereafter issue any other obligations payable from the Revenues of the System nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being a parity with the lien of the 2003 Bonds and the interest thereon upon said Revenues except under the conditions and in the manner provided herein.

T. Issuance of Additional Parity Obligations.

Additional Parity Obligations, payable on a parity from the Pledged Revenues with the 2003 Bonds, may be issued after the issuance of any 2003 Bonds for the construction and acquisition of additions, extensions and improvements to the System or for refunding purposes and upon the conditions and in the manner herein provided:

(a) There shall have been obtained and filed with the Issuer a certificate of an independent certified public accountant of suitable experience and responsibility: (i) stating that the books and records of the Issuer relating to the collection and receipt of Pledged Revenues have been audited by him for the

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Fiscal Year immediately preceding the date of sale of the proposed Additional Parity Obligations or, as to Additional Parity Obligations proposed to be issued during the first twelve months after the date of issuance of the 2003 Bonds, for the period elapsed since such date for which data is available, or for any twelve (12) consecutive months period ending within the eighteen (18) consecutive months immediately preceding the date of sale of the proposed Additional Parity Obligations; (ii) setting forth the amount of Pledged Revenues, as defined Herein, received by the Issuer for the audited period referred to in (i) above, with Respect to which such certificate is made; (iii) stating that the Pledged Revenues described in (ii) above, as may be adjusted as permitted in paragraph (b)(i) below, equal at least 1.25 times the Maximum Bond Service Requirement on all Bonds then outstanding and on the proposed Additional Parity Obligations with respect to which such certificate is made.

(b) If desirable, the Net Revenues portion of the Pledged Revenues may be adjusted by the Consulting Engineers as follows: (i) to reflect for such period new customers actually connected to the System, and changes made and actually in effect in the rates, fees, rentals or other charges from the services of the System, subsequent to the commencement of such preceding audited period referred to in (a) above; and (ii) to reflect any change made in the rates, fees, rentals or other charges for the services of the System which have been adopted but not yet implemented at the time of calculation, commencing after their scheduled effective dates.

(c) Each Resolution authorizing the issuance of Additional Parity Obligations will recite that all of the covenants herein contained will be applicable to such Additional Parity Obligations.

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

(e) Any provision hereof to the contrary notwithstanding, no Additional Parity Obligations which bear interest at a variable rate shall be issued hereunder unless (1) a Municipal Insurer or financial institution having capital, surplus and undivided profits of not less than \$100 million, shall have agreed to fund any of such Bonds which the owners thereof may require the Issuer to repurchase, for a period of not less than 7 years, (2) such Bonds shall not bear interest at a rate in excess of 6 percentage points above the 20-year Bond Buyer Revenue Bond Index rate prevailing on the date of issuance of such Bonds, and (3) the issuance of such Bonds at a variable rate of interest has been approved by all Municipal Insurers of Outstanding Bonds.

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(f) The requirements of Subsection 17T(a) and (b) above shall not apply to any Additional Parity Obligations issued to refund any outstanding Bonds but only if (i) the Bond Service Requirement in each Bond Year on such Additional Parity Obligations is less than the Bond Service Requirements on the Bonds so refunded and (ii) the Maximum Bond Service Requirement is not increased.

(g) As to any series of Bonds, the payment of principal and interest on which is guaranteed by a Municipal Insurer, the Municipal Insurer may consent to the issuance of Additional Parity Obligations upon terms not contemplated in this Section 17, in the manner provided in Section 18 hereof. Any such consent shall be deemed the consent of the Owners of such series of Bonds to the issuance of such Additional Parity Obligations.

(h) Unless the Reserve Requirement for an issue of Additional Parity Obligations shall be funded in a separate sub-account of the Reserve Account solely for such issue, the Reserve Requirement required to be on deposit in the Reserve Account as a result of the issuance of such Additional Parity Obligations shall be satisfied on the date of issuance thereof, either with cash or a Reserve Account Insurance Policy.

U. Tax Compliance.

(1) The Issuer at all times while the 2003 Bonds are outstanding with comply with all applicable provisions of the Internal Revenue Code of 1986, as amended, and any valid and applicable rules and regulations promulgated thereunder (the "Code"), in order to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes, except that the provisions of this Subsection U shall not apply to any Additional Parity Bonds issued as taxable Bonds. The Issuer hereby covenants to the Registered Owners of the 2003 Bonds that it will make no investment or other use of the proceeds of the 2003 Bonds or any other series of Additional Parity Bonds issued hereunder the income on which is excluded from gross income for Federal income tax purposes, which would cause such series of Bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code and regulations promulgated thereunder throughout the term of such series of Bonds.

(2) The Issuer shall establish a Rebate Fund, outside the lien of this Resolution, which shall be a separate trust fund held by the Issuer, solely for the purposes hereof and the amounts therein shall be applied solely as specified herein or in a letter of instructions in connection with the Issuer's certification of compliance with the provisions of Section 148 of the Code at the time of issuance of the Bonds.

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The Issuer shall engage an accountant or other person or firm of suitable experience to make such periodic calculations of the Issuer's rebate liability on the Bonds as shall be required to comply with Section 148(e) of the Code and shall deposit, for the credit of the Rebate Funds, hereby created, the full amount of the Issuer's accrued and unpaid rebate liability under Section 148(e) of the Code. The Issuer shall keep such records of the computations made pursuant to this Section as are required under Section 148(e) and other applicable provisions of the Code. The Issuer shall keep such records concerning the investments of the gross proceeds of the 2003 Bonds and the investments of earnings from those investments as may be required in order to make the aforesaid computations. This Subsection U may be superseded or amended by new calculations accompanied by an opinion of bond counsel addressed to the Issuer to the effect that the use of the new calculations are in compliance with this Resolution and will not cause the interest on the Bonds to become included in gross income for Federal income tax purposes.

(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 throughout the term of the Bonds of such series.

(4) The Issuer covenants that it will not take any action or allow any action which would cause the Bonds 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 Bonds 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 Bondholder, 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 Bonds for purposes of Federal income taxation.

V. Receipt of Funds.

The Issuer will take all action legally available to it to insure the receipt of Pledged Revenues sufficient to make all payments of principal and interest on the Bonds, as and when the same become due, and all other payments required herein, and will take no action, which will impair or adversely affect its receipt of the Pledged Revenues.

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W. Continuing Disclosure.

(1) The Issuer hereby agrees, in accordance with certain provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, for so long as the Rule shall be in effect, to provide or cause to be provided to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository, if any, for the State of Florida ("SID"), in each case as designated by the SEC in accordance with the Rule, (provided that in no event shall the Issuer be required to provide such information to more than 3 NRMSIRs unless compliance with the Rule otherwise requires, the following annual financial information and operating data commencing with the fiscal year ended September 30, 2002.

(a) Financial information or operating data of the type included in the official statement of the Issuer relating to the 2003 Bonds (the "Official Statement") under the headings "Pledged Revenues," "The System," and "Estimated Debt Service Coverage;" provided that the information updating the tables may be provided in such format as the Issuer deems most appropriate.

(b) Audited financial statements for each fiscal year, commencing with the fiscal year ending September 30, 2002, prepared by an individual or firm of independent certified public accountants ("Audited Financial Statements") prepared in accordance with generally accepted accounting principles; provided, however, that the Issuer reserves the right to modify from time to time the accounting principles utilized in the Audited Financial Statements in order to meet requirements imposed by the State of Florida; and

(2) Such annual information and operating data described above are expected to be provided directly by the Issuer and in the following documents to be filed with each NRMSIR and the SID, if any:

(3) Such annual information and operating data described in subsection (1)(a) above are expected to be available on or before the 180th day after the end of each calendar year.

(4) The Audited Financial Statements described in subsection (1)(b) above are expected to be available on or before the 180th day after the end of the fiscal year of the Issuer. In the event that the Audited Financial Statements are not available by the 180th day after the end of the fiscal year, they shall be provided when available, and unaudited financial statements in a format similar to the financial statements

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contained in the Official Statement shall be filed in place of the Audited Financial Statements by such date.

(5) The Issuer agrees to provide or cause to be provided in a timely manner to (i) each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and (ii) the SID, if any, (provided that in no event shall the Issuer be required to provide such information to more than 3 NRMSIRs unless compliance with the rule otherwise requires) notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the 2003 Bonds, if applicable, if such event is material:

- (i) principal and interest payment delinquencies
- (ii) non-payment related defaults
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties
- (v) substitution of credit or liquidity providers, or their failure to perform
- (vi) adverse tax opinions or events affecting the tax-exempt status of the 2003 Bonds
- (vii) modifications to rights of holders of the 2003 Bonds
- (viii) bond calls
- (ix) defeasances
- (x) release, substitution, or sale of property securing repayment of the 2003 Bonds
- (xi) rating changes

The Issuer covenants that its determinations of materiality for purposes of this subsection (4) will be made in conformance with federal securities laws.

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(6) The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or to the MSRB and (ii) the SID, (provided that in no event shall the Issuer be required to provide such information to more than 3 NRMSIRs) notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (1) above on or prior to the dates set forth in subsection (2) or subsection (3), as the case may be, above.

(7) The Issuer reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate in the judgment of the Issuer; provided that, notwithstanding the provisions of Section 16 hereof, the Issuer agrees that any such modification will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. The Issuer reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the Issuer no longer remains an "obligated person" with respect to the 2003 Bonds within the meaning of the Rule, or in the event that the Rule shall be repealed, rescinded, or invalidated.

(8) The Issuer agrees that its undertaking pursuant to certain provisions of the Rule set forth in this Section is intended to be for the benefit of the holders of the 2003 Bonds (including all beneficial owners of the Bonds, as defined in Rule 13d-3 of the SEC) and shall be enforceable by any holders or beneficial owners of the 2003 Bonds; provided that, the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the 2003 Bonds or under this Resolution.

SECTION 20. PAYING AGENT PROVISIONS.

(A) The Paying Agent may be removed at any time, at the request of Municipal Insurer, for any breach of the Trust set forth herein.

(B) Each Municipal Insurer shall receive prior written notice of any Paying Agent resignation.

(C) Every successor Paying Agent appointed pursuant to this Section shall be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to the Municipal Insurer. Any successor Paying Agent, if

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applicable, shall not be appointed unless the Municipal Insurer approves such successor in writing.

(D) Notwithstanding any other provision of this Resolution, in determining whether the rights of the Holders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, the Paying Agent shall consider the effect on the Holders as if there were no Financial Guaranty Insurance Policy.

(E) Notwithstanding any other provision of this Resolution, no removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to the Municipal Insurer, shall be appointed.

SECTION 21. MODIFICATION OR AMENDMENT.

(A) No material modification or amendment of this Resolution or of any Resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of (1) in the case of any series of Bonds, the timely payment of principal and interest on which are not guaranteed by a Municipal Insurer, the owners of two-thirds or more in principal amount of each series of the Bonds then outstanding, and (2) as to any series of Bonds, the timely payment of principal and interest on which is unconditionally guaranteed by a Municipal Insurer, the written consent of such Municipal Insurer; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affect the unconditional promise of the Issuer to pay the principal of and interest on the Bonds as the same shall come due from the Pledged Revenues or reduce the percentage of the holders of the Bonds required to consent to any material modification or amendment hereof, without the consent in writing of the holder or holders of all such Bonds; provided, further, that no such modification or amendment shall allow or permit any acceleration of the payment of principal of or interest on the Bonds upon any default in the payment thereof whether or not the holders of the Bonds consent thereto.

(B) In addition to the other provisions of this Resolution permitting amendments and modifications, this Resolution may be amended, changed, modified and altered without the consent of the Holders of Bonds (i) to cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein (ii) to provide any technical or mechanical provision necessary or desirable for the issuance of capital appreciation bonds or bonds bearing interest at a variable rate, (iii) to provide other changes which will not adversely affect the interest of such Holder of Bonds, (iv) to provide for the issuance of Bonds in coupon form if, in the opinion of a nationally recognized bond

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counsel, such issuance will not affect the exemption from federal income taxation of interest on the Bonds, and (v) to provide for the issuance of Bonds, the interest on which is not excluded from gross income for federal tax purposes.

(C) Unless otherwise provided in this Section, the Municipal Insurer's consent shall be required in addition to Holder consent, when required, for the following purposes: (i) execution and delivery of any supplemental resolution or any amendment, supplement or charge to or modification of the resolution; (ii) removal of the Paying Agent and selection and appointment of any successor paying agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Holder consent.

SECTION 22. DEFEASANCE.

If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any Bonds, then, and in the event, the pledge of and lien on the Pledged Revenues in favor of the holders of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of Federal Securities or bank Bonds of deposit fully secured as to principal and interest by Federal Securities or Tax-Exempt Obligations fully insured as to principal and interest by a Municipal Insurer (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such defeasance) in irrevocable trust with a banking institution or trust company, for the sole benefit of the Bondholders, in respect to which such Federal Securities or Bonds of deposit (or such other securities or investments), the principal of which, together with the income thereon, will be sufficient to make a timely payment of the principal, interest, and redemption premiums, if any, on the Outstanding Bonds to be defeased, shall be considered "provision for payment." 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.

SECTION 23. ARBITRAGE.

No use will be made of the proceeds of the 2003 Bonds, which would cause the same to be "arbitrage bonds" within the meaning of the Code. The Issuer at all times while the 2003 Bonds are outstanding will comply with the requirements of Section 148 of the Code and any valid and applicable rules and regulations promulgated thereunder.

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

SECTION 24. DISPOSITION OF EXISTING FUNDS.

The moneys and investments in the funds and accounts established in the resolution authorizing the issuance of Governmental Unit Note shall be transferred to one or more of the corresponding funds and accounts established in this Resolution or shall be deposited in escrow for payment of the Governmental Unit Note pursuant to the Escrow Deposit Agreement. The distribution of such moneys and investments among the accounts, funds and Escrow Deposit Agreement shall be made as determined by the Issuer or its authorized officer prior to the delivery of any of the 2003 Bonds.

SECTION 25. 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 Pledged Revenues herein provided, which may come into its possession, including but not limited to the proceeds of sale of the Bonds, contributions or grants, for the purpose of payment of principal of and interest Bonds, or the payment of Amortization Installments, if any, or the purchase or redemption of such Bonds in accordance with the provisions of this Resolution.

SECTION 26. MUNICIPAL BOND INSURANCE.

The Municipal Insurer shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients in respect of such payments and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the paying agent shall note the Municipal Insurer's rights as subrogee in the registration books maintained by the Registrar upon receipt from the Municipal 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 Municipal Insurer's rights as subrogee on the registration books for the Bonds maintained by the Registrar upon receipt of proof of the payment of principal thereof to the Bondholders of such Bonds.

As long as the Financial Guaranty Policy shall be in full force and effect, the Issuer, the Paying Agent agree to comply with the following provisions with respect to the Bonds insured by Ambac Assurance:

(a) At least one (1) day prior to all Interest Payment Dates the Paying Agent, if any, will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such Interest Payment

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

Date. If the Paying Agent, if any, determines that there will be insufficient funds in such Funds or Accounts, the Paying Agent, if any, shall so notify Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent, if any, has not so notified Ambac Assurance at least one (1) day prior to an Interest Payment Date, Ambac Assurance will make payments of principal or interest due on the Bonds on or before the first (1st) day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Paying Agent, if any.

(b) The Paying Agent, if any, shall, after giving notice to Ambac Assurance as provided in (a) above, make available to Ambac Assurance and, at Ambac Assurance's direction, to The Bank of New York Trust Company of Florida, N.A., as insurance trustee for Ambac Assurance or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Issuer maintained by the Paying Agent, if any, and all records relating to the Funds and Accounts maintained under this Resolution.

(c) The Paying Agent, if any, shall provide Ambac Assurance and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interests payments from Ambac Assurance under the terms of the Financial Guaranty Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from Ambac Assurance and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from Ambac Assurance.

(d) The Paying Agent, if any, shall at the time it provides notice Ambac Assurance pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from Ambac Assurance (i) as to the fact of such entitlement, (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from Ambac Assurance, they must

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

surrender their Bonds for payment thereon first to the Paying Agent, if any, who shall note on such Bonds the portion of the principal paid by the Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Paying Agent, if any, has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner 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, if any, shall, at the time Ambac Assurance is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent, if any, shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent, if any, and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted Ambac Assurance under this Resolution, Ambac Assurance under this Resolution, Ambac Assurance shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent, if any, shall note Ambac Assurance's rights as subrogee on the registration books of the Issuer maintained by the Paying Agent, if any, upon receipt from Ambac Assurance of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent, if any, shall note Ambac Assurance's rights as subrogee on the registration books of the Issuer maintained by the Paying Agent, if any, upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(g) The paying agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the 2003 Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the 2003 Bonds, the paying agent shall (a) execute and deliver to State Street Bank (the "Insurance Paying Agent"), in form satisfactory to

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

the Insurance Paying Agent, an instrument appointing the Municipal Insurer as agent for such Holders in any legal proceedings related to the payment of such interest and an assignment to the Municipal Insurer of the claims for interest to which such deficiency relates and which are paid by the Municipal Insurer, (b) receive as designee of the respective Holders (and not as paying agent) in accordance with the tenor of the Municipal Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the 2003 Bonds, the paying agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Municipal Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Municipal Insurer of any of the 2003 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the paying agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) received as designee of the respective Holders (and not as paying agent) in accordance with the tenor of the Municipal Bond Insurance Policy payments therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

(h) Payments will respect to claims for interest on and principal of 2003 Bonds disbursed by the paying agent from proceeds of the Municipal Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such 2003 Bonds, and the Municipal Insurer shall become the owner of such unpaid 2003 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(i) Irrespective of whether any such assignment is executed and delivered, the Issuer and the paying agent agree for the benefit of the Municipal Insurer that,

1. They recognize that to the extent the Municipal Insurer makes payments, directly or indirectly (as by paying through the paying agent), on account of principal of or interest on the 2003 Bonds, the Municipal Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with the interest thereon as provided and solely from the sources stated in this Resolution and the 2003 Bonds; and

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Continued

(RESOLUTION 2003-9 continued)

2. They will accordingly pay to the Municipal Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Municipal Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the 2003 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the 2003 Bonds to Holders, and will otherwise treat the Municipal Insurer as the owner of such rights to the amount of such principal and interest.

3. Upon the occurrence of an event of default which would require the Municipal Insurer with respect to the 2003 Bonds to make payments under the Municipal Bond Insurance Policy, the Municipal Insurer and its designated agent shall be provided with access to the registration books of the Issuer.

(j) In connection with the issuance of Additional Parity Obligations, the Issuer shall deliver to the Municipal Insurer a copy for the disclosure document, if any, circulated with respect to such Additional Parity Obligations.

(k) Copies of any amendments made to the documents executed in connection with the issuance of the 2003 Bonds which are consented to by the Municipal Insurer shall be sent to Standard & Poor's Corporation.

(l) Any provision of this Resolution expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner, which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the Issuer a fee for any consent or amendment to the Resolution while the Financial Guaranty Insurance Policy is outstanding.

(m) The Municipal Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and annual budget.

(n) Any notice that is required to be given to a holder of the 2003 Bonds or to the paying agent pursuant to the Resolution shall also be provided to the Municipal Insurer. All notices required to be given to the Municipal Insurer under the Resolution shall be in writing and shall be sent by registered or certified mail to the address set forth in Section 25 thereof.

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

(o) The Municipal Insurer shall receive immediate notice of any payment default and notice of any other default known to the Issuer, or the paying agent within 30 days of knowledge thereof.

(p) The Municipal Bond Insurance Policy shall not be taken into account in determining whether the rights of Bondholders are adversely affected by actions taken pursuant to the terms and provisions of the Resolution.

(q) Any reorganization or liquidation plan with respect to the Issuer must be acceptable to Ambac Assurance. In the event of any reorganization or liquidation, Ambac Assurance shall have the right to vote on behalf of all Holders who hold Ambac Assurance – insured Bonds absent a default by Ambac Assurance under the applicable Financial Guaranty Insurance Policy insuring such Bonds.

(r) Notwithstanding anything in this Resolution to the contrary, the Issuer will not, so long as Ambac Assurance shall be the Municipal Insurer for the 2003 Bonds, issue Additional Parity Obligations pursuant to the provisions hereof bearing interest at a variable rate, without the written approval of AMBAC Assurance, which approval shall be in the sole discretion of AMBAC Assurance.

(s) Anything in this Resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, Ambac Assurance shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders or the Paying Agent for the benefit of the Holders under this Resolution.

(t) While the Financial Guaranty Insurance Policy is in effect, the Issuer or the Paying Agent shall furnish to Ambac Assurance, upon request, the following:

(a) a copy of any financial statements, audit and/or annual report of the Issuer.

(b) such additional information it may reasonably request.

(u) Upon request, such information shall be delivered at the Issuer's expense to the attention of the Surveillance Department, unless otherwise indicated.

(i) a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Resolution relating to the security for the Bonds.

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

(ii) To the extent that the Issuer has entered into a continuing disclosure agreement with respect to the Bonds, Ambac Assurance shall be included as party to be notified.

(v) The Paying Agent or Issuer shall notify Ambac Assurance of any failure of the Issuer to provide relevant notices, certificates, etc.

(w) Notwithstanding any other provision of this Resolution, the Paying Agent or Issuer shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

The Issuer will permit Ambac Assurance to discuss the affairs, finances and accounts of the Issuer or any information Ambac Assurance may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Paying Agent or Issuer will permit Ambac Assurance to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(x) To the extent that this Resolution confers upon or gives or grants Ambac Assurance any right, remedy or claim under or by reason of this Resolution, Ambac Assurance is hereby explicitly recognized as being a third-party beneficiary hereunder and may not enforce any such right remedy or claim conferred, given or granted hereunder.

(y) Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Issuer, Ambac Assurance, the Paying Agent, if any, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, Ambac Assurance, the Paying Agent, if any, and the registered owners of the Bonds.

SECTION 27. 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

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-9 continued)

provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution and shall in no way affect the validity of any of the other provisions hereof or of the Bonds or coupons issued hereunder.

SECTION 28. NOTICES.

Any notices directed to the Municipal Insurer for the 2003 Bonds and/or the Fiscal Agent for the Municipal Issuer for the 2003 Bonds shall be sent to the following address(es):

As to Ambac Assurance: Ambac Assurance Corporation
 One State Street Plaza
 New York, New York 10004

As to the Insurance Paying Agent for the Municipal Insurer:

SECTION 29. EFFECTIVE DATE.

This Resolution shall take effect immediately upon adoption.

Adopted this 16th day of SEPTEMBER, 2003.

CITY OF ARCADIA, FLORIDA

By: /s/ SHARON T. GOODMAN
SHARON T. GOODMAN
MAYOR

(SEAL)

ATTEST:

By: RACHELLE M. BAUMANN
RACHELLE M. BAUMANN
CITY RECORDER

Regular Meeting
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Continued

Administrator Strube thanked Mr. Hunt and Mr. Weathers for their hard work and dedication to this project. Mr. Hunt noted that the "Award" Resolution will be presented on September 23, 2003; however he requests that Council adopt the Preliminary Official Statement which is the background and disclosure information about the City as final. Fazzone moved to deem the "Preliminary Official Statement" as final; seconded by Johnson and carried.

Mayor Goodman presented C.W. Blosser a "Certificate of Appreciation" for fifteen (15) years of service to the City Fire Department along with a check.

A request by letter, from Kathy Hague of the Post Officer will be re-scheduled as Ms. Hague was not in attendance.

A report of Police Fines and Forfeitures for the month of August 2003 indicates fines \$5,428.62 law enforcement \$26.00, radios \$775.00.

Marshal Lee addressed Council to make them aware of a citizen's complaint regarding a bill from Pursell's Wrecker Service for towing services. As a result of a recent homicide/suicide two (2) vehicles needed to be towed and impounded. When the victim's family went to pick up the vehicle from Pursell's Wrecker Service the invoice contained several questionable charges. Administrator Strube reported that the City repealed their towing ordinance in full when the County adopted towing Ordinance 2003-01 and any excess towing charges should be brought to the attention of the County Administration by way of the County Development Department as outlined in the ordinance. Mayor Goodman wants to make sure that this issue gets handled. Councilman Heine stated that if the individual does not receive a refund then the City should stop using Pursell's Wrecker Service. Marshal Lee noted that each law enforcement department head approves their rotation schedule. Heine moved to stop using Pursell's Wrecker Service until a refund is issued to the individual; seconded by Fazzone. After discussion Fazzone withdrew his second stating that he feels that Pursell's should have the opportunity to correct this and he would like to see the bill for the other vehicle that was towed. Motion died for a lack of a second. Administrator Strube stated that all towing complaints should be referred to the County as outlined in the County ordinance. Fazzone then moved to accept the recommendation of Administrator Strube to file a complaint for the individual with the County; seconded by Whitlock and carried. Marshal Lee will file the complaint. Councilman Johnson would like to have clarification on where the City stands without having a towing ordinance of their own. Fazzone moved to have a discussion on the City not having a towing ordinance on the October 7, 2003 agenda; seconded by Johnson and carried.

The Recorder's report of Revenues and Expenditures for the month of August 2003 was presented.

Regular Meeting
September 16, 2003
Continued

Administrator Strube addressed Council regarding Specific Authorization No. 38 to Boyle Engineering for General Consulting Services stating that adhering to the 1997 DEP Consent Order has taken considerable time and effort. Whitlock moved to approve Specific Authorization No. 38 in an amount not to exceed \$20,000.00 to Boyle Engineering for General Consulting Services; seconded by Johnson and carried.

The Planning and Zoning Board met on September 9, 2003 and made the following recommendations:

1. That the request of William & Christine Klossner for continued use of the Historic Parker House Bed & Breakfast as a Bed and Breakfast with five (5) rooms be granted by a non-transferable resolution. Johnson moved to grant approval by non-transferable Resolution No. 2003-8 subject to all City, County and State codes being met; seconded by Fazzone and carried. Mr. and Mrs. Klossner thanked the Council for granting their request.

RESOLUTION NO. 2003-8

A RESOLUTION GRANTING A NON-TRANSFERABLE
APPROVAL TO OPERATE A BED & BREAKFAST IN
THEIR HOME AT 427 W. HICKORY STREET AND
SETTING FORTH CONDITIONS.

WHEREAS, William and Christine Klossner have requested approval to continue to operate a Bed and Breakfast at 427 W. Hickory Street due to a change in ownership, and

WHEREAS, this property is located along State Road 70 and is zoned R-1B, and

WHEREAS, the Klossner's plan to utilize up to five bedrooms in the home, and

WHEREAS, the Planning and Zoning Board has recommended that approval be granted based on the fact that it is consistent with the City of Arcadia Comprehensive Plan and Land Development Regulations, which provide for certain owner occupied non-residential uses in the RPB Overlay district, along State Road 70.

Regular Meeting
September 16, 2003
Continued

(RESOLUTION 2003-8 continued)

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Arcadia, Florida, that a Non-Transferable approval be granted to William and Christine Klossner to operate a Bed & Breakfast with up to five bedrooms, in their home at 427 W. Hickory Street in accordance with the City of Arcadia Comprehensive Plan. This approval is granted subject to the Klossner's owning and residing at 427 W. Hickory Street and subject to compliance with current and proposed Land Development Regulations, and with all City, County, and State codes and licensing.

PASSED BY THE CITY COUNCIL OF THE CITY OF ARCADIA, FLORIDA in Regular Session this 16th day of September, 2003

By: /s/ SHARON T. GOODMAN
SHARON T. GOODMAN Ed. S.
MAYOR

ATTEST:

By: /s/RACHELLE M. BAUMANN
RACHELLE M. BAUMANN
CITY RECORDER

2. That the request of Satish Patel regarding his petition to rezone Lots 11-24 & 27-30, Block 3, Tier 6, Albert W. Gilchrist's East End Addition from R-1B (One-Family Dwelling) to RPB (Residential-Professional-Business) be expanded to include Lots 25 & 26 in order to avoid "spot zoning" and be scheduled for a Joint Public Hearing with a possible date of November 4, 2003, time to be set at 6:00 PM or as soon thereafter as possible. Fazzone moved to set a Joint Public Hearing to consider the request for rezoning Lots 11-30 inclusive, Block 3, Tier 6, Albert W. Gilchrist's East End Addition from R-1B to RPB for November 4, 2003 at 5:00 PM or as soon thereafter as possible; seconded by Johnson and carried.
3. That the request of Joe Newton regarding his petition to rezone Lots 1-6, Block L, Ridgewood Subdivision from R-1B (One-Family Dwelling) to C-1 (Commercial District) be expanded to include Lots 7-12 in order to avoid "spot zoning" and be scheduled for a joint Public Hearing with a possible date of November 4, 2003, time to be set at 6:00 PM or as soon thereafter as possible. Fazzone moved to set a Joint Public Hearing to

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Continued

consider the request for rezoning Lots 1-12 inclusive, Block L, Ridgewood Subdivision from R-1B to C-1 for November 4, 2003 at 5:00 PM or as soon thereafter as possible; seconded by Johnson and carried.

The August 2003 Public Works report was presented.

The August 2003 report of Arcadia Golf Course receipts and number of play was presented.

The Flowage report of Air-Cadia, Inc. for the month of July 2003 for the Municipal Airport was presented.

The Fire Department Report on ambulance runs for August 2003 was presented.

A letter from the DeSoto County Commissioners proposing alternate dates for a Joint City/County meeting to discuss the possible merging of the fire services was discussed. Heine moved to hold a Joint City/County Meeting on Thursday, October 9, 2003 at 5:00 PM in the Margaret Way Building; seconded by Johnson and carried.

A notice of the DeSoto County Legislative Delegation meeting scheduled for Wednesday, November 12, 2003 from 2:00 PM to 4:00 PM was presented. Whitlock moved to have Administrator Strube fill out the "Budget Request Form" and return it to the Legislative Delegation; seconded by Heine and carried.

Mr. Charles Dirr of 203 N. Manatee Avenue addressed Council to ask when the Street Lights will be operational. Administrator Strube reported that the Department of Transportation (DOT) has yet to approve the installation on Magnolia Avenue, noting that it has taken since April to receive a response from DOT. Nine (9) lights are scheduled to be installed on Magnolia Avenue and at this time there is no projected installation date. DOT feels that the lights are going to be close to the highway. Mr. Dirr then asked if any lights are scheduled to be installed by the Courthouse and was told no, the current forty-three (43) lights have all been allocated at a cost of \$243,000.00.

Mr. Dirr then addressed Council with a problem regarding the parking of trucks on the right-of-way (ROW) and asked if the City has an Ordinance concerning semi trucks parking in the City and was told yes. Council suggested Mr. Dirr contact the Police Department regarding this issue.

Mr. Dirr then stated that several months ago he had received a notice regarding citrus canker and he asked if it was illegal to cut down a dead citrus tree in order for the City to pick up. Administrator Strube stated that you can not haul away an infected tree, it must be double bagged. Councilman Fazzone suggested Mr. Dirr contact the Department of Agriculture.

Regular Meeting
September 16, 2003
Continued

Ms. Genie Martin with the Arcadia DeSoto County Beautification Committee thanked the Council for the beautiful new "Welcome to Arcadia" sign and for their assistance over the last two (2) years. Ms. Martin asked if the new Code Enforcement Officer would be a full time position and was told yes. Ms. Martin asked if the public would be notified about the officers duties and if the officer would know the City Codes. Marshal Lee stated that this is an experienced officer; however he will be attending several code enforcement workshops/classes. It was also noted that the officer will work with the Fire Department in order to learn specific code violations that pertain to unsafe structures.

Ms. Adrienne Daly with the Arcadia DeSoto County Beautification Committee then asked how the Code Enforcement Officer would be able to get people to correct any violations and was informed that the Police Department will do the enforcement. Ms. Daly reported a problem at Polk and Imogene. Ms. Daly stated that she spoke with a FPL employee who stated that there should not be a problem with lighting only a section of the new street lights and not waiting for approval by DOT for installation on Magnolia in order for some of the lights to be lit. Ms. Daly also stated that she was told that the old metal lights are a danger and should be removed. Administrator Strube stated that they are scheduled to be removed in the near future. He also noted that Council will have an article in the paper about the new Code Enforcement Officer and his duties.

Dr. Matthews, Chairman of the Grants Committee addressed Council to report that the Committee met today and interviewed three (3) potential grant writing/administering firms. Several more firms are scheduled for an interview and the Committee may recommend more than one firm for employment.

Mayor Goodman congratulated Councilman Johnson and Councilman Whitlock on winning their recent election and return to the Council.

Mayor Goodman then reported that she had received a notice from Congresswoman Katherine Harris inviting her to attend a Housing Workshop, Monday, September 29, 2003 in Bradenton. Fazzone moved to have Mayor Goodman attend a Housing Workshop, Monday, September 29, 2003; seconded by Whitlock and carried.

Mayor Goodman stated that she had received a complaint from a young woman who had been treated unfairly by her employer. Mayor Goodman would like to see a Human Rights Ordinance in place for the City. Administrator Strube referred to Dr. Matthews who then stated that the committee which was to research and review a Human Rights Ordinance for the City had taken a break during July and August. Dr. Matthews stated that the committee will be reviewing Tampa's Human Rights Ordinance and will modify it for Arcadia. Dr. Matthews then noted he has received a number of "Human Rights" complaints by way of his church Elizabeth Missionary Baptist Church and through the National Association for the Advancement of Colored People (NAACP) of which he is the local chairman.

Regular Meeting
September 16, 2003
Continued

Mayor Goodman then reported that she spoke with Pam Ames the new President for Main Street and Ms. Ames would like to have a workshop with the Council possibly in October. Fazzone moved to hold a special workshop on October 7, 2003 at 5:00 PM with the Arcadia Main Street organization and that the Grants Committee be scheduled for 4:00 PM instead of 5:00 PM; seconded by Whitlock and carried.

Mayor Goodman then asked for an update on the Smith Brown Facility. Administrator Strube stated that the color scheme was discussed at the last Council meeting noting that green and white were suggested as new colors. A large church youth group will be in town on Saturday, November 8, 2003 to assist with community projects and it is possible that they could help paint the building. Mayor Goodman and Councilman Johnson will stop by City Hall to view colors and make a selection for the new color scheme.

Councilman Heine stated that street lights are out all over town and requested that Administrator Strube have FPL ride around town to see the exact location of the outages. Councilman Heine also noted the light on Monroe and Whidden needs a fixture. It was noted that this is a new pole and a fixture was not put in at the same time. Other areas mentioned were Orange and Whidden and Dade and Effie. Administrator Strube reported that the Police Department is keeping a log of all street lights that are not working and they are then reporting these to FPL. Marshal Lee reported that the log is up to date. Administrator Strube suggested that he meet with the Marshal, FPL and staff to discuss these issues. Ms. Daly asked about the lights at Lake Katherine and was informed that the Parks and Recreation Department takes care of them.

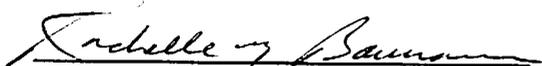
Councilman Whitlock stated that he hopes no one votes in favor of the "Florida Hometown Democracy Amendment" stating that if passed it would require every zoning change to be on a ballot. Councilman Fazzone suggested that the City place an ad in the paper stating their view on this.

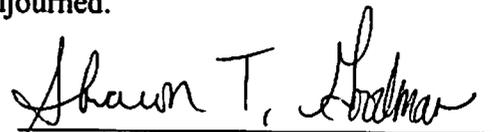
Administrator Strube introduced Mr. Earnest Hewitt who will be taking over Bob DeCheske's position as Special Projects Coordinator for the City. Council welcomed Ernie and stated that they look forward to working with him in the future.

Councilman Fazzone reported that he will go with Marshal Lee to talk with Mr. Pursell of Pursell's Wrecker Service regarding the invoice as earlier discussed.

Councilman Johnson reported that he attended the Ridge League of Cities dinner where he was installed as a Board Member. He said that he will be receiving pictures of a recently restored gym which he will share with Council with an eye toward Smith Brown Gym. Councilman Johnson then reported that he will be attending the League of Cities budget meeting in Key West.

There being no further business the meeting was adjourned.


CITY RECORDER


PRESIDENT