



MEMORANDUM

TO: CITY COUNCIL

THROUGH: CITY MANAGER JUDIE ZIMOMRA

FROM: SYLVIA EDWARDS, FINANCE DIRECTOR

DATE: MAY 1, 2012

RE: RESOLUTION NUMBER 12-049 - CITY OF SANIBEL, FLORIDA \$2,970,000
GENERAL OBLIGATION REFUNDING BOND, SERIES 2012 (Provide funds for the
purpose of refunding the outstanding City of Sanibel, Florida General Obligation Bonds,
Series 2002 maturing after August 1, 2012)

RECOMMENDATION: Approve Resolution Number 12-049 authorizing the issuance of not to exceed \$2,970,000 of General Obligation Refunding Bond, Series 2012 and authorizing the sell to Branch Banking & Trust Company (BB&T).

BACKGROUND

In support of the City Council's FY2012 goal to early retire the City's long term debt, reduce the City's annual fixed debt costs and to produce substantial finance cost savings for the City of Sanibel's taxpayers, the City of Sanibel evaluated the refunding opportunity for the General Obligation Refunding Bonds, Series 2002 (2002 GO Bonds). The bonds are eligible for refunding on May 1, 2012. At the April 3, 2012 City Council meeting, Council directed staff to proceed with the refunding opportunity.

A Request for Proposal was advertised and distributed on March 20, 2012. Four proposals were received: Banc of America Public Capital Corporation (BAPCC), Branch Banking and Trust Company (BB&T), JPMorgan Chase Bank, N.A. and SunTrust Bank. BB&T was chosen over the other three. A summary of the proposals are attached.

Banc of America Public Capital Corporation's interest rate was not in alignment with the other three proposers.

JPMorgan Chase Bank did not provide a guaranteed "locked rate" in their proposal. Forward rate lock documents were required to lock in the rate. In addition the proposal required yield protection language reimbursing the bank for specific changes in law or regulations imposed upon the bank.

SunTrust provided a slightly lower locked rate than BB&T but required yield protection language for reimbursing the bank for specific changes in law or regulations imposed upon the bank. SunTrust did provide a cap of 25 basis points on this provision.

BB&T's proposal does not require yield protection language thereby providing a stable fixed rate of 2.07% for the duration of the debt. BB&T's proposal contains a prepayment penalty of 1% on any principal prepaid if the City opted to prepay the loan before maturity (10 year term). Currently this loan is third on the Council's early debt retirement schedule following the unfunded pension liabilities and the Recreation Center's 2006 General Obligation Bonds.

All of the proposals require interest rate adjustments if the Series 2012 Bond should lose its qualified tax exempt obligation status. The interest rate can be adjusted to maintain the same after-tax yield if such an event occurred.

The refunding provides the following savings

- 1) Average coupon rate of 4.69% replaced by 2.07% fixed rate
- 2) Net present value savings of \$742,524 using discount rate of 2.07%
- 3) Interest savings \$1,214,980 (nominal dollars)
- 4) Shorten maturity from the year 2031 to the year 2022

Millage and tax rate analysis is based on 2011 taxable property values:

Current Bond	Final Maturity	Average Coupon Interest Rate	Interest Savings	Net PV Savings	Average Annual Debt Service	Required Millage Rate*	Millage Rate Percent Increase	Tax Increase per \$100,000 Taxable Value	Taxpayer Savings per \$100,000 Taxable Value
20 yrs	2031	4.69%	\$ -	\$ -	\$ 239,390	0.0599			
Refunding		Interest Rate							
10 yrs	2022	2.07%	1,214,980	742,524	331,869	0.0797	33.06%	1.98	40.10
*Based on 2011 Taxable Property Value of \$4,161,460,842									

ATTACHMENT:

Bank Loan Request for Proposal Response Summary

**City of Sanibel, Florida - General Obligation Refunding Bank Loan
Bank Loan Request for Proposal Response Summary**

	Banc of America Public Corp.	BB&T	JPMorgan Chase	SunTrust
Loan Amount	\$2,970,000	\$2,970,000	\$2,970,000	\$2,970,000
Option 1	2.72% Locked until 5/3/12 must notify by 4/10/12 - no formula provided	2.07% Locked until 5/17/12 -no formula provided	1.94% subject to change - Non-Callable no formula provided	2.05% Locked until 5/2/12
Option 2			2.01% subject to change - Callable on or after 8/1/17 no formula provided	
Bank Counsel	\$0.00 Bank Responsible for Bank Counsel Fee	\$3,500 Greenberg Traurig	\$5,500 Edwards Angell Palmer & Dodge	\$4,000 Holland & Knight
Prepayment Options	May prepay on any interest payment date in whole or in \$250,00 increments at 1.25% penalty through 8/1/17 then penalty after that date	May prepay in whole on any principal payment date with 1.00% prepayment penalty	May prepay with breakage fee depending on Option selected	No prepayment penalty if notified two business days prior
Coverage Requirements	Not specifically stated - assumed conforms with RFP	Not specifically stated - assumed conforms with RFP	Not specifically stated - assumed conforms with RFP	1.50x (waiting on clarification) corrected to 1.00
Covenants/Notes	Interest - Not specifically stated - assumed conforms with RFP Provide a specific amortization schedule but would review other possible schedules Not a commitment to lend Requires 5 days to review credit and 7 days to review documents prior to approval. Proposal expires 4/10/12 unless notified then rate is held until 5/3/12	30/360 interest calculation Proposal expires 5/17/12	30/360 interest calculation Clawback Provision Yield protection language - requires Bank to be reimbursed for specific changes in law or regulation imposed upon the Bank Not a commitment to lend Can lock in rate with Forward Rate Lock documents - possible penalty if issue does not close	Interest - Not specifically stated - assumed conforms with RFP Not a commitment to lend Yield protection language - requires Bank to be reimbursed for specific changes in law or regulation imposed upon the Bank Proposal expires 5/2/12 Must establish Debt Service Fund with SunTrust Bank and payments collected via ACH Direct Debit

* Definition - Locked Rate - Rate is locked for a specific period of time.

**Summary sheet is intended as an outline and should not be assumed that all conditions of the proposals are detailed.

RESOLUTION 12-049

A RESOLUTION OF THE CITY OF SANIBEL, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$2,970,000 OF GENERAL OBLIGATION REFUNDING BOND FOR THE CITY OF SANIBEL, FLORIDA, PAYABLE FROM THE FULL FAITH, CREDIT AND UNLIMITED AD VALOREM TAXING POWER OF THE CITY TO PROVIDE FUNDS FOR THE PURPOSE OF REFUNDING THE OUTSTANDING CITY OF SANIBEL, FLORIDA GENERAL OBLIGATION BONDS, SERIES 2002 MATURING AFTER AUGUST 1, 2012; PROVIDING FOR THE LEVY OF NECESSARY AD VALOREM TAXES IN THE MANNER AND TO THE EXTENT PROVIDED HEREIN; PROVIDING FOR OTHER COVENANTS WITH RESPECT TO THE BONDHOLDER; AUTHORIZING THE PRIVATE NEGOTIATED SALE OF SUCH BOND PURSUANT TO THE TERMS AND CONDITIONS DESCRIBED HEREIN AND IN THE COMMITMENT; DESIGNATING SUCH BOND AS QUALIFIED TAX-EXEMPT OBLIGATIONS WITHIN THE MEANING OF THE INTERNAL REVENUE CODE; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; PROVIDING FOR THE SEVERABILITY OF PARTS HEREOF IF DECLARED INVALID; AND PROVIDING AN EFFECTIVE DATE

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sanibel, Lee County, Florida:

SECTION 1. AUTHORITY FOR THIS BOND RESOLUTION. This Bond Resolution is adopted pursuant to the Constitution of the State of Florida, chapter 166, Florida Statutes, sections 132.33 through 132.47, Florida Statutes, and other applicable provisions of law (the "Act"); the Charter of the City of Sanibel, Florida (the "City"), as amended, and a vote of the electors of the City of Sanibel, Florida on November 6, 2001.

SECTION 2. FINDINGS. It is hereby found and determined:

(A) The financing of the acquisition of approximately 8.61 acres of certain land commonly known as the "Mariner Property" located on the north side of Periwinkle Way at Bailey Road within the City (the "Project") constituted a capital project authorized by law for which bonds payable from municipal ad valorem taxes could be issued pursuant to article VII, section 12 of the Florida Constitution so long as such bonds were approved by vote of the electors who are owners of freeholds therein not wholly exempt from taxation; and

(B) Pursuant to Resolution No. 01-62 adopted by the City Council of the City (the "City Council") on September 4, 2001 (the "Referendum Resolution"), an election was held on November 6, 2001 to determine if the electors of the City approved of the issuance of not

exceeding \$5,621,000 of general obligation bonds of the City for the purpose of financing the acquisition of the Project, payable from ad valorem taxes on all the taxable property within the City (the "Bond Referendum"). The Bond Referendum was duly held and conducted in all respects according to law, and a majority of electors casting a ballot voted in favor of the issuance of such bonds for such purpose; and

(C) On December 3, 2001, the City Council adopted the Resolution No. 01-101 (the "Original Resolution") which authorized the issuance of not to exceed \$5,621,000 of general obligation bonds of the City and interim financing via the issuance of the \$5,595,800 City of Sanibel, Florida General Obligation Bond Anticipation Note, Series 2001 (the "Bond Anticipation Note"), which was issued on December 28, 2001 to finance the Project; and

(D) Pursuant to the authority granted by law and pursuant to the Original Resolution and a Loan Agreement dated December 28, 2001 (the "Loan Agreement") between the Issuer and First Union National Bank, the Issuer issued the Bond Anticipation Note in order to finance the acquisition of the Project. The issuance of the Bond Anticipation Note did not require referendum approval under article VII, section 12 of the Florida Constitution because it had a final maturity of less than one year from its date of issuance; and

(E) On November 5, 2002, the City Council adopted the Resolution No. 02-120 (the "Supplemental Resolution") which supplemented the Original Resolution and authorized the issuance of not to exceed \$5,621,000 of general obligation bonds of the City for the purpose of refinancing the Bond Anticipation Note; and

(F) On December 17, 2002, the City issued its \$3,825,000 City of Sanibel, Florida General Obligation Bonds, Series 2002 (the "Refunded Bonds"); and

(G) The City deems it a paramount public purpose and deems it necessary, beneficial and in its best interest to provide for the refunding of the Refunded Bonds. The refunding program herein described will be advantageous to the City by effecting an overall reduction in debt service applicable to bonded indebtedness issued to finance the Project; and

(H) The City is authorized under the Act and chapter 132, Florida Statutes, to issue refunding bonds and to deposit the proceeds thereof in escrow to provide for the payment when due of the principal of, interest on and redemption premiums, if any, in connection with the Refunded Bonds; and

(I) Sections 132.33 through 132.47, Florida Statutes, as amended, set forth certain requirements which must be met prior to the issuance of the not to exceed \$2,970,000 City of Sanibel, Florida General Obligation Refunding Bond, Series 2012 (the "Series 2012 Bond"); and

(J) The Series 2012 Bond shall only be issued at a lower average net interest cost rate than the average net interest cost rate of the Refunded Bonds and the rate of interest borne by the Series 2012 Bond shall not exceed the maximum interest rate established pursuant to the terms of section 215.84, Florida Statutes. It is estimated that the present value of the total debt service savings anticipated to accrue to the City from the issuance of the Bonds, calculated in accordance with section 132.35(2), Florida Statutes, shall be at least 3.0% of the aggregate principal amount of the Refunded Bonds; and

(K) The principal amount of the Series 2012 Bond to be used to refund the Refunded Bonds shall not exceed an amount sufficient to pay the sum of the principal amount of the Refunded Bonds that is outstanding on the date of issuance of the Series 2012 Bond, the aggregate amount of unmatured interest payable on the Refunded Bonds to and including the date that they are called for redemption, the applicable redemption premiums, if any, related to the Refunded Bonds that are called for redemption, and the costs of issuance of the Series 2012 Bond all in accordance with section 132.35, Florida Statutes; and

(L) The sum of the present value of the total payments of both principal and interest to become due on the Series 2012 Bond (excluding all such principal and interest payments as will be made with moneys held by the Escrow Agent (as hereinafter defined) under the Escrow Agreement (as hereinafter defined)) allocated to the refunding of the Refunded Bonds and the present value of costs of issuance of the Series 2012 Bond, if any, not paid with proceeds of the Series 2012 Bond, will be less than the present value of the principal and interest payments to become due at their stated maturities, or earlier mandatory redemption dates, on the Refunded Bonds; and

(M) The first and last installment of principal of the Series 2012 Bond shall mature not later than the date of the first and last stated maturity of the Refunded Bonds occurring after the issuance of the Series 2012 Bond; and

(N) The Series 2012 Bond shall not be issued until such time as the Finance Director (as hereinafter defined) shall have filed a certificate with the City Council setting forth the present value of the total debt service savings which will result from the issuance of the Series 2012 Bond to refund the Refunded Bonds, computed in accordance with the terms of section 132.35, Florida Statutes, and demonstrating mathematically that the Series 2012 Bond is issued at a lower net average interest cost rate than the Refunded Bonds; and

(O) Branch Banking and Trust Company (the “Original Purchaser”) has issued its Commitment (as hereinafter defined), a copy of which is attached hereto as Exhibit A, to the City pursuant to the terms of which the Original Purchaser has agreed to purchase the Series 2012 Bond; and

(P) Due to the present volatility of the market for tax-exempt public obligations such as the Series 2012 Bond, the need to access such market very quickly, the willingness of the Original Purchaser to purchase the Series 2012 Bond at interest rates favorable to the City, and the critical importance of timing of the sale of the Series 2012 Bond, the City has determined to sell the Series 2012 Bond through a negotiated sale to the Original Purchaser, and it is hereby determined that it is in the best interest of the public and the City to delegate to the Mayor and/or the City Manager the authority to fix the final details of the Series 2012 Bond, based upon the advice of the Financial Advisor (as hereinafter defined), and accept the offer of the Original Purchaser to purchase the Series 2012 Bond at a negotiated sale pursuant to the terms of the Commitment; and

(Q) Prior to the delivery of the Series 2012 Bond by the City to the Original Purchaser, the Original Purchaser will provide the City a Purchaser’s Certificate, the form which is attached hereto as Exhibit B, and a Disclosure Letter containing the information required by section 218.385, Florida Statutes, the form of which is attached hereto as Exhibit C; and

(R) The City desires to make such determinations as are required to afford the Series 2012 Bond "bank qualified" status for purposes of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

SECTION 3. DEFINITIONS. As used in this Bond Resolution:

"Bond Counsel" shall mean Bryant Miller Olive P.A., or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Referendum" shall have the same meaning as set forth above in Section 2.

"Bond Resolution" means this resolution, as may be amended and supplemented from time to time.

"Bond Service Fund" means the "City of Sanibel, Florida General Obligation Refunding Bond, Series 2012, Bond Service Fund" created pursuant to Section 17(A) hereof.

"Bond Service Payment Date" means each February 1 and August 1.

"Bond Service Requirement," for any Bond Year, means the sum of the amount required to be deposited into the Bond Service Fund for payment of principal and interest coming due in such year.

"Bond Year" means each twelve-month period ending on August 1 of each year.

"Business Day" means any day except any Saturday or Sunday or day on which the Principal Office of the Original Purchaser is closed.

"City" means City of Sanibel, Florida.

"City Attorney" means the City Attorney of the City, or any assistant, acting or interim City Attorney.

"City Charter" or **"Charter"** means the municipal charter of the City.

"City Council" means the City Council of the City.

"City Manager" means the City Manager of the City, or any assistant or deputy City Manager.

"Clerk" means the City Clerk of the City, or any assistant or deputy City Clerk.

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

“**Commitment**” shall mean the offer of the Original Purchaser to purchase the 2012 Bonds at a negotiated sale, a copy of which is attached hereto as Exhibit A.

“**Escrow Agent**” means U.S. Bank National Association as the bank or trust company which shall execute the Escrow Agreement with the City.

“**Escrow Agreement**” means that certain Escrow Deposit Agreement by and between the City and the Escrow Agent for the purpose of providing for the payment of the Refunded Bonds, which agreement shall be in the form attached hereto as Exhibit D.

"**Federal Securities**" means direct obligations of the United States of America and obligations the principal of and interest on which are fully guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor.

“**Financial Advisor**” means Dunlap & Associates, Inc., Orlando, Florida.

"**Finance Director**" means the Finance Director or assistant or deputy Finance Director of the City.

"**Holder**" or "**Holder of Bonds**" or "**Bondholder**" or "**Series 2012 Bondholder**" or any similar term means any person who shall be the registered owner of any outstanding Series 2012 Bond.

"**Maturity Date**" means August 1, 2022 which date is not later than 30 years following the issuance of the maturity date on the Bond Anticipation Note.

"**Mayor**" means the Mayor or Vice Mayor of the City.

"**Original Purchaser**" means Branch Banking and Trust Company, the original purchaser of the Series 2012 Bond.

"**Original Resolution**" shall have the same meaning as set forth above in Section 2.

"**Permitted Investments**" shall mean investments permitted by applicable law and the investment policy of the Issuer.

"**Principal Office**" means, with respect to the Original Purchaser, the office located at Branch Banking and Trust Company, Governmental Finance, 5130 Parkway Plaza Boulevard, Building 9, Charlotte, North Carolina 28217, or such other office as the Holder may designate in writing to the City.

"**Project**" shall have the same meaning as set forth above in Section 2.

"**Rebate Fund**" means the "City of Sanibel, Florida General Obligation Refunding Bond, Series 2012, Rebate Fund" created pursuant to Section 23 hereof.

“**Refunded Bonds**” means the City of Sanibel, Florida General Obligation Bonds, Series 2002 maturing after August 1, 2012.

"Series 2012 Bond" means the City of Sanibel, Florida General Obligation Refunding Bond, Series 2012, to be issued pursuant to this Bond Resolution.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "bondholder," "bond," "owner," "holder" and "person" shall include the plural as well as the singular number, and the word "person" shall include corporations, associations and public bodies as well as natural persons.

SECTION 4. AUTHORIZATION OF THE REFUNDING; PROPOSED FINANCIAL PLAN FOR REFUNDING. The current refunding of the Refunded Bonds is hereby authorized. The financial plan for the refunding contemplates that the full amount necessary to refund the Refunded Bonds will be paid from the proceeds of the Series 2012 Bond and funds on deposit in the sinking funds related to the Refunded Bonds in the approximate amount of \$169,554. The present value of the total debt service savings computed in accordance with section 132.35(2), Florida Statutes, shall exceed 3.00% of the aggregate principal amount of the Refunded Bonds.

SECTION 5. BOND RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2012 Bond authorized to be issued hereunder by those who shall hold the same from time to time, this Bond Resolution shall be deemed to be and shall constitute a contract between the City and such holders. The covenants and agreements herein set forth to be performed by the City shall be for the equal benefit, protection and security of the legal holder of the Series 2012 Bond.

SECTION 6. AUTHORIZATION AND DESCRIPTION OF SERIES 2012 BOND. Subject and pursuant to the provisions hereof, an obligation of the City, to be known as "General Obligation Refunding Bond, Series 2012," is authorized to be issued in the principal amount of not exceeding \$2,970,000, which maximum principal amount does not exceed the limitations imposed by section 132.35, Florida Statutes.

The Series 2012 Bond shall be issued in the denomination equal to the principal amount thereof. The Series 2012 Bond shall have a fixed interest rate equal to 2.07% (subject to adjustment as described below, the "Interest Rate"), calculated on an 30/360 day basis; provided, however, that such interest rate shall in no event exceed the maximum interest rate permitted by the Act.

If (i) the interest on the Series 2012 Bond becomes includable in the gross income of the Holder for Federal income tax purposes (an "Event of Taxability"), or (ii) the Series 2012 Bond shall not be "a qualified tax exempt obligation" as defined in section 265(b)(3) of the Code, then the Holder shall have the right to adjust the Interest Rate in order to maintain the same after-tax yield as if such events had not occurred. This adjustment shall survive payment of the Series 2012 Bond until such time as the federal statute of limitations under which the interest on the Series 2012 Bond could be declared taxable under the Code shall have expired.

Interest on the Series 2012 Bond shall be paid semi-annually on each February 1 and August 1, commencing on August 1, 2012 until the Maturity Date or earlier prepayment. Principal on the Series 2012 Bond shall amortize on August 1 of the years and in the amounts to

be set forth in Series 2012 Bond, commencing on August 1, 2013; provided, however, the final maturity of the Series 2012 Bond shall be the Maturity Date.

Because of the characteristics of the Series 2012 Bond, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Series 2012 Bond, it is in the best interest of the City to accept the offer of the Original Purchaser to purchase the Series 2012 Bond at a private negotiated sale. Prior to the issuance of the Series 2012 Bond, the City shall receive a Purchaser's Certificate from the Original Purchaser in the form attached hereto as Exhibit B, and the Disclosure Letter from the Original Purchaser containing the information required by Section 218.385, Florida Statutes, a form of which is attached hereto as Exhibit C.

The Series 2012 Bond shall bear interest from the date of issue thereof.

The principal of and the interest on the Series 2012 Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of the Series 2012 Bond shall be payable only to the registered Holder or his legal representative, and payment of the interest on the Series 2012 Bond shall be made by the City on each Bond Service Payment Date to the person appearing on the registration books of the City hereinafter provided for as the registered Holder thereof, by wire transfer or check mailed to such registered Holder at his address as it appears on such registration books on the 15th day of the calendar month (whether or not a business day) preceding the interest payment date.

SECTION 7. EXECUTION. Said Series 2012 Bond shall be signed by the Mayor, shall be attested by the Clerk, and shall be approved as to form and correctness by the City Attorney. The official seal of the City shall be imprinted on each Series 2012 Bond.

SECTION 8. SIGNATURES; REGISTRATION. In the event that any officer whose signature shall appear on any Series 2012 Bond shall cease to be such officer before the delivery of such Series 2012 Bond, said signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery. Any Series 2012 Bond may be signed by such person who, at the actual time of the execution of such Series 2012 Bond, shall be the proper officer to sign such Series 2012 Bond although, at the date of said Series 2012 Bond, such person may not have been such an officer.

The Series 2012 Bond, upon surrender thereof to the City, together with an assignment duly executed by the Series 2012 Bondholder or his attorney or legal representative in such form as shall be satisfactory to the City, may, at the option of the Series 2012 Bondholder, be exchanged for an aggregate principal amount of Series 2012 Bond equal to the designated amount of the Series 2012 Bond so surrendered.

SECTION 9. NEGOTIABILITY, REGISTRATION AND TRANSFER OF SERIES 2012 BOND. The City shall keep books for the registration of transfers of the Series 2012 Bond as provided in this Bond Resolution. The transfer of the Series 2012 Bond may be registered only upon such books and only upon surrender thereof to the City together with an assignment duly executed by the Series 2012 Bondholder or his attorney or legal representative in such form as shall be satisfactory to the City. Upon any such registration of transfer, the City shall execute, and deliver in exchange for such Series 2012 Bond, a new Series 2012 Bond registered in the

name of the transferee, and in an aggregate principal amount equal to the principal amount of such Series 2012 Bond so surrendered.

In all cases in which Series 2012 Bond shall be exchanged, the City shall execute and deliver, at the earliest practicable time, Series 2012 Bond in accordance with the provision of this Bond Resolution. The Series 2012 Bond surrendered in any such exchange or registration of transfer shall forthwith be canceled by the City. The City may make a charge for every such exchange or registration of transfer of Series 2012 Bond sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Series 2012 Bondholder for the privilege of exchanging or registering the transfer of Series 2012 Bond under the provisions of this Bond Resolution. The City shall not be required to make any such exchange or registration of transfer of the Series 2012 Bond during fifteen (15) days immediately preceding any Bond Service Payment Date or, in the case of any proposed prepayment of the Series 2012 Bond then, for the Series 2012 Bond called for prepayment, during the fifteen (15) days preceding the date of the mailing of notice of such prepayment and continuing until such prepayment date.

The person in whose name any Series 2012 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or prepayment price of any such Series 2012 Bond, and the interest on any such Series 2012 Bond, shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2012 Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

Notwithstanding anything herein to the contrary, the Original Purchaser may in the future make transfers or enter into participation agreements or securitization transactions with respect to the Series 2012 Bond; provided, however, the Series 2012 Bond must be in minimum denominations of \$100,000 upon any such transaction.

SECTION 10. SERIES 2012 BOND MUTILATED, DESTROYED, STOLEN OR LOST. In case any Series 2012 Bond shall become mutilated, or be destroyed, stolen or lost, the City may, in its discretion, cause to be executed, a new Series 2012 Bond of like date and tenor as the Series 2012 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2012 Bond upon surrender and cancellation of such mutilated Series 2012 Bond or in lieu of and substitution for the Series 2012 Bond destroyed, stolen or lost, and upon the Holder furnishing the City proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City may prescribe and paying such expenses as the City may incur. The Series 2012 Bond so surrendered shall be canceled by the City. If the Series 2012 Bond shall have matured or be about to mature, instead of issuing a substitute Series 2012 Bond, the City may pay the same, upon being indemnified as aforesaid, and if such Series 2012 Bond is lost, stolen or destroyed, without surrender thereof.

SECTION 11. PREPAYMENT PROVISIONS. The principal of the Series 2012 Bond may be prepaid at the option of the City in whole on August 1 of any year, with a 1% prepayment premium.

SECTION 12. FORM OF SERIES 2012 BOND. The Series 2012 Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted in this Bond Resolution or in any supplemental resolution of the City Commission adopted prior to the issuance thereof:

[Remainder of page intentionally left blank]

[Form of Series 2012 Bond]

ANY OWNER SHALL, PRIOR TO BECOMING A HOLDER, EXECUTE A PURCHASER'S CERTIFICATE IN THE FORM ATTACHED TO THE BOND RESOLUTION (HEREIN DEFINED) CERTIFYING, AMONG OTHER THINGS, THAT SUCH HOLDER IS AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN THE SECURITIES ACT OF 1933, AS AMENDED, AND REGULATION D THEREUNDER.

Due: August 1, 2022
Dated: May 3, 2012

\$2,970,000

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF SANIBEL
GENERAL OBLIGATION REFUNDING BOND, SERIES 2012

KNOW ALL MEN BY THESE PRESENTS that the City of Sanibel, Florida (the "City"), a municipal corporation created and existing pursuant to the Constitution and the laws of the State of Florida, for value received, promises to pay from the sources hereinafter provided, to the order of BRANCH BANKING AND TRUST COMPANY or registered assigns (hereinafter, the "Owner"), the principal sum of \$2,970,000, together with interest on the principal balance outstanding at the rate per annum of 2.07% (as the same may be adjusted as described herein) calculated on the basis of an 30/360 day year. The interest rate on this Bond also may be adjusted as hereinafter provided.

Principal of and interest on this Bond are payable in lawful money of the United States of America at such place as the Owner may designate to the City in writing.

If (i) the interest on this Bond becomes includable in the gross income of the Owner for Federal income tax purposes (an "Event of Taxability"), or (ii) this Bond shall not be "a qualified tax exempt obligation" as defined in section 265(b)(3) of the Code, then the Owner shall have the right to adjust the Interest Rate with the same after-tax yield as if such events had not occurred.

Interest shall be payable semi-annually to the Owner on each February 1 and August 1, commencing on August 1, 2012.

Principal on this Bond shall amortize on August 1 of the following years:

<u>Year</u>	<u>Principal Amortization</u>
2013	\$270,000
2014	280,000
2015	280,000
2016	285,000
2017	290,000
2018	300,000
2019	305,000
2020	315,000
2021	320,000
2022	325,000

As described above, the final installment of the entire unpaid principal balance, together with all accrued and unpaid interest hereon, is due and payable on August 1, 2022.

If any date for the payment of principal and interest hereon shall fall on a day which is not a Business Day (as defined in the Bond Resolution (hereinafter defined)) the payment due on such date shall be due on the next succeeding day which is a Business Day, but the City shall not receive credit for the payment until it is actually received by the Owner.

All payments by the City pursuant to this Bond shall apply first to accrued interest, then to other charges due the Owner, and the balance thereof shall apply to principal.

This Bond is issued pursuant to the Constitution and laws of the State of Florida, chapter 166, Florida Statutes, sections 132.33 through 132.47, Florida Statutes, and other applicable provisions of law; the Charter of the City, as amended, a vote of the electors of the City of Sanibel, Florida on November 6, 2001, and Resolution No. 12-049 adopted by the City Council of the City on May 1, 2012 (the "Bond Resolution"), and are subject to all the terms and conditions of said Original Resolution and Bond Resolution.

This Bond is payable from ad valorem taxes on all the taxable property which existed within the City at the time of the Bond Referendum, as provided in the Bond Resolution and hereon. The Bond Resolution requires that in each year while this Bond is outstanding, there shall be levied and collected a tax, without limitation as to rate or amount, on all taxable property which existed within the City at the time of the Bond Referendum (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law), in an

amount which will be sufficient to pay the principal of and interest on this Bond as it becomes due.

For the prompt payment of the principal of and interest on this Bond as the same shall become due, the full faith, credit and taxing power of the City is hereby irrevocably pledged.

It is hereby certified and recited that all acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond, have happened, exist and have been performed in due time, form and manner as required by the Constitution and the laws of the State of Florida applicable thereto; that the total indebtedness of said City, including the issue of this Bond, does not exceed any constitutional or statutory limitation; and that provision has been made for the levy and collection of a direct annual tax without limitation as to rate or amount upon all taxable property within the City, sufficient to pay, together with other moneys available, if any, the principal of and interest on this Bond as the same shall become due, which tax shall be levied, assessed and collected at the same time, and in the same manner as other ad valorem taxes are levied, assessed and collected within the City.

The principal of this Bond may be prepaid at the option of the City in whole on any scheduled principal payment date of this Bond, with a 1% prepayment premium.

The transfer of this Bond is registrable by the registered owner hereof or his duly authorized attorney or legal representative, but only in the manner and subject to the conditions provided in the Bond Resolution and upon surrender and cancellation of this Bond.

The City shall not be required to exchange or register any transfer of this Bond after this Bond has been selected for prepayment.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, said City of Sanibel, Florida, by resolution duly adopted by its City Council, has caused this Bond to bear the manual signatures of its Mayor and its City Clerk, to be executed by the manual signature of its City Attorney to evidence his approval of this Bond as to form and correctness, and a facsimile of the official seal of the City to be imprinted hereon, all as of the 3rd day of May, 2012.

CITY OF SANIBEL, FLORIDA

(SEAL)

By: _____
Kevin Ruane, Mayor

ATTEST:

APPROVED AS TO FORM AND
CORRECTNESS:

Pamela Smith, City Clerk

Kenneth B. Cuyler, City Attorney

SECTION 13. FINANCIAL INFORMATION. The City shall provide the Series 2012 Bondholders with such financial information regarding the City as the Series 2012 Bondholders may reasonably request. The City hereby covenants that it shall promptly give written notice to the Series 2012 Bondholders of any litigation or proceeding which if determined adversely to the City would materially adversely affect the security for the payment of the Bond. Not later than 210 days after the close of each fiscal year, the City shall provide the Series 2012 Bondholders with its Comprehensive Annual Financial Report including annual financial statements for each fiscal year of the City, prepared in accordance with applicable law and generally accepted accounting principles and audited by an independent certified public accountant. Not later than 30 days after its adoption, the City shall provide the Series 2012 Bondholders with its annual budget. All accounting terms not specifically defined or specified herein shall have the meanings attributed to such terms under generally accepted accounting principals as in effect from time to time consistently applied.

SECTION 14. APPLICATION OF SERIES 2012 BOND PROCEEDS. The proceeds received from the delivery of the Series 2012 Bond, together with any other monies lawfully available therefor, shall be applied by the City simultaneously with the delivery of the Series 2012 Bond to the Original Purchaser, as follows:

(i) to the extent not paid from legally available funds of the City, an amount which shall pay the costs and expenses associated with the issuance of the Series 2012 Bond; and

(ii) a sum specified in the Escrow Agreement that shall be sufficient, taking into account other legally available moneys of the City, if any, to pay the principal of, interest on and redemption premium, if any, on the Refunded Bonds, shall be deposited into the escrow account created under the Escrow Agreement (the "Escrow Account").

Simultaneously with the delivery of the Series 2012 Bond, the City is authorized to transfer or cause to be transferred to the Escrow Account, moneys, if any, accumulated in any sinking and/or reserve funds which were intended to be used to pay debt service on the Refunded Bonds.

The proceeds of the Series 2012 Bond shall be and constitute trust funds for the purposes hereinafter provided and there is hereby created a lien upon such monies, until so applied, in favor of the Holders of the Series 2012 Bond.

SECTION 15. SECURITY FOR SERIES 2012 BOND. The Series 2012 Bond is a general obligation of the City. The principal of and interest on the Series 2012 Bond shall be secured by a pledge of the full faith, credit and taxing power of the City without limitation.

SECTION 16. LEVY OF AD VALOREM TAXES. For so long as the Series 2012 Bond is outstanding, the City Council shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property which existed within the City at the time of the Bond Referendum (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Bond Service Requirement for the ensuing Bond Year. Such tax shall be levied and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the City and shall be in addition to all other taxes authorized to be levied by the City. The City covenants that it will not accept payment of taxes

levied for operating expenses of the City unless there shall be paid at the same time the taxes required by this Bond Resolution.

All taxes levied pursuant to this Bond Resolution, as collected, shall immediately be deposited into the Bond Service Fund and held in trust for the payment of the principal of, interest on and prepayment premium, if any, on the Series 2012 Bond as they severally become due and shall be expended for no other purpose. Until disbursed, the funds shall be secured as may from time to time be provided by law.

SECTION 17. COVENANTS OF CITY. For so long as any of the principal of and interest on any of the Series 2012 Bond shall be outstanding and unpaid or until there shall have been set apart in the Bond Service Fund, a sum sufficient to pay when due, the entire principal of the Series 2012 Bond remaining unpaid, together with interest accrued or to accrue thereon, the City covenants with the Holder of the Series 2012 Bond as follows:

(A) Bond Service Fund. The City covenants and agrees to establish a special fund to be designated "City of Sanibel, Florida General Obligation Refunding Bond, Series 2012, Bond Service Fund."

From the Bond Service Fund shall be paid each installment of interest on and principal of the Series 2012 Bond as they become due, including capitalized interest, if any. No further payments shall be required to be made into the Bond Service Fund when the aggregate amount of moneys in the Bond Service Fund is at least equal to the aggregate principal amount of the Series 2012 Bond then outstanding, plus the amount of interest then due or thereafter to become due on such Series 2012 Bond then outstanding. At such time as the Series 2012 Bond is no longer outstanding, any moneys remaining in the Bond Service Fund may be transferred to the general fund of the City, and shall be used for any lawful purpose. Moneys on deposit in the Bond Service Fund may be invested in Permitted Investments.

(B) Special Funds. Each of the funds and accounts herein established and created shall constitute trust funds for the purposes provided herein for such funds and accounts respectively. All such funds shall be continuously secured in the manner by which the deposit of City funds are authorized to be secured by the laws of the State of Florida. Earnings on investments in funds and accounts created under this Bond Resolution shall be retained in the funds and accounts from which such earnings derive.

(C) Books and Records. Books and records of the City shall be kept in which complete and correct entries shall be made, in accordance with generally accepted accounting principles.

At least once a year, no later than 210 days following the end of each fiscal year, the books, records and accounts of the City shall be properly audited by an independent firm of certified public accountants. The results of such audit shall be mailed, upon request, and made available, at all reasonable times, to any Holder or Holders of Series 2012 Bond or anyone acting for and on behalf of the Holders of such Series 2012 Bond; provided, however, that any such costs shall be borne by such Holder or Holders as the case may be.

(D) Separate Accounts. The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

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

SECTION 18. DEFEASANCE. If, at any time, the City shall have paid, or shall have made provision for payment of, the principal, interest, and prepayment premiums, if any, with respect to the Series 2012 Bond, then, and in that event, the pledge of and lien on the funds pledged in favor of the holders of the Series 2012 Bond shall be no longer in effect. For purposes of the preceding sentence, deposit of sufficient cash and/or Federal Securities in irrevocable trust with a banking institution or trust company, for the sole benefit of the Series 2012 Bondholder in respect to which such Federal Securities, the principal and interest received will be sufficient to make timely payment of the principal, interest and prepayment premiums, if any, on the outstanding Series 2012 Bond, shall be considered "provision for payment." Nothing herein shall be deemed to require the City to call the outstanding Series 2012 Bond for prepayment prior to maturity pursuant to any applicable optional prepayment provisions, if applicable, or to impair the discretion of the City in determining whether to exercise any such option for early prepayment, if applicable.

SECTION 19. DEFAULTS; EVENTS OF DEFAULT AND REMEDIES. Except as provided below, if any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default:"

(A) Default in the due and punctual payment of any interest on the Series 2012 Bond;

(B) Default in the due and punctual payment of the principal of and premium, if any, on any Series 2012 Bond, at the stated maturity thereof, or upon proceedings for prepayment thereof, if applicable;

(C) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City contained in this Bond Resolution or in the Series 2012 Bond and the continuance thereof for a period of thirty (30) days after written notice to the City given by the Holders of not less than twenty-five percent (25%) of aggregate principal amount of Series 2012 Bond then outstanding (provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the City performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured);

(D) Failure by the City promptly to remove any execution, garnishment or attachment of such consequence as will materially impair its ability to carry out its obligations hereunder; or

(E) Any act of bankruptcy or the rearrangement, adjustment or readjustment of the obligations of the City under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.

The term "default" shall mean default by the City in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Bond Resolution, any supplemental resolution or in the Series 2012 Bond, exclusive of any period of grace required to constitute a default or an "Event of Default" as hereinabove provided.

The Holder of Series 2012 Bond issued under the provisions hereof or any trustee acting for the Holders of such Series 2012 Bond 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 state or federal law, or granted and contained herein, and may enforce and compel the performance of all duties required herein or by any applicable law to be performed by the City or by any officer thereof.

The foregoing notwithstanding:

(i) No remedy conferred upon or reserved to the Series 2012 Bondholders is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to any other remedy given to the Series 2012 Bondholders hereunder.

(ii) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient.

(iii) No waiver of any default or Event of Default hereunder by the Series 2012 Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

(iv) Acceleration of the payment of principal of and interest on the Series 2012 Bond shall not be a remedy hereunder in the case of an Event of Default.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Series 2012 Bondholders under this Bond Resolution, the Series 2012 Bondholders shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the City and the funds pending such proceedings, with such powers as the court making such appointment shall confer.

On the occurrence of an Event of Default, to the extent such rights may then lawfully be waived, neither the City nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Bond Resolution, and the City, for itself and all who may claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws and all right of redemption to which it may be entitled.

SECTION 20. MODIFICATION OR AMENDMENT. No material modification or amendment of this Bond Resolution or resolution amendatory thereof or supplemental thereto may be made without the consent in writing of the Holders of fifty-one percent (51%) or more in principal amount of the Series 2012 Bond then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of such Series 2012 Bond or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the City to levy taxes, in the manner and to the extent herein provided, or to pay the principal of and interest on the Series 2012 Bond, as the same shall become due, from the sources herein provided, or reduce such percentage of Holders of such Series 2012 Bond required above for such modifications or amendments without the consent of all of the Holders of the Series 2012 Bond to be affected.

SECTION 21. EXECUTION OF ESCROW AGREEMENT; REDEMPTION OF REFUNDED BONDS. The City hereby approves the Escrow Agreement as set forth in the form attached hereto as Exhibit D. The Escrow Agreement shall be executed in the name of the City by the Mayor, such signature to be attested to by the City Clerk, the official seal of the City to be imprinted thereon, and shall be approved as to form by the City Attorney, with such additional changes and insertions therein as are subsequently approved, and such execution and delivery shall be conclusive evidence of the approval thereof by such officers.

Subject to the execution and delivery of the Series 2012 Bond to refund the Refunded Bonds, there is hereby authorized a deposit of proceeds of the Series 2012 Bond which, together with other legally available funds of the City deposited thereon, is equal to the principal of and interest and redemption premiums, if any, on the Refunded Bonds when due in accordance with the schedules to be attached to the Escrow Agreement to pay principal and interest on the Refunded Bonds and to pay applicable call premiums and any costs with respect thereto.

Subject to the execution and delivery of the Series 2012 Bond for the purpose of refunding the Refunded Bonds, the City hereby calls the callable Refunded Bonds for early redemption on August 1, 2012, or such other date as determined by the Mayor in the Escrow Agreement, at a redemption price of 100% of the principal amount of such callable Refunded Bonds to be redeemed, plus accrued interest thereon to the redemption date. Not before issuance of the Bonds and not less than thirty (30) days and not more than sixty (60) days prior to such redemption date, the City hereby directs U.S. Bank National Association, in its capacity as Paying Agent and Bond Registrar for the Refunded Bonds (the "Series 2002 Paying Agent"), to mail a notice of the redemption of the Refunded Bonds to each holder thereof in accordance with the requirements of the Original Resolution and the Supplemental Resolution. Furthermore, upon issuance of the Series 2012 Bond for the purposes of refunding the Refunded Bonds, the City hereby directs the Series 2002 Paying Agent to mail a notice of defeasance to each holder of the Refunded Bonds in the form to be prepared by Bond Counsel.

SECTION 22. SEVERABILITY OF INVALID PROVISION. If any one or more of the covenants, agreements or provisions of this Bond Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Bond Resolution or of the Series 2012 Bond issued hereunder.

SECTION 23. ARBITRAGE. No use will be made of the proceeds of the Series 2012 Bond which will cause the same to be "arbitrage bonds" within the meaning of the Code. The City, at all times while the Series 2012 Bond and the interest thereon are outstanding, will comply with the requirements of section 103(c) of the Code and applicable rules and regulations of the Internal Revenue Service.

SECTION 24. TAX COVENANT. With respect to the Series 2012 Bond for which the City intends on the date of issuance thereof for the interest thereon to be excluded from gross income for purposes of federal income taxation:

(A) The City shall not use or permit the use of any proceeds of the Series 2012 Bond or any other funds of the City, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the City with respect to the Series 2012 Bond in any manner, and shall not take or permit to be taken any other action or actions, which would cause the Series 2012 Bond to be a "private activity bond" within the meaning of Section 141 or an "arbitrage bond" within the meaning of Section 148, or "federally guaranteed" within the meaning of Section 149(b), of the Code, or otherwise cause interest on such Series 2012 Bond to become subject to federal income taxation.

(B) The City shall, at all times, do and perform all acts and things permitted by law and this Bond Resolution which are necessary or desirable in order to ensure that interest paid on such Series 2012 Bond will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being so excluded.

(C) The City shall pay or cause to be paid to the United States Government any amounts required by Section 148(f) of the Code and the regulations thereunder (the "Regulations"). In order to ensure compliance with the rebate provisions of Section 148(f) of the Code with respect to the Series 2012 Bond for which the City intends on the date of issuance thereof to be excluded from gross income for purposes of federal income taxation, the City hereby creates the "City of Sanibel, Florida General Obligation Refunding Bond, Series 2012, Rebate Fund" to be held by the City. The Rebate Fund need not be maintained so long as the City timely satisfies its obligation to pay any rebatable earnings to the United States Treasury; however, the City may, as an administrative convenience, maintain and deposit funds in the Rebate Fund from time to time. Moneys in the Rebate Fund (including earnings and deposits therein) shall be held for future payment to the United States Government as required by the Regulations and as set forth in instructions of Bond Counsel delivered to the City upon issuance of such Series 2012 Bond. Moneys on deposit in the Rebate Fund may be invested in Permitted Investments.

SECTION 25. BANK QUALIFIED. The City hereby designates the Series 2012 Bond as "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Code. The City and any subordinate entities of the City and any issuer of "tax-exempt" debt that issues "on behalf of" the City do not reasonably expect during the calendar year 2012 to issue more than \$10,000,000 of "tax-exempt" obligations including the Series 2012 Bond, exclusive of any private activity bonds as defined in section 141(a) of the Code (other than qualified 501(c)(3) bonds as defined in section 145 of the Code).

SECTION 26. GENERAL AUTHORITY. The members of the City Council and the City's officers, attorneys and other agents and employees, including but not limited to the Mayor, the City Manager, the Finance Director, the Clerk, and the City Attorney, are hereby authorized to perform all acts and things required of them by this Bond Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2012 Bond and this Bond Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the Original Purchaser of the Series 2012 Bond to effectuate the delivery of the Series 2012 Bond to Original Purchaser.

SECTION 27. BUSINESS DAYS. In any case where the due date of interest on or principal of a Series 2012 Bond is not a Business Day, then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day, provided that credit for payments made shall not be given until the payment is actually received by the Holder.

SECTION 28. NO THIRD PARTY BENEFICIARIES. Except as may be expressly described herein, nothing in this Bond Resolution, or in the Series 2012 Bond, expressed or implied, is intended or shall be construed to confer upon anyone of another entity other than the City and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Bond Resolution or any provision hereof, or of the Series 2012 Bond, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the City and the Holders from time to time.

SECTION 29. NO PERSONAL LIABILITY. Neither the members of the City Council nor any person executing the Series 2012 Bond shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 30. REPEAL OF INCONSISTENT INSTRUMENTS. All resolutions, or parts thereof, in conflict herewith are hereby repealed to the extent of such conflict.

[Remainder of this page intentionally left blank]

SECTION 31. EFFECTIVE DATE. This Bond Resolution shall take effect immediately upon its adoption.

DULY PASSED AND ENACTED by the City Council of the City of Sanibel, Lee County, Florida, this 1st day of May, 2012.

AUTHENTICATION:

Kevin Ruane, Mayor

Pamela Smith, City Clerk

APPROVED AS TO FORM:

Kenneth B. Cuyler, City Attorney

Date

Vote of Councilmembers

Ruane _____
Denham _____
Congress _____
Harrity _____
Jennings _____

Dated filed with City Clerk: _____

(SEAL)

255 S. Orange Avenue
 Orlando, FL 32801
 (407) 241-3570
 Fax (877) 320-4453

April 3, 2012

Ms. Sylvia Edwards
 Finance Director
 City of Sanibel
 800 Dunlop Road
 Sanibel, FL 33957

Dear Ms. Edwards:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the City of Sanibel, FL ("City").

- (1) **Project:** General Obligation Refunding Bond, Series 2012 ("Bond")
- (2) **Amount To Be Financed:** Not to exceed \$2,970,000
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Final Maturity</u>	<u>Rate</u>
August 1, 2022	2.07%

Interest payments on the Bond shall be due semiannually on each February 1 and August 1, commencing August 1, 2012. Principal payments on the Bond shall be due annually on each August 1, commencing August 1, 2013. Interest will accrue on the principal balance of the Bond on a 30/360 day count basis. Upon being awarded this transaction BB&T must approve of the final amortization schedule. The amortization schedule that is included in the City's "Request for Proposals" is acceptable.

The interest rate stated above is valid for a closing date not later than 45 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T and its counsel.

Remuneration for our legal review expenses and underwriting for this financing transaction shall be \$3,500.00. It is our intent to use Greenberg Traurig as our bank counsel to review documents on this transaction. All applicable costs of counsel for the City and any other costs shall be the City's responsibility and separately payable by the City.

The financing documents shall allow for the prepayment of the principal balance of the Bond in whole on a scheduled principal payment date with a 1% prepayment premium.

The financing documents shall also include provisions that will outline appropriate changes to be implemented in the event that this transaction is determined to be taxable or non-bank qualified in accordance with Florida State Statutes or the Internal Revenue Service code. These provisions must be acceptable to BB&T.

The stated interest rate above assumes that the City expects to borrow \$10,000,000 or less in the calendar year 2012 and that the financing shall comply with the IRS Code Sections 141, 148, 149(e) and 265(b)(3). BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

- (4) **Financing Documents:**

It shall be the responsibility of the City to retain and compensate counsel to appropriately structure the financing documents according to Florida State statutes. BB&T shall also require the City to provide an unqualified bond counsel opinion. BB&T and its counsel reserve the right to review and approve all documentation before closing.

(5) Security:

The Bond shall be secured by a pledge of the full faith, credit and taxing power of the City.

(6) BB&T's Ratings:

BB&T's long-term senior debt ratings from Moody's, Standard & Poor's and Fitch are: A1, A, and A+. All of these rating agencies have a stable outlook for BB&T.

(7) History/Overview of BB&T:

BB&T was founded in 1872, is headquartered in Winston-Salem, N.C., and is one of the nation's largest financial services holding companies with \$174.6 billion in assets and market capitalization of \$17.5 billion as of December 31, 2011. BB&T's Tier 1 capital ratio, a measure of financial strength and soundness, has remained at one of the strongest levels in the industry at 12.4%.

BB&T's Orlando, FL and Charlotte, NC offices will be responsible for providing the required debt services related to this financing transaction.

(8) References:

- (1) City of Naples, Public Utilities Refunding Revenue Bonds: Ann Marie Ricardi (239) 213-1822
- (2) City of Marco Island, Special Assessment Revenue Bonds: Patricia Bliss (239) 389-5016
- (3) City of Key West, Sewer System Revenue Bonds, Series 2012: Roger Wittenberg (305) 809-3822

(9) BB&T's Tax ID#: 56-1074313

* * * * *

BB&T appreciates the opportunity to make this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the City or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

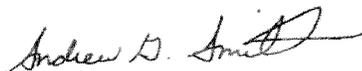
Please call me at (803) 251-1328 with your questions and comments or contact Michael C. Smith in our Orlando, FL office at:

255 South Orange Avenue
Orlando, FL 32801
Phone: 407.241.3570
Fax: 877.320.4453
Email: mcsmith@bbandt.com

We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Andrew G. Smith
Senior Vice President

EXHIBIT B

FORM OF PURCHASER'S CERTIFICATE

This is to certify that Branch Banking and Trust Company (the "Purchaser") has not required the City of Sanibel, Florida (the "City") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the City in connection with the issuance of the \$2,970,000 City of Sanibel, Florida, General Obligation Refunding Bond, Series 2012 dated May 3, 2012 (the "Bond") and no inference should be drawn that the Purchaser, in the acceptance of said Bond, is relying on Bryant Miller Olive P.A., Bond Counsel or Kenneth B. Cuyler, Esq., City Attorney as to any such matters other than the legal opinions rendered by Bond Counsel and by the City Attorney. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. 12-049 adopted by the City Council on May 1, 2012 (the "Resolution").

We are aware that investment in the Bond involves various risks, and that the payment of the Bond is secured solely from the sources described in the Resolution (the "Pledged Revenues").

We have made such independent investigation of the Pledged Revenues as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances. In making our investment decision, we have relied upon the accuracy of information which has been provided to us by the City.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Bond and can bear the economic risk of our investment in the Bond.

We acknowledge and understand that the Resolution is not being qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"), and is not being registered in reliance upon the exemption from registration under section 3(a)(2) of the Securities Act of 1933, section 517.051(1), Florida Statutes, and/or section 517.061(7), Florida Statutes, and that neither the City, Bond Counsel nor the City Attorney shall have any obligation to effect any such registration or qualification.

We are not acting as a broker or other intermediary, and are purchasing the Bond as an investment for our own account and not with a present view to a resale or other distribution to the public. We understand that the Bond may not be transferred in a denomination less than \$100,000 in any circumstances.

We are a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by section 517.061(7), Florida Statutes. We are not purchasing the Bond for the direct or indirect

promotion of any scheme or enterprise with the intent of violating or evading any provision of chapter 517, Florida Statutes.

We are a "national bank" under the laws of the United States of America.

DATED this 3rd of May, 2012.

BRANCH BANKING AND TRUST
COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF DISCLOSURE LETTER

The undersigned, as purchaser, proposes to negotiate with the City of Sanibel, Florida (the "City") for the private purchase of its \$2,970,000 City of Sanibel, Florida, General Obligation Refunding Bond, Series 2012 dated May 3, 2012 (the "Bond"). Prior to the award of the Bond, the following information is hereby furnished to the City:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us (the "Bank") in connection with the issuance of the Bond (such fees and expenses to be paid by the City):

Legal Fees:

Greenberg Traurig P.A. - \$3,000
Bank Credit Review Fee - \$500

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Bank in connection with the issuance of the Bond to any person not regularly employed or retained by the Bank (including any "finder" as defined in section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Bank, as set forth in paragraph (1) above.

(b) No person has entered into an understanding with the Bank, or to the knowledge of the Bank, with the City, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the City and the Bank or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bond.

3. The amount of the underwriting spread expected to be realized by the Bank is \$0.

4. The management fee to be charged by the Bank is \$0.

5. Truth-in-Bonding Statement:

The City is proposing to issue not to exceed \$2,970,000 of debt or obligation for the purpose of refunding its outstanding General Obligation Bonds, Series 2002 and to thereby refinance the cost of construction of the acquisition of approximately 8.61 acres of certain land commonly known as the "Mariner Property" located on the north side of Periwinkle Way at Bailey Road within the City. This debt or obligation is expected to be repaid over a period of 10.24 years. At a forecasted interest rate of 2.07%, total interest paid over the life of the debt or obligation will be \$363,720.

The source of repayment or security for this proposed Bond is the full faith, credit and unlimited ad valorem taxing power of the City as described in Resolution No. 12-049 adopted by the City Council of the City on May 1, 2012 (the "Resolution"). Issuance of the Bond is estimated to result in a maximum of approximately \$335,890 of revenues of the City from voted

millage not being available to finance the services of the City any year during the life of the Bond.

6. The name and address of the Bank is as follows:

Branch Banking and Trust Company
Governmental Finance
5130 Parkway Plaza Boulevard, Building 9
Charlotte, North Carolina 28217

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Statement on behalf of the Bank this 3rd day of May, 2012.

BRANCH BANKING AND TRUST
COMPANY

By: _____
Name: _____
Title: _____

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT, dated May 3, 2012, by and between the CITY OF SANIBEL, FLORIDA (the "Issuer"), a municipality created and existing under and by virtue of and the laws of the State of Florida, and U.S. BANK NATIONAL ASSOCIATION, Jacksonville, Florida, a national banking association organized under the laws of the United States of America, as Escrow Agent, and its successors and assigns (the "Escrow Agent");

WITNESSETH:

WHEREAS, the Issuer has previously authorized and issued its Refunded Bonds as hereinafter described, and has determined to refund the Refunded Bonds as to which the Total Debt Service for the Refunded Bonds is set forth on Schedule A; and

WHEREAS, the Issuer has determined to provide for payment of the Total Debt Service for the Refunded Bonds by depositing with the Escrow Agent an amount which is at least equal to such Total Debt Service for the Refunded Bonds; and

WHEREAS, in order to obtain certain of the funds needed for such purpose, the Issuer has authorized and is, concurrently with the delivery of this Agreement, issuing its General Obligation Refunding Bonds, Series 2012; and

WHEREAS, the execution of this Escrow Deposit Agreement and full performance of the provisions hereof shall defease and discharge the Issuer's obligations relating to the Refunded Bonds;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Issuer and the Escrow Agent agree as follows:

SECTION 1. Definitions. As used herein, the following terms mean:

"Agreement" means this Escrow Deposit Agreement.

"Annual Debt Service" means the principal and interest, and redemption premium, if applicable, on the Refunded Bonds coming due in a particular year as shown on Schedule A attached hereto and made a part hereof.

"Bonds" means the City of Sanibel, Florida General Obligation Refunding Bonds, Series 2012.

"Escrow Account" means the account hereby created and entitled Escrow Account established and held by the Escrow Agent pursuant to this Agreement in which cash and

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investments will be held for payment of the principal, interest, and redemption premium, if applicable, on the Refunded Bonds as they come due.

"Escrow Agent" means U.S. Bank National Association, having its designated corporate trust office in Jacksonville, Florida, and its successors and assigns organized and existing under the laws of the United States of America, as escrow agent hereunder.

"Issuer" means the City of Sanibel, Florida.

"Refunded Bonds" means that portion of the Issuer's outstanding General Obligation Bonds, Series 2002 designated on Schedule C hereto.

"Resolution" means Resolution No. 12-049 adopted by the City Council of the City of Sanibel, Florida on May 1, 2012.

"Total Debt Service for the Refunded Bonds" means, as of any date, the sum of the principal, interest, and redemption premium, if applicable, remaining unpaid with respect to the Refunded Bonds in accordance with Schedule A attached hereto assuming the Refunded Bonds are called for early redemption on August 1, 2012.

SECTION 2. Deposit of Funds and Notice of Redemption. The Issuer hereby deposits \$3,139,553.75 with the Escrow Agent for deposit into the Escrow Account, in immediately available funds, which funds the Escrow Agent acknowledges receipt of, to be held in irrevocable escrow by the Escrow Agent separate and apart from other funds of the Escrow Agent and applied solely as provided in this Agreement. \$2,970,000.00 of such funds are being derived from proceeds of the Bonds and \$169,553.75 of such funds are being derived from legally available funds of the Issuer. The Issuer represents and warrants that the cash on deposit in the Escrow Account (i) is at least equal to the Total Debt Service for the Refunded Bonds as of the date of such deposit, and (ii) is sufficient to pay principal, interest and redemption premium, if applicable, on the Refunded Bonds as they become due and payable in accordance with Schedule A attached hereto.

In the Resolution, the Issuer determines to redeem all of the outstanding Refunded Bonds. At least thirty days prior to the date of redemption as set forth on Schedule A hereto, the Escrow Agent shall mail notice of such redemption, postage prepaid, to all registered owners of the Refunded Bonds at their addresses as they appear on the registration books of the Issuer in substantially the form attached hereto as Schedule C.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sums described in Section 2 and agrees in uninvested cash to hold the funds pursuant to this Agreement in irrevocable escrow during the term of this Agreement for the sole benefit of the holders of the Refunded Bonds; and

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SECTION 4. Payment of Refunded Bonds and Expenses.

(a) Refunded Bonds. On the dates and in the amounts set forth on Schedule A, the Escrow Agent shall transfer to U.S. Bank National Association, or its successors or assigns, the paying agent for the Refunded Bonds (the "Paying Agent"), in immediately available funds solely from amounts available in the Escrow Account, a sum sufficient to pay that portion of the Annual Debt Service for the Refunded Bonds coming due on such dates, as shown on Schedule A.

(b) Expenses. The Issuer shall pay the fee of the Escrow Agent as set forth in Schedule B attached hereto.

(c) Surplus. After making the payments from the Escrow Account described in Subsections 4(a) and (b) above, the Escrow Agent shall retain in the Escrow Account any remaining cash in the Escrow Account in excess of the Total Debt Service for the Refunded Bonds until the termination of this Agreement pursuant to the terms of Section 13 hereof, and shall then pay any remaining funds to the Issuer to be used for any lawful purpose.

(d) Priority of Payments. The holders of the Refunded Bonds shall have an express first priority security interest in the funds in the Escrow Account until such funds are used and applied as provided in this Agreement as shown on Schedule A.

SECTION 5. Investment. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement.

SECTION 6. Redemption or Acceleration of Maturity. The Issuer shall not accelerate or defer the maturity or redemption of any Refunded Bonds so as to modify the debt service set forth on Schedule A attached hereto.

SECTION 7. Extraordinary Services. The Issuer shall promptly pay to the Escrow Agent for any extraordinary services or expenses performed or incurred by the Escrow Agent in connection with its duties hereunder if notified in writing prior to the performance of those services or the incurring of those expenses so as to allow the Issuer to appropriate sufficient funds for their payment.

SECTION 8. Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds deposited therein, or for any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent or non-willful act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. Notwithstanding any provision herein to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever

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(including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action provided however, that the Escrow Agent shall be responsible for its negligent or willful failure to comply with its duties required hereunder, and its negligent or willful acts, omissions or errors hereunder.

The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent may consult with counsel, who may or may not be counsel to the Issuer, at the Issuer's reasonable expense, and in reliance upon the opinion of such counsel, shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

The Escrow Agent may act through its agents and attorneys. The Escrow Agent may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any payment obligation of the Escrow Agent hereunder shall be paid from, and is limited to funds available and maintained pursuant to this Agreement; the Escrow Agent shall not be required to expend its own funds for the performance of its duties hereunder. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

SECTION 9. Resignation of Escrow Agent. The Escrow Agent may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer, any rating agency then providing a rating on either the Refunded Bonds or the Bonds, and the Paying Agent for the Refunded Bonds not less than sixty (60) days before such resignation shall take effect. Such resignation shall not take effect until the appointment of a new Escrow Agent hereunder.

SECTION 10. Removal of Escrow Agent.

EXHIBIT D

(a) The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders of not less than fifty-one percentum (51%) in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the Issuer, and notice in writing given by such holders to the original purchaser or purchasers of the Bonds and published by the Issuer once in a newspaper of general circulation in the territorial limits of the Issuer, and in a daily newspaper or financial journal of general circulation in the City of New York, New York, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Agent.

(b) The Escrow Agent may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by any court of competent jurisdiction upon the application of the Issuer or the holders of not less than five percentum (5%) in aggregate principal amount of the Bonds then outstanding, or the holders of not less than five percentum (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

(c) The Escrow Agent may not be removed until a successor Escrow Agent has been appointed in the manner set forth herein.

SECTION 11. Successor Escrow Agent.

(a) If, at any time hereafter, the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Agent shall thereupon become vacant. If the position of Escrow Agent shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall immediately appoint an Escrow Agent to fill such vacancy and, upon such appointment, all assets held hereunder shall be transferred to such successor. The Issuer shall either (i) publish notice of any such appointment made by it once in each week for four (4) successive weeks in a newspaper of general circulation published in the territorial limits of the Issuer and in a daily newspaper or financial journal of general circulation in the City of New York, New York, or (ii) mail a notice of any such appointment made by it to the holders of the Refunded Bonds within thirty (30) days after such appointment.

(b) At any time within one year after such vacancy shall have occurred, the holders of a majority in principal amount of the Bonds then outstanding or a majority in principal amount of the Refunded Bonds then outstanding, by an instrument or concurrent instruments in writing, executed by either group of such bondholders and filed with the governing body of the Issuer, may appoint a successor Escrow Agent, which shall supersede any Escrow Agent theretofore appointed by the Issuer. Photographic copies of each such instrument shall be delivered promptly by the Issuer, to the predecessor Escrow Agent and to the Escrow Agent so appointed by the Bondholders. In the case of conflicting appointments made by the

EXHIBIT D

Bondholders under this paragraph, the first effective appointment made during the one year period shall govern.

(c) If no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this Section, the holder of any Refunded Bonds then outstanding, or any retiring Escrow Agent, may apply to any court of competent jurisdiction to appoint a successor Escrow Agent at the expense of the Issuer. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Agent.

(d) Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Escrow Agent hereunder and vested with all the trust, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any parties hereto, anything herein to the contrary notwithstanding, provided such successor shall have reported total capital and surplus in excess of \$500,000,000, provided that such successor Escrow Agent assumes in writing all the trust, duties and responsibilities of the Escrow Agent hereunder.

SECTION 12. Payment to Escrow Agent. The Escrow Agent hereby acknowledges that it has agreed to accept compensation under the Agreement pursuant to the terms of Schedule B attached hereto for services to be performed by the Escrow Agent pursuant to this Agreement. The Escrow Agent shall not be compensated from amounts on deposit in the Escrow Account, and the Escrow Agent shall have no lien or claim against funds in the Escrow Account for payment of obligations due it under this Section.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Bonds have been paid and discharged in accordance with the proceedings authorizing the Refunded Bonds, except as provided in Section 7.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, notice of such event shall be sent to the municipal bond insurer(s) for the Refunded Bonds, if any, as well as Moody's Investors Service, Inc., Fitch Ratings, Inc., and Standard & Poor's Ratings Services (but only to the extent such agencies have a rating outstanding on any of the Refunded Bonds), and while such covenant or agreements herein contained shall be null and void, they shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Amendments to this Agreement. This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bonds and the Bonds and it shall not be repealed, revoked, altered or amended in whole or in part without the written

EXHIBIT D

consent of all holders of Refunded Bonds, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent, for the benefit of the holders of the Bonds and the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall, at its option, be entitled to request, at the Issuer's expense, and rely conclusively upon an opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to the Issuer with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section. Prior written notice of such amendments, together with proposed copies of such amendments, shall be provided to Moody's Investors Service, Fitch Ratings, Inc., and Standard & Poor's Ratings Services (but only to the extent such agencies have a rating outstanding on any of the Refunded Bonds).

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Florida without regard to conflict of law principles.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

CITY OF SANIBEL, FLORIDA

(SEAL)

By: _____
Mayor

EXHIBIT D

ATTEST:

APPROVED AS TO FORM AND
CORRECTNESS:

City Clerk

City Attorney

EXHIBIT D

ESCROW DEPOSIT AGREEMENT

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

EXHIBIT D

SCHEDULE A

**TOTAL DEBT SERVICE
FOR THE REFUNDED BONDS**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service for the Refunded Bonds</u>
August 1, 2012	\$ 100,000	\$ 69,553.75	\$ 169,553.75
February 1, 2013		67,803.75	67,803.75
August 1, 2013	105,000	67,803.75	172,803.75
February 1, 2014		65,887.50	65,887.50
August 1, 2014	110,000	65,887.50	175,887.50
February 1, 2015		63,797.50	63,797.50
August 1, 2015	110,000	63,797.50	173,797.50
February 1, 2016		61,597.50	61,597.50
August 1, 2016	115,000	61,597.50	176,597.50
February 1, 2017		59,240.00	59,240.00
August 1, 2017	120,000	59,240.00	179,240.00
February 1, 2018		56,720.00	56,720.00
August 1, 2018	125,000	56,720.00	181,720.00
February 1, 2019		53,845.00	53,845.00
August 1, 2019	130,000	53,845.00	183,845.00
February 1, 2020		50,855.00	50,855.00
August 1, 2020	140,000	50,855.00	190,855.00
February 1, 2021		47,635.00	47,635.00
August 1, 2021	145,000	47,635.00	192,635.00
February 1, 2022		44,300.00	44,300.00
August 1, 2022	150,000	44,300.00	194,300.00
February 1, 2023		40,850.00	40,850.00
August 1, 2023	155,000	40,850.00	195,850.00
February 1, 2024		37,168.75	37,168.75
August 1, 2024	165,000	37,168.75	202,168.75
February 1, 2025		33,250.00	33,250.00
August 1, 2025	170,000	33,250.00	203,250.00
February 1, 2026		29,212.50	29,212.50
August 1, 2026	180,000	29,212.50	209,212.50
February 1, 2027		24,937.50	24,937.50
August 1, 2027	190,000	24,937.50	214,937.50
February 1, 2028		20,425.00	20,425.00
August 1, 2028	200,000	20,425.00	220,425.00
February 1, 2029		15,675.00	15,675.00
August 1, 2029	210,000	15,675.00	225,675.00
February 1, 2030		10,687.50	10,687.50
August 1, 2030	220,000	10,687.50	230,687.50
February 1, 2031		5,462.50	5,462.50
August 1, 2031	<u>230,000</u>	<u>5,462.50</u>	<u>235,462.50</u>
TOTAL	\$ 3,070,000	\$ 1,648,253.75	\$ 4,718,253.75

EXHIBIT D

SCHEDULE B

PAYMENT TO BE MADE TO ESCROW AGENT

One-time fee of [\$500.00] payable at closing of the Bonds and reimbursement of out of pocket expenses associated with the closing and with ongoing administration, such as overnight courier, postage, telecopy, typesetting and publication of notices, transmission of notices to the information services at cost.

SCHEDULE C

FORM OF NOTICE OF REDEMPTION AND DEFEASANCE

NOTICE OF [REDEMPTION][DEFEASANCE]

NOTICE OF [OPTIONAL REDEMPTION][DEFEASANCE]

CITY OF SANIBEL, FLORIDA

GENERAL OBLIGATION BONDS, SERIES 2002

NOTICE IS HEREBY GIVEN on behalf of the City of Sanibel, Florida (the "Issuer") that a portion of the Issuer's outstanding General Obligation Bonds, Series 2002, maturing after August 1, 2012 in the aggregate principal amount of \$3,070,000 (the "Bonds"), have been defeased to the redemption date of August 1, 2012 (the "Redemption Date"), at 100% of the principal amount thereof (the "Redemption Price"). Interest on the Bonds will cease to accrue from and after said Redemption Date.

The Bonds to be [redeemed][defeased] are as follows:

<u>Maturity Dates</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>CUSIP Number</u>
08/01/2012	\$ 100,000	3.50%	80101QAK8
08/01/2013	105,000	3.65%	80101QAL6
08/01/2014	110,000	3.80%	80101QAM4
08/01/2015	110,000	4.00%	80101QAN2
08/01/2016	115,000	4.10%	80101QAP7
08/01/2017	120,000	4.20%	80101QAQ5
08/01/2022	690,000	4.60%	80101QAR3
08/01/2031	1,720,000	4.75%	80101QAS1

* The CUSIP numbers are included solely for the convenience of the Bondholders. Neither the Issuer nor the Paying Agent shall be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness on the securities or as indicated in any redemption notice.

Legally available moneys of the Issuer will be deposited in irrevocable escrow in an escrow deposit trust fund (the "Escrow Account") established with the Paying Agent (the "Escrow Agent"), pursuant to an Escrow Deposit Agreement dated as of May 3, 2012, by and between the Issuer and the Escrow Agent (the "Escrow Deposit Agreement"). Moneys deposited in the Escrow Account will be held in the Escrow Account as uninvested cash.

On August 1, 2012, there shall become due and payable the above mentioned Redemption Price upon presentation and surrender of such Bonds at the office of U.S. Bank National Association at the following address:

EXHIBIT D

By Mail:

U.S. Bank National Association

_____, Florida _____

DATED this ____ day of _____, 2012.

CITY OF SANIBEL, FLORIDA

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

If you have any questions, you may call U.S. Bank National Association at (____) _____.

IMPORTANT TAX INFORMATION

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 31% of principal payments (including premium, if any) made to holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may be subject to a penalty. Please therefore provide the appropriate certification when presenting your securities for payment.