

REQUESTED COMMISSION ACTION:

	<u>Consent</u>	<u>Ordinance</u>	<u>X Resolution</u>	<u>Consideration/ Discussion</u>	<u>Presentation</u>
SHORT TITLE	<u>A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA, APPROVING AND AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A DEPOSIT ACCOUNT AGREEMENT, A SECURITY AGREEMENT, A CONTRACT FOR LOAN GUARANTEE ASSISTANCE AND A VARIABLE/FIXED RATE NOTE BETWEEN THE CITY OF POMPANO BEACH AND THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT REGARDING SECTION 108 GUARANTY LOAN; PROVIDING AN EFFECTIVE DATE.</u>				
	(Fiscal impact: \$4,308,000				

Summary of Purpose and Why:

In March 2014, the City Commission approved a Funding Approval/Agreement with the U.S. Department of Housing and Urban Development for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended. The City Commission is now being requested to approve various related loan documents for a maximum Section 108 loan commitment of \$4,308,000. Funds are to be utilized by the City to fund various street improvement initiatives. The City will be utilizing its future Community Development Block Grant (CDBG) allocations and related program income to repay the loan over a twenty year term. Please refer to Finance Dept. Memo #15-109 for additional information.

- (1) Origin of request for this action: Finance Department
- (2) Primary staff contact: Suzette Sibble, Finance Director Ext. 4680
- (3) Expiration of contract, if applicable: August 1, 2034
- (4) Fiscal impact and source of funding: \$4,308,000 plus interest – Future CDBG Allocations and related Program Income

DEPARTMENTAL COORDINATION	DATE	DEPARTMENTAL RECOMMENDATION	DEPARTMENTAL HEAD SIGNATURE
Finance	<u>7/1/15</u>	<u>Approval</u>	<u>S. Sibble</u>
OHUI			
City Attorney	<u>7/1/15</u>	<u>Approval</u>	<u>[Signature]</u>
Budget	<u>7-8-15</u>	<u>Approval</u>	<u>[Signature]</u>
<u>X</u> City Manager	<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>

ACTION TAKEN BY COMMISSION:

<u>Ordinance</u>	<u>Resolution</u>	<u>Consideration</u>	
Workshop			
1 st Reading	1 st Reading	Results:	Results:
2 nd Reading			



FINANCE DEPARTMENT
MEMO 15-109

Date: July 8, 2015

To: Mayor and Commissioners

From: Suzette Sibble, Finance Director

A handwritten signature in black ink, appearing to be "SS", is placed to the right of the "From" line.

Via: Dennis Beach, City Manager

Re: Approval of Section 108 Loan Documents

In March 2014, the City Commission approved a Funding Approval/Agreement (as part of the Section 108 Loan application process) between the City and the U.S. Department of Housing and Urban Development (HUD) as it relates to loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended. This program allows local governments to obtain affordable financing up to 5 times their most current Community Development Block Grant (CDBG) annual entitlement amount, in order to meet its current economic development needs.

The City requested approval for a maximum commitment of \$4,308,000 for funds to be expended to maximize existing right-of-ways to add sidewalks where they may be missing or widen existing sidewalks wherever possible to provide a better pedestrian experience; improve and upgrade existing water, sewer and drainage facilities that promote opportunities for future growth and encourage private investment; add lush landscaping features and pedestrian-friendly light fixtures; and, implement traffic calming features to inspire a safer environment. The project will expand on recent improvements carried out by the Pompano Beach Community Redevelopment Agency (CRA) in Downtown Pompano and will span the following areas:

- NE 1st Street
- Flagler Ave
- NE 3rd Street
- NE 4th Street
- NE 2nd Ave
- NE 3rd Ave

It should be noted that the City has previously conducted public hearings regarding the proposed Section 108 loan guarantee on April 18, 2013 at 4:30 P.M. in City Hall, on June 13, 2013 at 6:00 P.M. in the City Commission Chambers and as part of the City Commission's regular meeting at 7:00 P.M. on July 23, 2013 in the City Commission Chambers. Further, the Community Development Advisory Committee endorsed the loan guarantee application at its April 18th, 2013 public hearing.

The City is now being required to execute a number of documents to solidify its arrangement with HUD. I have taken the liberty of summarizing the purpose of each document for your convenience:

- ***Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Dev. Act of 1974, as Amended, 42 U.S.C. §5308*** - This document outlines terms and conditions governing the Section 108 Loan, inclusive of procedural matters, security requirements for the loan and required accounts to be established by the City. In essence, HUD will raise the Section 108 funds via a public offering of its trust certificates at a future date (usually occurs once a year in late fall or spring). In the interim, should the City have a need to start expending funds on the section 108 projects prior to the public offering, it may elect to be advanced funds via interim financing from a financial institution (variable rate loan) selected by HUD. Once HUD makes its public offering, permanent financing would have been accomplished and a schedule of principal and interest will be provided, based on the interest rate(s) derived from the sale of the trust certificates, based on each scheduled maturity date for the certificates.
- ***US Dept. of Housing and Urban Development Section 108 Loan Guarantee Program Variable/Fixed Rate Note*** – This document outlines terms and conditions whereby the City may request advances on its Section 108 commitment (via a fiscal agent selected by HUD), until such time as permanent financing can be established. Interest payments on the loan will be due quarterly, with principal payments being due annually (first due August 1, 2016). Subsequently, following the public offering and sale of the certificates by HUD, the loan is converted to a fixed rate of interest and a principal and interest schedule will be effected by HUD to comprise the full principal balance outstanding.
- ***Security Agreement*** – This Agreement calls for the City to provide additional security for the Section 108 loan and to grant HUD a security interest in such collateral. In this case, the City will initially deposit a portion of the Section 108 loan proceeds into a debt reserve account, granting HUD a secured interest in that account.
- ***Deposit Account Agreement*** – In accordance with the Security Agreement, the City must establish a debt reserve account with an initial deposit of \$387,500, affording HUD a secured interest in the account. This agreement outlines all terms and conditions governing this account.

Loan Details

- **Security:** The principal security for the loan guarantee is a pledge by the City of its current and future CDBG funds and any related program income. Additional security is being provided in the form of a debt service reserve account (\$387,500) to be funded from the Section 108 loan proceeds, in which HUD will have a secured interest.
- **Repayment:** The maximum repayment period for a Section 108 loan is twenty years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. It is currently intended that the City will seek repayment over the maximum period allowable. Although the final repayment schedule will not be determinable until permanent financing is in place, it is anticipated that the average annual debt service will be around \$300,000.
- **Financing Source:** Section 108 obligations are financed through underwritten public offerings by HUD (permanent financing), which carry the full faith and credit of the U.S. Government. HUD typically makes the offering once a year in late summer/early fall. Financing between public offerings can be provided through an interim lending facility established by HUD.
- **Interest Rates:** Interest rates on interim borrowing are priced at the 3 month London Interbank Offered (LIBOR) rate (currently around .28%) plus 20 basis points (0.20%). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amounts. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate at time of issuance.

CITY OF POMPANO BEACH
Broward County, Florida

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA, APPROVING AND AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A DEPOSIT ACCOUNT AGREEMENT, A SECURITY AGREEMENT, A CONTRACT FOR LOAN GUARANTEE ASSISTANCE AND A VARIABLE/FIXED RATE NOTE BETWEEN THE CITY OF POMPANO BEACH AND THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT REGARDING SECTION 108 GUARANTY LOAN; PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA:

SECTION 1. That three (3) Agreements and a Note between the City of Pompano Beach and the Secretary of Housing and Urban Development regarding Section 108 Guaranty Loan, a copy of which Agreements and Note are attached hereto and incorporated by reference as if set forth in full, are hereby approved.

SECTION 2. That the proper City officials are hereby authorized to execute said Agreements and Note between the City of Pompano Beach and the Secretary of Housing and Urban Development.

SECTION 3. This Resolution shall become effective upon passage.

PASSED AND ADOPTED this _____ day of _____, 2015.

LAMAR FISHER, MAYOR

ATTEST:

ASCELETA HAMMOND, CITY CLERK

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308**

Date of Contract _____

This Contract for Loan Guarantee Assistance ("Contract") is entered into between City of Pompano Beach, Florida, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-13-MC-12-0026 [Infrastructure Fund], in the Maximum Commitment Amount of \$4,308,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). This is the first Contract under the Funding Approval ("Commitment") of the same number, which was approved by the Secretary on January 6, 2014. The funds paid or credited to the account of the Borrower pursuant to the Note are referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in Section I.A. of the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee respectively are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- A. **The Note: Advances and Records.** The Note provides that Advances and Conversion Date Advances shall be made thereunder upon the written request of the Borrower and the approval of the Secretary, pursuant to this Contract and the Fiscal Agency Agreement. The Commitment Schedule attached to the Note represents the principal repayment schedule for the Maximum Commitment Amount of the Note. At all times, the total amount of all Advances and Conversion Date Advances under the Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount of the Note. Prior to the Conversion Date (as defined in the Note, Section I.A.), the total amount of Advances made by the Holder for each Principal Due Date under the Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth in the Commitment Schedule of the Note. Prior to the

Conversion Date, the Borrower agrees that the Fiscal Agent pursuant to the Fiscal Agency Agreement shall record the date and amount of each payment and Advance under the Note and shall maintain the books and records of all Advances and Conversion Date Advances for each Principal Due Date, interest rates on Advances, payments, and Principal Amounts outstanding for each Principal Due Date. On and after the Conversion Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts (each as to be set forth on Schedule P&I to the Note). No advances of any kind may be made on the Note after its Conversion Date.

- B. **Borrower's Requests for Advances.** All requests for Advances or Conversion Date Advances by the Borrower under the Note shall: be in writing; specify the amount of the Advance requested; identify the Note by Borrower, number and Maximum Commitment Amount; be addressed to the Secretary at the address for notices specified in paragraph 12(f) of this Contract; be signed by an authorized official of the Borrower; and otherwise be in the form prescribed by the Secretary. Advances and Conversion Date Advances shall be requested and will only be approved and made in increments of not less than \$1,000 for any Principal Due Date. A request for an initial Advance under a Note, or a request for a Conversion Date Advance, shall be received by the Secretary at least ten Business Days prior to the Borrower's proposed Funding Date or Conversion Date, as applicable. All other requests for Advances shall be received by the Secretary not less than five Business Days prior to the proposed Funding Date. The Borrower may not deliver a Note or a request for an Advance or Conversion Date Advance to the Secretary more than two calendar months prior to the Borrower's proposed Funding Date. At least two Business Days prior to the proposed Funding Date or Conversion Date if the Borrower's request was timely received, or the next available Funding Date for which the request was timely received, the Secretary shall, except as otherwise provided in paragraph 11(c) or 12 hereof, deliver a corresponding Authorization Order or Advance Order (as applicable) to the Fiscal Agent in accordance with Section 2.03 or 2.04 of the Fiscal Agency Agreement for the applicable Funding Date or Conversion Date. If the Borrower requests an Advance or Conversion Date Advance of less than the outstanding Maximum Commitment Amount under the Note, the Borrower may also specify in its written request the amount of the Advance or Conversion Date Advance to be allocated to each Commitment Amount or Principal Amount per Principal Due Date under the Note. If the Borrower does not specify how the Advance or Conversion Date Advance should be allocated among Commitment Amounts/Principal Due Dates, the Borrower hereby authorizes the Secretary to direct the Fiscal Agent to allocate the

Advance to the respective Commitment Amounts or Principal Amounts in order of the earliest Principal Due Date(s).

- C. **Conversion; Public Offering.** On the Conversion Date (if any), trust certificates backed by the Note (and similar notes issued by other Section 108 borrowers) will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall govern the interest rate inserted on the Conversion Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity.
- D. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements. If Advances have been made in the Maximum Commitment Amount of the Note not less than ten Business Days prior to the proposed Conversion Date, or if the Borrower requests a Conversion Date Advance, the Borrower authorizes the Secretary to deliver Schedule P&I to the Note completed in accordance herewith to the Fiscal Agent/Trustee on the Conversion Date in accordance with the Fiscal Agency/Trust Agreements, concurrent with delivery of the Secretary's Guarantee of the trust certificates at the closing on the Conversion Date, and thereafter the Note shall be enforceable in accordance with its terms including Schedule P&I. In addition, the Secretary reserves the right to notify the Borrower not less than one calendar month in advance of a specified Conversion Date that the Note will be sold to the Underwriters on such date, if the Secretary in his sole discretion determines that market conditions or program needs require the participation in the proposed public offering of all or substantially all Borrowers with outstanding Advances.

PART II**1. Receipt, Deposit and Use of Guaranteed Loan Funds.**

(a) Except for funds deducted on the Conversion Date pursuant to paragraph 4(b) and fees and charges deducted by the Fiscal Agent/Trustee pursuant to paragraph 4(a), the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Deposit Account" (**Attachment 1**) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.)

The Borrower shall make withdrawals from said account only for payment of the costs of approved Section 108 activities, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after June 30, 2016, or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the Guaranteed Loan Funds in Government Obligations. Such Letter

Agreement must be executed when the Guaranteed Loan Funds Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by June 30, 2016. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

2. **Payments Due on Note; Final Payment and Discharge.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day (the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(e) of this Contract.

4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the fees of the Fiscal Agent as required by Exhibit G to the Fiscal Agency Agreement, and any additional amounts that may be due pursuant to Section 6.01 of the Fiscal Agency Agreement. If not paid by the Borrower by any other means prior thereto, the Borrower agrees that any such fees or additional amounts that have been incurred prior to an Advance or a Conversion Date Advance may be deducted by the Fiscal Agent/Trustee from the proceeds of the Advance or Conversion Date Advance, as applicable.

(b) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the public offering on the Conversion Date, such payment shall either be made by wire transfer to the Trustee on the day prior to the Conversion Date or shall be deducted from the Guaranteed Loan Funds on the Conversion Date.

(c) The Borrower shall submit to the Secretary not later than ten Business Days prior to the Funding Date for the initial Advance hereunder, or if not submitted earlier, prior to any Conversion Date or Public Offering Date applicable to the Note, this executed Contract, the executed Note, a request for an Advance or a Conversion Date Advance (as applicable) in proper form, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR 570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically

required by this Contract (e.g., paragraph 5(c), or paragraph 15, *et seq.*), at the time required thereby.

(d) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because of any refusal, inability, or failure on the part of the Borrower timely to submit in acceptable form any document required by this Contract (including paragraph 4(c)), or because of any withdrawal by the Borrower from the public offering, after the Borrower has submitted a request for a Conversion Date Advance hereunder. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5 or 15 *et seq.* of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

(a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).

(b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.

(c) Other security as described in paragraph 15, *et seq.*

(d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.

(e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

6. **Loan Repayment Account.**

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on

receipt in a separate identifiable account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Deposit Account" (**Attachment 1**) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) Borrower shall make withdrawals from said account only for the purpose of paying interest and principal due on the Note (including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, the balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with a written statement showing the

balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and a statement identifying the obligations and their assignments in the Loan Repayment Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

7. **Use of CDBG, EDI or BEDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI or BEDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.
8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are approved as grants, by limiting the Borrower's ability to draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to such grants for purposes other than satisfaction of the pledge.

9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, after the Conversion Date the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (as defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Interest Due Date, or any other Business Day acceptable to both HUD and the Borrower. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. **Default.** (a) A Default under the Note and this Contract shall occur upon failure by the Borrower to:
- (i) pay when due an installment of principal or interest on the Note; or
 - (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future

amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act.

Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, suspend approval of any further Advances or Conversion Date Advances under the Note, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. **Remedial Actions.** Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may: (i) continue to make payments due on the Note, (ii) make a prepayment under Section I.D. of the Note or make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided in Section III of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract, (iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

(c) The Secretary may withhold approval of any or all further Advances or Conversion Date Advances under the Note (if

applicable); direct the Borrower's financial institution to refuse to: honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) Until the Conversion Date, or with respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street SW, Room 7180
Washington, DC 20410

Borrower:

City of Pompano Beach, FL
Attn: Miriam Carrillo, Director
Office of Housing and Urban Improvements
100 West Atlantic Boulevard
Pompano Beach, FL 33060

13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements or this Contract shall be limited to the sources of security pledged in paragraph 5 or any Special Conditions of this Contract. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements.
14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on September 19, 2013 under the Funding Approval for grant number B-13-MC-12-0026 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.
15. **Special Conditions and Modifications:**
- (a) Paragraph 5(c) of the Contract is amended by deleting the paragraph as written in its entirety and substituting therefor the following:
- "(c) Other security, consisting of any and all rights, titles, and interests of the Borrower in and to the Deposit Account described in the Deposit Account Agreement (the 'Deposit Account Agreement') entered into by the Borrower (also referred to as the 'City') and the Secretary (also referred to as 'HUD' or 'Secured Party') and which shall be executed in substantially the form as in **Attachment 3**. Pursuant to that Deposit Account Agreement, the Borrower has established a debt service reserve, known as the 'Fund Balance/Reserved for Debt Service/Reserve-Section 108 Loan' Account numbered _____, in the amount of \$387,500.
- Borrower shall provide to the Secretary a security interest in the D/S Reserve Account, pursuant to a security agreement (the 'Security Agreement'), which shall also be referenced in appropriate Uniform Commercial Code ('UCC') Financing Statements filed in accordance with the UCC. The Security Agreement and such UCC Financing Statements shall contain such provisions as the Secretary deems necessary."
- (b) Guaranteed Loan Funds shall be used by the Borrower for the following activities in connection with the Infrastructure Fund project (the "Project"):
- (i) installation of public facilities, including public

streets, sidewalks, other site improvements, and public utilities in accordance with 24 CFR 570.703(1).

- (ii) A debt service reserve to be used in accordance with requirements specified in the contract entered into pursuant to § 570.705(b)(1).
- (c) The Borrower shall deliver to the Secretary contemporaneously with the delivery of this Contract and the Note:
- (i) original, executed copies of the Deposit Account Agreement and the Security Agreement, along with a UCC-1 Financing Statement.
 - (ii) an opinion of Borrower's counsel on its letterhead, addressed and satisfactory to the Secretary, that the Deposit Account Agreement and the Security Agreement are valid and legally binding obligations, enforceable in accordance with their terms.
- (d) Paragraph 12 is amended by adding at the end thereof the following language:
- "(g) The Secretary may exercise or enforce any and all other rights or remedies (including any and all rights and remedies available to a secured party under the Uniform Commercial Code) available by law or agreement against the Borrower or against any other person or property."
- (e) The Borrower agrees that failure to maintain the D/S Reserve Account and to perform other obligations of the Borrower as set forth in the Deposit Account Agreement and the Security Agreement shall constitute a default (an "Event of Default") under this Contract. Upon the occurrence of an Event of Default, the Secretary may (without prior notice or hearing, which Borrower hereby expressly waives), in addition to (and not in lieu of) exercising any and all remedies that may be available to the Secretary, declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph shall not affect the right of the Secretary to declare the Note in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.
- (f) Additional Grounds for Default. Notice of Default. Restriction of Pledged Grants. Availability of Other Remedial Actions.
- (i) The Borrower acknowledges and agrees that the

Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2014 to: (A) pay when due the payments to become due on the Note, or (B) defease (or, if permitted, prepay) the full amount outstanding on the Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs (ii) and (iii) below (without notice or hearing, which the Borrower expressly waives).

(ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f) above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding amounts at the time a Pledged Grant is approved or by disapproving payment requests (drawdowns) submitted with respect to Pledged Grants.

(iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above, the Secretary may declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph (iii) shall not affect the right of the Secretary to declare the Note and/or this Contract in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

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THE UNDERSIGNED, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Secretary.

City of Pompano Beach, Florida
BORROWER

Witnesses:

CITY OF POMPANO BEACH

By: _____
LAMAR FISHER, MAYOR

By: _____
DENNIS W. BEACH, CITY MANAGER

Attest:

(SEAL)

ASCELETA HAMMOND, CITY CLERK

Approved As To Form:

GORDON B. LINN, CITY ATTORNEY

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

BY: _____
(Signature)

Marion Mollegen McFadden
(Name)

Deputy Assistant Secretary
for Grant Programs
(Title)

(Date)

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2015 by **LAMAR FISHER**, as Mayor, **DENNIS W. BEACH** as City Manager and **ASCELETA HAMMOND**, as City Clerk of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who are personally known to me.

NOTARY'S SEAL:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number

Note No. _____

Attachment 1

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
DEPOSIT ACCOUNT**

Name of Institution (and Branch)

Street

City, State, Zip Code

This account is established for funds received by the Borrower under Note(s) guaranteed by the United States Department of Housing and Urban Development (HUD) under the Section 108 Loan Guarantee Program (**Guaranteed Loan Funds Account**).

This account is established for repayment of the Note(s) guaranteed by HUD under the Section 108 Loan Guarantee Program (**Loan Repayment Account**).

This account is established as a debt service reserve under the Section 108 Loan Guarantee Program (**Debt Service Reserve Account**).

You are hereby authorized and requested to establish a deposit account to be specifically designated:

"[Name of Borrower] _____, as Trustee of United States Department of Housing and Urban Development." All deposits made into such account shall be subject to withdrawal therefrom by the Borrower named below, unless and until HUD provides you with a notice that it is assuming control over the account. Thereafter withdrawals may not be made by the Borrower. Within a reasonable period of time, not to exceed two business days, after your receipt of such notice from HUD, you shall so prevent such Borrower withdrawals and, if requested by HUD in writing, shall thereafter forward monthly to HUD, to an account it specifies in its notice, the collected and available balance in such account.

You are further authorized, after receipt of the notice from HUD, to refuse to honor any instrument drawn upon or withdrawals from such account by parties other than HUD. In no instance shall the funds in the deposit account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by you. You are permitted,

however, to debit from the account your customary fees and charges for maintaining the account and the amount of any deposits that are made to the account and returned unpaid for any reason.

Such account shall also be subject to your standard agreement and documents relating to the opening and maintenance of bank accounts with you. In the event of any conflict between this Letter Agreement and such agreements and documents, this Letter Agreement shall control.

This letter is submitted to you in duplicate. Please execute the duplicate copy of the certificate below, acknowledging the existence of such account, so that we may present the copy signed by you to HUD.

Name of Borrower: _____

By: _____ Date: _____
[Signature]

Name and Title: _____

The undersigned institution certifies to the United States Department of Housing and Urban Development (HUD) that the account identified is in existence in this institution under account number: _____, and agrees with the Borrower named above and HUD to promptly comply with HUD's notice in the manner provided in the above letter, but in no event to exceed two business days. The undersigned institution further agrees, after receipt of the HUD notice as set forth above, to refuse to honor any instruments drawn upon or withdrawals from such account by parties other than HUD. In no instance shall the funds in the deposit account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the institution, except as set forth above. Deposits in this institution are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration up to statutory limits.

Name of Institution: _____

By: _____ Date: _____
(Signature)

Name and Title: _____

Note No. _____

Attachment 2

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
INVESTMENT ACCOUNT**

Name of Institution (and Branch)

Street

City, State, Zip Code

This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Guaranteed Loan Funds Account (**Guaranteed Loan Funds Investment Account**).

This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Loan Repayment Account (**Loan Repayment Investment Account**).

This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Debt Service Reserve Account (**Debt Service Reserve Investment Account**).

You are hereby authorized and requested to hold obligations and assignments of those obligations in trust for the United States Department of Housing and Urban Development (HUD) in an account specifically designated:

"[Name of Borrower] _____, as Trustee of United States Department of Housing and Urban Development." All obligations and assignments shall be subject to release to the Borrower named below, unless and until HUD provides you with a notice that it is assuming control over the account. Thereafter, releases may not be made by the Borrower. Within a reasonable period of time, not to exceed two business days, after your receipt of such notice from HUD, you shall so prevent such Borrower releases and, if requested by HUD in writing, shall thereafter forward monthly to HUD, to an account it specifies in its notice, the collected and available balance in such account.

You are further authorized, after receipt of the notice from HUD, to refuse to honor any request for release of the obligations and assignments from such account by parties other than HUD. In no instance shall the obligations in this account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by you. You are permitted, however, to debit from the account your customary fees and charges for maintaining the account and the amount of any deposits that are made to the account and returned unpaid for any reason.

Such account shall also be subject to your standard agreement and documents relating to the opening and maintenance of bank accounts with you. In the event of any conflict between this Letter Agreement and such agreements and documents, this Letter Agreement shall control.

This letter is submitted to you in duplicate. Please execute the duplicate copy of the certificate below, acknowledging the existence of such account, so that we may present the copy signed by you to HUD.

Name of Borrower: _____

By: _____ Date: _____
[Signature]

Name and Title: _____

The undersigned institution certifies to the United States Department of Housing and Urban Development (HUD) that the account identified is in existence in this institution under account number: _____, and agrees with the Borrower named above and HUD to promptly comply with HUD's notice in the manner provided in the above letter, but in no event to exceed two business days. The undersigned institution further agrees, after receipt of the HUD notice as set forth above, to refuse to honor any request for release of the obligations and assignments from such account by parties other than HUD. In no instance shall the obligations in the account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the financial institution, except as set forth above. Deposits in this institution are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration up to the statutory limits..

Name of Institution: _____

By: _____ Date: _____
(Signature)

Name and Title: _____

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM**

VARIABLE/FIXED RATE NOTE

NOTE NUMBER: **B-13-MC-12-0026**

DATE OF NOTE: _____

BORROWER: **City of Pompano Beach,
Florida**

PRINCIPAL DUE DATES AND PRINCIPAL AMOUNT: Before the Conversion Date, the aggregate of Advances made for each applicable Principal Due Date specified in the Commitment Schedule to this Note; on or after the Conversion Date, the Principal Amount (if any) listed for each Principal Due Date in Schedule P & I hereto.

Infrastructure Fund

MAXIMUM COMMITMENT
AMOUNT: **\$4,308,000**

COMMITMENT AMOUNTS: See
Commitment Schedule attached hereto.

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER: AFTERWATCH & CO
 As Nominee for
 Money Market Obligations Trust
 on behalf of its Government Obligations Fund

I. Terms Applicable Before the Conversion Date

A. Advances

For value received, the undersigned, the City of Pompano Beach, FL (the "Borrower"), which term includes any successors and assigns, a public entity organized and existing under the laws of the State (or Commonwealth as applicable) of Florida, promises to pay to the Registered Holder

(the "Holder," which term includes any successors or assigns), at the time, in the manner, and with interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the Holder for disbursement to, or on behalf of, the Borrower (individually, an "Advance", and collectively, "Advances"). The Holder shall make Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract for Loan Guarantee Assistance (as further defined in Section IV.A. of this Note, the "Contract"), and the Amended and Restated Master Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of May 17, 2000, between The Chase Manhattan Bank (now known as Bank of New York Mellon), as Fiscal Agent (the "Fiscal Agent"), and the Secretary. The total amount of Advances made for each Principal Due Date under this Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth on the Commitment Schedule attached hereto. The aggregate of all Advances under this Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount specified on the attached Commitment Schedule. The Fiscal Agent shall record the date and amount of all payments and Advances on this Note and maintain the books and records of all such Advances and Commitment Amounts for each corresponding Principal Due Date, and all payments. No Advances shall be made on this Note after its Conversion Date.

As used herein, "Conversion Date" means the date (if any) upon which this Note is (i) delivered by the Holder to the Fiscal Agent against payment therefore by the purchasers selected by the Secretary to make such payment; and (ii) assigned to Bank of New York Mellon (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement between the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented (the "Trust Agreement"). Upon the occurrence of both (i) and (ii) in the previous sentence, Section III of this Note applies, thereby converting this Note to a fixed rate obligation.

B. Variable Rate of Interest

From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable interest rate (as set forth below) on the unpaid principal balance of each Advance on the first day of each February, May, August and November (each, an "Interim Payment Date"), commencing on the first Interim Payment Date after the initial Advance is made under this Note. Interest also shall be paid on each applicable Conversion Date, Prepayment Date or Principal Due Date. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date following each Advance that is not made on an Interim Payment Date, the period from and including the date of such Advance to but excluding the first Interim Payment Date following such Advance. The amount of interest payable on this Note's Conversion Date, Prepayment Date, or on any Principal Due Date that precedes such Conversion Date will represent interest accrued during the

period from the last Interim Payment Date to such Conversion Date, Prepayment Date, or Principal Due Date, respectively.

The initial variable interest rate for each Advance will be set on the date of such Advance and will be equal to 20 basis points (0.2%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to 20 basis points (0.2%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the Conversion Date for this Note has not occurred by the March 1 following the initial Advance under this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the Conversion Date.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate for any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

C. Principal Amount

Prior to the Conversion Date, the aggregate amount of Advances under this Note for each specified Principal Due Date shall be the Principal Amount paid by the Borrower on such Principal Due Date (as assigned to such Advances by the Secretary's instructions to the Fiscal Agent in accordance with the Contract and the Fiscal Agency Agreement), except to the extent such Principal Amount shall have been reduced by redemption before such Principal Due Date as provided below.

D. Redemption before Conversion Date

At any time on or before the Conversion Date, the Borrower, with the consent of the Secretary, may redeem this Note, in whole or in part, upon fourteen calendar days notice to the Fiscal Agent and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid Principal Amount to be redeemed, plus accrued interest thereon to the date of redemption. Partial redemptions shall be credited against the applicable Principal Amount(s). The related Commitment Amounts and the Maximum Commitment Amount shall be adjusted concurrently with any such redemptions in accordance with the Secretary's instructions to the Fiscal Agent pursuant to the Contract and the Fiscal Agency Agreement.

II. Conversion

The following events shall occur on the Conversion Date:

A. Schedule P&I

On the Conversion Date all Advances owed by the Borrower under this Note with the same Principal Due Date shall be aggregated into a single Principal Amount which will accrue interest at the fixed rate applicable to such Principal Due Date. Such Principal Amount may be adjusted by the Fiscal Agent in accordance with the following paragraph or paragraph IV.H, as applicable. Whether or not adjusted, each Principal Amount, the fixed rate applicable to each Principal Amount, and the applicable Principal Due Date, shall be listed by the Secretary in Schedule P&I. Schedule P&I will be provided by the Secretary to the Fiscal Agent and attached to this Note by the Fiscal Agent upon the Fiscal Agent's receipt of this Note on the Conversion Date.

B. Conversion Date Advances

If, on or prior to the Conversion Date, the Borrower has not utilized the entire Commitment Amount indicated on the Commitment Schedule attached hereto for a given Principal Due Date, the Borrower may, in accordance with the Fiscal Agency Agreement and the Contract, and with the approval of the Secretary, utilize such Commitment Amount on the Conversion Date to obtain a Conversion Date Advance. A "Conversion Date Advance" shall mean any amount by which the Secretary instructs the Fiscal Agent to increase a Principal Amount on Schedule P&I for a given Principal Due Date, effective as of the Conversion Date of this Note. Conversion Date Advances shall be funded by the sale of this Note to the purchaser selected by the Secretary. The proceeds of a Conversion Date Advance (net of any applicable fees) shall be distributed to or on behalf of the Borrower on the Conversion Date. The total amount of Conversion Date Advances hereunder shall not exceed the sum of any unused Commitment Amounts for all Principal Due Dates.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is canceled, or matured and paid in full:

Commencing on the Conversion Date, the Borrower promises to pay to the Holder on the applicable Principal Due Date each Principal Amount set forth on the attached Schedule P&I, together with interest on each such Principal Amount at the rate applicable thereto specified on the Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below.

Interest on each scheduled Principal Amount of this Note due as of a given date specified on Schedule P&I hereto shall accrue at the related per annum rate specified on Schedule P&I from (and including) the Conversion Date to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. Each interest amount accrued on each unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each such February 1 and

August 1, an "Interest Due Date") commencing on the first such date after the Conversion Date, until each Principal Amount listed on Schedule P&I to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Certain Principal Amounts that are indicated as being eligible for Optional Redemption on Schedule P&I may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of such a Principal Amount, the Borrower shall give notice of its intention to prepay a Principal Amount to the Trustee and the Secretary not less than 60 days and not more than 90 days prior to the Interest Due Date as of which the Borrower intends to prepay the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on Schedule P&I may not be prepaid.

IV. General Terms

A. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York City are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, among the Secretary and the Borrower, the designated public entity named therein (if applicable), and the State named therein (if applicable), that refers to and incorporates this Note by the number hereof.

"Principal Amount" shall mean: (i) before the Conversion Date for this Note, the aggregate amount of Advances made for each Principal Due Date specified in the Commitment Schedule attached to this Note, less the amount of any redemptions pursuant to Section I.D. hereof, and any principal repayment; and (ii) on or after the Conversion Date, the principal amount (if any) stated for each Principal Due Date in Schedule P&I attached hereto, less the amount of any principal repayment and any Optional Redemptions made pursuant to Section III hereof and the Trust Agreement.

B. Timely Payment to Fiscal Agent or Trustee

Notwithstanding anything contained in Section I, Section II, or Section III, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payment, directly to the Fiscal Agent or the Trustee (as applicable) on the seventh Business Day prior to the appropriate Interim Payment Date, Interest Due Date, Principal Due Date, Prepayment Date, or date of Optional Redemption, as applicable.

C. Interest on Late Payments

If a payment of principal or interest herein provided for shall not be made by either (i) 2:30 p.m. on an Interest Due Date or Principal Due Date; or (ii) 2:30 p.m. on the second Business Day (as herein defined) next succeeding an Interim Payment Date, then interest shall accrue on the amount of such payment at the then applicable interest rate or rates payable on this Note, from the relevant due date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

D. Applicability of Fiscal Agency Agreement or Trust Agreement

Prior to the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the terms of the Fiscal Agency Agreement and are subject to such agreement. On or after the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the Trust Agreement and are subject to such agreement. The terms and provisions of the Fiscal Agency Agreement or the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. The Borrower hereby agrees to be bound by all obligations of the Borrower to the Fiscal Agent set forth in the Fiscal Agency Agreement. Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Fiscal Agency Agreement or Trust Agreement, as applicable. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including the duties of (i) paying agent and calculation agent for this Note until its Conversion Date, and (ii) registrar for this Note until this Note is canceled or a new registrar appointed, each in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of collection agent for this Note after its Conversion Date until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and Trustee each shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its respective corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

E. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and interest on the applicable Interim Payment Dates or Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

F. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due hereunder. If a Borrower defaults on the payment of any interest or Principal Amounts when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph of this Section IV.F, the Secretary may, but is not obligated to, make on any date on or prior to the Conversion Date with fourteen calendar days prior notice to the Fiscal Agent, or on the seventh Business Day preceding any Interest Due Date on or after the first permissible Optional Redemption date with seven Business Days prior notice to the Trustee, an acceleration payment to the Fiscal Agent or the Trustee, as applicable, equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such acceleration payment date or Interest Due Date, as applicable. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

G. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

H. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder, Fiscal Agent or Trustee, including Guarantee Payments; provided that prior to the Conversion Date, the Commitment Amounts on the Commitment Schedule attached hereto, and the Principal Amounts due on the corresponding Principal Due Dates may be rescheduled pursuant to written instructions given to the Fiscal Agent by the Secretary with the written agreement of the Borrower and the Secretary absent the consent of the Holder.

I. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

J. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

V. Borrower-Specific Provisions

[This space intentionally left blank]

THE UNDERSIGNED, as an authorized official of the Borrower, has executed and delivered this Note.

City of Pompano Beach, Florida
BORROWER

By: _____
(Signature)

(Name)

(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

(Name and Address of Assignee)

(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints _____
attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of
substitution.

Dated: _____

Note: The signature to this assignment
must correspond with the name as written on
the face of the Note without alteration or
enlargement or other change.

Signature Guaranteed:

Qualified Financial Institution

By: _____
Authorized Signature

[This page to be completed by the Fiscal Agent for transfer of the Note by the Holder as of the
Conversion Date pursuant to the last paragraph of Section I.A. of this Note.]

"CITY":

Witnesses:

CITY OF POMPANO BEACH

By: _____
LAMAR FISHER, MAYOR

By: _____
DENNIS W. BEACH, CITY MANAGER

Attest:

ASCELETA HAMMOND, CITY CLERK

(SEAL)

Approved As To Form:

GORDON B. LINN, CITY ATTORNEY

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2015 by **LAMAR FISHER**, as Mayor, **DENNIS W. BEACH** as City Manager and **ASCELETA HAMMOND**, as City Clerk of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who are personally known to me.

NOTARY'S SEAL:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number

APPENDIX A

Special Pre-Conversion Interest Rates.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing

within two Business Days following such dates of the determination of the Holder Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.

- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.

COMMITMENT SCHEDULE

Note No. B-13-MC-12-0026

<u>Principal Due Date</u>		<u>Commitment Amount</u>
August 1, 2015	\$	0
August 1, 2016		157,000
August 1, 2017		163,000
August 1, 2018		170,000
August 1, 2019		176,000
August 1, 2020		183,000
August 1, 2021		190,000
August 1, 2022		198,000
August 1, 2023		205,000
August 1, 2024		213,000
August 1, 2025		222,000
August 1, 2026		230,000
August 1, 2027		240,000
August 1, 2028		250,000
August 1, 2029		259,000
August 1, 2030		269,000
August 1, 2031		280,000
August 1, 2032		291,000
August 1, 2033		302,000
August 1, 2034		310,000
Maximum Commitment Amount =		\$4,308,000

SCHEDULE P&I*

Note No. B-13-MC-12-0026

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$	August 1, 2015			X
	August 1, 2016			X
	August 1, 2017			X
	August 1, 2018			X
	August 1, 2019			X
	August 1, 2020			X
	August 1, 2021			X
	August 1, 2022			X
	August 1, 2023			X
	August 1, 2024			X
	August 1, 2025		X	
	August 1, 2026		X	
	August 1, 2027		X	
	August 1, 2028		X	
	August 1, 2029		X	
	August 1, 2030		X	
	August 1, 2031		X	
	August 1, 2032		X	
	August 1, 2033		X	
	August 1, 2034		X	

\$ = Aggregate Principal Amount

Principal Amounts due on or after August 1, 2025, may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2024.

*This schedule will not be completed when initially executed and delivered by the Borrower for Guarantee for interim, variable-rate financing. It will be completed when assigned by the Holder at the request of the Borrower for conversion to Fixed Rates on the Conversion Date. The first date shown above on which Optional Redemption is available is expected to be the same when this schedule is completed, if the Borrower participates in the initial Section 108 public offering after receiving an interim financing Advance hereunder. If the Borrower participates in a later public offering, the first date on which Optional Redemption is available is expected to be correspondingly later.

ATTACHMENT 3

DEPOSIT ACCOUNT AGREEMENT

[StCAref 7-9-07]

THIS DEPOSIT ACCOUNT AGREEMENT ("Agreement") is made and entered into as of _____, by the City of Pompano Beach, a municipal corporation (the "City"), and the SECRETARY OF HOUSING AND URBAN DEVELOPMENT (the "Secured Party"), collectively the Parties (the "Parties").

The Parties agree, effective the dated date set forth above, as follows:

A. Pursuant to that certain Security Agreement of even date herewith, between the City and Secured Party, as amended, supplemented or otherwise modified from time to time (the "Security Agreement"), Secured Party has agreed to make a loan and extend other financial accommodations to City.

B. City has established a debt service reserve within _____, known as the "Fund Balance/Reserved for Debt Service/Reserve-Section 108 Loan Account" numbered _____, in the amount of \$ 387,500 (the "D/S Reserve Account").

C. The Parties hereto desire to enter into this Agreement in order to set forth their relative rights and duties with respect to the D/S Reserve Account and all funds on deposit therein from time to time.

D. Secured Party intends to terminate this Agreement and said D/S Reserve Account upon verification in a form acceptable to Secured Party that the Loan secured hereby has been paid in full or at such earlier time that the Parties shall mutually agree.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereafter set forth, the parties agree as follows:

1. Security Interest; Agency. As collateral security for City's obligations to Secured Party under the Security Agreement and the other loan documents described therein, City hereby grants to Secured Party a present and continuing security interest in (a) the D/S Reserve Account (b) all contract rights, claims, and privileges with respect to the D/S Reserve Account and (c) all cash, checks, money orders, and other items of value of City now or hereafter paid, deposited, credited, held (whether for collection, provisionally or otherwise), or otherwise in the possession or under the control of, or in transit to any agent, bailee, or custodian (collectively, "Receipts"), and all proceeds of the foregoing with respect to the D/S Reserve Account, and City acknowledges that this Agreement constitutes notice of Secured Party's security interest in that collateral and does hereby consent to the security interest. Secured Party appoints the City's Finance Director ("Director") as Secured Party's Bailee and pledgee in possession for the D/S Reserve Account and all Receipts, and Director hereby accepts such appointment and shall be bound by the terms of this Agreement. City hereby agrees to such appointment and further agrees that Director, on behalf of Secured party, shall be entitled to exercise, on the written instructions of Secured Party, all rights that Secured Party may have under the Security

Agreement, the other loan documents described therein, or under applicable law with respect to the D/S Reserve Account, all Receipts, and all other collateral described in this paragraph.

2. Control of D/S Reserve Account. The D/S Reserve Account shall be under the sole dominion and control of Secured Party, and Director will comply with Secured Party's instructions directing disposition of the funds in the D/S Reserve Account without further consent by City. The D/S Reserve Account shall be maintained by Director in the name of the City, and, unless and until a notice of default is provided by Secured Party (the terms of such notice shall be in the sole discretion of the Secured Party) to Director, City shall have the right from time to time to write checks against amounts from the D/S Reserve Account that are made payable to the Secured Party. Before Director's receipt of any such notice from Secured Party, Director shall be entitled to honor City's instructions and directions with respect to any transfer of funds from the D/S Reserve Account, if such transfers are to an account in the name of or held on behalf of the Secured Party. No other disbursements, withdrawals or transfers, by check, wire transfer, or otherwise, shall be permitted from the D/S Reserve Account without the written approval of the Secured Party.

3. Statements and Other Information.

a. City covenants and agrees that during the term of this Agreement, it will establish the D/S Reserve Account in the amount of \$387,500. All interest earnings on funds in the D/S Reserve Account shall be retained in that account. Debtor will not make any transfers or withdrawals from the Deposit Account except to make payments on the Loan, or any future loan made to Debtor by the Secured Party pursuant to an agreement that states that it is secured by the terms of this Agreement (a "Permitted Loan Payment"), and then only in the event Debtor has not other funds available to make such payments.

b. Upon Secured Party's request, Director shall provide Secured Party with copies of the regular monthly statements/reports provided to/by City and such other information relating to the D/S Reserve Account as shall reasonably be requested by Secured Party. Director shall also deliver a copy of all notices and statements required to be sent to City pursuant to any agreement governing or related to the D/S Reserve Account to Secured Party at such times as provided therein.

4. Fees. City agrees to pay on demand all usual and customary service charges, transfer fees, and account maintenance fees (collectively, "Fees") of Director in connection with the D/S Reserve Account. In the event City fails to make a timely payment to Director of any Fees, Director may thereafter exercise its right of setoff against the D/S Reserve Account for such amounts. Secured Party shall not have any responsibility or liability for the payment of any Fees.

5. Setoff. Director hereby agrees that Director will not exercise or claim any rights of setoff or security interest or Director's lien against the D/S Reserve Account or any Receipts on deposit therein, and Director hereby further waives any such right or lien that it may have against any Receipts deposited in the D/S Reserve Account, except to the extent expressly set forth in paragraph 4 above.

6. Exculpation of Director; Indemnification by City. City and Secured Party agree that Director shall have no liability to either of them for any loss or damage that either or both may claim to have suffered or incurred, either directly or indirectly, by reason of this Agreement or any transaction or service contemplated by its provisions, unless occasioned by the gross negligence or willful misconduct of Director. In no event shall Director be liable for losses or delays resulting from computer malfunction, interruption of communication facilities, labor difficulties, or other causes beyond Director's reasonable control or for indirect, special or consequential damages. City agrees to indemnify Director and hold him or her harmless from and against any and all claims, other than those ultimately determined to be founded on gross negligence or willful misconduct of Director, and from and against any damages, penalties, judgments, liabilities, losses, or expenses (including reasonable attorney fees and disbursements) incurred as a result of the assertion of any claim, by any person or entity, arising out of, or otherwise related to, any transaction conducted or service provided by Director through the use of any account at Director pursuant to the procedures provided for or contemplated by this Agreement.

7. Termination. This Agreement may be terminated by City only upon delivery to Director of a written notification jointly executed by City and Secured Party. This Agreement may be terminated by Secured Party at any time, with or without cause, upon its delivery of written notice to City and Director.

8. Irrevocable Agreements. City acknowledges that the agreement made by it and the authorizations granted by it in paragraphs 1 and 2 are irrevocable and that the authorizations granted in paragraph 2 and 3 are powers coupled with an interest.

9. Notices. All notices, requests, or other communications given to City, Secured Party, or Director shall be given in writing (including by facsimile at the address specified on the signature page, or at such other address as specified by either party in writing).

10. Miscellaneous.

a. This Agreement may be amended only by a written instrument executed by Secured Party and City acting by their respective duly authorized representatives.

b. This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, but City shall not be entitled to assign or delegate any of its rights or duties under this Agreement without first obtaining the express prior written consent of Secured Party.

c. This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

d. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE of Florida.

THE UNDERSIGNED, as authorized officials of the parties, have executed and delivered this Deposit Account Agreement as of the day and year first above set forth.

CITY

SECURED PARTY

City of Pompano Beach, a Municipal Corporation

Secretary of Housing and Urban Development

By: _____
Lamar Fisher

By: _____
[name]

Its: Mayor

Its:

Address:

Address:

100 West Atlantic Boulevard
Pompano Beach, FL 33060

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street SW, Room 7180
Washington, DC 20410

"CITY":

Witnesses:

CITY OF POMPANO BEACH

By: _____
LAMAR FISHER, MAYOR

By: _____
DENNIS W. BEACH, CITY MANAGER

Attest:

ASCELETA HAMMOND, CITY CLERK

(SEAL)

Approved As To Form:

GORDON B. LINN, CITY ATTORNEY

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2015 by **LAMAR FISHER**, as Mayor, **DENNIS W. BEACH** as City Manager and **ASCELETA HAMMOND**, as City Clerk of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who are personally known to me.

NOTARY'S SEAL:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number

SECURITY AGREEMENT

The CITY OF POMPANO BEACH, a municipal corporation ("Debtor"), and the SECRETARY OF HOUSING AND URBAN DEVELOPMENT ("Secured Party"), agree, effective _____, as follows:

1. Background and Purpose.

1.1 Secured Party has agreed to make a loan to Debtor in the amount of Four Million Three Hundred and Eight Million Dollars (\$4,308,000) for Project No. B-13-MC-12-0026, (the "Loan").

1.2 Concurrently with entering into this Agreement, the Debtor and Secured Party have entered into a Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974 as Amended, 42 USC Section 5308 (the "Contract").

1.3 As a condition to entering into the Contract for, and guaranteeing the Loan, Secured Party has required that Debtor provide security for the Loan pursuant to the Contract and this Agreement. Debtor has agreed to pledge collateral to secure repayment of the Loan.

1.4 The parties desire to set forth more fully the terms of their agreement.

2. Grant of Security Interest. To secure Debtor's Obligations defined in paragraph 3 below, Debtor grants to Secured Party a security interest in the Collateral, defined in paragraph 4 below.

3. Obligations. For purposes of this Agreement, "Obligations" means any and all debts, obligations and liabilities of Debtor to Secured Party arising out of, or relating in any way to the obligations and liabilities of Debtor to Secured Party arising out of, or relating in any way to the Contract, the variable fixed rate note executed by Debtor (the "Note"), and any obligations of Debtor to Secured Party pursuant to this Agreement, whether or not existing or hereafter arising, voluntary or involuntary, jointly owned with others, direct or indirect, or absolute or contingent, and whether or not from time to time increased, decreased, extinguished, created or incurred.

4. Collateral. For purposes of this Agreement, "Collateral" means:

4.1 The account within the Treasury of the City of Pompano Beach, known as the "Fund Balance/Reserved for Debt Service/Reserve-Section 108 Loan" Account," number _____, in the amount of \$387,500 (the "D/S Reserve Account").

The parties shall cooperate in obtaining the greatest interest rate on funds in the D/S Reserve Account. Upon payment in full of all payments due and owing under the Contract and Note, all funds in the D/S Reserve Account shall be released from the lien of this Agreement.

5. Representations and Warranties. As a material inducement to Secured Party hereunder, Debtor represents and warrants that the following are and shall remain true and correct:

5.1 Title. Debtor is the owner of or controls all right, title and interest in the Collateral free and clear of all liens, encumbrances and security interests, except the security interest created by this Agreement.

5.2 Truth: All information that Debtor has provided to Secured Party concerning the Collateral is true and correct.

5.3 No Defenses. No defenses, offsets, claims or counterclaims exist against Debtor which may be asserted against Secured Party in any proceeding to enforce Secured Party's rights in the Collateral.

5.4 No Conflict. The execution, delivery and performance of this Agreement by Debtor is not in violation of any applicable law or regulation or contractual obligation of Debtor.

5.5 First Priority Lien. The liens granted to Secured Party under this Agreement are a valid and binding pledge of Collateral by the Debtor pursuant to, without limitation, Government Code section 5451, and will constitute a first priority lien on the Collateral upon the filing of a Uniform Commercial Code (UCC-1) Financing Statement and entry into the Deposit Account Agreement more fully described in Section 6.1. Debtor's grant of such lien to Secured Party does not constitute a fraudulent conveyance under any applicable law.

6. Covenants of Debtor.

6.1 Protection of Security Interest. Contemporaneously with the execution of this Agreement, Debtor shall properly execute and deliver to Secured Party a UCC-1 Financing Statement and a Deposit Account Agreement by and between the Debtor and Secured Party, in a form approved by the Secured Party, each to enable Secured Party to perfect its security interest in the Collateral. Debtor agrees also to execute, file and record such other statements, notices and agreements, take such action and obtain such certificates and documents, in accordance with all applicable laws, statutes and regulations as may be necessary or advisable to perfect, evidence and continue Secured Party's security interest in the Collateral.

6.2 Transactions Involving Collateral. Debtor shall not, without the prior written consent of Secured party and except as required by law, (i) sell, offer to sell, or otherwise transfer the Collateral except in the ordinary course of business, or (ii) pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest or charge, other than the security interest created by this Agreement.

6.3 Compliance with Laws. Debtor shall comply with all laws, statutes and regulations pertaining to the Collateral.

6.4 Taxes, Assessments and Liens. Debtor shall pay when due all taxes, assessments and liens with regard to the Collateral. Debtor may withhold any such payment or may elect to

contest any lien if Debtor is conducting appropriate proceedings in good faith to contest the obligation to pay and so long as Secured Party's interest is not jeopardized.

7. Authorized Action by Secured Party. Debtor irrevocably appoints Secured Party as its attorney in fact to do any act which Debtor is obligated to do pursuant to this Agreement to preserve or protect the Collateral and to preserve, protect or establish Secured Party's lien on the Collateral. Debtor further irrevocably appoints Secured Party to exercise such rights and powers as Debtor might exercise with respect to the Collateral following an Event of Default, as defined below. These powers shall include without limitation the right to (i) collect by legal proceedings or otherwise and endorse, receive and receipt all dividends, interest, payments, proceeds, and other sums and property now or hereafter payable on account of the Collateral, (ii) transfer the Collateral to its own or its nominee's name and (iii) make any compromise or settlement and take any action Secured Party deems advisable with respect to the Collateral. Debtor agrees to reimburse Secured Party upon demand for any costs and expenses, including without limitation attorneys' fees, which Secured Party may incur while acting as Debtor's attorney in fact hereunder, all of which costs and expenses are included in the Obligations secured hereby. Secured Party shall have no obligation to act pursuant to this paragraph and shall not be required to make any presentment, demand or protest, or give any notice or take any action to preserve any rights against any other person in connection with the Collateral.

8. Defaults and Remedies.

8.1 Event of Default. Any of the following events or conditions shall constitute an Event of Default under this Agreement.

- (a) Default in payment of the Obligations in accordance with the terms of the Loan Agreement;
- (b) Default in the performance of any Obligations or breach of any agreement, representation or warranty contained in this Agreement, the Loan, the Loan Agreement or the Deposit Account Agreement;
- (c) Any levy or proceeding against the collateral or Debtor's interest therein, except if Debtor is conducting appropriate proceedings in good faith to contest the levy or proceeding; or
- (d) The filing of a petition by or against Debtor under the provisions of the Bankruptcy Code.

8.2 Remedies. Upon the occurrence of an Event of Default, and at any time thereafter, Secured Party:

- (a) Shall have and may exercise all rights and remedies accorded to Secured Party by the California Uniform Commercial Code, or by law;

(b) May declare all unperformed Obligations, in whole or in part, of Debtor immediately due and payable without demand or notice;

(c) May require Debtor to take any and all action necessary to make the Collateral available to Secured Party, and;

(d) May immediately satisfy any default in whole or in part by withdrawing funds from the D/S Reserve Account.

8.3 Remedies Cumulative. All of Secured Party's rights and remedies, whether evidenced hereby or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Secured Party to pursue any remedy shall not exclude pursuit of any other remedy.

9. Waiver of Hearing. Debtor expressly waives any constitutional or other right to a judicial hearing prior to the time Secured Party takes possession or disposes of the Collateral upon an Event of Default as provided in paragraph 8 above.

10. Waiver. Secured Party shall not be deemed to have waived any rights under this Agreement unless such waiver is in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right.

11. Additional Documentation; Cooperation. Each party shall, upon the request of the other, execute, acknowledge and deliver to the other any instrument that may be required to accomplish the intent of this Agreement. Each party agrees to cooperate to effectuate the intent of this Agreement and shall take all appropriate action necessary or useful in doing so.

12. Miscellaneous.

12.1 Successors and Assigns. Subject to the provisions otherwise contained in this Agreement, this Agreement shall inure to the benefit of and be binding on the successors and assigns of the respective parties.

12.2 Notices. Any notice under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given (i) on the date of personal service on the addressee (ii) on the third business day after mailing, if the document is mailed by certified mail, (iii) one day after being sent by overnight courier or messenger service guaranteeing one-day delivery, with receipt confirmed by the courier, or (iv) on the date of transmission if sent by telecopy or other means of electronic transmission resulting in written copies, with receipt confirmed. Any such notice shall be delivered or addressed to the applicable party at the applicable address set forth below or at the most recent address specified by the addressee through written notice under this provision. Failure to conform to the requirement that mailings be done by the means set forth herein shall not defeat the effectiveness of notice actually received by the addressee.

12.4 Attorneys' Fees; Prejudgment Interest. If the services of an attorney are required by Secured Party to secure the performance of this Agreement or otherwise upon the breach or default of this Agreement, or if any judicial remedy or arbitration is necessary to enforce or interpret any provision of this Agreement or the rights and duties of any person in relation thereto, Secured Party shall be entitled to reasonable attorneys' fees, costs and other expenses, in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy or arbitration as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law.

12.5 Captions. All paragraph captions are for reference only and shall not be considered in construing this Agreement.

12.6 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement which can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.

12.7 Governing Law. The rights and obligations of the parties and the interpretation and performance of this Agreement shall be governed by the laws of Florida, excluding its conflict of laws rules.

12.8 Entire Agreement. This document, the Contract, Note and any exhibits, and the Deposit Account Agreement constitute the entire agreement between the parties regarding the Collateral, all oral agreements being merged herein, and supersede all prior representations. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the parties relating to the subject matter of this Agreement that are not fully expressed herein or therein.

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

DEBTOR

City of Pompano Beach, a municipal Corporation

By: _____
Lamar Fisher

Its: Mayor

Address:

City of Pompano Beach
100 W. Atlantic Blvd.
Pompano Beach, FL 33060

SECURED PARTY

Secretary of Housing and Urban Development

By: _____

Its:

Address:

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street SW, Room 7180
Washington, DC 20410

APPROVED AS TO FORM:

CITY ATTORNEY

"CITY":

Witnesses:

CITY OF POMPANO BEACH

By: _____
LAMAR FISHER, MAYOR

By: _____
DENNIS W. BEACH, CITY MANAGER

Attest:

ASCELETA HAMMOND, CITY CLERK

(SEAL)

Approved As To Form:

GORDON B. LINN, CITY ATTORNEY

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me this _____ day of _____, 2015 by **LAMAR FISHER**, as Mayor, **DENNIS W. BEACH** as City Manager and **ASCELETA HAMMOND**, as City Clerk of the City of Pompano Beach, Florida, a municipal corporation, on behalf of the municipal corporation, who are personally known to me.

NOTARY'S SEAL:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Acknowledger Typed, Printed or Stamped)

Commission Number