

Meeting Date: Mar. 11, 2008 [] Consent [X] Regular
 [] Ordinance [] Public Hearing

Department: Office of Financial Management & Budget

1. Bond Resolution (On File in OFMB)

3/4/08
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
Debt Service Costs	<u>2.022M</u>	<u>2.390M</u>	<u>2.265M</u>	<u>2.124M</u>	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	_____	_____	_____	_____	_____
No. ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes _____ No _____
Budget Account No.: Fund _____ Department _____ Unit _____
Object _____ Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

Net revenues of the water and sewer system will pay the debt service.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

John A. Long N/A
OFMB Contract Dev. and Control

B. Legal Sufficiency:

Paul F. [Signature] 3/5/08
Assistant County Attorney

C. Other Department Review:

Department Director

REVISED 9/03

ADM FORM 01

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.)

RESOLUTION No. R2008-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA: SUPPLEMENTING RESOLUTION NO. R-83-555 OF THE COUNTY, AS AMENDED AND SUPPLEMENTED; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$6,500,000 PRINCIPAL AMOUNT OF PALM BEACH COUNTY, FLORIDA WATER AND SEWER REVENUE REFUNDING BOND, SERIES 2008 IN CONNECTION WITH THE REFUNDING OF ALL OF THE COUNTY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1985; PROVIDING FOR CERTAIN OTHER DETAILS RELATING TO THE 2008 BOND; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO DO ALL ACTS NECESSARY AND PROPER FOR CARRYING OUT THE TRANSACTIONS CONTEMPLATED BY THE RESOLUTION; PROVIDING FOR THE REPEAL OF PRIOR INCONSISTENT RESOLUTIONS OR PROCEEDINGS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners (the "Board") of Palm Beach County, Florida (the "County") previously adopted Resolution No. R-83-555 on May 10, 1983, as amended on September 20, 1983 and on August 23, 1984, as amended and supplemented (the "Bond Resolution"), particularly as supplemented by Resolution No. R-85-901 adopted by the Board on June 4, 1985 authorizing the issuance of the County's Water and Sewer Revenue Bonds, Series 1985 (the "1985 Bonds"), as supplemented by Resolution No. R-85-902 adopted by the Board on June 4, 1985 and Resolution R-99-1268 adopted by the Board on July 27, 1999.

WHEREAS, the Bond Resolution authorizes the issuance of additional parity bonds for the purpose of refunding any Bonds then outstanding; and

WHEREAS, upon advice of its Financial Advisor, and based on the major deterioration of United States credit markets, the Board of County Commissioners has determined it is in the best interest of the County to (1) refund all of the outstanding 1985 Bonds (the "Refunded Bonds"), and (2) to pay costs of issuance; and

WHEREAS, in connection with the proposed refunding of the Refunded Bonds and related costs it is necessary for the County to authorize the issuance of its not to exceed in principal amount \$6,500,000 Palm Beach County, Florida Water and Sewer Revenue Refunding Bond, Series 2008 (the "2008 Bond"); and

WHEREAS, Wachovia Bank, National Association (the "Bank") has agreed to purchase the 2008 Bond in accordance with the terms of a Loan Agreement (the "Loan Agreement") in substantially the form attached hereto as Exhibit A; and

WHEREAS, in light of rapidly changing market conditions, the Board believes it to be in the best interest of the Board that, subject to fulfillment of the requirements set forth below, the transactions authorized and contemplated under this Resolution be undertaken in the manner described herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. Authorization of Issuance of the 2008 Bond. The issuance of up to Six Million Five Hundred Dollars (\$6,500,000) aggregate original principal amount of Palm Beach County, Florida Water and Sewer Revenue Refunding Bond, Series 2008, is hereby authorized, subject to the provisions hereof, the Bond Resolution and the Loan Agreement.

SECTION 2. Description and Terms of the 2008 Bond. The text of the 2008 Bond shall be substantially in the forms attached as Exhibit A to the Loan Agreement, with such omissions, insertions and variations as may be necessary and desirable. Each Bond shall be in typewritten form and shall be dated the date of its delivery and bear interest from its date at the rate or rates set forth in the Loan Agreement.

The 2008 Bond shall bear interest at such rate or rates, payable at such times as set forth in the Loan Agreement.

All payments of principal of and interest on the 2008 Bond shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts and shall be made to the 2008 Bondholder thereof by check mailed to the 2008 Bondholder at the address designated in writing by the 2008 Bondholder for purposes of payment or by bank wire or bank transfer as such 2008 Bondholder may specify in writing to the County or otherwise as the County and such 2008 Bondholder may agree.

The 2008 Bond shall be subject to prepayment in accordance with the Loan Agreement.

SECTION 3. 2008 Bond Requirements. The County hereby finds that all of the requirements of the Bond Resolution for the issuance of the 2008 Bond have been met or will be met at the time of issuance thereof.

SECTION 4. Application of Proceeds of 2008 Bond. The proceeds shall be applied simultaneously with the delivery of the 2008 Bond, as follows:

(A) An amount equal to accrued interest, if any, shall be deposited in the Interest Account in the Sinking Fund established under the Bond Resolution and shall be used to pay interest on the 2008 Bond.

(B) A sufficient amount of 2008 Bond proceeds, together with other legally available moneys, shall be applied to promptly retire the Refunded Bonds.

(C) The balance of the 2008 Bond proceeds shall be applied to the payment of costs and expenses relating to the issuance of the 2008 Bond.

SECTION 5. Transfer of Remaining Moneys, Conditional Notice of Redemption. Simultaneously with the delivery of the 2008 Bond to the purchasers thereof and the refunding of the Refunded Bonds, all amounts in the Principal Account, the Interest Account and the Bond Redemption Account in the Sinking Fund allocable to the Refunded Bonds, shall be applied to promptly redeem the Refunded Bonds. Additionally, the County may provide notice of redemption of the Refunded Bonds in advance of the issuance of the 2008 Bond, which notice of redemption may be conditioned upon the issuance of the 2008 Bond by a date set forth in such notice of redemption.

SECTION 6. The Loan Agreement. The Loan Agreement, in substantially the form submitted to this meeting, be and the same hereby is approved. The Chairperson or the Vice Chair of the Board is hereby authorized and directed to execute, and the Clerk, or any Deputy Clerk of the Board to attest, the Loan Agreement and to deliver the same to the Bank substantially in the form presented to this meeting, but with such changes, insertions and omissions (upon advice of the County Attorney, Bond Counsel and the Financial Advisor to the County) as shall be approved by the Chairperson or Vice Chair (such approval to be conclusively evidenced by the execution and delivery thereof), and the Clerk, or any Deputy Clerk is hereby authorized and directed to affix and attest the seal of the Board thereto. Additionally, the execution and delivery of the Loan Agreement shall be subject to delivery by the B of a truth-in-bonding statement and disclosure statement as required by Section 218.385 of the Florida Statutes.

SECTION 7. Escrow Deposit Agreement Authorized. In the event that the County does not promptly redeem the Refunded Bonds, the County may execute and deliver an escrow deposit agreement in form and substance as shall be acceptable to Bond Counsel and the County Attorney.

SECTION 8. Negotiated Sale. The County hereby adopts the recommendations of the County's Financial Advisor. The County hereby finds, that it would be in the best interests of the County that the 2008 Bond be sold on a negotiated basis.

SECTION 9. Authorization for Purchase of U.S. Obligations. In the event that the County shall execute and deliver an escrow deposit agreement related to the Refunded Bonds, the Chairperson and the Vice Chair of the Board be, and each of them, or any member or associate attorney of Edwards Angell Palmer & Dodge LLP any authorized representative of the Underwriters, the County's Financial Advisor, or the escrow agent, be and the same and each are hereby authorized on behalf of the County to file subscriptions for and to purchase U.S. Obligations (as defined in the escrow deposit agreement) in such amounts, maturing at such times and bearing such rates of interest as shall be necessary (taking into account any moneys or other securities deposited with the escrow agent at the same time for such purpose) to pay when due the principal of, redemption premium, if any, and interest on the Refunded Bonds; and to take such other actions as he may deem necessary or appropriate to effectuate the purchase of said securities. All actions

taken prior to date of the adoption of this Resolution in connection with subscribing for the purchase of U.S. Obligations is hereby ratified and confirmed.

SECTION 10. Further Authorization. The Chairperson, Vice Chair, Clerk, Deputy Clerk, County Administrator, Debt Manager, members of the Board and other proper officers of the County, are and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

SECTION 11. Effective Date. This Resolution shall take effect immediately upon its adoption.

SECTION 12. Repeal. All resolutions or proceedings, or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict hereby repealed.

The following resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____, and upon being put to a vote, the motion passed as follows:

Commissioner ADDIE GREENE	_____
Commissioner JEFF KOONS	_____
Commissioner KAREN T. MARCUS	_____
Commissioner ROBERT J. KANJIAN	_____
Commissioner MARY MCCARTY	_____
Commissioner BURT AARONSON	_____
Commissioner JESS R. SANTAMARIA	_____

The Chairperson thereupon declared the resolution duly passed and adopted this ____ day of March, 2008.

PALM BEACH COUNTY, FLORIDA,
BY ITS BOARD OF COUNTY COMMISSIONERS

Sharon R. Bock, Clerk & Comptroller

By: _____
Deputy Clerk

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

By: Paul F. [Signature]
County Attorney

LOAN AGREEMENT

BETWEEN

PALM BEACH COUNTY, FLORIDA

AND

WACHOVIA BANK, NATIONAL ASSOCIATION

Dated: March 31, 2008

This **LOAN AGREEMENT** (the "Agreement") is made and entered on March 31, 2008, by and between Palm Beach County, Florida, a political subdivision of the State of Florida, and its successors and assigns (the "County"), and Wachovia Bank, National Association, a national banking association and its successors and assigns (the "Financial Institution");

WITNESSETH:

WHEREAS, the Board of County Commissioners (the "Board") of Palm Beach County, Florida (the "County") previously adopted Resolution No. R-83-555 on May 10, 1983, as amended on September 20, 1983, as amended and supplemented (the "1983 Bond Resolution"), particularly as supplemented by Resolution No. R-85-901 adopted by the Board on June 4, 1985 authorizing the issuance of the County's Water and Sewer Revenue Bonds, Series 1985 (the "1985 Bonds"), as supplemented by Resolution No. R-85-902 adopted by the Board on June 4, 1985 and Resolution R-99-1268 adopted by the Board on July 27, 1999; and

WHEREAS, the 1983 Bond Resolution authorizes the issuance of additional parity bonds for the purpose of refunding any Bonds (as defined in the 1983 Bond Resolution) then outstanding; and

WHEREAS, upon advice of its Financial Advisor, and based on the major deterioration of United States credit markets, the Board of County Commissioners has previously determined it is in the best interest of the County to (1) refund all of the outstanding 1985 Bonds (the "Refunded Bonds"), and (2) to pay costs of issuance; and

WHEREAS, in connection with the proposed refunding of the Refunded Bonds and related costs the Board adopted County Resolution No. R-2008-___ (the "2008 Bond Resolution") on March 11, 2008 to authorize the issuance of its not to exceed in principal amount \$6,500,000 Palm Beach County, Florida Water and Sewer Revenue Refunding Bond, Series 2008 (the "2008 Bond"); and

WHEREAS, the Financial Institution is willing to loan to the County, and the County is willing to borrow pursuant to the terms and provisions of this Agreement, moneys in an aggregate principal amount of not exceeding \$6,500,000 to refund the Refunded Bonds.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, DO HEREBY AGREE as follows:

ARTICLE I

DEFINITION OF TERMS

SECTION 1.01. Definitions. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings in this Article I specified, unless the context clearly

requires otherwise. All capitalized terms used in this Agreement not otherwise herein defined shall have the meanings ascribed to such terms in the 1983 Bond Resolution (as defined below).

"Act" shall mean the Constitution and laws of the State of Florida, including particularly, Chapters 125, 153 and 166 of the Florida Statutes, the County Charter and other applicable provisions of law.

"Agreement" shall mean this Loan Agreement, dated March 31, 2008, between the County and the Financial Institution and any and all modifications, alterations, amendment and supplements hereto made in accordance with the provisions hereof.

"Board" shall mean the Board of County Commissioners of Palm Beach County, Florida.

"Bond Counsel" shall mean Edwards Angell Palmer & Dodge LLP or any other law firm appointed by the County, having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Holder" shall mean Wachovia Bank, National Association, or any successor registered holder of the Series 2008 Bond.

"Bonds" shall mean any parity obligations issued under the 1983 Bond Resolution.

"Code" shall mean the Internal Revenue Code of 1986, as amended, the applicable Treasury Regulations promulgated thereunder and any administrative or individual interpretations of the same published in a form on which the County may rely as a matter of law.

"County" shall mean Palm Beach County, Florida, a political subdivision of the State of Florida.

"Financial Institution" shall mean Wachovia Bank, National Association, and its successors and assigns.

"Interest Rate on the Series 2008 Bond" shall mean an annual rate of interest, which shall be equal to 3.25%, which rate shall be subject to adjustment as provided in the Series 2008 Bond.

"Loan" shall mean the outstanding principal amount from time to time of the Series 2008 Bond issued hereunder.

"1983 Bond Resolution" shall mean Resolution No. R-83-555 adopted by the Board on May 10, 1983, as amended on September 20, 1983, as amended and supplemented, particularly as supplemented by Resolution No. R-85-901 adopted by the Board on June 4, 1985 authorizing the issuance of the County's Water and Sewer Revenue Bond, Series 1985, as supplemented by Resolution No. R-85-902 adopted by the Board on June 4, 1985 and Resolution No. 99-1268 adopted by the Board on July 27, 1999.

“Payment Date” shall mean: (i) with respect to principal, each October 1, commencing on October 1, 2008 or on any date the principal of the Series 2008 Bond is optionally prepaid in whole or in part (each a “Principal Payment Date”), with respect to interest, April 1 and October 1 (each an “Interest Payment Date”) of each year commencing on October 1, 2008 or any date the principal of the Series 2008 Bond is optionally prepaid in whole or in part and (ii) the Maturity Date (October 1, 2011).

“Series 2008 Bond” shall mean the Series 2008 Bond authorized by the 2008 Bond Resolution and delivered by the County to the Bond Holder pursuant to this Agreement.

“2008 Bond Resolution” shall mean Resolution No. R-2008-____, adopted by the Board on March 11, 2008.

SECTION 1.02. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. Any capitalized terms used in this Agreement not herein defined shall have the meaning ascribed to such terms in the 1983 Bond Resolution.

This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

SECTION 1.03. Titles and Headings. The titles and headings of the articles and sections of this Agreement have been inserted for convenience of reference only and are not be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

(End of Article I)

ARTICLE II

REPRESENTATIONS, WARRANTIES, AND COVENANTS

SECTION 2.01. Representations by the County. The County represents and warrants that:

(1) The County is a political subdivision of the State of Florida. Pursuant to the 2008 Bond Resolution, the County has authorized the issuance of the Series 2008 Bond and the execution and delivery of this Agreement, and the performance by the County of all of its obligations hereunder and under the Series 2008 Bond, and the County has the power and authority to execute and deliver this Agreement.

(2) The County has complied with all of the provisions of the constitution and laws of the State, including the Act, and has full power and authority to enter into and consummate all transactions contemplated by this Agreement, the 1983 Bond Resolution or under the Series 2008 Bond, and to perform all of its obligations hereunder and the transactions contemplated hereby do not conflict with the terms of any statute, order, rule, regulation, judgment, decree, agreement, instrument or commitment to which the County is a party or by which the County is bound.

(3) There are no actions, suits or proceedings pending or, to the knowledge of the County, threatened against or affecting the County or involving the validity or enforceability of this Agreement, the 1983 Bond Resolution, the 2008 Bond Resolution or the Series 2008 Bond, at law or in equity, or before or by any governmental authority, except actions, suits and proceedings that are fully covered by insurance or that, if adversely determined, would not materially impair the ability of the County to perform the County's obligations under this Agreement or under the Series 2008 Bond.

(4) The financial information furnished to Financial Institution in connection with County's Loan hereunder is complete and accurate, and County has no known undisclosed direct or contingent liability.

(5) The County has not incurred any debts, liabilities, or obligations and has not committed itself to incur any debts, liabilities, or obligations other than those disclosed to Financial Institution in connection with the Loan hereunder or shown on the financial statements submitted to Financial Institution.

(6) The County will furnish to Financial Institution within 270 calendar days after the close of each Fiscal Year an annual audited financial statement of the County certified by an independent certified public accountant.

SECTION 2.02. General Representations, Warranties and Covenants of the Financial Institution. The Financial Institution hereby represents, warrants and agrees that it is a national banking association authorized to execute and deliver this Agreement and to perform its obligations hereunder and such execution and delivery will not constitute on the part of the Financial Institution a violation of any law applicable to it. Pursuant to the terms and provisions of

this Agreement, the Financial Institution agrees to loan the County up to \$6,500,000 for the purpose of refunding the Refunded Bonds and to pay costs of issuance.

SECTION 2.03. Tax Covenant. In order to maintain the exclusion from gross income for purposes of Federal income taxation of interest on the Series 2008 Bond, the County shall comply with each requirement of the Code necessary to maintain the exclusion of interest on the Series 2008 Bond from gross income for Federal income tax purposes. In furtherance of the covenant contained in the preceding sentence, the County agrees to continually comply with the provisions of the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, as amended, to be executed by the County at the time of the Loan, as such certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code (herein referred to as the "Tax Certificate").

The County shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Series 2008 Bond pursuant to Section 148(f) of the Code from amounts on deposit in the funds and accounts established under the 1983 Bond Resolution and available therefor.

Notwithstanding any other provision of the Series 2008 Bond Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income of interest on the Series 2008 Bond for Federal income tax purposes, the covenants contained in this Section shall survive the payment of the Series 2008 Bond and the interest thereon, including any payment or defeasance thereof.

The County shall not use or permit the use of any of the proceeds of the Series 2008 Bond, or any other funds of the County, directly or indirectly, to acquire any securities, obligations or other investment property, and shall not take or permit to be taken any other action or actions, which would cause the Series 2008 Bond to be an "arbitrage bond" as defined in Section 148 of the Code.

SECTION 2.04. Security for the Series 2008 Bond. The Series 2008 Bond is payable from and secured by a first lien on and pledge of the Net Revenues and a first lien on and pledge of the Connection Charges, as defined in the 1983 Bond Resolution, all in the manner provided in the 1983 Bond Resolution, and on a parity with the Bonds.

SECTION 2.05. Payment Covenant. The County covenants that it shall duly and punctually pay from the Net Revenues and Connection Fees, the principal of and interest on the Series 2008 Bond on each Payment Date in the place and in the manner provided herein and in the Series 2008 Bond according to the true intent and meaning thereof.

(End of Article II)

ARTICLE III

COUNTY'S OBLIGATION, DESCRIPTION, PAYMENT TERMS, OPTIONAL PREPAYMENT

SECTION 3.01. Series 2008 Bond Not to be Indebtedness of the County or State. THE SERIES 2008 BOND IS A REVENUE OBLIGATION OF THE COUNTY PAYABLE SOLELY IN THE MANNER AND TO THE GENERAL EXTENT SET FORTH IN THE 1983 BOND RESOLUTION. THE SERIES 2008 BOND SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA. NO SERIES 2008 BOND HOLDER SHALL EVER HAVE A LIEN ON ANY PROPERTY OF THE COUNTY OTHER THAN THE NET REVENUES AND COLLECTION FEES IN THE MANNER AND TO THE EXTENT PROVIDED FOR THE 1983 BOND RESOLUTION.

SECTION 3.02. Description and Payment Terms of the Series 2008 Bond.
(a) The County shall, pursuant to authority granted under the 1983 Bond Resolution and 2008 Bond Resolution, issue and deliver a Series 2008 Bond to the Financial Institution as the Bond Holder, which Series 2008 Bond shall equal up to Six Million Five Hundred Thousand Dollars (\$6,500,000) in principal amount. The Series 2008 Bond shall be designated as "Palm Beach County, Florida Water and Sewer Revenue Refunding Bond, Series 2008" with such other designation as the County deems appropriate. The Series 2008 Bond shall be in the form attached hereto as Exhibit A.

(b) The Series 2008 Bond shall be dated the date of its delivery and bear interest from its date at the Interest Rate on the Series 2008 Bond, and shall be subject to prepayment as set forth in the Series 2008 Bond.

(End of Article III)

ARTICLE IV

CONDITIONS FOR LOAN

The Financial Institution shall not be obligated to make any Loan under this Agreement unless at the date specified for the making thereof the County delivers to the Financial Institution:

(a) A certificate of the Clerk & Comptroller of the County, dated as of the date of such Loan, to the effect that no Event of Default (as defined in Article V of this Agreement and the Bond Resolution) which with the passage of time or the giving of notice or both, shall have occurred.

(b) An Opinion of Bond Counsel regarding the due authorization, execution, delivery, validity and enforceability of the Agreement and the Series 2008 Bond and the due adoption of the 2008 Bond Resolution (enforceability of such instruments may be subject to standard bankruptcy exceptions and the like), the exclusion of interest on the Series 2008 Bond from gross income for Federal income tax purposes, that the Series 2008 Bond is not a "private activity bond" within the meaning of Section 57(a)(5) of the Code and, therefore, the interest on the Series 2008 Bond will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code (however, a portion of the interest on the Series 2008 Bond owned by corporations may be subject to the Federal alternative minimum tax which is based in part on adjusted current earnings) and that the 2008 Bond Resolution and the interest thereon are exempt from taxation under the existing laws of the State of Florida, except as to estate taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations; and

(c) A fully executed Series 2008 Bond, dated the date of the Loan; and

(d) An executed tax certificate and Internal Revenue Service form 8038-G.

(e) On or before the execution of this Agreement, the County shall have caused to be delivered to the Financial Institution the following items in form and substance acceptable to the Financial Institution:

(i) Opinion of Counsel to County regarding the due authorization, execution, delivery, validity and enforceability of this Agreement and the due adoption of the 2008 Bond Resolution (enforceability may be subject to standard bankruptcy exceptions and the like); and

(ii) A certified copy of the 2008 Bond Resolution of the County approving the form of this Agreement and authorizing the issuance of Series 2008 Bond in the outstanding \$6,500,000 to refund the Refunded Bond; and

(iii) A certified copy of the 1983 Bond Resolution;

(iv) Such additional certificates, instruments and other documents as the Financial Institution, or its Counsel or Bond Counsel, or Counsel to the County, may deem necessary or appropriate.

(f) Upon satisfaction of the conditions set forth in paragraphs (a)-(e) above, the County may borrow up to \$6,500,000 from the Financial Institution. The County shall apply the proceeds to refund the Refunded Bond and pay costs of issuance.

(End of Article IV)

ARTICLE V

EVENTS OF DEFAULT

An "Event of Default" shall be deemed to have occurred under this Agreement if:

(a) Failure by the County to pay the principal of and interest on the Series 2008 Bond when it becomes due and payable at maturity or upon redemption; or

(b) Failure by the County to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) of this Section) contained in the Series 2008 Bond, the Loan Agreement, the 1983 Bond Resolution or the 2008 Bond Resolution on the part of the County to be observed or performed, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Financial Institution, unless the Financial Institution agrees in writing to an extension of such period prior to its expiration; provided, however, that the Financial Institution shall be deemed to have agreed to an extension of such period if corrective action is initiated by the County, or on behalf of the County, within such period and is being diligently pursued.

Upon the occurrence of an Event of Default the Financial Institution may pursue any available remedy at law or in equity or by statute, including any applicable law or statute of the United States of America or of the State, to enforce the payment of principal of an interest on the Series 2008 Bond then outstanding or the obligations of the County thereunder. Notwithstanding any contained in this paragraph to the contrary, the Financial Institution shall not have the right to accelerate the payment of principal of and interest on the Series 2008 Bond.

(End of Article V)

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Amendments, Changes or Modifications to the Agreement.

This Agreement shall not be amended, changed or modified without the prior written consent of the Financial Institution and the County. The County agrees to pay all of the Financial Institution's costs and reasonable attorney fees incurred in modifying and/or amending this Agreement at County's request or behest. The Financial Institution agrees to pay all of the County's costs and reasonable attorney fees incurred in modifying and/or amending this Agreement at the Financial Institution's request or behest.

SECTION 6.02. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

SECTION 6.03. Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the invalidity of such provisions or sections shall not affect any other provisions or sections hereof, and this Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

SECTION 6.04. Term of Agreement. This Agreement shall be in full force and effect from the date hereof and shall continue in effect until the date on which the entire principal of and interest on the Series 2008 Bond shall be repaid to the Financial Institution.

SECTION 6.05. Notice of Changes in Fact. Promptly after the County becomes aware of the same, the County will notify the Financial Institution of (i) any change in any material fact or circumstance represented or warranted by the County in this Agreement or in connection with the issuance of the Series 2008 Bond, and (ii) any default or event which, with notice or lapse of time or both, could become a default under this Agreement, the 2008 Bond Resolution, the 1983 Bond Resolution or the Series 2008 Bond specifying in each case the nature thereof and what action the County has taken, is taking, and/or proposes to take with respect thereto.

SECTION 6.06. Notices. Any notices or other communications required or permitted hereunder shall be sufficiently given if delivered personally or sent registered or certified mail, postage prepaid, to the County, Palm Beach County, Florida, Office of Management and Budget, 301 North Olive Avenue, West Palm Beach, Florida 33401, Attention: Debt Manager, and to the Financial Institution, Wachovia Bank, National Association, Governmental Banking, 450 South Australian Avenue, 7th Floor, West Palm Beach, Florida 33401, Attention: Senior Vice President, or at such other address as shall be furnished in writing by any such party to the other, and shall be deemed to have been given as of the date so delivered or deposited in the United States mail.

SECTION 6.07. Amendments Requiring Consent. No amendment to the 2008 Bond Resolution or to the 1983 Bond Resolution shall be made without the written consent of the Bond Holder, which consent shall not be unreasonably withheld; provided however, that it shall not be necessary for the County to seek the consent of the Bond Holder or the Financial Institution in connection with the adoption of a supplement to the 1983 Bond Resolution to reflect the issuance of additional Bonds or refunding Bonds under the 1983 Bond Resolution.

SECTION 6.08. Payments Due on Sundays and Holidays. If the due date for any payment is a Saturday, Sunday or day on which the County or the Financial Institution is lawfully closed, then such payment need not be made on such day, and may be made on the next succeeding day which is not a Saturday, Sunday or day on which the County or the Financial Institution is lawfully closed; provided that interest shall accrue until the payment is received by the Financial Institution.

SECTION 6.09. Waiver of Jury Trial (a) To the extent permitted by applicable law, each of the County and the Financial Institution, knowingly, voluntarily and intentionally waives any right each may have to a trial by jury in respect of any litigation based on, or arising out of, under or in connection with this Agreement, the Series 2008 Bond or any agreement contemplated to be executed in connection with this Agreement, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of any party with respect hereto. This provision is a material inducement to the Financial Institution to enter into this Agreement.

(b) By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any claim.

SECTION 6.10. Applicable Law. The substantive laws of the State of Florida shall govern this Agreement.

SECTION 6.11. Incorporation by Reference. All of the terms and obligations of the 1983 Bond Resolution and 2008 Bond Resolution are hereby incorporated herein by reference as if said 1983 Bond Resolution and 2008 Bond Resolution were fully set forth in this Agreement.

SECTION 6.12. No Third Party Beneficiaries. The terms and provisions of this Agreement shall inure exclusively to the benefit of the County, the Financial Institution, the Series 2008 Bond Holder, their successors and assigns and no other person shall have any rights hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Date of Execution set forth below.

SEAL

PALM BEACH COUNTY, FLORIDA

By: _____
Chairperson of the Board of County
Commissioners of Palm Beach County,
Florida

ATTEST:

WACHOVIA BANK, NATIONAL
ASSOCIATION

SHARON R. BOCK, CLERK &
COMPTROLLER OF PALM BEACH
COUNTY, FLORIDA

By: _____
Name:
Title:

By: _____
Deputy Clerk

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY

By: _____
Paul King, Esq.
Assistant County Attorney

EXHIBIT A

No. R-__

UNITED STATES OF AMERICA
STATE OF FLORIDA
PALM BEACH COUNTY
WATER AND SEWER REVENUE REFUNDING BOND,
SERIES 2008

Principal Sum	Date of Issuance	Maturity Date
\$6,500,000	March 31, 2008	October 1, 2011

KNOW ALL PERSONS BY THESE PRESENTS, that PALM BEACH COUNTY, FLORIDA (the "County"), for value received, hereby promises to pay, solely from sources described herein and set forth in the Loan Agreement, to the order of WACHOVIA BANK, NATIONAL ASSOCIATION, or its assigns (the "Payee"), at 450 South Australian Avenue, 7th Floor, West Palm Beach, Florida 33401 or at such other place as the Payee may from time to time designate in writing, the Principal Sum stated above advanced pursuant to that certain Loan Agreement by and between Payee and the County, dated as of March 31, 2008 (the "Agreement"), together with interest on the principal balance outstanding at the rate per annum on 3.25% (the "Interest Rate on the Series 2008 Bond") based on a year of 360 days consisting of twelve thirty day months.

The principal amount of the Series 2008 Bond shall be paid in annual installments commencing on October 1, 2008 through and including October 1, 2011 ("Final Maturity") in such amounts as indicated on attached Schedule A. On October 1, 2011, the entire principal amount of this Series 2008 Bond remaining unpaid, together with all accrued interest hereon, shall be due and payable.

Principal of and interest on this 2008 Series Bond are payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

This 2008 Series Bond is authorized to be issued in the principal amount of \$6,500,000, under the authority of and in full compliance with the Constitution and laws of the State of Florida, including, particularly, Chapters 125 and 159 of the Florida Statutes, County Resolution No. R-83-555, adopted by the County on the 10th day of May, 1983 (the "1983 Bond Resolution" as heretofore amended and supplemented), and County Resolution No. R-2008-_____, adopted by the County on the 11th day of March, 2008 (the "Series 2008 Bond Resolution") and is subject to all terms and conditions of said resolutions. Any term used in this

2008 Series Bond and not otherwise defined shall have the meaning ascribed to such term in the Loan Agreement, in the 1983 Bond Resolution, or in the 2008 Bond Resolution, as the case may be.

Payment of principal and interest on the Series 2008 Bond shall be payable from and secured by a first lien upon and pledge of the Net Revenues and Connection Fees of the System in the manner and to the extent provided in the 1983 Resolution.

THIS SERIES 2008 BOND IS A REVENUE OBLIGATION OF THE COUNTY PAYABLE SOLELY IN THE MANNER AND TO THE EXTENT SET FORTH IN THE 1983 BOND RESOLUTION. THIS SERIES 2008 BOND SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA. NO SERIES 2008 BOND HOLDER SHALL EVER HAVE A LIEN ON ANY PROPERTY OF THE COUNTY OTHER THAN THE NET REVENUES AND CONNECTION FEES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE 1983 BOND RESOLUTION.

The Interest Rate on the Series 2008 Bond shall be subject to adjustment in the event of a Determination of Taxability as set forth below:

Taxable Rate

In the event of a "Determination of Taxability" (as hereinafter defined), this Series 2008 Bond shall bear interest at the rate equal to the Taxable Rate (the "Taxable Rate"), from and after and retroactively to the date as of which such Determination of Taxability is made and the Bond Holder shall be entitled to such additional interest on this Series 2008 Bond. For purposes hereof, "Determination of Taxability" means the circumstance of the interest on the Series 2008 Bond becoming includable for federal income tax purposes in the gross income of the Payee as a consequence of any act, omission or event whatsoever and regardless of whether the same was within or beyond the control of the County. A Determination of Taxability will be deemed to have occurred upon (i) the receipt by the County or the Payee of an original or a copy of a final Internal Revenue Service Technical Advice Memorandum or a final Statutory Notice of Deficiency which holds that the interest on the Series 2008 Bond is includable in the gross income of the Payee; (ii) the issuance of a final public or private ruling of the Internal Revenue Service that the interest on the Series 2008 Bond is includable in the gross income of the Payee; or (iii) receipt by the County or Payee of an opinion of a Payee Counsel that the interest on the Series 2008 Bond has become includable in the gross income of the Lender for federal income tax purposes. For all purposes of this definition, a Determination of Taxability will be deemed to occur on the date as of which the interest on the Series 2008 Bond is deemed includable in the gross income of the Lender.

In no event, however, shall interest be charged or paid in an amount in excess of the maximum interest rate permitted to be paid under applicable law.

Additional Definitions

"Prime Rate" means that index rate of interest which the Payee, from time to time announces as its prime rate, which rate is an index rate for guidance to loan officers and is not necessarily the best or lowest rate charged borrowing customers of the Payee, or if such rate is no longer announced, such comparable rate as shall be determined by the Register Owner.

"Taxable Rate" means a rate equal to the Prime Rate times that percentage which after the Determination of Taxability will result in the same after-tax yield to the Registered Owner of the Series 2008 Bond as before said Determination of Taxability.

In addition to principal, interest and any other amounts due under this Series 2008 Bond, County shall on demand pay to Payee any "Breakage Fee" due hereunder for each Break Event. "Break Event" means any voluntary or mandatory prepayment or acceleration, in whole or in part, of principal of this Series 2008 Bond occurring prior to the date such principal would, but for that prepayment or acceleration, have become due ("Scheduled Due Date"). For each date on which a Break Event occurs ("Break Date"), a Breakage Fee shall be due only if the rate under "A" below exceeds the rate under "B" below and shall be determined as follows:

Breakage Fee = the Present Value of $((A-B) \times C)$ + LIBOR Breakage, where:

A = The rate per annum equal to the sum of (i) the bond equivalent yield (bid side) of the U.S. Treasury security with a maturity closest to the Maturity Date as reported by the Wall Street Journal (or other published source) on the date the Interest Rate of the Series 2008 Bond was set ("Lock in Date"), plus (ii) the corresponding swap spread of Payee on the Lock in Date for a fixed rate payor to pay Payee the fixed rate side of an interest rate swap of that maturity, plus (iii) .25%.

B = A rate per annum equal to the sum of (i) the bond equivalent yield (bid side) of the U.S. Treasury security with a maturity closest to the Maturity Date as reported by the Wall Street Journal (or other published source) on the Break Date, plus (ii) the corresponding swap spread that Payee determines another swap dealer would quote to Financial Institution on the Break Date for paying to Payee the fixed rate side of an interest rate swap of the maturity.

C = The sum of the products of (i) each Affected Principal Amount for each Affected Principal Period, times (ii) the number of days in that Affected Principal Period divided by 360 (if this Series 2008 Bond uses the Actual/360 Computation) or the actual number of days in the year (if this 2008 Series Bond uses the Actual/Actual Computation).

"Affected Principal Amount" for an Affected Principal Period is the principal amount of this Series 2008 Bond scheduled to be outstanding during that Affected Principal Period determined as of the relevant Break Date before giving effect to the Break Event on that Break Date, and for any prepayment, multiplying each such principal amount times the Prepayment Fraction.

"Affected Principal Period" is each period from and including a Scheduled Due Date to but excluding the next succeeding Scheduled Due Date, provided that the first such period shall begin on and includes the Break Date.

"LIBOR Breakage" is any additional loss, cost or expense that the Payee may incur with respect to any hedge for the fixed rate of this Series 2008 Bond based on the difference between the London interbank offered rate (for U.S. dollar deposits of the relevant maturity) available in the London interbank market at the beginning of the interest period in which the Break Date occurs and that which is available in that market on the Break Date.

"Maturity Date" is the date on which the final payment of principal of this 2008 Series Bond would, but for any Break Event, have become due.

"Prepayment Fraction" is a fraction equal to the principal amount being prepaid over the principal amount of this 2008 Series Bond outstanding immediately prior to that prepayment on the Break Date.

"Present Value" is determined as of the Break Date using "B" above as the discount rate.

In addition, a Break Event shall be deemed to occur hereunder if, on any date ("Borrowing Date") after the date hereof but prior to any acceleration of this Series 2008 Bond, any advance of principal under this Series 2008 Bond is scheduled to be made and that advance fails to be made on that Borrowing Date (whether due to County's default, County's failure to borrow, the termination of any loan commitment, any unsatisfied condition precedent, or otherwise), in which case that Borrowing Date shall be a Break Date, the Affected Principal Amount for that Break Event shall be based on the amount of the failed advance, and the County shall on demand pay to the Payee any Breakage Fee due hereunder for that Break Event.

Breakage Fees are payable as liquidated damages, are a reasonable pre-estimate of the losses, costs and expenses Payee would incur in the event of any prepayment or acceleration of this Series 2008 Bond, are not a penalty, will not require claim for, or proof of, actual damages, and Payee's determination thereof shall be conclusive and binding in the absence of manifest error. For any Break Event hereunder, the foregoing Breakage Fee provisions supersede any breakage compensation agreement that County and Payee may have executed with respect to this 2008 Series Bond.

This Series 2008 Bond is and has all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code-Investment Securities Law of the State of Florida, and the original registered owner and each successive registered owner of this Series 2008 Bond shall be conclusively deemed by his acceptance thereof to have agreed that this Series 2008 Bond shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code-Investment Securities Law of the State of Florida. The original registered owner and each successive registered owner of this

Series 2008 Bond shall be conclusively deemed to have agreed and consented to the terms of the Loan Agreement, the 2008 Bond Resolution and the following additional terms and conditions:

(1) The County Clerk & Comptroller (the "Registrar") shall keep books for the registration of the Series 2008 Bond and for the registration of transfers of the Series 2008 Bond as provided in the Bond Resolution. The Series 2008 Bond shall be transferable by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the County kept by the Registrar and only upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of the Series 2008 Bond, the County shall issue in the name of the transferee a new Series 2008 Bond.

(2) The County, the Paying Agent and the Registrar may deem and treat the person in whose name the Series 2008 Bond shall be registered upon the books kept by the Registrar as the absolute owner of the Series 2008 Bond, whether the Series 2008 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Series 2008 Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon the Series 2008 Bond to the extent of the sum or sums so paid, and neither the County, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

(3) In all cases in which the privilege of transferring the Series 2008 Bond is exercised, the County shall execute and the Registrar shall authenticate and deliver the Series 2008 Bond in accordance with the provisions of the 1983 Bond Resolution. There shall be no charge for any such transfer of the Series 2008 Bond, but the County or the Registrar may require payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such transfer. Neither the County nor the Registrar shall be required to transfer the Series 2008 Bond for a period of fifteen (15) days next preceding the Maturity Date of this Series 2008 Bond.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Series 2008 Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Series 2008 Bond, is in full compliance with all constitutional or statutory limitations or provisions.

IN WITNESS WHEREOF, Palm Beach County, Florida, has caused this 2008 Series Bond to be signed by the Chairperson of the Board of County Commissioners, by her manual signature, and the seal of said County to be affixed hereto, and attested by the Clerk of the Board of County Commissioners of Palm Beach County, Florida, by manual signature, and this Series 2008 Bond to be dated the 31st day of March, 2008.

PALM BEACH COUNTY, Florida

(SEAL)

Chairperson of the Board of County
Commissioners of Palm Beach County,
Florida

Attest:
SHARON R. BOCK, CLERK &
COMPTROLLER

By: _____
Deputy Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Series 2008 Bond is the Series 2008 Bond delivered pursuant to the within mentioned 2008 Bond Resolution.

CLERK & COMPTROLLER OF PALM BEACH
COUNTY, FLORIDA as Registrar

By: _____
[Authorized Officer]

SCHEDULE A

<u>October 1</u>	<u>Principal Amount</u>
2008	\$1,400,000
2009	\$1,500,000
2010	\$1,645,000
2011 (Final Maturity)	\$1,800,000