

RESOLUTION NO.: 2008- 13

A RESOLUTION OF THE CITY OF SPRINGFIELD, FLORIDA AUTHORIZING BAY COUNTY, AS OPERATOR OF THE MILITARY POINT ADVANCED WASTEWATER TREATMENT FACILITY TO PURSUE A LETTER OF CREDIT TO STAND FOR THE BOND RESERVE REQUIRED UNDER THE WASTEWATER SYSTEM REVENUE REFUNDING BOND SERIES 2004; RECITING AN IMMEDIATE EFFECTIVE DATE AND REPEALING ALL RESOLUTIONS IN CONFLICT HEREWITH.

WHEREAS, the City of Springfield, Florida, is one of the owners of the Military Point Advanced Wastewater Treatment Facility (the "AWT"); and

WHEREAS, the management and ownership of the AWT is governed by the Military Point Advanced Wastewater Treatment Facility Interlocal Agreement of 1996 (the "1996 Interlocal") and under the terms of the 1996 Interlocal, Bay County serves as the Operator of the AWT; and

WHEREAS, there is outstanding debt for the AWT as reflected in the Wastewater System Revenue Refunding Bonds Series 2004 (the "Bonds"); and

WHEREAS, under the terms of the Bonds, Ambac serves as the bond insurer; and

WHEREAS, Ambac has, in recent months, been downgraded to such an extent that under the terms of the Bond, additional reserve funding is required; and

WHEREAS, the additional bond reserve required as a result of Ambac's downgrade may be funded with a letter of credit; and

WHEREAS, the County has presented a memo to each of the owners of the AWT requesting a vote on the funding method for the additional bond reserve requirement, a copy of the memo is attached hereto as Exhibit "A"; and

WHEREAS, under the terms of the 1996 Interlocal, a vote of the owners is required to authorize the County as Operator to pursue to letter of credit to stand for the additional bond reserve.

NOW, THEREFORE, BE IT RESOLVED by the City of Springfield, Florida, that:

1. The City of Springfield hereby votes to authorize Bay County as Operator to pursue a letter of credit to stand for the additional bond reserve required as a result of Ambac's downgrade.

2. The City of Springfield agrees to pay its pro rata share of the cost associated with the letter of credit based on its percentage of the 2004 bonds.

REPEALER. This resolution repeals any prior resolutions in conflict herewith.

EFFECTIVE DATE. This resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED in regular session this 15th day of December, 2008.

CITY OF SPRINGFIELD, FLORIDA



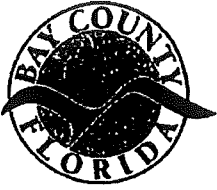
Robert E. Walker

ATTEST:



Teresa Cox, City Clerk





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Exhibit "A"

BOARD OF COUNTY
COMMISSIONERS

www.co.bay.fl.us

December 11, 2008

POST OFFICE BOX 1818
PANAMA CITY FL 32402

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The Honorable Kenneth L. Meer
City of Callaway
6601 Highway 22
Callaway, FL 32404-6499

The Honorable Brenda Hendricks
City of Parker
Post Office Box 10619
Parker, FL 32404

The Honorable Robert Walker
City of Springfield
Post Office Drawer 3717
Springfield, FL 32401

Re: AWTF Bond Reserves

Dear Sirs/Madam:

As a result of further downgrades to the AWTF's bond insurer (Ambac), a meeting occurred between representatives of the various City owners, the County, the AWTF accountants, and Clerk's office on December 10, 2008. The meeting was conducted to present to the owners the recent developments surrounding the 2004 AWTF Bonds and the requirement to remedy the bond reserve deficiency created by Ambac's rating downgrade. Three possible solutions were presented.

1) The AWTF owners could ask for Ambac to allow the usage of bond reserves already present on the AWTF balance sheet. There would be a charge for Ambac to review the request with no guarantees that Ambac would approve the request.

2) The AWTF could pursue a letter of credit to stand for the bond reserve. There would be an annual cost (approximately \$7,300) that each owner would pay their prorata share of based on their percentage of the 2004 bonds. One time minimal expenses for bond counsel and financial advisor to complete the letter of credit would be apportioned as well.

3) The AWTF owners could cash fund their prorata share of the bond reserve. Originally when Ambac was downgraded in June 2008, the owners elected to fund their portion of the debt reserve with monies returned to the owners from excess rate reserve, repair & replacement,

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and operating funds. The owners, at that point, had five years to fully fund the reserve. Returned owner's monies appeared to be sufficient to fund this annually. With November 2008's additional downgrade to Ambac's ratings the time table to fund the reserve has accelerated to 12 months. This makes the cash funding problematic for some of the owners.

After lengthy discussion it was concluded that a letter of credit was the option that each partner wanted to take to each individual commission and seek approval for moving ahead with the letter of credit. As this option will take a small amount of time to close, the accountants for the AWTF will need to fund the bond debt reserve with a 1/12 reservation for December 2008. If the letter of credit is not in place by January 2009, then an additional 1/12 reservation will be needed. Once the letter of credit is established the monthly reservations for the bond reserve can be reversed.

Please contact me at (850) 784-4029 if you have any questions regarding the bond debt reserve.

Sincerely,



Johnathan A. Stukey
Budget Officer

JAS

cc: Jerry Girvin - Chairman of the Board
Ed Smith - County Manager
Terrell Arline - County Attorney
Jamie Jones - Utilities Director
Joey Rogers - Finance Officer
Curtis Chastain - Tipton, Marler, Garner & Chastain