



AGENDA
FERNANDINA BEACH CITY COMMISSION
REGULAR MEETING
MAY 7, 2019
6:00 PM
CITY HALL COMMISSION CHAMBERS
204 ASH STREET
FERNANDINA BEACH, FL 32034

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE / INVOCATION**
Invocation by Reverend Noel Roberts of North 14th Street Baptist Church.
4. **PROCLAMATIONS / PRESENTATION**
 - 4.1 **PROCLAMATION - "NEUROFIBROMATOSIS (NF) AWARENESS MONTH"** - *Recognizes the month of May, 2019, as, "Neurofibromatosis (NF) Awareness Month." Ms. Betsie Huben and members of the Children's Tumor Foundation will be present to accept the Proclamation.*
 - 4.2 **PROCLAMATION - "MENTAL HEALTH FIRST AID MONTH"** - *Recognizes May, 2019, as "Mental Health First Aid Month." Starting Point Behavioral Healthcare Community Liaison/Mental Health First Aid Instructor Ms. Katrina Robinson-Wheeler will be in attendance to accept the Proclamation.*
 - 4.3 **PROCLAMATION - "NATIONAL PRESERVATION MONTH"** - *Recognizes the month of May 2019, as, "National Preservation Month." Fernandina Beach Main Street Executive Director Ms. Arlene Filkoff, Amelia Island Restoration Foundation President Mr. Adam Kaufman, Amelia Island Museum of History Executive Director Ms. Phyllis Davis, Historic District Council Chairman Mr. Michael Spino and Planning and Conservation Department Preservation Planner Mr. Salvatore Cumella will be present to accept the Proclamation.*
 - 4.4 **PROCLAMATION - "PEACE OFFICERS MEMORIAL DAY" AND "NATIONAL POLICE WEEK"** - *Proclaims May 15, 2019, as "Peace Officers Memorial Day" and the week of May 12, 2019, as "National Police Week." Chief James T. Hurley will be present to accept the Proclamation.*
 - 4.5 **PRESENTATION - NASSAU HUMANE SOCIETY** - *Representatives of the Nassau Humane Society will present the "City Commission Dog of the Month."*
5. **PUBLIC COMMENT REGARDING ITEMS NOT ON THE AGENDA OR ITEMS ON THE CONSENT AGENDA**
6. **CONSENT AGENDA**

- 6.1 **APPROVAL OF MINUTES** - *City Commission Workshop - January 22, 2019; City Commission Visioning Workshop - January 29, 2019; City Commission Visioning Workshop - February 9, 2019 and City Commission Regular Meeting - February 19, 2019.*
- 6.2 **BUDGET AMENDMENTS - GOLF COURSE** - RESOLUTION 2019-69 APPROVING AMENDMENTS TO THE BUDGET FOR FISCAL YEAR 2018/2019; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves a transfer from the Golf Course Operating Supplies account (\$9,300) to Golf Course Training/Travel account (\$5,800) and R&M Building and Grounds account (\$3,500). Also, a transfer from the Golf Course Contractual account (\$10,402) to the Golf Course R&M Equipment account (\$10,000) and the Janitorial account (\$402).*

7. RESOLUTIONS

- 7.1 **SETTLEMENT AGREEMENT AND GENERAL RELEASE - VRL ARCHITECTS, INC.** - RESOLUTION 2019-48 APPROVING A SETTLEMENT AGREEMENT AND GENERAL RELEASE WITH VRL ARCHITECTS, INC. IN THE AMOUNT OF \$32,716.77 AS REIMBURSEMENT TO THE CITY FOR LIBRARY ROOF REPAIRS; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves the Settlement Agreement and General Release with VRL Architects, Inc. pertaining to Library roof repairs.*
- 7.2 **AWARD OF RFP #2019-01 - FIRST FEDERAL BANK** - RESOLUTION 2019-70 ADOPTING THE RECOMMENDATION OF THE BANKING SERVICES COMMITTEE; AWARDED RFP #2019-01 TO FIRST FEDERAL BANK TO PROVIDE BANKING SERVICES; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Adopts the recommendation of the Evaluation Committee and awards RFP #2019-01 to First Federal Bank as the City's banking services provider.*
- 7.3 **EQUIPMENT PURCHASE APPROVAL / BUDGET AMENDMENT - STORMWATER** - RESOLUTION 2019-71 APPROVING AN AMENDMENT TO THE STORMWATER FUND BUDGET FOR FISCAL YEAR 2018/2019; APPROVING THE PURCHASE OF A CATERPILLAR 305.5 MINI-EXCAVATOR OR EQUIVALENT; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves the purchase of a Caterpillar 305.5 mini-excavator or equivalent in an amount not to exceed \$70,000 and a transfer of \$70,000 from the Stormwater Land account to the Stormwater Machinery/Equipment account for this purchase.*
- 7.4 **BUDGET AMENDMENT - CAPITAL EXPANSION FUND** - RESOLUTION 2019-72 APPROVING AN AMENDMENT TO THE BUDGET FOR FISCAL YEAR 2018/2019; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves a budget transfer in the Capital Expansion Fund (310) for the implementation of wayfinding signage in the downtown area in the amount of \$182,000 from the Capital Expansion Fund, Public Facilities Reserve account to the Capital Expansion Fund, Main Street Improvements account.*
- 7.5 **MUTUAL AID AGREEMENT AMENDMENT - NASSAU COUNTY SHERIFF'S OFFICE** - RESOLUTION 2019-73 AUTHORIZING AN AMENDMENT TO THE COMBINED VOLUNTARY COOPERATION AND OPERATIONAL ASSISTANCE MUTUAL AID AGREEMENT WITH THE NASSAU COUNTY SHERIFF'S OFFICE; AUTHORIZING EXECUTION; PROVIDING FOR FILING OF THE AGREEMENT WITH THE FLORIDA DEPARTMENT OF LAW ENFORCEMENT; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves the First Amendment to the Mutual Aid Agreement between the Fernandina Beach Police Department and the Nassau County Sheriff's Office to include a narcotics task force.*

- 7.6 **BUDGET AMENDMENT - PARKS AND RECREATION IMPACT FEES - RESOLUTION 2019-74** APPROVING AN AMENDMENT TO THE BUDGET FOR FISCAL YEAR 2018/2019; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves a budget amendment allocating \$400,000 for the Simmons Road Park in the Parks and Recreation Impact Fee Fund.*
- 7.7 **MEMORANDUM OF UNDERSTANDING - FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION / BUDGET AMENDMENT - FIRE DEPARTMENT / VEHICLE PURCHASE APPROVAL - RESOLUTION 2019-75** ACCEPTING A GRANT AWARD FROM THE FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION FOR THE PURCHASE OF A MEDICAL EMERGENCY RESPONSE VEHICLE (MERV); APPROVING THE PURCHASE OF A POLARIS MERV FOR THE FIRE DEPARTMENT IN FY 2018/2019; APPROVING AMENDMENTS TO THE BUDGET FOR FISCAL YEAR 2018/2019; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves the acceptance of a grant from Firehouse Subs Public Safety Foundation for the Fire Department in the amount of \$26,113.78 for the purchase of one Polaris Medical Emergency Response Vehicle equipped for medical and fire emergency response. Approves the purchase of a Polaris MERV. Also approves amending the budget by increasing the Fire Department Donations account and increasing Mach/Equip account, both by \$26,113.78, the amount of the grant funding. This amendment will also increase the total City Budget for Fiscal Year 2018/2019 to \$156,710,614.*
- 7.8 **SOLE SOURCE VENDOR APPROVAL - SWAGIT PRODUCTIONS, LLC - RESOLUTION 2019-76** APPROVING SWAGIT PRODUCTIONS LLC AS A SOLE SOURCE VENDOR FOR CLOSED CAPTIONING SOLUTIONS FOR RECORDED COMMISSION AND BOARD MEETINGS; APPROVING A PROPOSAL FOR HARDWARE UPGRADES AND INSTALLATION FROM SWAGIT PRODUCTIONS, LLC; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Approves Swagit Productions, LLC as a sole source vendor for hardware upgrades/installation necessary for live closed captioning for City live streamed meetings in an amount not to exceed \$36,930.*

8. ORDINANCE - FIRST READING

- 8.1 **CODE AMENDMENT - HUMAN RELATIONS - ORDINANCE 2019-10** AMENDING CHAPTER 54, HUMAN RELATIONS, CREATING SECTION 54-1 DEFINITIONS; CREATING SECTION 54-36 PURPOSE; CREATING SECTION 54-37 PROHIBITED CONDUCT; CREATING SECTION 54-38 COMPLAINTS; CREATING SECTION 54-39 EXEMPTIONS; CREATING SECTION 54-40 CRIMINAL ACTS; CREATING SECTION 54-41 FALSE CLAIMS; AMENDING SECTION 54-52 DECLARATION OF POLICY, OBJECTIVES; AMENDING SECTION 54-54 PROHIBITED CONDUCT; AMENDING SECTION 54-55 MULTIPLE LISTING SERVICES; AMENDING SECTION 54-56 EDUCATIONAL ACTIVITIES; AMENDING SECTION 54-57 COMPLAINTS; AMENDING SECTION 54-58 USE OF REMEDIES OF THIS CHAPTER, OTHER REMEDIES; AMENDING SECTION 54-59 DISCRIMINATION IN THE FINANCING OF HOUSING; AMENDING SECTION 54-60 EXEMPTIONS; AMENDING SECTION 54-61 INTERFERENCE, COERCION, OR INTIMIDATION; ENFORCEMENT BY CIVIL ACTION; REPEALING ALL ORDINANCES IN CONFLICT HERewith; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Amends Chapter 54 of the City Code pertaining to Human Relations.*

9. ORDINANCE - SECOND READING

- 9.1 **CODE AMENDMENT - BEACH PARKING HOURS - ORDINANCE 2019-09** AMENDING CHAPTER 90, ARTICLE II, BEACHES, OF THE CODE OF ORDINANCES; AMENDING SECTION 90-48 TRAFFIC REGULATIONS; SPEED LIMIT; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Amends Chapter 90 of the City Code by prohibiting beach parking from 9:00 p.m. to 6:00 a.m.*

10. ORDINANCE - THIRD READING

- 10.1 **LAND DEVELOPMENT CODE (LDC) AMENDMENT - ACCESSORY DWELLING UNITS FOR RENT - ORDINANCE 2018-40** AMENDING THE LAND DEVELOPMENT CODE (LDC) BY AMENDING SECTIONS 1.07.00 (DEFINITIONS); 2.03.02 (TABLE OF LAND USES); 5.01.03 (ACCESSORY STRUCTURES); 5.01.04 (ACCESSORY DWELLING UNITS); PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE. *Synopsis: Amends the Land Development Code specific to address requirements for accessory dwelling units.*

11. BOARD APPOINTMENT

- 11.1 **PARKS AND RECREATION ADVISORY COMMITTEE** - *one appointment.*

12. CITY COMMISSION DISCUSSION

- 12.1 **WATERFRONT PARK DEVELOPMENT** - *This item is placed on the agenda at the request of Commissioner Lednovich.*
- 12.2 **LAND CONSERVATION** - *This item is placed on the agenda at the request of Commissioner Lednovich.*
- 12.3 **PECK CENTER LIBRARY NAMING** - *This item is placed on the agenda at the request of Mayor Miller.*
- 12.4 **OCEAN HIGHWAY AND PORT AUTHORITY (OHPA)** - *This item is placed on the agenda at the request of Commissioner Ross.*
- 12.5 **MAINTENANCE MANAGEMENT** - *This item is placed on the agenda at the request of Vice Mayor Kreger.*
- 12.6 **AMERICANS WITH DISABILITIES ACT (ADA) ACCESSIBILITY AT MAIN BEACH, NORTH BEACH PARK AND SEASIDE PARK** - *This item is placed on the agenda at the request of Vice Mayor Kreger.*
- 12.7 **SEPTIC SYSTEM REMEDIATION** - *This item is placed on the agenda at the request of Vice Mayor Kreger.*
- 12.8 **NATIONAL COASTAL RESILIENCY FUND / INCREASING THE NATION'S NATURAL DEFENSES** - *This item is placed on the agenda at the request of Vice Mayor Kreger.*

13. CITY MANAGER REPORTS

14. CITY ATTORNEY REPORTS

15. CITY CLERK REPORTS

16. MAYOR/COMMISSIONER COMMENTS

17. ADJOURNMENT

-
- A THREE (3) MINUTE TIME LIMIT MAY BE IMPOSED FOR ALL SPEAKERS (EXCEPT IN A QUASI-JUDICIAL HEARING). A “REQUEST TO SPEAK” FORM IS AVAILABLE ON THE COUNTER AT THE ENTRANCE TO THE COMMISSION CHAMBERS. THE FORM SHOULD BE GIVEN TO THE CITY CLERK UPON COMPLETION.
 - THE MAYOR WILL DETERMINE THE ORDER OF THE SPEAKERS AND MAY IMPOSE MORE RESTRICTIVE TIME LIMITS.
 - ONE PERSON WILL SPEAK AT A TIME AND ADDRESS COMMENTS TO THE MAYOR, NOT INDIVIDUAL CITY COMMISSION MEMBERS.
 - THE CITY COMMISSION MAY ASK QUESTIONS OF SPEAKERS WHO WILL HAVE ONE MINUTE TO RESPOND. ADDITIONAL TIME MAY BE GRANTED AT THE DISCRETION OF THE MAYOR OR BY A MOTION BY THE CITY COMMISSION.
 - SPEAKERS MAY FILE COPIES OF THEIR REMARKS WITH THE CITY CLERK WHO WILL MAKE THEM AVAILABLE TO THE COMMISSION.
 - FERNANDINA BEACH CITIZENS WILL SPEAK BEFORE NONRESIDENTS AND SPEAKERS WILL LIMIT REMARKS TO THE SPECIFIC SUBJECT MATTER.
 - DISCUSSION – DIRECTION - ACTIONS ITEMS MAY BE ACTED UPON BY THE CITY COMMISSION BY EITHER A MOTION AND VOTE IN ACCORDANCE WITH ROBERTS RULES OF ORDER, OR BY A CONSENSUS OF THE CITY COMMISSION.
 - PURSUANT TO RESOLUTION 95-32, IF AN ITEM IS NOT ON THE AGENDA IT REQUIRES A FOUR-FIFTHS VOTE OF THE CITY COMMISSION DECLARING THE ITEM AN EMERGENCY BEFORE ACTION CAN BE TAKEN.
 - *QUASI-JUDICIAL* - DENOTES THAT THE ITEM MUST BE CONDUCTED AS A QUASI-JUDICIAL HEARING IN ACCORDANCE WITH CITY COMMISSION ESTABLISHED PROCEDURE AND FLORIDA STATUTES. ANY PERSON WISHING TO APPEAL ANY QUASI-JUDICIAL DECISION MADE BY THE COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING OR HEARING WILL NEED A RECORD OF THE PROCEEDINGS, AND, FOR SUCH PURPOSES, MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS MADE.

Persons with disabilities requiring accommodations in order to participate should contact the City Clerk at (904) 310-3115 or TTY/TDD 711 (for the hearing or speech impaired).

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Proclamation
"Neurofibromatosis (NF) Awareness Month"

ITEM TYPE: Proclamations

REQUESTED ACTION: Presentation

SYNOPSIS: Attached is a Proclamation proclaiming the month of May, 2019, as, "Neurofibromatosis (NF) Awareness Month."

Ms. Betsie Huben and members of the Children's Tumor Foundation will be present to accept the Proclamation.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019

Submitted By: 
Caroline Best, City Clerk

Date: February 05, 2019

COMMISSION ACTION:

Proclamation

WHEREAS, the Children’s Tumor Foundation is observing the month of May, 2019, as, “Neurofibromatosis (NF) Awareness Month” to educate the public about this rare genetic disorder which causes tumors to grow on nerves throughout the body; and

WHEREAS, although over two million people world-wide are living with NF and one in every 3,000 births is diagnosed with NF, it is still a relatively unknown condition that affects all people equally, regardless of race, ethnicity or gender; and

WHEREAS, the disorder can affect, the cardiovascular system, brain, bones and skin. It can lead to blindness, deafness, bone abnormalities, disfigurement, learning disabilities, incapacitating pain, and cancer; and

WHEREAS, the Children’s Tumor Foundation tirelessly leads numerous efforts to promote and financially sponsor world-class medical research aimed at discovering effective treatments and ultimately, eradicating NF; and

WHEREAS, the Children’s Tumor Foundation, through its information resources, youth programs, local chapter activities and national NF Clinic Network, steadfastly foster collaborative partnerships in medical science and industry to accelerate drug research and development, improve access to quality patient healthcare, and provide essential patient and family support.

NOW, THEREFORE, I, John A. Miller, by virtue of the authority vested in me as Mayor of the City of Fernandina Beach, Florida, do hereby proclaim May 2019, as:

“NEUROFIBROMATOSIS AWARENESS MONTH”

and hereby prevail upon all citizens to participate in NF public awareness activities to help promote early diagnosis, proper management and treatment, prevention of complications, and support for research.

IN WITNESS WHEREOF, I, John A. Miller, hereunto set my hand and cause the Official Seal of the City of Fernandina Beach, Florida, to be affixed this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

JOHN A. MILLER
Mayor - Commissioner

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Proclamation
"Mental Health First Aid Month"

ITEM TYPE: Proclamations

REQUESTED ACTION:

SYNOPSIS: Attached is a Proclamation recognizing May, 2019, as "Mental Health First Aid Month."

Starting Point Behavioral Healthcare Community Liaison/Mental Health First Aid Instructor Ms. Katrina Robinson-Wheeler will be in attendance to accept the Proclamation.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Caroline Best, City Clerk	3/12/2019
Nicole Bednar, Administrative Services Manager	4/11/2019
Dale Martin, City Manager	4/25/2019

Date: March 12, 2019

Submitted By: Caroline Best, City Clerk

COMMISSION ACTION:

Proclamation

WHEREAS, Mental Health First Aid was originally developed and implemented in Australia in 2001, under the prestigious auspices of the University of Melbourne. Today, Mental Health First Aid is taught, and techniques are practiced on an international platform; and

WHEREAS, Mental Health First Aid was introduced to the United States in 2008. Since its U.S. launch, the program has certified over 12,000 instructors and more than one million people in all fifty states have received training; and

WHEREAS, Mental Health First Aid is an extremely effective public education program where participants learn about depression, anxiety, trauma, psychosis, eating disorders, substance use disorders and self-injury. In an effort to assist those who may be developing a problem or may be already in a crisis; Mental Health First Aid program participants also learn how to assess people's risk of harm or suicide, listen nonjudgmentally, give reassurance, and encourage the appropriate professional help; and

WHEREAS, numerous Mental Health First Aid program studies show participants significantly increase their understanding and knowledge of mental health issues and treatments. Participants can confidently and appropriately respond to an emerging problem or a crisis and connect more people with care. Mental Health First Aid also reduces the stigma often associated with mental health; and

WHEREAS, we must encourage all our citizens to learn more about mental health and substance use disorders, implement early intervention measures, recognize warning signs, intervene to prevent suicide and other traumatic events, and guide those in need to appropriate treatment and other support services.

NOW, THEREFORE, I, John A. Miller, by virtue of the authority vested in me as Mayor of the City of Fernandina Beach, Florida, do hereby proclaim the month of May 2019, as:

“MENTAL HEALTH FIRST AID MONTH”

IN WITNESS WHEREOF, I hereunto set my hand and caused the Official Seal of the City of Fernandina Beach, Florida, to be affixed this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Mayor-Commissioner

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Proclamation
"National Preservation Month"

ITEM TYPE: Proclamations

REQUESTED ACTION:

SYNOPSIS: Attached is a Proclamation recognizing the month of May, 2019, as, "National Preservation Month."

Fernandina Beach Main Street Executive Director Ms. Arlene Filkoff, Amelia Island Restoration Foundation President Mr. Adam Kaufman, Amelia Island Museum of History Executive Director Ms. Phyllis Davis, Historic District Council Chairman Mr. Michael Spino and Planning and Conservation Department Preservation Planner Mr. Salvatore Cumella will be present to accept the Proclamation.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019


Date: April 05, 2019

Submitted By: Caroline Best, City Clerk

COMMISSION ACTION:

Proclamation

WHEREAS, authorized by the National Historic Preservation Act of 1966, the National Register of Historic Places is part of a national program to coordinate and support public and private efforts to identify, evaluate, and protect America's historic and archeological resources; and

WHEREAS, historic preservation is an effective tool for managing growth and development, revitalizing neighborhoods, energizing the economy, fostering local pride and maintaining community character while enhancing livability; and

WHEREAS, it is important to celebrate the role of history in our lives and the contributions made by dedicated individuals in helping to preserve the tangible aspects of the heritage that has shaped us as a people and a community. Historic preservation is relevant across the nation, for Americans of all ages, all walks of life and all ethnic backgrounds; and

WHEREAS, Fernandina Beach is fortunate to have a plethora of National Register Historic areas, homes, museums, businesses, restaurants and cemeteries; and

WHEREAS, Fernandina Beach continues to demonstrate its commitment to preservation, as it grows and develops, through ongoing historic and archaeological surveys; the nomination of significant cultural structures and National Register of Historic Places; the protection of its traditional neighborhoods; the integration of historic elements with redevelopment; and the recognition, rehabilitation and restoration of historic properties; and

WHEREAS, Fernandina Beach is a "Preserve America" community, and a Certified Local Government under the National Historic Preservation Act.

NOW, THEREFORE, I, John A. Miller, by virtue of the authority vested in me as Mayor of the City of Fernandina Beach, Florida, do hereby proclaim May 2019 as:

“NATIONAL PRESERVATION MONTH”

and call upon the people of Fernandina Beach to join their fellow citizens across the United States in recognizing and participating in this special observance.

IN WITNESS WHEREOF, I hereunto set my hand and caused the Official Seal of the City of Fernandina Beach, Florida, to be affixed this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Mayor-Commissioner

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Proclamation
"Peace Officers Memorial Day" and "National Police Week"

ITEM TYPE: Proclamations

REQUESTED ACTION: Presentation

SYNOPSIS: Attached is a Proclamation proclaiming May 15, 2019, as "Peace Officers Memorial Day" and the week of May 12, 2019, as "National Police Week." Chief James T. Hurley will be present to accept the Proclamation.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

James Hurley, Chief of Police	4/18/2019
Nicole Bednar, Administrative Services Manager	4/25/2019
Dale Martin, City Manager	4/29/2019

Date: April 18, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION:

Proclamation

WHEREAS, the Congress and President of the United States have designated May 15, 2019, as “Peace Officers Memorial Day” and the week in which it falls as “National Police Week”; and

WHEREAS, the members of our law enforcement agencies play an essential role in safeguarding the rights and freedoms of the citizens of our country; and

WHEREAS, it is important that all Florida citizens know and understand the unique challenges and responsibilities of their Police Department, and that members of our Police Department fully recognize their duty to serve the people by protecting life and property, by standing up against violence and disorder, and by shielding the innocent and the weak against oppression or intimidation; and

WHEREAS, Police Departments in Florida have properly evolved into professional organizations, utilizing scientific and computerized methods as the basis for policy mandates, while embracing diversity and fairness as fundamental organizational principals; and

WHEREAS, Police Chief James “Frank” Surrency was shot and killed in the line of duty in 1930, while serving the citizens of Fernandina; and

WHEREAS, by their faithful and loyal devotion to duty, our local peace officers have established an enviable and enduring legacy of public service that is cherished by our community and is woven into the fabric of our history.

NOW, THEREFORE, BE IT RESOLVED, by the City Commission of the City of Fernandina Beach, Florida, that we call upon all Florida police agencies and municipalities to observe Monday, May 15, 2019, as:

“PEACE OFFICERS MEMORIAL DAY”

and the week of May 12, 2019, as:

“NATIONAL POLICE WEEK”

in honor of those peace officers who, through their courageous deeds, have lost their lives or have become disabled in the performance of their duty.

BE IT FURTHER RESOLVED that a copy of this Proclamation is presented as a permanent matter of record in the proceedings of the City Commission as a testimonial of our sincerest thanks to local law enforcement.

IN WITNESS WHEREOF, I, John A. Miller, by virtue of the authority vested in me as Mayor of the City of Fernandina Beach, Florida, have set my hand to and caused the Official Seal of the City of Fernandina Beach to be affixed this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Mayor-Commissioner

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Presentation
Nassau Humane Society

ITEM TYPE: Presentation

REQUESTED ACTION:

SYNOPSIS: Representatives of the Nassau Humane Society will present the "City Commission Dog of the Month."

This item is placed on the agenda at the request of Mayor Miller.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019

Date: April 18, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION:

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Approval of Minutes

ITEM TYPE: Approval of Minutes

REQUESTED ACTION: Approve Minutes

SYNOPSIS: The following minutes are attached for the City Commission's review and consideration for approval.

City Commission Workshop	January 22, 2019
City Commission Visioning Workshop	January 29, 2019
City Commission Visioning Workshop	February 9, 2019
City Commission Regular Meeting	February 19, 2019

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Nicole Bednar, Administrative Services Manager 4/29/2019

Dale Martin, City Manager 4/29/2019



Date: April 16, 2019

Submitted By: Caroline Best, City Clerk

COMMISSION ACTION: Approve

The City Commission of the City of Fernandina Beach, Florida, met in a workshop on Tuesday, January 22, 2019 at 6:00 pm in the City Commission Chambers. Present were Vice Mayor Kreger presiding, Commissioners Philip Chapman, Mike Lednovich and Chip Ross. Mayor John A. Miller was absent. Also present were City Manager Dale L. Martin, City Attorney Tammi Bach, and City Clerk Caroline Best.

Vice Mayor Kreger called the meeting to order and led the Pledge of Allegiance to the Flag.

4. PANEL DISCUSSION - LAND DEVELOPMENT CODE (LDC) DESIGN STANDARDS

4.1 Ron Flick of Compass Group: Mr. Ron Flick, 961687 Gateway Boulevard, Suite 201M, explained a predominant area of the waterfront is City owned land; which is property that does not generate tax income. Mr. Flick having previously discussed, in 2003-2004 with the City Commission, about the City Redevelopment Area (CRA), noted an enormous amount of money is needed to create infrastructure. Potentially an exchange of land could be an option for creating growth in exchange for improving the waterfront which is beautiful and needs to be maintained. It is his belief that a philosophical change needs to be made. In the past, it was suggested to move the current City Hall offices at 204 Ash Street to the historic post office building on Centre Street. The Ash Street building could then be converted into a parking garage, a guaranteed money maker. It would allow multimillion-dollar investors to invest in the Marina and waterfront. The property is valuable, it is on the tax rolls, generating CRA revenues and helps pay for improvements. The greatest resource is the natural beauty that attracts tourism which benefits taxpayers.

Commissioner Ross questioned paid parking and parking garages. Mr. Flick is an advocate for paid parking and as a developer, has constructed parking garages that are financially lucrative ventures. Commissioner Ross ventured there is very little waterfront property and asked what Mr. Flick was interested in for development. Mr. Flick replied a study would need to be done however the current City parking lots along the waterfront are not particularly being used to full capacity.

Vice Mayor Kreger voiced concern around private properties on North Front Street. Mr. Flick responded that many years ago there was a concept discussion and the City was not interested at the time also there are various long-term property owners who are reluctant to sell.

4.2 Arlene Filkoff of Fernandina Beach Main Street: Ms. Arlene Filkoff, 845 Tarpon Avenue, former Mayor of City of Fernandina Beach, former CRA Advisory Board member and currently Fernandina Beach Main Street Interim Director noted in her experience, since approximately 2010-2011 the City has not taken a “real hard look” at the CRA, its intent or the potential of its intent as opposed to letting it languish. Some communities had a negative view surmising the CRA was formed to take property when in fact any extra tax money is reinvested. The recent damage to the Marina may contain a silver lining in that it may be a catalyst to realize its value to the City. There is an opportunity for the current Commission, who now serve four-year terms, to take action and make a commitment to the community that the waterfront is important and view it holistically working together with development.

Vice Mayor Kreger gave an overview of funding available and the big picture. Ms. Filkoff asked for an explanation of the big picture and how it all the components tie together. Additional discussion ensued.

4.3 Asa Gillette of Gillette & Associates, Inc.: Mr. Asa Gillette, 20 South 4th Street, explained infrastructure, parking, or a trolley service will be integral to accommodating more people in the downtown area. Developers are not interested in coming to Fernandina Beach because the City has not installed water lines, sewer lines or sidewalks. This lack of commitment sends a message to developers that the City is not serious about committing. The City Commission needs to commit to a plan as to what the waterfront will look like.

4.4 Jose Miranda of Miranda Architects: Mr. Miranda, 309½ Centre Street, expressed deep frustration for having spent nearly three decades attempting to be a part of creating a waterfront the Commissioners can agree on. The Commissioners need to agree to a plan and stick to the plan. Every election-cycle the squeaky wheel gets the grease, and nothing gets done on the waterfront.

5.1 Legislative - ORDINANCE 2018-39 AMENDING THE LAND DEVELOPMENT CODE (LDC) BY AMENDING SECTIONS 8.02.01 (AMELIA RIVER WATERFRONT CRA); AND 2.03.02 (TABLE OF LAND USES). According to the agenda support documents Ordinance 2018-39 amends the Land Development Code specific to sections referenced. Vice Mayor Kreger noted the discussion has been ongoing since the meeting commenced, therefore no additional discussion needs to occur at this time regarding Ordinance 2018-39.

6. PUBLIC COMMENT:

SEA LEVEL RISE: Mr. Lynn Williams, 997 Egan's Creek Lane, noted the City of St. Augustine plans to protect its shores from nuisance flooding, weather events such as hurricanes, and sea level rise related to global warming by building infrastructure to accommodate rising water levels.

ADJOURNMENT: There being no further business to come before the City Commission, the meeting was adjourned at 7:48 pm.

ATTEST:

CAROLINE BEST
City Clerk

JOHN A. MILLER
Mayor-Commissioner

The City Commission of the City of Fernandina Beach, Florida, met in a Visioning Workshop on Tuesday, January 29, 2019 at 8:00a.m. at the Fernandina Beach Municipal Golf Course, 2800 Bill Melton Road. Present were Mayor John A. Miller presiding, Vice Mayor Kreger, Commissioners Philip Chapman, Mike Lednovich and Chip Ross. Also present were City Clerk Caroline Best, City Manager Dale L. Martin, and City Attorney Tammi Bach.

Mayor Miller called the meeting to order and led the Pledge of Allegiance to the Flag.

5.1 SESSION A 8:00A.M. - 9:45A.M.: PARKS AND RECREATION ORGANIZATION ANALYSIS: Mr. Leon Younger of PROS Consulting, Inc. gave a presentation on his findings of the Parks and Recreation Organization Analysis and provided recommendations. City Manager Martin noted the City Commission will decide, to what degree, the recommended action plan will be incorporated into next year's budget cycle.

6.1 SESSION B 10:00A.M. - 12:00P.M.: PAID BEACH PARKING: City Manager Dale Martin provided a presentation regarding paid beach parking and stated no decisions, and no actions will be taken today with regard to paid beach parking. Discussion ensued related to the pros, cons and projected revenue associated with implementing paid beach parking.

8.1 SESSION C 1:00 PM 5:00 PM CITY COMMISSION GOAL SETTING: Ms. Cindy Jacoby of BizHelp Consulting facilitated City Commission goal setting by providing a presentation which reviewed: understanding others, visioning warm-up exercises, removing obstacles, goal setting, prioritizing, and project forming. Following much discussion, it was determined an additional Visioning Workshop would be conducted Saturday, February 9, 2019 from 9:00 a.m. to 12:00 p.m. at the Fernandina Beach Municipal Golf Course in order to determine Commission goals.

ADJOURNMENT: There being no further business to come before the City Commission, the Visioning Workshop was adjourned at 5:00 p.m.

ATTEST:

CAROLINE BEST
City Clerk

JOHN A. MILLER
Mayor-Commissioner

The City Commission of the City of Fernandina Beach, Florida, met in a Visioning Workshop on Saturday, February 9, 2019 at 9:00a.m. at the Fernandina Beach Municipal Golf Course, 2800 Bill Melton Road. Present were Mayor John A. Miller presiding, Vice Mayor Kreger, Commissioners Philip Chapman, Mike Lednovich and Chip Ross. Also present were City Clerk Caroline Best, City Manager Dale L. Martin, and City Attorney Tammi Bach.

Mayor Miller called the meeting to order and led the Pledge of Allegiance to the Flag.

4. MS. CINDY JACOBY OF BIZHELP CONSULTING FACILITATED CITY COMMISSION GOAL SETTING: Following considerable discussion the City Commissioners agreed to the following 2019 goals: create and implement a comprehensive conservation plan that protects all environmentally sensitive lands in perpetuity as defined in the Land Development Code and Comprehensive Plan and design, build and complete a people-centric, waterfront that includes the Marina, a park, safe pedestrian corridors, a public/private development with shoreline stabilization by January 1, 2024

ADJOURNMENT: There being no further business to come before the City Commission, the Visioning Workshop was adjourned at 11:47a.m.

ATTEST:

CAROLINE BEST
City Clerk

JOHN A. MILLER
Mayor-Commissioner

The City Commission of the City of Fernandina Beach, Florida, met in a Regular Meeting on Tuesday, February 19, 2019 at 6:00 pm in the City Commission Chambers. Present were Mayor John A. Miller presiding, Vice Mayor Len Kreger, Commissioners Philip Chapman, Mike Lednovich and Chip Ross. Also present were City Clerk Caroline Best, City Manager Dale L. Martin, and City Attorney Tammi Bach.

Mayor Miller called the meeting to order and led the Pledge of Allegiance to the Flag. The invocation was given by American Legion Chaplain Bruce Malcolm.

4.1 PROCLAMATION - MR. SEAN POYNTER: Mayor Miller read the Proclamation in full recognizing Fernandina Beach resident, Mr. Sean Poynter, for his first stand-up paddle boarding world title and multiple championship wins. Mr. Poynter was in attendance to accept the Proclamation, he thanked the Commission and expressed appreciation for those in the community who have supported him throughout his journey.

4.2 PROCLAMATION - TAKE STOCK IN CHILDREN MONTH: - Mayor Miller read the Proclamation in full recognizing Take Stock in Children of Nassau County, Inc. for providing unique educational opportunities to deserving students and proclaims the month of March 2019 as, "Take Stock in Children Month." Former Mayor Robin C. Lentz and members of the Take Stock in Children of Nassau County, Inc. Board of Directors were in attendance to accept the Proclamation. Mayor Lentz thanked the Commission and community and highlighted the program and its mentors who, over the past twenty-two years in Nassau County, have assisted in graduating 577 students who received tuition to four-year colleges.

4.3 PROCLAMATION - FLOWERING FERNANDINA: Recognizes the Flowering Fernandina organization for outstanding dedication to the beautification of the Fernandina Beach Historic District. Former Mayor Robin C. Lentz and members of Flowering Fernandina will be in attendance to accept the Proclamation. ***This proclamation was moved to the City Commission Regular Meeting March 5th.***

4.4 PRESENTATION - NASSAU COUNTY PUBLIC LIBRARY: Nassau County Public Library Director Ms. Dawn Bostwick provided information regarding special guest speakers, the State Library calendar, and the Fernandina Beach Library annual report.

4.5 BUDGET SUMMARY: Comptroller Pauline Testagrose gave a brief update and was available to answer any questions regarding the budget summary for January 2019.

5. PUBLIC COMMENT REGARDING ITEMS NOT ON THE AGENDA OR ITEMS ON THE CONSENT AGENDA

BEACH PARKING: Ms. Joan Bean, 141 N. 15th Street, is hoping beach parking is still being discussed and suggested that the hotel bed tax be used to pay for beach cleaning. Another suggestion is parking stickers in lieu of parking kiosks.

WATERFRONT: Mr. Mac Morriss, 821 Parkview Place East, issued a handout to the Commissioners with suggestions including building beyond the 100-year sea level rise. Starting at the Cook dock and building all the way along the waterfront. It is his belief that citizens want to see action being taken on the waterfront beyond fixing the damage from the hurricanes.

BEACH PARKING: Mr. Paul Lore, 2794 Longboat Drive, having listened to citizens in the community he has heard some key points including maintain City identify, no resident tax or fees, one consistent beach program and signage improvement. As an advocate of not allowing paid beach parking this is important to maintaining the island's identity. There are other alternatives to keep the plentiful, beach accesses free.

DRAINAGE: Ms. Julie Ferreira, 501 Date Street, is concerned about drainage issues on the west side of the new construction on 2nd Street behind City Hall and hopes there are future plans to correct the problem.

MARINA: Mr. Allen Mills, 1425 Broome Street, asked why dock five was cut from 475 feet to 235 feet which was not supposed to happen. Mr. Mills gave several suggestions for reconfiguring the parking lots to continue accommodating boat ramps and suggested moving the summer concert series, Sounds on Centre, to a side street and title it Sounds Just Off Centre.

6. CONSENT AGENDA: The following eight items were on the Consent Agenda and were approved by one motion.

6.1 APPROVAL OF MINUTES: According to the agenda support documents, the City Commission Reorganizational Meeting of December 18, 2018; the City Commission Regular Meeting of December 18, 2018; and the City Commission Special Meeting and Executive Session of January 15, 2019 were presented for approval. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve the recommendation. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

6.2 RESOLUTION 2019-20 APPROVING A MEMORANDUM OF AGREEMENT FOR THE 2-111TH REGIMENT, AIRFIELD OPERATIONS BATTALION, FLORIDA ARMY NATIONAL GUARD TO PROVIDE TEMPORARY TOWER AIR TRAFFIC CONTROL SERVICES DURING THE 2019 AMELIA ISLAND CONCOURS D'ELEGANCE: According to the agenda support documents Resolution 2019-20 approves the Memorandum of Agreement for the 2-111th Regiment, Airfield Operations Battalion, Florida Army National Guard to provide Temporary Tower Air Traffic Control Services at the Fernandina Beach Municipal Airport during the 2019 Amelia Island Concours d'Elegance. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve Resolution 2019-20. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

6.3 RESOLUTION 2019-21 APPROVING AN AMENDMENT TO THE BUDGET FOR FISCAL YEAR 2018/2019: According to the agenda support documents Resolution 2019-21 approves a transfer in the amount of \$60,000 from the General Fund Contingency account to the Information Technology Contractual account for consulting services related to ensuring the City's website is ADA compatible. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve Resolution 2019-21. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

6.4 RESOLUTION 2019-22 SUPPORTING FLORIDA SENATE BILL 70: EXEMPTING THE STATE HOUSING TRUST FUND AND THE LOCAL GOVERNMENT HOUSING TRUST FUND FROM A PROVISION AUTHORIZING THE LEGISLATURE, IN THE GENERAL APPROPRIATIONS ACT, TO TRANSFER UNAPPROPRIATED CASH BALANCES FROM SPECIFIED TRUST FUNDS TO THE BUDGET STABILIZATION FUND AND THE GENERAL

REVENUE FUND, ETC: According to the agenda support documents Resolution 2019-22 supports Florida Senate Bill 70 which will preclude the Florida Legislature from sweeping unappropriated cash balances from specified affordable housing trust funds. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve Resolution 2019-22. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

6.5 RESOLUTION 2019-23 AUTHORIZING THE MAYOR TO EXECUTE A RELEASE OF LIEN FOR CODE ENFORCEMENT AND APPEALS BOARD LIENS: According to the agenda support documents Resolution 2019-23 releases the Code Enforcement and Appeals Board liens on the property located at 801 Someruelus Street. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve Resolution 2019-23. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

6.6 RESOLUTION 2019-24 APPROVING THE EXTENSION OF WATER SERVICES OUTSIDE THE CORPORATE LIMITS; ACCEPTING THE VOLUNTARY ANNEXATION PETITION FOR ONE PARCEL CONTAINING APPROXIMATELY 0.91 ACRES OF LAND LOCATED AT 431 PINE TRAIL: According to the agenda support documents Resolution 2019-24 authorizes the extension of water services to the property located on 431 Pine Trail (Parcel ID: 00-00-31-1800-0205-0030). Also approves the Voluntary Annexation Petition. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve Resolution 2019-24. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

6.7 RESOLUTION 2019-25 APPROVING SWAGIT PRODUCTIONS LLC AS A SOLE SOURCE VENDOR FOR CLOSED CAPTIONING SOLUTIONS FOR RECORDED COMMISSION AND BOARD MEETINGS; APPROVING A QUOTE FOR SERVICES FROM SWAGIT PRODUCTIONS LLC: According to the agenda support documents Resolution 2019-25 approves SWAGIT Productions LLC as a sole source vendor for closed captioning services in an amount not to exceed \$26,250 per year. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve Resolution 2019-25. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

6.8 RESOLUTION 2019-26 (THE "CITY") SUPPLEMENTING ITS RESOLUTION 2016-142; PROVIDING SUPPLEMENTAL AUTHORITY WITH RESPECT TO THE PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM OF THE FLORIDA DEVELOPMENT FINANCE CORPORATION ("FDFC") AND THE FLORIDA RESILIENCY AND ENERGY DISTRICT ("FRED") TO ALLOW PACE ADMINISTRATORS AUTHORIZED BY FDFC AND FRED FROM TIME TO TIME TO PROVIDE PACE FINANCING WITHIN THE JURISDICTIONAL LIMITS OF THE CITY: According to the agenda support documents Resolution 2019-26 supplements the 2016 Resolution for the purpose of authorizing any and all PACE administrators that have been authorized by FDFC and FRED under their PACE program to serve as a PACE administrator to accept applications for financing Qualifying Improvements within the Fernandina Beach municipal boundaries on a non-exclusive basis. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Lednovich, to approve Resolution 2019-26. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.1 RESOLUTION 2019-27 APPROVING CITY CO-SPONSORSHIP OF FIVE EVENTS SELECTED BY THE SPECIAL EVENTS COMMITTEE AND FOUR ADDITIONAL EVENTS SELECTED BY THE FERNANDINA BEACH MAIN STREET PROGRAM: According to the agenda

support documents Resolution 2019-27 approves five City co-sponsored events and four Fernandina Beach Main Street co-sponsored events.

Mr. Chuck Hall, 315 Calhoun Street, gave a presentation on the forty-five-year history of the Historic Fernandina Business Association (HFBA) which conducts yearly elections and has approximately fifty-members paying annual dues of \$100. The HFBA was created to help sustain downtown merchants through marketing and events such as sidewalk sales, live radio shows, music and sports, store decorating contests and holiday happenings. The HFBA proposes to create a liaison with the City Commission to work in partnership to continue to support downtown businesses and events.

Vice Mayor Kreger expressed concern that the Chamber of Commerce, Main Street and the HFBA don't work well together and suggested considering unifying in some way. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Ross, to approve Resolution 2019-27.** Public Information Officer Mary Hamburg explained City co-sponsored event fees are waived except for public safety that is paid for by event organizers. City Manager Martin detailed the special events co-sponsored by the City to be approved by the Commission in Resolution 2019-27 are: Sounds on Centre, Nassau Sports Association Fishing Rodeo, Petanque Amelia Island Open, Hometown 4th of July and the Shrimp Festival. Events co-sponsored by Main Street are Dickens on Centre, Concours d'Elegance Road Rour, Eight Flags Car Show and the Black Friday Pajama Party. **Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.2 RESOLUTION 2019-28 AWARDING RFQ # 2018-21; ACCEPTING THE QUALIFICATION REVIEW COMMITTEE RANKING FOR AIRPORT ENGINEERING/PLANNING CONSULTING SERVICES; AND APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH PASSERO ASSOCIATES LLC: According to the agenda support documents Resolution 2019-28 accepts the qualification review committee ranking for airport engineering/planning consultant services by awarding RFQ # 2018-21 to Passero Associates LLC and approves an agreement for continuing services with Passero Associates LLC. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to approve Resolution 2019-28. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.** Passero & Associates Project Manager Mr. Andrew Holesko thanked the Commission and expressed appreciation for the ongoing partnership in working with City staff for many years.

7.3 RESOLUTION 2019-29 APPROVING AN AMENDMENT TO THE BUDGET FOR FISCAL YEAR 2018/2019; APPROVING CHANGE ORDER # 1 WITH BRANCE DIVERSIFIED, INC. IN THE AMOUNT OF \$396,043.25 TO INCLUDE ADDITIONAL DREDGING AT THE FERNANDINA BEACH HARBOR MARINA: According to the agenda support documents Resolution 20019-29 approves a budget transfer in the amount of \$500,000 in the Marina fund. Also approves Change Order #1 with Brance Diversified, Inc. and authorizes increasing the total project cost to \$3,595,213.57.

City Manager Martin explained an additional 51,000 cubic yards of dredging costing \$396,000.43 is required, the request is for a budget amendment in the amount of \$500,000 if additional funds are needed. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to approve Resolution 2019-29.** Commissioner Lednovich asked if Brett's Waterway Café was included in the proposal. City Manager Martin responded at present it is outside the scope of the current dredging project however if the Commission is interested in funding that can be addressed. Dredging is currently \$18.25 per cubic yard which will go down as volume increases but price remains the same. An update is forthcoming and will be posted through the media including the website. **Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.4 RESOLUTION 2019-30 APPROVING CHANGE ORDER #'S 3, 4, 5, 6, 7, 8, AND 9 WITH CLOUD 9 SERVICES, INC. DBA FENDER MARINE CONSTRUCTION RELATED TO THE SOUTHERN ATTENUATOR PROJECT AT THE FERNANDINA BEACH HARBOR MARINA: According to the agenda support documents Resolution 2019-30 approves Change Order #'s 3, 4, 5, 6, 7, 8, and 9 with Cloud 9 Services, Inc. (Fender Marine Construction) related to the Southern Attenuator Project at the Fernandina Beach Harbor Marina and authorizes reducing the total project cost to \$6,037,708.22.

City Manager Martin explained the southern attenuator project has 7 additional change orders resulting in a \$100,000 contract deduction that may be applied to the northern attenuator project. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to approve Resolution 2019-29. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.5 RESOLUTION 2019-31 TO CONTINUE DISCUSSIONS REGARDING AMELIA RIVER WATERFRONT DEVELOPMENT: According to the agenda support documents Resolution 2019-31 authorizes the City Manager to continue discussions related to Amelia River waterfront development as conceptualized by Acatects, including, but not limited to, issues related to shoreline stabilization, sea level rise, and City-owned property associated with the waterfront.

City Manager Martin explained the resolution is to continue the discussions, at no cost to the City, regarding the waterfront and the property located at 101 N. Front Street with Ms. Amy Anderson of Acatects and her group.

Mr. Lynn Williams, 977 Egan's Creek Lane, has concerns about the Acatects group and their "thin resume" as well as a questionable reference, Sam Zell, and requested that the City focus on the valuable Island Seafood/Wade Vuturo buildings and soon to expire permit.

Vice Mayor Kreger noted that the deal will be done in accordance with Florida state law 255.065.

Mr. Clinch Kavanaugh, 102 N. 6th Street, asked Vice Mayor Kreger for clarification. Vice Mayor Kreger stated it is basically an unsolicited request and a formal proposal would be put out for bid. Cami

City Attorney Bach clarified Florida Statute 255.065 refers to public/private partnerships, and although the City may consider this unsolicited proposal, a notice must be issued before moving forward. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Chapman, to approve Resolution 2019-31.**

Ms. Amy Anderson, 19 Laurel Oak Road, noted time is of the essence with a discussion in March and a possible deliverable in four months.

Commissioner Lednovich interjected that rather than move ahead with one group, all proposals should be considered for the entire project. Commissioner Lednovich noted his wife previously worked for Mr. Sam Zell. **Vote upon passage of the motion was taken by ayes and nays and was as follows:**

Vice Mayor Kreger:	Aye
Commissioner Chapman:	Aye
Commissioner Ross:	Aye
Commissioner Lednovich:	Nay

Mayor Miller:

Aye

Motion carried.

7.6 RESOLUTION 2019-32 APPROVING TASK ORDER #2019-01 WITH OLSEN ASSOCIATES, INC. FOR PROFESSIONAL COASTAL ENGINEERING SERVICES: According to the agenda support documents Resolution 2019-32 approves Task Order #2019-01 with Olsen Associates, Inc. for Coastal Engineering Services for Beach Management. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to approve Resolution 2019-32 with the contingency that Municipal Service Taxing Unit (MSTU) funds pay for the entire expenditure. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.7 RESOLUTION 2019-33 APPROVING TASK ORDER #2019-02 WITH OLSEN ASSOCIATES, INC. FOR TASKS ASSOCIATED WITH THE NORTHERN AMELIA ISLAND ANNUAL PHYSICAL MONITORING 2019 PROJECT: According to the agenda support documents Resolution 2019-33 approves Task Order #2019-02 with Olsen Associates, Inc. for tasks associated with the Northern Amelia Island Annual Physical Monitoring 2019 project. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Ross, to approve Resolution 2019-33 with the contingency that Municipal Service Taxing Unit (MSTU) funds pay for the entire expenditure. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.8 RESOLUTION 2019-34 APPROVING AMENDMENTS TO THE BUDGET FOR FISCAL YEAR 2018/2019; DIRECTING ALL FUTURE REVENUES GENERATED FROM HISTORIC DISTRICT CERTIFICATES OF APPROVAL AND TREE REMOVAL FEES, FINES, OR PENALTIES TO THE ASSOCIATED SPECIAL REVENUE TRUST FUNDS AND THEIR ASSOCIATED ACCOUNTS: According to the agenda support documents Resolution 2019-34 approve transfer of revenues generated by permit and COA fees to the special Revenue Trust Funds. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to postpone Resolution 2019-34 to the City Commission Regular Meeting on March 19th.**

Ms. Peggy Lehoset, 1016 San Fernando Street, stated she will ask for clarification at the March 19th meeting.

Ms. Julie Ferreira, 501 Date Street, found the fund contains \$108,000 and requested that a mature tree fund be established to educate/train staff to properly tend and maintain island trees. The City is asked to consider bringing the arborist from St. Augustine back for training as was done in the past. Also, establishing an urban forest group is suggested to connect the community with ecological, historical social and esthetic tree heritage. **Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.9 RESOLUTION 2019-35 APPROVING SCHWALLS CONSULTING LLC AS A SOLE SOURCE VENDOR FOR OUTSIDE CONSULTING RELATED TO FLOODPLAIN, COMMUNITY RATING SYSTEM (CRS) AND CLASSROOM INSTRUCTION IN FISCAL YEAR 2018/2019 FOR THE BUILDING DEPARTMENT; APPROVING A CONSULTING AGREEMENT WITH SCHWALLS CONSULTING LLC: According to the agenda support documents Resolution 2019-35 approves Schwalls Consulting LLC as a sole source vendor for outside consulting related to Floodplain, Community Rating System (CRS) and classroom instruction in an amount not to exceed \$33,250. Also authorizes execution of a consulting agreement with Schwalls Consulting LLC. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to approve Resolution 2019-35. Vice Mayor**

Kreger noted the City Community Rating System (CRS) dropped from a 6 to 8 increasing insurance costs by 10%.

Mr. Delton Schwalls, 946 Bradshaw Terrace, Orlando is a professional engineer and certified flood plain manager licensed in several states and President of the Florida Flood Plain Management Association, working nationally to help cities with flood plain issues. The City's rating was affected due to class adjustment and program changes in how the scale was graded. A response is due regarding the evaluation which will most likely keep the City at a 6 rating. In working with Building Department Administrative Coordinator Angela Lester, more effective documentation and outreach has been implemented to help stave off the 8 rating. **Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.10 RESOLUTION 2019-36 APPROVING PRELIMINARY PLAT, PAB CASE 2019-02 TITLED "AMELIA PARK LAKESIDE": According to the agenda support documents Resolution 2019-36 accepts and approves the plat titled "Amelia Park Lakeside" as a preliminary plat.

Mr. Joel Embry, 1127 Monticello Road, Jacksonville, a partner in the project, stated this is a privately-owned lane. The right of way primary lane is approximately twenty-two feet and a subsidiary lane is eleven feet, comparable to the lanes currently in Amelia Park. A loop design was created to eliminate ninety-degree angles to accommodate oversized vehicles and trucks. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Chapman, to approve Resolution 2019-36.** City Attorney Bach stated that the plat does not contain dedication of the streets to the City. **Vote upon passage of the motion was taken by ayes and nays and was as follows:**

Vice Mayor Kreger	Aye
Commissioner Chapman	Aye
Commissioner Ross	Nay
Commissioner Lednovich	Nay
Mayor Miller	Aye

Motion carried.

7.11 RESOLUTION 2019-37 SUPPORTING THE APPLICATION OF NASSAU HABITAT FOR HUMANITY FOR COMMUNITY CONTRIBUTION TAX CREDIT PROGRAM SPONSOR PROJECT THROUGH THE FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY: According to the agenda support documents Resolution 2019-37 supports Nassau Habitat for Humanity's application to the Florida Department of Economic Opportunity for tax credits to encourage businesses to make donations toward housing projects. City Attorney Bach explained the application to the State of Florida to support community business that donate to Habitat for Humanity to receive up to a \$50 dollar to dollar match in reduction for certain types of sales tax. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to approve Resolution 2019-37. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

7.12 RESOLUTION 2019-38 APPROVING THE CITY ATTORNEY TO PROCEED WITH A COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES AGAINST THE FEDERAL NATIONAL MORTGAGE ASSOCIATION FOR FAILURE TO COMPLY WITH THE CITY CODE REGARDING MAINTENANCE OF PROPERTY AND STRUCTURES, INOPERABLE VEHICLES, AND PARKING RESTRICTIONS: According to the agenda support documents Resolution 2019-38 authorizes the City Attorney to serve the Summons to proceed with the Complaint for Injunctive Relief and Damages against

the Federal National Mortgage Association. City Attorney Bach stated this is an initial request to foreclose on the property to be approved by the City Commission per the charter and will require a budget expense. This is an attempt to confirm the Federal National Mortgage Association is the deed holder for this vacant, delinquent property. **A motion was made by Commissioner Ross, seconded by Commissioner Chapman, to approve Resolution 2019-38. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

8.1 FIRST READING OF ORDINANCE 2019-08: City Attorney Bach read Ordinance 2019-08 by title only which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE FERNANDINA BEACH, FLORIDA, CHANGING THE CITY’S FUTURE LAND USE MAP FROM CONSERVATION (CON) TO ASSIGN A FUTURE LAND USE MAP CATEGORY OF LOW DENSITY RESIDENTIAL (LDR) FOR PROPERTY TOTALING APPROXIMATELY 6.40 ACRES OF LAND LOCATED ON CITRONA DRIVE; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.” According to the agenda support documents Ordinance 2019-08 assigns a Future Land Use Map Category of Low Density Residential (LDR) to 6.40 acres of land located on Citrona Drive.

Planning and Conservation Department Director Ms. Kelly Gibson gave a detailed presentation and explained the small-scale land use amendment under consideration is to change zoning from conservation land use to residential that includes a need to correct a Future Land Use Map (FLUM) error.

Planning and Conservation Department Senior Planner Mr. Jacob Platt gave a detailed presentation of mapping history. Ms. Gibson further explained the intent has always been to protect the low lying, environmentally sensitive lands to the north and the wetlands to the east owned by the City.

Mr. Wirt Beard, 80 Players Club Villa Road, Ponte Vedra Beach, speaking on behalf of Amelia Bluff, LLC illuminated that the ten-acre development is aptly named because the property has a natural bluff which is twelve to fourteen feet higher than the adjacent wetlands. Listing a detailed chronology of events, it is interesting this project is just now receiving pushback due to the Future Land Use Map (FLUM) designation.

Mr. Chris Occhuizzo, 1585 Canopy Drive, would like to see this grassroots conversation elevated because there is more at stake than resolving the Future Land Use Map (FLUM) issue, the problem is how development is managed on the island. It is suggested a defined vision and mission statement is needed with input from the community to protect property owners and their rights. A line needs to be drawn concerning development.

Mr. Frank Santry, 414 Date Street, urged the Commission to consider the framework around their decision. The FLUM map should trump the zoning map. As a member of the Planning Advisory Board (PAB), he suggested a liability determination be made and then take into consideration the City buying the land for conservation purposes. Any reliance by the builder on actions prior to November 2018 when this issued was raised and revealed by the PAB, should not enter the equation.

Mr. Robert Wells, 2884 Robert Oliver Avenue, despite this current error/conundrum which is a completely different subject, Commission predecessors designated this area as conservation land and should remain and the current Commission is encouraged to vote no.

Mr. Beard expressed through no fault of his company the upland project is nearing completion and should not be rescinded.

Ms. Maryann Sharer, 808 Stanley Drive, questioned the property lines, project cost and what seems to be very clear conservation guidelines.

City Attorney Bach declined to give specifics however having spoken to the developers and Commissioners there are arguments on both sides that need to be considered.

Ms. Julie Ferreira, 501 Date Street, all is not well in the City and the Commission should act as though all is not well. Once a FLUM is legally adopted it cannot change, the Planning staff does not have a right to say what the City intended. It is anticipated the Commission will cause the potential sixty other scrivener's errors be corrected and the property in question should become a park.

Mr. Michael Knorr, 2807 Laguna Drive, this is not the first time he is speaking about conservation land indigenous to wildlife which is being encroached upon by development; it is inexplicable that areas are being developed when the map clearly identifies it as conservation land. The Commission is implored to enforce the law whatever it takes.

Ms. Ali Myles, 232A N. 2nd Street, this is a "pickle" that needs to be resolved showed on the map a way to rezone and possibly purchase a portion from the developer. As a resident who moved away briefly the loss of natural land space is evident and if it continues this island will no longer be a ranked destination for tourism. The maritime forest is special and priceless needs to be preserved.

Ms. Munsell McPhillips, 2896 Tidewater Street, has been a speaker for many years showcasing the maritime forest that merits our protection as it protects us. It seems there is a systematic bias by City staff in deference to a developer. As a former employee in the flood control business who understands mapping, it is unbelievable that this was a scrivener's error. This land was marked as conservation on the FLUM, there is no issue with the developer however there is an issue with City staff disregarding forested lands as unworthy of protection. It is requested that the City disallow any further conversion of conservation land to any other land use.

Ms. Mary Libby, 616 Spanish Way East, agrees with all that has been said. Having moved to the island because of its beauty and the way it looked it is starting to not look that way. The health of the island needs to be preserved; the City owes the community mitigation of six acres somewhere.

Ms. Peggy Lehosit, 1016 San Fernando Street, concurs with the other speakers; the FLUM should not be traded. Although it may cost all of us, there is a willingness to accept the burden to stop this project. It was irresponsible for this development to get so far along without the FLUM being settled.

A motion was made by Vice Mayor Kreger, seconded by Commissioner Chapman, to approve Ordinance 2019-08. Commissioner Chapman recalled voicing his concerns on the project prior to being elected and noted taxpayer dollars could be appropriated to conserve a number of other properties not already undergoing development.

Commissioner Ross believes the expense of restoring the property is worth the expenditure as the land and trees contained therein, along with its proximity to Egans Creek Greenway, is priceless and cannot be replaced once it is destroyed. Commissioner Ross further commented, Commissioners campaigned on conservation platforms, the time to deliver on campaign promises is now.

City Attorney Bach explained the potential voting outcome scenarios including the possibility of mediation or litigation by the builder if denied further permitting. The potential for restoration would also be possible if the City were to take ownership. **Vote upon passage of the motion was taken by ayes and nays and was as follows:**

Vice Mayor Kreger:	Aye
Commissioner Chapman:	Aye
Commissioner Ross:	Nay
Commissioner Lednovich:	Nay
Mayor Miller:	Aye

Motion carried.

9.1 SECOND READING OF ORDINANCE 2018-18: City Attorney Bach read Ordinance 2018-18 by title only which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF FERNANDINA BEACH, FLORIDA AMENDING THE CODE OF ORDINANCES CHAPTER 22, ARTICLE V FLOODPLAIN MANAGEMENT; ADOPTING SECTION 22-29.1 FOR LOCAL ADMINISTRATIVE AMENDMENTS TO THE FLORIDA BUILDING CODE; ADOPTING SECTION 22-29.2 TO ADOPT LOCAL TECHNICAL AMENDMENTS TO THE FLORIDA BUILDING CODE; PROVIDING FOR APPLICABILITY; SEVERABILITY; AND AN EFFECTIVE DATE.” According to the agenda support documents this Ordinance 2018-18 amends Chapter 22 of the City Code pertaining to Floodplain Management. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger, to approve Ordinance 2018-18.**

Mr. Clinch Kavanaugh, 102 N. 6th Street, questioned who drafted the thirty-five-page ordinance that is technical, detailed and difficult to comprehend and questioned why the City Attorney isn’t drafting ordinances. Keeping the public from being informed is unfair, as there are numerous concerns. The Commission is asked to vote no.

Mr. Scott Moore, 305 Lighthouse Lane, is the owner of Eight Flags Insurance Agency explained many downtown commercial buildings cannot get ordinance of law coverage. Several issues need to be considered including increase in price coverage, the cost savings may not necessarily be worth it.

Mr. Eric Corbett, 2674 W. 3RD Street, reviewed the ordinance and has spoken to numerous professionals who are opposed to the language. Public workshops were proposed but did not happen. The ordinance language lacks comfortability and what it is mandating. This is not in the best interest of residents.

Ms. Marion Phillips, 724 S. 6TH Street, is appalled it may be necessary to buy flood insurance. Realtors are upset because this will drive prices up. Building on the island needs to stop. The Commission is asked to vote no.

Ms. Whitney McGuire, Esquire, 1301 River Place Boulevard, Jacksonville, representing Rayonier Advance Materials. There was very short notice for the first reading and the City Attorney was contacted to provide copies of the ordinance and notices so that comments could be submitted; however, no such materials were received. A letter was submitted to the City Attorney and Commission detailing the problems with the ordinance including failing to inform of the obligations or rights of affected parties.

Mr. Jack Healan, 6 Harrison Creek Road, Crane Island developer, feels blindsided by the lack of notice despite City staffs' promises to provide information in advance. It is a mistake to adopt this ordinance without allowing the stake holders more time to weigh in.

Ms. Emily Pierce, Esquire, 1301 River Place Boulevard, representing the Crane Island development, sent comments to staff at first reading and requested her language be adopted tonight.

Mr. Christopher Ragucci, 2673 Robert Oliver Avenue, Worldwide Terminals Fernandina, LLC Chief Executive Officer stated the effected parties are not up to speed on this and received last minute notice. His organization wants to work in good faith with the City, however haste makes for poor legislation and asked the Commission to delay the adoption of Ordinance 2018-18.

Mr. Eric Schmidt, 6504 Spyglass Circle, WestRock Fernandina Beach Mill Community Relations Director submitted that Westrock employs over 600 people in Fernandina Beach and have been in business for eighty years; they stand ready to work with City staff, but to hastily approve this tonight seems wrong.

Mr. Jesse Spradley, 6747 Southpoint Parkway, Northeast Florida Builders Association Government Affairs Director, requested the effective date of Ordinance 2018-18 be postponed until area businesses and organizations have an opportunity to weigh in.

Mr. Edward Wilson, 1896 South 14th Street, Morrow Insurance Group, Inc. owner stated he does not support the adoption of this ordinance.

Following a series of comments between Mr. Delton Schwalls and Commissioners related to the ordinance language and the Community Rating System **vote upon passage of the motion was taken by ayes and nays and was as follows:**

Commissioner Ross:	Aye
Vice Mayor Kreger:	Nay
Commissioner Chapman:	Nay
Commissioner Lednovich:	Nay
Mayor Miller:	Nay

Motion failed.

9.2 SECOND READING OF ORDINANCE 2018-33: City Attorney Bach read Ordinance 2018-33 by title only, which was as follows: "AN ORDINANCE OF THE CITY COMMISSION OF FERNANDINA BEACH, FLORIDA REQUESTING THE ANNEXATION OF APPROXIMATELY 187.29 ACRES OF LAND LOCATED ON THE INTRACOASTAL WATERWAY CONTIGUOUS TO THE CITY LIMITS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE." According to the agenda support documents Ordinance 2018-33 approves the annexation of approximately 187.29 acres of land located on the Intracoastal Waterway.

The public hearing was opened at this time.

Ms. Emily Pierce, Esquire, 1301 River Place Boulevard, representing the Crane Island development was available to answer any questions.

and there being no comments from the floor the public hearing was closed. **A motion was made by Vice Mayor Kreger, seconded Commissioner Lednovich, to approve Ordinance 2018-33. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

9.3 SECOND READING OF ORDINANCE 2018-34: City Attorney Bach read Ordinance 2018-34 by title only, which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA CHANGING THE CITY’S FUTURE LAND USE MAP TO LOW DENSITY RESIDENTIAL AND CONSERVATION FOR APPROXIMATELY 187.29 ACRES OF LAND LOCATED ON THE INTRACOASTAL WATERWAY FROM THE NASSAU COUNTY FUTURE LAND USE MAP DESIGNATION OF CONSERVATION AND AGRICULTURAL; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.” According to the agenda support documents Ordinance 2018-34 assigns a Future Land Use Map Category of Low Density Residential and Conservation to approximately 187.29 acres of land located on the Intracoastal Waterway.

The public hearing was opened at this time.

Ms. Emily Pierce, Esquire, 1301 River Place Boulevard, representing the Crane Island development noted there would be fewer than 169 homes built on Crane Island and she is available to answer any questions.

City Attorney Bach stated for the record: 169 dwelling units were approved by court order, there was litigation regarding this property. That 169 dwelling units, the Department of Economic Opportunity in Tallahassee suggested it be included in the Ordinance, Ms. Bach noted all parties are in agreement. Planning and Conservation Department Director Ms. Kelly Gibson further clarified the Department of Economic Opportunity, through their state review, recommended the 169 dwelling unit language be added to the Ordinance.

Ms. Julie Ferreira, 501 Date Street, commented she has a long history of fighting the development of Crane Island which was originally supposed to have only forty-nine dwelling units.

The public hearing was closed at this time.

A motion was made by Vice Mayor Kreger, seconded by Commissioner Chapman, to approve Ordinance 2018-34. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.

9.4 SECOND READING OF ORDINANCE 2018-35: City Attorney Bach read Ordinance 2018-35 by title only, which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA ASSIGNING A LARGE SCALE ZONING CATEGORY OF LOW DENSITY RESIDENTIAL (R-1) ZONING AND CONSERVATION (CON) FOR APPROXIMATELY 187.29 ACRES OF LAND LOCATED ON THE INTRACOASTAL WATERWAY, AND APPLYING A PLANNED UNIT DEVELOPMENT (PUD) OVERLAY AS CONSISTENT WITH NASSAU COUNTY ORDINANCES 2006-80 AND 2013-16; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.” Synopsis: Assigns a Large Scale Zoning Category of Low Density Residential (R-1) Zoning to approximately 187.29 acres of land located on the Intracoastal Waterway. Also applies a Planned Unit Development (PUD) overlay.

The public hearing was opened at this time.

Ms. Emily Pierce, Esquire, 1301 River Place Boulevard, representing the Crane Island development was available to answer any questions.

The public hearing was closed at this time.

A motion was made by Vice Mayor Kreger, seconded by Commissioner Chapman to approve Ordinance 2018-35. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.

9.5 SECOND READING ORDINANCE 2018-39: City Attorney Bach read Ordinance 2018-39 by title only, which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA AMENDING THE LAND DEVELOPMENT CODE (LDC) BY AMENDING SECTIONS 8.02.01 (AMELIA RIVER WATERFRONT CRA); AND 2.03.02 (TABLE OF LAND USES); PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.” According to the agenda support documents Ordinance 2018-39 amends the Land Development Code specific to sections referenced.

The public hearing was opened at this time.

A motion was made by Commissioner Ross, seconded by Vice mayor Kreger to approve Ordinance 2018-39. City Attorney Bach commented that at the Visioning Session the Commissioners talked about the riverside of the waterfront really having no development there. Are any of the new permitted categories for structures in the industrial waterfront, it looks to like those are allowed, and that industrial waterfront is on the riverside and that these are now permitted uses that were not there before. Is this something that based on the direction from the Commission, and the vision, that we need to have another look at, do we need to look closer at these categories, or was that considered. Did anybody consider that? The Commissioners nodded in general agreement. There is a table of land uses in Section 2.03.02, which affects the Industrial Waterfront Zoning District, no longer would automotive rental agencies be permitted, nor would gas stations with or without convenience stores, but what would be allowed are government and civic buildings including libraries and museums, liquor store and lounge and bar without a drive through window and then recreation indoor facilities such as billiard parlors, bowling alleys, game rooms and skating rinks, those are allowed but subject to supplemental standards. Retail stores would now be permitted, specialty food stores such as bakeries or ethnic grocer, specialty and gift shops and theaters including movies or performing arts. I am not saying, cause I have not analyzed it to the extent, but I just want to make sure I am bringing it up before we just pass it and move on to the next issue. Commissioner Ross stated this was previously vetted. **Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

9.6 SECOND READING OF ORDINANCE 2019-01: City Attorney Bach read Ordinance 2019-01 by title only, which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA CHANGING THE CITY’S FUTURE LAND USE MAP AND ZONING MAP FROM MEDIUM DENSITY RESIDENTIAL (MDR) TO ASSIGN A FUTURE LAND USE MAP DESIGNATION OF MIXED USE (MU) FOR PROPERTY TOTALING APPROXIMATELY 0.91 ACRES OF LAND LOCATED AT 233 S. 14TH STREET; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.” According to the agenda support documents Ordinance 2019-01 assigns a Future Land Use Map Category of Mixed Use (MU) for approximately 0.91 acres located at 233 S. 14th Street.

The public hearing was opened at this time and there being no comments from the floor the public hearing was closed. **A motion was made by Voce Mayor Kreger, seconded by Commissioner Ross to approve Ordinance 2019-01. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

9.7 SECOND READING OF ORDINANCE 2019-02: City Attorney Bach read Ordinance 2019-02 by title only, which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA CHANGING THE CITY’S ZONING MAP AND ZONING MAP FROM MEDIUM DENSITY RESIDENTIAL (R-2) TO ASSIGN A ZONING MAP DESIGNATION OF MIXED USE (MU-1) FOR PROPERTY TOTALING APPROXIMATELY 0.91 ACRES OF LAND LOCATED AT 233 S. 14TH STREET; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.” According to the agenda support documents Ordinance 2019-02 assigns a Zoning District of Mixed Use (MU-1) for approximately 0.91 acres located at 233 S. 14th Street.

The public hearing was opened at this time and there being no comments from the floor the public hearing was closed. **A motion was made by Vice Mayor Kreger, seconded by Commissioner Chapman to approve Ordinance 2019-02. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

9.8 SECOND READING OF ORDINANCE 2019-03: City Attorney Bach read Ordinance 2019-03 by title only, which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA AMENDING THE LAND DEVELOPMENT CODE (LDC) SECTION(S): 7.01.04 (A) STANDARDS FOR PARKING IN THE AMELIA RIVER WATERFRONT COMMUNITY REDEVELOPMENT AREA (CRA), AND AMENDING SECTION 8.01.02(D)(4) PARKING FEE IN LIEU FOR PROPERTIES ABUTTING THE AMELIA RIVER WITHIN THE CRA; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.” According to the agenda support documents Ordinance 2019-03 amends the Land Development Code specific to remove non-residential parking requirements for properties within the CRA.

The public hearing was opened at this time.

Ms. Julie Ferreira, 501 Date Street, expressed concern that parking will be in short supply in the very near future. Congestion does not add to community character; it destroys character and the small-town feel. **A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger to approve Ordinance 2019-03. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

10.1 THIRD READING OF ORDINANCE 2018-49: City Attorney Bach read Ordinance 2018-49 by title only, which was as follows: “AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA AMENDING LAND DEVELOPMENT CODE SECTION(S): 1.07.00 ACRONYMS AND DEFINITIONS; TABLE 2.03.02 PRINCIPAL LAND USES; TABLE 2.03.03 ACCESSORY USES; TABLE 4.02.01(J) DESIGN STANDARDS FOR LOTS – IMPERVIOUS SURFACE RATIO; 4.02.06 SPECIFIC STANDARDS FOR TOWNHOUSE DEVELOPMENT – LOT WIDTH; 4.03.03 8TH STREET SMALL AREA DESIGN STANDARDS – SIGNAGE; 5.03.00 SIGNS – MU-8; 5.02.06 MOVABLE MODULE STORAGE UNITS – PLACEMENT; 11.00.01 – OVERALL REVISIONS TO THE LDC; 11.01.03 -REQUIREMENTS FOR ALL BOARD APPLICATIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE. City Attorney Bach read Ordinance 2018-49 by title only which was as follows: AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AMENDING LAND

DEVELOPMENT CODE SECTION(S): 1.07.00 ACRONYMS AND DEFINITIONS; TABLE 2.03.02 PRINCIPAL LAND USES; TABLE 2.03.03 ACCESSORY USES; TABLE 4.02.01(J) DESIGN STANDARDS FOR LOTS – IMPERVIOUS SURFACE RATIO; 4.02.06 SPECIFIC STANDARDS FOR TOWNHOUSE DEVELOPMENT – LOT WIDTH; 4.03.03 8TH STREET SMALL AREA DESIGN STANDARDS – SIGNAGE; 5.03.00 SIGNS – MU-8; 5.02.06 MOVABLE MODULE STORAGE UNITS – PLACEMENT; 11.00.01 – OVERALL REVISIONS TO THE LDC; 11.01.03 - REQUIREMENTS FOR ALL BOARD APPLICATIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.” According to the agenda support documents Ordinance 2018-49 amends the Land Development Code specific to referenced sections.

the public hearing was opened at this time.

Ms. Julie Ferreira, 501 Date Street, questioned the wording for affected party. City Attorney Bach clarified the wording for affected party was deleted at second reading and replaced with “For purposes of quasi-judicial hearings, an affected party is any property owner, resident or local government”.

The public hearing was closed at this time.

A motion was made by Commissioner Ross, seconded by Vice Mayor Kreger to approve Ordinance 2018-49. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.

11.1 ARTS AND CULTURE NASSAU: According to the agenda support documents there was one appointment to the Arts and Culture Nassau Committee. **A motion was made by Vice Mayor Kreger seconded by Commissioner Ross to approve the appointment of Ms. Terri Dean. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

12.1 DRONE ACQUISITION: This item is placed on the agenda at the request of Vice Mayor Kreger who requested City Manager Martin revisit investigating drone use for lifeguards to increase beach safety. City Manager Martin reported funding is budgeted in the Building Department not necessarily specific to drones but for preliminary damage assessment post storm. A clearly written, detailed policy regarding City use of drones should be drafted before any other action is taken.

12.2 INITIATION OF THE SCOPING PROCESS TO EVALUATE DESIGN CHANGES TO ADD OR MODIFY SAND DUNES: This item is placed on the agenda at the request of Vice Mayor Kreger who reported the US Army Corps of Engineers is expected to issue a beach report in the next two months detailing beach dunes, vegetation, sand fill, and other beach environmental aspects and address gaps.

12.3 LAND CONSERVATION: This item is placed on the agenda at the request of Commissioner Lednovich. ***Commissioner Lednovich yielded his time back to the Commission.***

12.4 WATERFRONT PARK DEVELOPMENT: This item is placed on the agenda at the request of Commissioner Lednovich. Commissioner Ross asked for a consensus from the City Commission to have City Manager Dale Martin to negotiate with Florida Public Utilities to remove waterfront utility poles and replace with underground utilities.

CITY MANAGER REPORTS

MEETINGS: City Manager Martin will meet next week with Mr. Mark Hudson, North Florida Land Trust, to move forward with prioritizing land for conservation purposes. Project meetings regarding the

waterfront are scheduled for next week. A meeting with Ms. Emily Pierce of Crane Island Development regarding airport issues is also scheduled for next week.

14. CITY ATTORNEY REPORTS

LETTER: City Attorney Bach issued a letter to the Florida Department of Transportation regarding pedestrian crossing jurisdictions.

CITY CLERK REPORTS: City Clerk Best had no reports at this time.

MAYOR/COMMISSIONER COMMENTS

SOCIAL MEDIA: Mayor Miller invited all to visit his Facebook page.

EVENT: Mayor Miller will travel to Tallahassee in March to attend a lobby day and requested input from the Commission regarding several bills that may impact the City.

ADJOURNMENT: There being no further business to come before the City Commission, the meeting was adjourned at 11:09 pm.

ATTEST:

CAROLINE BEST
City Clerk

JOHN A. MILLER
Mayor-Commissioner

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Resolution 2019-69
Budget Amendments - Golf Course

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-69

SYNOPSIS: The attached Resolution approves transfers between accounts within the Golf Course fund to cover higher than anticipated expenses.

FISCAL IMPACT: Funds are available for these transfers in Golf Course Operating Supplies account, 410 55200, and Golf Course Contractual account, 410 53400.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-69.

Steve Murphy, General Manager	4/23/2019
Nicole Bednar, Administrative Services Manager	4/23/2019
Dale Martin, City Manager	4/25/2019
Tammi E. Bach, City Attorney	4/25/2019
Katie Newton, Legal Assistant	4/25/2019

Date: April 12, 2019

Submitted By: Pauline Testagrose, Comptroller

COMMISSION ACTION: Adopt

RESOLUTION 2019-69

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF
FERNANDINA BEACH, FLORIDA, APPROVING
AMENDMENTS TO THE BUDGET FOR FISCAL YEAR
2018/2019; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, according to Code Sec 2-412 and Charter section 74, the City Commission must approve any budget transfers over \$7,500; and

WHEREAS, additional funds are needed in the Golf Course accounts: Training/Travel, R&M Bldg. and Grounds, R&M Equipment, and Janitorial for FY 2018/2019 and funds are available in the Operating Supplies and Contractual accounts; and

WHEREAS, staff recommends a budget transfer of \$9,300 from the Golf Course Operating Supplies account, 410 55200, to Training/Travel account, 410 54000, for \$5,800 and R&M Building and Grounds account, 410 54610, for \$3,500. Also, a transfer from the Contractual account, 410 53400, for \$10,402 to R&M Equipment account, 410 54620, for \$10,000 and to Janitorial account, 410 55220, for \$402.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves a budget transfer of \$9,300 from the Golf Course Operating Supplies, 410 55200, to Training/Travel account, 410 54000, for \$5,800 and R&M Building and Grounds account, 410 54610, for \$3,500. Also transfer from the Contractual account, 410 53400, for \$10,402 to R&M Equipment account, 410 54620, for \$10,000 and to Janitorial account, 410 55220, for \$402.

SECTION 2. The City Manager and City Clerk are hereby authorized to execute any documentation relating to this purchase upon review and approval of the City Attorney.

SECTION 3. This Resolution shall be effective immediately upon passage.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Commissioner – Mayor

ATTEST:

Caroline Best
City Clerk

APPROVED AS TO FORM & LEGALITY:



Tammi E. Bach
City Attorney

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Resolution 2019-48
Settlement Agreement and General Release - VRL Architects, Inc.

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-48

SYNOPSIS: After the completion of the Nassau County Library, Fernandina Beach Branch, renovation, the roof leaked and was in need of repair. It was discovered that an expansion joint was needed and not part of the original design.

When contacted regarding the error, VRL Architects, Inc., who had designed the project, worked with staff and the City Attorney and agreed to pay for the cost of the roof repair through its insurance company in the amount of \$32,716.77. The City incurred some other costs for minor roof repairs (\$920) and structural report (\$400), but is not being reimbursed for those costs.

Since January 2019, further leaks have been documented, and Tremco, the City's roofing repair company who performed the repairs, stands by their work and will monitor and repair, as needed, at no cost to the City. It is undetermined whether the "new" leaks originate from the design issues at the expansion joint. The City Commission postponed this settlement so that the library architect can do more on-site inspections on May 3, 2019.

FISCAL IMPACT: The settlement will authorize a reimbursement of \$32,716.77 which will be deposited into 001 36990 (Other Revenue).

CITY ATTORNEY COMMENTS: See above.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-48.

Katie Newton, Legal Assistant	4/17/2019
Tammi E. Bach, City Attorney	4/18/2019
Nicole Bednar, Administrative Services Manager	4/22/2019
Dale Martin, City Manager	4/25/2019
Pauline Testagrose, Comptroller	4/25/2019

Date: April 17, 2019

Submitted By: Katie Newton, Legal Assistant

COMMISSION ACTION: Adopt

RESOLUTION 2019-48

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, APPROVING A SETTLEMENT AGREEMENT AND GENERAL RELEASE WITH VRL ARCHITECTS, INC. IN THE AMOUNT OF \$32,716.77 AS REIMBURSEMENT TO THE CITY FOR LIBRARY ROOF REPAIRS; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in 2014, VRL Architects, Inc. provided services to the City of Fernandina Beach by designing the Fernandina Beach Downtown public library roof as part of the library expansion project; and

WHEREAS, in June 2018, the library roof needed repair due to a lack of proper expansion joint, and the City paid \$32,716.77 to Weatherproofing Technologies (reference City Resolution 2018-107) for the roof repairs; and

WHEREAS, in November 2018, the City Attorney began negotiations with VRL Architects, Inc. (the architect for library expansion project) and their legal representative to resolve the City's claim; and

WHEREAS, the parties recognize the tremendous time and expense that would be incurred by litigation of the matter, any appeals and the uncertainties inherent in any such litigation, and the parties have concluded that their interests would be best served by this settlement; and

WHEREAS, the Settlement Agreement and General Release provides that VRL Architects, Inc. does not admit liability but will pay the settlement amount to avoid litigation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves the Settlement Agreement and General Release with VRL Architects, Inc., attached hereto as Exhibit "A", and authorizes the City Manager and City Clerk to execute all documents pertaining to such settlement after review and approval by the City Attorney.

SECTION 2. This Resolution shall be effective immediately upon passage.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Commissioner-Mayor

ATTEST:

APPROVED AS TO FORM AND LEGALITY:



Caroline Best
City Clerk

Tammi E. Bach
City Attorney

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release ("Agreement") is hereby entered into by and among: (a) **City of Fernandina Beach**, "Plaintiff"; and (c) **VRL Architects, Inc. ("VRL or Defendant")**; This Agreement shall take effect upon the date of mutual execution of Plaintiff and VRL (the "Effective Date").

Background Recitals

- A. WHEREAS**, Plaintiff has asserted certain claims for construction defect relating construction and repair of the property (the "Dispute") located at 25 North 4th Street, Fernandina Beach, Florida. The property is known as the Nassau County Public Library ("the Property").
- B. WHEREAS**, VRL performed certain work during the original construction of the Property and desire to resolve any and all claims that Plaintiff may have against them related to the Property and the Dispute.
- C. WHEREAS**, in entering into this Agreement, the Parties desire to resolve any and all claims, defenses, demands, debts, obligations, judgments, actions, causes of action, liens, and liabilities between them, including, but not limited to, any and all claims, offsets, debts or defenses that were asserted in the Lawsuit and any and all claims, offsets, debts or defenses that could have been asserted in the Lawsuit.

WHEREAS, the parties desire to enter into a settlement agreement regarding the Dispute and the parties hereby agree as follows:

1. Settlement Amount and Payment Terms. In full and final settlement of all issues relating to the Dispute pending between the Parties, including all claims raised in the Dispute, the parties hereby agree that the XL Catlin AXA XL will pay Plaintiff Thirty-two Thousand, Seven hundred and sixteen dollars and seventy-seven cents (\$32,716.77). Such settlement amounts should be made payable to City of Fernandina Beach and should be sent to:

Tammi Bach
City Attorney
City of Fernandina Beach
204 Ash Street
Fernandina Beach, Florida 32034

Such settlement amounts are due and owing within thirty (30) days of the VRLs receipt of this fully executed Agreement.

1. General Release from Plaintiff. Upon the Effective Date Plaintiff fully and completely release and forever discharge the Defendant and their respective past and present parent

companies, related and affiliated companies, subsidiaries, predecessors, successors, and assigns, and each entity's respective present and past directors, officers, partners, attorneys, agents, employees, members, managers, shareholders, stockholders, insurers, including XL Catlin AXA XL, and reinsurers, from any and all lawsuits, arbitrations, causes of action, claims, liens, demands, debts, defenses, and costs, of any nature whatsoever, whether based on contract, tort, or other theory of recovery (including, but not limited to statutory causes of action), including but not limited to claims for property damage, including loss of use and personal property, medical expenses, personal injury, bodily injury, loss of income, mental anguish, pain and suffering, breach of the duty to defend, breach of the duty to indemnify, additional insured rights/status, unfair claims handling or any other insurer misconduct, bad faith (statutory and common law), breach of contract And, without limiting the foregoing, any other losses or damages, whether compensatory (general and special), punitive or exemplary, or for attorneys' fees and costs (whether past or future, whether claimed to be due and owing under any statute, the common law, contract or insurance policy, including but not limited to 627.428 Fla. Stat., § 626.9373 and/or the confession of judgment doctrine), whether known or unknown, suspected or unsuspected, foreseen or unforeseen, liquidated or unliquidated, accrued or unaccrued, which were or could have been asserted, now or in the future, against the Defendant directly or indirectly attributable to the construction and/or repair of the Property, the sale of the Property to the Plaintiff, their habitation of the Property, any aspects of the transactions represented thereby concerning the Property, any consideration for the transactions between the parties and all damages and causes of action flowing therefrom, including, without limitation, those claims or causes of action that were brought or could have been brought in the Lawsuit. **THIS IS A GENERAL RELEASE OF ANY AND ALL OF PLAINTIFF'S CLAIMS AGAINST THE DEFENDANTS FROM THE PRESENT DATE TO THE END OF TIME ARISING OUT OF OR RELATING TO THE CONSTRUCTION, REPAIR, SALE, AND/OR HABITATION OF THE PROPERTY. THIS RELEASE IS ONLY MEANT TO RELEASE THE DEFENDANT FOR THE SCOPE OF WORK OF VRL.**

2. **Warranty of Exclusive Rights.** Plaintiff represents and warrants that they have the sole right and exclusive authority to execute the Agreement and receive the sum specified in it, and that they have not sold, assigned, transferred, conveyed, or otherwise disposed of any of the claims or causes of action released in this Agreement.

3. **No Admission of Wrongdoing/Liability.** Plaintiff agrees and acknowledges that they accept the payment referenced in paragraph one above as a full and complete compromise of matters involving the Dispute and the Property, and that such payment shall not be considered an admission of any liability or wrongdoing by the Defendant. It is further understood and acknowledged by all parties that this Agreement does not constitute an admission of liability or wrongdoing on the part of the Defendant and that this Agreement is purely an act of compromise.

4. **Tax Consequences.** Plaintiff agrees that if it is later determined by the Internal Revenue Service that taxes of any type should have been paid in connection with any benefit Plaintiffs receive pursuant to this Agreement, that Plaintiff will be solely responsible for paying such taxes.

5. **Adequate Consideration.** Plaintiff acknowledges that the consideration received by Plaintiff in connection with this Agreement is fair, adequate and substantial and consists only

of the terms set forth in this Agreement.

6. **Warranty of Voluntary Agreement.** The parties warrant that they have entered this Agreement voluntarily and of their own accord without reliance on any inducement, promise, or representations by any other party.

7. **Warranty of Understanding and Advice of Counsel.** The parties state that they have carefully read this Agreement, know its content, and freely and voluntarily agree to all of its terms and conditions. Each party warrants that it has obtained the advice of counsel with regard to this Agreement.

8. **Governing Law.** It is hereby agreed by the parties that this Agreement shall be governed by the laws of the State of Florida, regardless of any conflicts of law provision requiring reference to the rules of, decisions in, and/or laws of another state or sovereign nation.

9. **Execution in Counterparts.** This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed to be one and the same instrument. Delivery of an executed counterpart of this Agreement by email and/or facsimile shall be equally as effective as delivery of a manually executed counterpart of this Agreement.

10. **Merger, Amendments, and Waiver.** This Agreement constitutes the entire agreement between the Parties regarding the subject matter of this Agreement. It supersedes all prior and contemporaneous agreements, representations, and understandings between the Parties related thereto. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement by a party shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver by a party shall be binding unless executed in writing by the party against whom enforcement of the waiver is sought.

11. **Incorporation of Recitals.** The parties warrant and represent that the above-stated Background Recitals are true and accurate statements in all material respects and reflect the intent of the parties in entering into this Agreement. The Background Recitals are incorporated by reference into the terms of the Agreement.

12. **Warranty Acknowledgement.** In entering into this Agreement, Plaintiff acknowledges and agrees that they will not make any additional warranty claims (or any other claims) to the Defendant, or their respective past and present parent companies, related and affiliated companies, subsidiaries, predecessors, successors, and assigns, and each such entity's present and past directors, officers, partners, attorneys, agents, employees, members, managers, or shareholders and stockholders.

13. **Confidentiality.** Except as required by law, Plaintiff agrees to keep the terms of this Agreement confidential. This covenant does not, however, preclude Plaintiffs from providing testimony or information pursuant to a subpoena or other legal process in connection with any legal proceedings or in connection with any investigations that may be conducted by governmental authorities. Additionally, this covenant does not preclude Plaintiff from disclosing the terms and facts of this Agreement to a tax advisor, or attorney, reinsurers, agents, and all insurance reporting

entities for the sole purpose of obtaining tax and/or legal advice. However, should the Plaintiffs violate this provision; the Plaintiff agrees to payback XL Catlin AXA XL the amount of the settlement as detailed in Paragraph 1.

14. **No Party is Drafter.** Should any provision of the Agreement require interpretation or construction, each party acknowledges participation in the negotiation of this Agreement and agrees that no provision of this Agreement shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated, or drafted such provision.

15. **Successors.** This Agreement is binding upon the parties' successors and assigns.

IN WITNESS WHEREOF, this Agreement has been signed by the parties as shown below.

City of Fernandina Beach

By: _____

Printed Name: _____

Title: _____

DATED: _____

APPROVED AS TO FORM AND LEGALITY:



CITY ATTORNEY



Purchase Order

Fiscal Year 2018

Page: 1 of: 1

B
I
L
L
T
O

City of Fernandina Beach
MAINTENANCE DEPARTMENT
1017 SOUTH 5TH STREET
FERNANDINA BEACH, FL 32034

THIS NUMBER MUST APPEAR ON ALL
INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order # **18000328**

Delivery must be made within doors of
specified destination.

V
E
N
D
O
R

WEATHERPROOFING TECHNOLOGIES, INC.
3735 GREEN RD
CLEVELAND, OH 44122

S
H
I
P
T
O

MAINTENANCE DEPARTMENT
1017 SOUTH 5TH STREET
FERNANDINA BEACH, FL 32034

Vendor Phone Number		Vendor Fax Number		Requisition Number		Delivery Reference	
				18529			
Date Ordered	Vendor Number	Date Required	Freight Method/Terms			Department/Location	
08/15/2018	411					FACILITIES	
Item#	Description/PartNo			QTY	UOM	Unit Price	Extended Price
	The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading LIBRARY ROOF REPAIR						
1	LIBRARY ROOF REPAIR AS OUTLINED IN PROPOSAL DATED JUNE 14, 2018 FOR THE EXPANSION JOINT AND ALPHAGUARD REPAIR; PRICING PER AEPA CONTRACT IFB #017-F; CITY COMMISSION APPROVED VIA RESOLUTION 2018-107 ON AUGUST 7, 2018.			1.0	EACH	\$32,716.77	\$32,716.77
	***** GL SUMMARY *****						
	0017100 - 54610			\$32,716.77			

By: PAC Clifford
Comptroller

VENDOR COPY

Total Ext. Price	\$32,716.77
PO Total	\$32,716.77

1. **ENTIRE AGREEMENT** - The terms, specifications and drawings included in this order when duly executed constitute the entire agreement between the parties, unless otherwise stated on the face of the order. No modification or waiver of terms of the agreement shall be binding unless in writing, signed by the City Manager and confirmed by a representative of the Contractor/Vendor/Seller. This agreement shall be interpreted in accordance with the laws of the State of Florida.
2. **DELIVERIES** - In the event of failure to deliver material of the quality or within the time specified, City may cancel the order and buy elsewhere. Failure of City to exercise this option with respect to any installment shall not be deemed a waiver with respect to future installments, if any.
3. **INSPECTIONS** - Materials shall be received subject to City's right to inspect and test all materials at destination before acceptance. Contractor/Vendor/Seller shall pay transportation costs and the cost of inspecting and testing of materials which are rejected by City.
4. **ACCEPTANCE** - Payment for the goods or services covered by this order shall not constitute acceptance thereof. Shipment of any part of this order or start of work, if providing services, without written acceptance constitutes Contractor/Vendor/Seller's acceptance of this order and its condition.
5. **CONTINGENCIES** - Neither party shall be liable for delays or defaults due to acts of God, government authority or public enemy, war, fires, floods, epidemics, strikes, labor troubles, freight embargoes or contingencies reasonably beyond its control. The party so affected, upon prompt written notice to the other party, shall be excused from making or taking deliveries or goods and/or services hereunder to the extent of such prevention or restriction. At City's option, deliveries so omitted shall be made on notice thereof to the Contractor/Vendor/Seller, upon cessation of such contingency, even though such might have been operative at the date of this order.
6. **GOVERNMENT REGULATIONS** - Contractor/Vendor/Seller warrants that all applicable laws and regulations of government authority, covering the production, sale and delivery of the materials and performance of services specified herein, have been complied with and shall indemnify and save City harmless from and against any liability or loss resulting from Contractor/Vendor/Seller's failure to do so.
7. **TAXES** - The City is exempt from Federal Taxes on transportation charges and any Federal Excise Tax. If you prepay transportation charges, do not pay tax as the county or city will not reimburse you for the taxes paid. The City also is exempt from State Sales Tax.
8. **WARRANTIES** - In addition to all warranties, established by statute or common law, or set forth elsewhere in this order, Contractor/Vendor/Seller expressly warrants that all material or services covered herein shall conform to all specifications, drawings, samples, and descriptions furnished or adopted by City and shall be of best quality and fit and sufficient for the purpose for which purchased. If specified hereon, merchantable, of good material and workmanship and free from all patent and latent defects. City's failure to give notice to Contractor/Vendor/Seller of any breach of warranty shall not discharge Contractor/Vendor/Seller of any breach of warranty and shall not discharge Contractor/Vendor/Seller's liability therefor. Without limiting the generality of any of the foregoing, Contractor/Vendor/Seller agrees to be responsible for all defects in design, workmanship and materials which may become apparent within twelve months of receipt by City.
9. **PATENTS** - Contractor/Vendor/Seller shall protect and indemnify City against all claims, judgments and expenses arising from infringement or alleged infringement of any third party's patent, copyright or other intellectual property rights by any of the goods delivered hereunder. Contractor/Vendor/Seller shall defend or settle at its own expense any proceeding brought against City for such infringements provided Contractor/Vendor/Seller is notified promptly of the commencement of such proceedings and is given authority, information and assistance by the City for the defense or settlement thereof.
10. **INSTALLATION** - If this order required the services of experts or employees on City's premises, such experts or employees shall not thereby be deemed to be by the agents or employees of City. Such parties shall be subject to City's safety rules and fire regulations. Contractor/Vendor/Seller assumes full responsibility for their acts and omissions and agrees to save Buyer harmless from any claims arising therefrom and to accept exclusive liability for payroll and other taxes imposed upon the employer by law. Contractor/Vendor/Seller will undertake to keep the materials and premises involved free from any lien whatsoever for materials and labor incident to the performance of person or for a lump sum amount. Contractor/Vendor/Seller agrees to furnish an analysis thereof as Buyer may reasonably require for accounting purposes. Contractor/Vendor/Seller agrees to furnish an analysis thereof as City may reasonably require for accounting purposes. Contractor/Vendor/Seller shall be solely responsible for materials furnished by Buyer on other than a charge basis in connection with this order.
11. **NON-DISCLOSURE** - Without prior written consent of the City in each instance, Contractor/Vendor/Seller shall not reveal to a third party the details, characteristics or any information on materials made to the special order of City or use reproductions thereof in any promotional media or reveal that City is purchasing the materials ordered hereunder.
12. **ASSIGNMENT** - Contractor/Vendor/Seller shall not assign this order or any part thereof without written consent of the City. Such consent will not relieve Contractor/Vendor/Seller from its obligations and liabilities hereunder.
13. **CHANGES** - City reserves right to change specifications and delivery dates. Any resultant contract differences shall be equitably adjusted in writing.
14. **OCCUPATION SAFETY AND HEALTH ACT** - Contractor/Vendor/Seller certifies that all material, equipment, etc. supplied under terms of the Purchase Order meets all O.S.H.A. requirements. Contractor/Vendor/Seller further certifies that, if the material, equipment, etc. delivered is subsequently found to be deficient in accordance with any O.S.H.A. requirement in effect on date of delivery, all costs necessary to bring the material, equipment, etc. into compliance with the O.S.H.A. requirements shall be borne by the Contractor/Vendor/Seller.
15. **INDEMNIFICATION** - The parties recognize that Contractor/Vendor/Seller is an independent contractor. Contractor/Vendor/Seller agrees to assume liability for and indemnify, hold harmless, and defend the City, its commissioners, mayor, officers, employees, agents, and attorneys of, from, and against all liability and expense, including reasonable attorney's fees, in connection with any and all claims, demands, damages, actions, causes of action, and suits in equity of whatever kind or nature, including claims for personal injury, property damage, equitable relief, or loss of use, arising directly or indirectly out of or in connection with any negligent and/or deliberate act or omission of Contractor/Vendor/Seller, its officers, employees, subcontractors, agents, and representatives. Contractor/Vendor/Seller's liability hereunder shall include all attorney's fees and costs incurred by the City in the enforcement of this indemnification provision. This includes claims made by the employees of Contractor/Vendor/Seller against the City and Contractor/Vendor/Seller hereby waives its entitlement, if any, to immunity under Section 440.11, Florida Statutes. The obligations contained in this provision shall not be limited by the amount of any insurance required to be obtained or maintained by Contractor/Vendor/Seller. In addition, Contractor/Vendor/Seller agrees to assume liability for and indemnify, hold harmless and defend the City, its mayor, commissioners, officers, employees, attorneys, agents and representatives of, from, and against all liability and expense, including reasonable attorneys' fees, in connection with any and all claims, including claims for injunctive or equitable relief, and damages whatsoever for personal injuries or property damage, including loss of use, arising out of Contractor/Vendor/Seller's violation or alleged violation of any third party's trade secrets, proprietary information, trademark, copyright, or patent rights in connection with Contractor/Vendor/Seller's licensing of any software, hardware, uploads or downloads delivered to the City pursuant to this Purchase Order and/or arising out of the negligent or deliberate act or omission of Contractor/Vendor/Seller, its officers, employees, volunteers, representatives or agents. Nothing contained in the foregoing indemnification shall be construed to be a waiver of any immunity or limitation of liability the City may have under the doctrine of sovereign immunity or Section 768.28, Florida Statutes.
16. **INSURANCE** - If required by the City, Contractor/Vendor/Seller shall procure and maintain worker's compensation insurance and commercial general liability insurance satisfactory to the City, with liability limits of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury and property damage liability, with a certificate of insurance to be furnished to the City naming the City as an additional insured and the supporting Endorsement page included. It is understood and agreed that the coverage afforded by Contractor/Vendor/Seller commercial general liability insurance also applies to City as an additional insured. Such policy shall provide that cancellation or changes to such insurance shall not occur without at least thirty (30) days prior written notice to the City. This requirement for proof of insurance may be modified only through approval of the applicable Department Director and the City Attorney.
17. **PURCHASE ORDER NUMBER** - Purchase Order Number must appear on all packages, packing slips, invoices and all correspondence relating to the Order. City will not be responsible for goods delivered without Purchase Order Number.
18. **INVOICING** - Invoice(s) must be submitted in duplicate to billing address indicated on face of Purchase Order. Invoice must state Purchase Order Number, unit price(s), extension(s), total, and SHIP TO ADDRESS.
19. **PRICES** - Prices are F.O.B. destination unless otherwise specified and agreed to by the City.
20. **PAYMENT** - Payment due hereunder shall be made by the City to Contractor/Vendor/Seller in accordance with the Florida Local Government Prompt Payment Act.
21. **DISCOUNTS** - Delay in receiving an invoice, invoicing for materials shipped ahead of specified schedule, or invoices rendered with errors or omissions will be considered just cause for City to withhold payment without losing discount privileges. Discount privilege will apply from date of scheduled delivery, the date of receipt of goods, or the date of approved invoice, whichever is later.
22. **ACCEPTANCE - ENTIRE AGREEMENT** - Acceptance of this Purchase Order will be unqualified, unconditional, and subject to and expressly limited by the Terms and Conditions hereon. City and the Contractor/Vendor/Seller shall not be bound by additional provisions or provisions at variance herewith that may appear in the Contractor/Vendor/Seller's quotation, acknowledgment in force, or any other communication from Contractor/Vendor/Seller to City unless such provision is expressly agreed to and confirmed in writing.
23. **VARIATION IN QUANTITY** - City assumes no liability for material produced, processed or shipped in excess of the amount specified herein.
24. **SEVERABILITY** - If any section, subsection, sentence, clause, phrase, or portion of this contract is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portion thereof.
25. **CAPTIONS** - Captions have been provided for the benefit of the parties, and for reference only, and are not deemed to be a part of the agreement created.
26. **MATERIAL SAFETY DATA** - In accordance with Florida Statutes, Chapter 442, it is the Contractor/Vendor/Seller's duty to advise if a product is a toxic substance and to provide a Material Safety Data Sheet at time of delivery.
27. **PERMITS** - Contractor/Vendor/Seller is responsible for obtaining any permits necessary to complete the work covered by this order, at its own expense, prior to starting any work under this order.
28. **PUBLIC RECORDS LAW REQUIREMENTS** - Pursuant to Section 119.0701, Florida Statutes, Contractor/Vendor performing services for City shall: (a) keep and maintain all public records as that term is defined in Chapter 119, Florida Statutes ("Public Records"), that ordinarily and necessarily would be required by the City in order to perform the work contemplated by this Agreement; (b) provide the public with access to Public Records, on the same terms and conditions that the City would provide the records and at a cost that does not exceed the costs provided in Chapter 119, Florida Statutes, or as otherwise provided by law; (c) ensure that Public Records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; (d) meet all requirements for retaining Public Records and transfer, at no cost to the City, all public records in possession of Contractor/Vendor within thirty (30) days after termination of this Agreement, however terminated, and destroy any duplicate Public Records that are exempt or confidential and exempt from public records disclosure requirements and provide the City with a letter confirming that this has been done within thirty (30) days of the termination of this Agreement. All Public Records stored electronically must be provided to the City in a format that is compatible with the information technology of the City. If Contractor/Vendor does not comply with a public records request, the City may pursue any and all remedies available in law or equity, including but not limited to specific performance.

INVOICE



TREMCO
3735 GREEN ROAD, BEACHWOOD, OH 44122-5730 (216) 292-5000

RECEIPT OF THIS ORDER SHALL BE ACCEPTANCE OF ALL TERMS AND CONDITIONS CONTAINED ON THE FRONT AND BACK HEREOF. (V 6, 2001)

SHIP TO CITY OF FERNANDINA BEACH PUBLIC LIBRARY 25 NORTH 4TH STREET FERNANDINA BEACH FL 32034		ACCOUNT NUMBER 6114635		
		INVOICE NO. 95391595	INVOICE DATE 09/27/2018	DUE DATE 10/27/2018
CHARGE TO CITY OF FERNANDINA BEACH MAINTENANCE DEPARTMENT 1017 SOUTH 5TH STREET FERNANDINA BEACH FL 32034		CUST. P.O. 18000328		
		ORDER NUMBER 35034903		
		TERMS 2% 10 days, net 30		
		SHIPPED FROM	SHIP DATE	
		ROUTING - IF SPECIFIED	DELIVERY NO.	
(PLEASE MAKE ANY CORRECTIONS TO ABOVE INFORMATION) NO RETURN MERCHANDISE UNLESS AUTHORIZED BY OUR REPRESENTATIVE		FREIGHT (F.O.B.: SHIPPING POINT)		
REPRESENTATIVES Moore, Jason		PPA PREPAID AND ADD		
QTY	FORMULA NO. AND DESCRIPTION	UNIT QTY	PRICE	AMOUNT
1	CON PR CONTRACTING PATCH & REPAIR CITY OF FERNANDINA BEACH-179073 PO 18000328 BILLING 100% 9-27-18 D.KADAS 216-292-5055 Service Order: 9532671 DISCOUNT AMT IF PAID BY 10/07/2018 \$654.34	1 EA		32,716.77
		SUBTOTAL		32,716.77
		LOCAL TAX 0.00	COUNTY TAX 0.00	STATE TAX 0.00
		SALES TAX		0.00
		SHIPPING		0.00
		TOTAL DUE		32,716.77

Tremco/Weatherproofing Technologies, Inc.
P.O. BOX 931111
CLEVELAND, OH 44193-0511

PLEASE RETURN THIS PORTION WITH YOUR REMITTANCE

CITY OF FERNANDINA BEACH
MAINTENANCE DEPARTMENT
1017 SOUTH 5TH STREET
FERNANDINA BEACH FL 32034

ACCOUNT NUMBER: 6114635
CUST. P.O.: 18000328
TERMS: 2% 10 days, net 30

INVOICE NO. 95391595	INVOICE DATE 09/27/2018	SUBTOTAL 32,716.77
		SALES TAX 0.00
		SHIPPING 0.00
		TOTAL DUE 32,716.77 USD

IF THIS ORDER IS SALES TAX
EXEMPT AND WE HAVE
CHARGED SALES TAX,
MARK BOX AND RETURN
A COMPLETED, SIGNED
SALES TAX EXEMPTION
CERTIFICATE WITH YOUR
REMITTANCE. THANK YOU.

COMMENTS:

Mail check to address shown or call to pay
by ACH or wire transfer.
Credit card accepted at time of purchase.

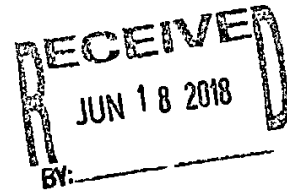
Thank you for your payment. We appreciate your business.



007100 54610

ROOF REPAIR INVOICE

C.O.F.B public library



- locate leak on flat modified rolled roofing
- repair any seems or cracks within the damaged or leaking area
- Remove all waste from job site .
- price includes labor and material .
- Citrus contracting is not responsible for any satellite dishes removed during work and all cost to have them re- install will be paid by the homeowner . (WE DO NOT RECOMMEND ANY SATELLITE DISHES BE INSTALLED ON ANY ROOF) due to future leaking .
- Total cost : \$920.00
- 30% down payment required to start work .

Gillette & Associates, Inc.

20 South 4th Street
Fernandina Beach, FL 32034
904-261-8819

Invoice

Date	Invoice #
7/18/2018	6944

Bill To
City of Fernandina Beach Mr. Jeremiah Glisson 1015 South 5th Street Fernandina Beach, FL 32034

Ship To

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30		7/18/2018			Library
Quantity	Item Code	Description			Price Each	Amount
3	Structural - Comm Reproduction-Civil	Library Roof Leaks- Inspection & Recommendation Reproductions			130.00 15.89	390.00 15.89



City of Fernadina Beach
Library Expansion Joint Repair
Fernadina Beach, FL
October 19th, 2018



Overview of existing transition.



Overview of existing transition.



Existing roof cut out down to existing steel deck.



Wood nailer fastened to steel deck.



Wood nailer fastened to masonry wall.



Composite ply HT installed over wood nailers.



Composite ply HT installed over wood nailer.



Termination bar fastened into masonry wall 6" on center.



TremSeal PRO applied to transition over rubber seal.



Overview of rubber seal over expansion joint.



Caulk applied over termination bar at corner with 3 course mastic.



3-course mastic with mesh over PowerPly Standard Cap sheet



Sheet metal cleat installed 12" on center.



Overview of sheet metal cleat.



Overview of two-piece metal expansion joint.



Overview of two-piece metal expansion joint.



Overview of two-piece metal expansion joint.



Overview of two-two-piece metal expansion joint.



Overview of split membrane caused by lack of expansion joint.



Overview of split membrane caused by lack of expansion joint.



Application of Alphaguard BIO Base coat with reinforcement.



**Application of Alphaguard BIO Base coat with
reinforcement.**

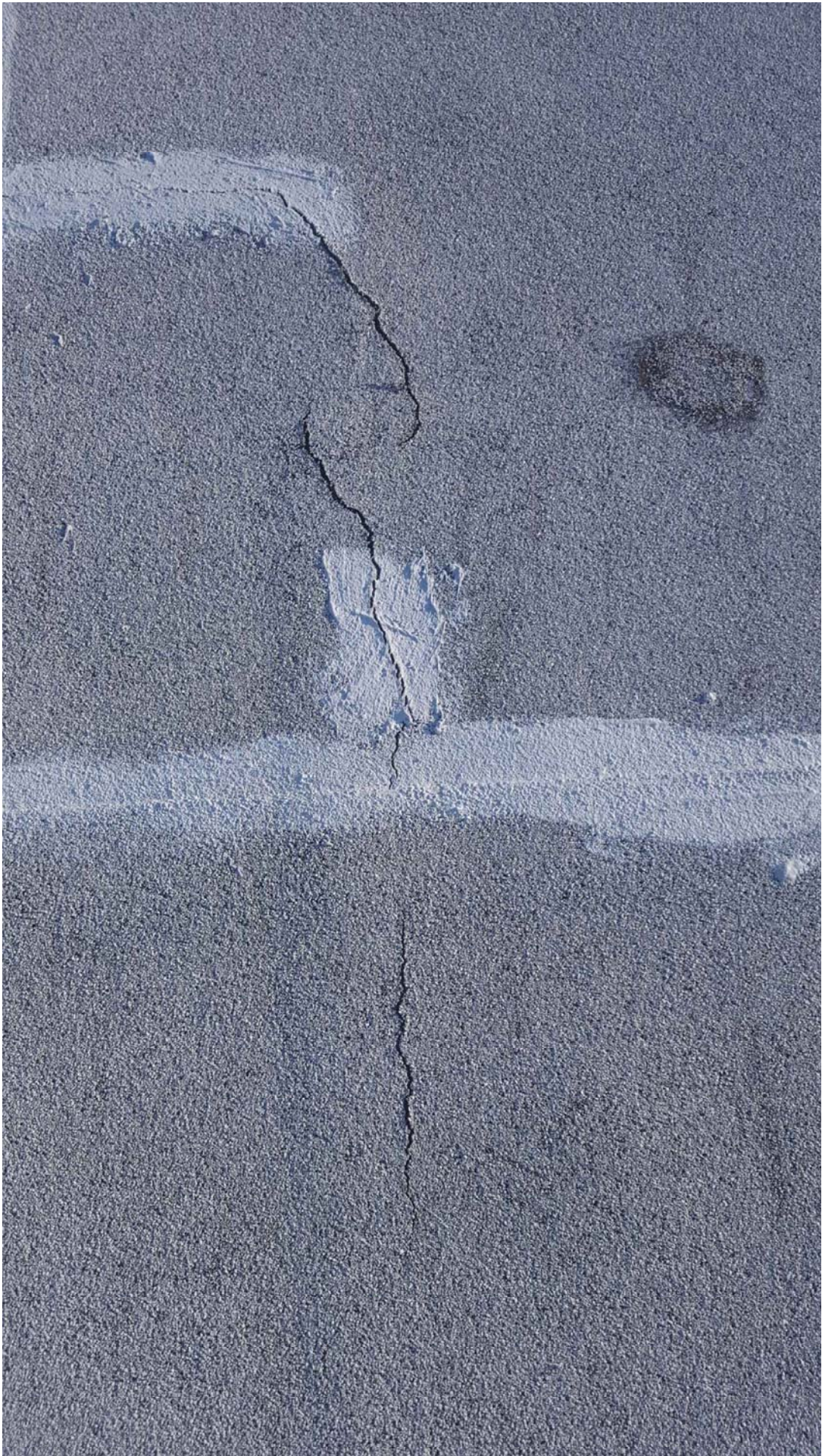


Overview of completed Alphaguard BIO Top Coat.



Overview of completed Alphaguard BIO Top Coat.





RESOLUTION 2018-107

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, APPROVING WEATHERPROOFING TECHNOLOGIES, INC (A SUBSIDIARY OF TREMCO INC) TO PERFORM ROOF REPAIRS TO THE BUILDING AT 25 NORTH 4TH STREET IN AN AMOUNT NOT TO EXCEED \$34,350; APPROVING AMENDMENTS TO THE LIBRARY BUDGET FOR FISCAL YEAR 2017/2018; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City building at 25 North 4th Street which houses the Nassau County Public Library has roof leaks; and

WHEREAS, staff recommends hiring Weatherproofing Technologies, Inc. (a subsidiary of Tremco Incorporated) to make the necessary repairs to the roof. Repairs consist of the installation of an expansion joint and the application of a sealant over the damaged portions of the roof; and

WHEREAS, pricing for roof repairs by Weatherproofing Technologies, Inc. is awarded by pre-bid contract through the Association of Education Purchasing Agencies (AEPA) via contract #IFB #017-F; and

WHEREAS, staff recommends budget amendments transferring \$34,350 to the Library Repair/Maintenance Building account, 0017100 54610, from the following accounts: \$10,000 from the Non Departmental Repair/Maintenance Building account, 0011910 54610; \$10,000 from the Building Non Capital Equipment account, 0012400 56401; \$8,000 from the Downtown Repair/Maintenance Building/Grounds account, 0015200 54610; \$5,000 from the Streets Non Capital Equipment account, 0014100 56401; and \$1,350 from the Finance Equipment account, 0011300 56400.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves hiring Weatherproofing Technologies, Inc. for the repairs at the library at 25 North 4th Street in an amount not to exceed \$34,350.

SECTION 2. The City Manager and City Clerk are hereby authorized to execute all documentation pertaining to this proposal, upon review and approval of the City Attorney.

SECTION 3. The City Commission hereby approves budget amendments transferring \$34,350 to the Library Repair/Maintenance Building account, 0017100 54610, from the following accounts: \$10,000 from the Non Departmental Repair/Maintenance Building account, 0011910 54610; \$10,000 from the Building Non Capital Equipment account, 0012400 56401; \$8,000 from the Downtown Repair/Maintenance Building/Grounds account, 0015200 54610; \$5,000 from the Streets Non Capital Equipment account, 0014100 56401; and \$1,350 from the Finance Equipment account, 0011300 56400.

SECTION 4. This Resolution shall be effective immediately upon passage.

ADOPTED this 7th day of August, 2018.

ATTEST:



Caroline Best
City Clerk

CITY OF FERNANDINA BEACH



John A. Miller
Commissioner-Mayor

APPROVED AS TO FORM AND LEGALITY:

A handwritten signature in blue ink, appearing to read 'TEB', is positioned above a horizontal line.

Tammi E. Bach
City Attorney

Tremco Incorporated

Jacksonville, Florida



Brian Blaydes

Field Advisor

Mobile: 317-445-1574

Email: bblaydes@tremcoinc.com

Jeremiah,

Regarding the library roof splits, we have yet to determine an official cause of the splits that have populated after the installation of the expansion joint. Splits occur from the bottom up, and the recent ones could have begun to split prior to the performed work. We will closely monitor the situation with monthly inspections, and if any appear, we will make the necessary repairs at no charge to the City of Fernandina Beach.

Respectfully,

Brian Blaydes

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Resolution 2019-70
Award of RFP #2019-01 - First Federal Bank

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-70

SYNOPSIS: The current banking services agreement with Synovus Bank expires July 17, 2019. The City developed and advertised RFP #2019-01 pursuant to City policies and procedures for banking services and received three responses. After evaluating the proposals, the Banking Services RFP Evaluation Committee is recommending First Federal Bank.

Included in this agenda item are the minutes of the RFP Evaluation Committee meeting on April 4 regarding the final recommendation. This Resolution also authorizes the execution of all documentation related to the award.

FISCAL IMPACT: The change of banks will result in a reduction of the monthly bank fees and additional earned interest.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-70.

Nicole Bednar, Administrative Services Manager	4/22/2019
Dale Martin, City Manager	4/25/2019
Tammi E. Bach, City Attorney	4/25/2019
Katie Newton, Legal Assistant	4/25/2019

Date: January 31, 2019

Submitted By: Pauline Testagrose, Comptroller

COMMISSION ACTION: Adopt

RESOLUTION 2019-70

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, ADOPTING THE RECOMMENDATION OF THE BANKING SERVICES COMMITTEE; AWARDING RFP #2019-01 TO FIRST FEDERAL BANK TO PROVIDE BANKING SERVICES; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the current banking services contract expires July 17, 2019, and as a result, City staff developed and issued a Request for Proposal (RFP) in February 2019, and established a Banking Services RFP Evaluation Committee; and

WHEREAS, after careful review of the three responses, the Banking Services RFP Evaluation Committee unanimously recommends First Federal Bank as the City's provider of banking services.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby adopts the recommendation of the Evaluation Committee and awards RFP #2019-01 to First Federal Bank as the City's banking services provider.

SECTION 2. The City Commission hereby authorizes the execution of all pertinent agreements with First Federal Bank by the City Manager and City Clerk after review and approval of the City Attorney including but not limited to: Master Banking Agreement; Treasury Management Services Agreement which includes the listing of Authorized Representatives; Corporate Resolution; ACH Origination Agreement; Imaging Agreement; Lock Box Agreement; Positive Pay Agreement; Daily Sweep Services Agreement; Funds Transfer Agreement; ZBA Agreement; Business On-Line Agreement; Funds Availability Agreement; Remote Express Deposit Agreement; Merchant Electronic Check Recovery Agreement; and any other related and/or required documents to effectuate the purposes of this Resolution.

SECTION 3. This Resolution shall become effective immediately upon passage.

ADOPTED this 7th day of May, 2019.

ATTEST:

CITY OF FERNANDINA BEACH

Caroline Best
City Clerk

John A. Miller
Mayor-Commissioner

APPROVED AS TO FORM & LEGALITY:



Tammi E. Bach
City Attorney

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**



Request For Proposals: RFP #2019-01

**COMPREHENSIVE BANKING AND TREASURY
MANAGEMENT SERVICES**

CITY OF FERNANDINA BEACH
204 Ash Street
Fernandina Beach, FL 32034

Due: 10:00 a.m. EST; March 13, 2019

Proposal Issued by: Pauline Testagrose, Comptroller, at ptestagrose@fbfl.org
Published: February 13, 2019

For Proposal Documents and Updates: Visit <http://www.fbfl.us/bids>.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

General Information

The City of Fernandina Beach, Florida is accepting competitive sealed proposals for **Comprehensive Banking and Treasury Management Services**.

The City of will receive sealed proposals at the location stated below not later than **10:00A.M., March 13, 2019** from qualifying banks. The City desires to establish a banking relationship with a qualified bank to provide the services described below. The City will enter into a contract for all requested services with a single bank for the life of the contract. The range of services described in detail below includes collection and deposit, concentration and disbursement, account maintenance, and overnight investment services. Under this approach, it is essential that the winning bank and the City maintain open and frequent two-way communication, provide and receive timely responses, establish services and service levels by contract or written agreement provide and receive fair pricing and compensation, and maintain high ethical standards.

Submittal Information

Any submittal received after **10:00A.M., March 13, 2019** will not be considered. It shall be the sole responsibility of the Responder to have its submittal delivered to the City of Fernandina Beach, by U.S. Mail, hand delivery or any other method available to him/her; however, facsimile or electronic submittals will not be accepted. Delay in delivery shall be the sole responsibility of the Responder.

The RFP submittal (**1 original, 5 copies**) and an electronic version (**CD or memory stick containing the entire submittal formatted to be read with Microsoft® software products or Adobe® PDF software**) must be delivered to City Hall in a sealed package, clearly marked on the outside and addressed to:

**City of Fernandina Beach
City Clerk's Office - RFP #2019-01
Comprehensive Banking and Treasury Management Services
204 Ash Street
Fernandina Beach, FL 32034**

Hand delivered submittals are to be taken to the Clerk's Office at the above address.

The proposal shall be submitted on the specified **Contact Sheet/RFP Proposal Form** (**1 original, 5 copies**), hereto attached as "**Exhibit A**". The person signing the Proposal Response Form shall have the authority to bind the proposal. All information on the Proposal form shall be provided, or the Proposal may not be accepted.

The competitive sealed Proposal shall be accompanied by a "**Public Entity Crimes**", herein provided as "**Exhibit B**", "**Drug-Free Workplace Certification**" herein provides as "**Exhibit C**", "**E-Verify Statement**" herein provided as "**Exhibit D**", "**Proposer Acknowledgements and Agreements**", herein provided as "**Exhibit E**", "**Conflict of Interest**", herein provided as, "**Exhibit F**", "**Non-Collusion Affidavit**", herein provided as "**Exhibit G**" and "**Disputes Disclosure**", herein provided as "**Exhibit H**".

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

Questions regarding this solicitation must be received **no later than, five (5) days before RFP Opening Date** via email by Pauline Testagrose, Comptroller, at ptestagrose@fbfl.org.

Responses to questions considered material to the solicitation shall be distributed via formal addenda and posted to the City of Fernandina Beach's website; www.fbfl.us/bids, Bid Posting web page and to the Onvia DemandStar website www.demandstar.com. It is the Responder's responsibility to check the City's website for Addenda prior to submitting their proposal.

Any interpretations, clarifications, or changes will be made in the form of written addenda issued by the Purchasing Agent and posted on the City Website at www.fbfl.us/bids and the Onvia DemandStar website at www.demandstar.com. Any oral communications will not be authoritative and will not be binding on the City. It is the sole responsibility of the proposer to visit the City's website prior to submitting a proposal to ascertain if any addenda have been issued, to obtain all such addenda, and to return Acknowledged Addenda with each proposal.

If there is an Addendum it becomes part of the original RFP and shall be acknowledged by attaching a copy of the Addendum, signed by an authorized representative of the person or company submitting the proposal. Failure to do so may disqualify the submittal. All Responders are advised that under Chapter 119, Florida Statutes, all responses are deemed a public record and open to the public as provided for in said statute.

SCOPE OF SERVICES

A proposing bank shall positively affirm its capability to provide the specified services or shall note any exception(s) on the **Objectives and Scope of Services Response Form, Attachment "B"**. Banks are invited to propose reasonable alternatives to the requested services.

CONTRACT PERIOD

All services shall be provided for a **five-year (5) period**, with **two (2) one-year renewals** by mutual agreement with negotiated changes, **for a total potential contract length of seven (7) years**. If the winning bank shall not be the current provider of comprehensive banking services, **SYNOVUS**, then the winning bank shall begin transition, conversion and implementation operations no later than **May 15, 2019** to be fully operational by **June 30, 2019**. A proposing bank other than **SYNOVUS** shall submit its implementation schedule as part of its response.

BANK QUALIFICATIONS

- 1) Qualified Public Depository:
Only banks meeting the criteria set forth in Chapter 280, Florida Statutes, and the Florida Security for Public Deposits Act (Act) shall be considered. The winning bank must be a qualified public depository as set forth in the Act at the time of proposal and maintain this status throughout the life of the contract. A proposing bank shall provide evidence of its status as a qualified public depository.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

2) Bank Financial Strength:

A proposing bank shall provide evidence of its strength by showing its rank with the Federal Reserve Board and the amount of consolidated assets. Bank to also provide print out from

<http://www.bankrate.com/rates/safe-sound/bank-ratings-search.aspx> showing their rating.

3) Bank Location:

The bank must have a full-service branch located on Amelia Island, preferably within the City limits.

CONTRACT STRUCTURE

The City expects to enter into a master banking and treasury management services agreement. The City expects the master agreement to be supplemented by other agreements including but not limited to wire transfer, positive pay services, stop payment, ACH, lock box, remote deposit, and electronic banking agreements. The winning bank's proposal shall become an integral part of the master agreement.

ACCOUNT STRUCTURE

The City currently maintains **five (5) accounts**. The City requires the same structure currently in place and described below. The Comptroller may open new accounts or close existing accounts to facilitate the efficient and legally required flow of funds at the costs, terms and conditions to be contracted.

Collection and Deposit Accounts:

1. General Fund: This account receives most of the general government revenues of the City. Deposits may be in the form of cash, checks, credit and debit card, Fedwire, ACH and book transfers. Deposits are currently made at branches. The City currently does not employ deposits by courier service. A proposing bank should include the cost of such service in their Objectives and Scope of Services Response Form, Attachment "B". The specific locations for courier pickup include City Hall (2 Desks), Marina, Utility Billing, Parks & Recreation, and Finance. Disbursements are generally checks and wires. This account should be set up to sweep overnight balances.
2. Payroll: Bi-weekly, Friday payroll checks and direct deposit disbursements are charged to this account. This is a Zero Balance Account (ZBA) in which the money used to cover the payroll is drafted from the General Fund Account. Currently, the Payroll Department processes approximately 278 direct deposit transactions for \$320,365 and 19 checks for \$9,931.95 bi-weekly.
3. Cemetery: This is an account established for restricted purposes. It is a checking account with a minimal number of transactions each year.
4. FSA: This is a Zero Balance Account (ZBA) set up to track the payments for our Flexible Spending Program offered to employees.
5. AP Solutions: This is a Zero Balance Account (ZBA) used to pay vendors electronically allowing the City to capture a rebate.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

COLLECTION AND DEPOSIT SERVICES

Funds Availability:

The Comptroller seeks to maximize funds availability. In order to accomplish this goal, the winning bank shall meet the following minimum cutoff and availability requirements.

Deposit Deadline/Ledger Cutoff Time:

A proposing bank shall provide deposit deadline schedules for each of its branches that will enable the bank to implement the following ledger cutoff times.

A proposing bank shall provide a ledger cutoff time of 2 p.m. or later, Monday through Thursday. The bank shall provide a ledger cutoff time of 5 p.m. or later on Friday and any banking day preceding a bank holiday.

Collected Balances:

A proposing bank shall provide a timeline of ledger credit and availability for wire transfers, ACH credits, "on us" checks and overnight sweep credit.

ACH, EFT's, and Wire Transfers Incoming:

The RFP should include a wire transfer agreement. The agreement shall reflect that the winning bank agrees to the standard of 'simple negligence'. The City receives receipts through the ACH, EFT's, and Fedwire systems in its accounts on a regular basis. Receipts are received from payment card settlements, various customers, federal and state agencies, and from maturing investments. A proposing bank shall report ACH payment messages on the bank statements. The bank shall be capable of reporting ACH payment, EFT, and Fedwire messages in total on its web-based banking system. The bank shall report transaction confirmation numbers on its web-based banking system. The bank shall provide book transfer capability on its web-based banking system to transfer money between accounts at the bank.

Returned Items:

All returned items shall be automatically redeposited a second time. Items returned a second time shall be forwarded to the Finance Department, Attn: Christina Poston, Accounting Supervisor. The bank may offer alternative solutions for this service.

Deposit Reconciliation:

Only banks with the capability of providing deposit reconciliation services on a web-based banking system shall be considered. Each deposit ticket shall bear a number representing the depositing location and a unique serial number. A proposing bank shall have the capability to capture and report both identifying numbers. The City currently does not utilize deposit reconciliation services.

Lock Box:

Proposals should include a Lock Box agreement. The City currently utilizes this feature to process the Ambulance Billing Revenues.

Remote Deposit:

Proposals should include an Express Deposit agreement. The checks from several of the City departments/locations are currently scanned electronically over to the bank for this service.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01**

COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

DISBURSEMENT SERVICES

Positive Pay Services:

As additional fraud protection over the City's checks, the Comptroller desires to negotiate a positive pay services agreement with a no-pay default option. The agreement shall reflect that the winning bank's positive pay system be implemented at its teller lines. A winning bank shall provide positive pay services for two (2) checking accounts. Positive pay services shall be provided for the Payroll and General Fund Accounts. The bank shall report discrepancies electronically through its web-based banking system. The City shall provide an affirmative or negative response for each 'exception check'.

Check Reconciliation:

Only banks with the capability of providing partial and full check reconciliation services on a web-based banking system shall be considered. Check reconciliation services may be part of a proposing bank's positive pay service. The City does not currently utilize partial check reconciliation services.

Stop Payment and Date Legend:

The RFP should include a stop payment agreement. The agreement shall reflect a lifetime stop payment order.

The City shall imprint its checks with the following date legend, "This check must be cashed within six (6) months pursuant to the Uniform Commercial Code", or other similar language agreed to by the Comptroller and winning bank. The stop payment agreement shall reflect the bank agrees to the standard of 'reasonable care' in honoring date legended checks.

ACH and Wire Transfers Outgoing:

The RFP should include a wire transfer agreement. The agreement shall reflect that the winning bank agrees to the standard of 'simple negligence'. The City disburses payments electronically through ACH and wire transfers on a regular basis. Electronic payments are made for payroll direct deposit, federal and state tax liabilities, debt service, purchases of investment securities, and others. The bank shall memo-post ACH transfers immediately for later settlement, and execute wire transfers within 15 minutes after placement. The bank shall promptly notify, by telephone, the Comptroller's designated contact of any wire failures. The bank shall report ACH payment messages on the bank statements. The bank shall be capable of reporting ACH payment and wire transactions on its web-based banking system. The bank shall report transaction confirmation numbers on its web-based banking system. The bank shall provide book transfer capability on its web-based banking system to transfer money between accounts at the bank.

ACCOUNT MAINTENANCE

Electronic Banking:

Only banks capable of providing full service web-based banking shall be considered. Web-based banking services are required to run on a secure internet browser and be hosted at the banking facility. Electronic banking services shall include but not be limited to detail and summary balance reporting of balances at the end of the previous banking day, stop payments, checks paid, wire transfers, positive pay, ACH transactions, EFT transactions, check reconciliation, deposit reconciliation, monthly account statements, and monthly account analysis on thumb drives or memory sticks containing all transactions and statements for all accounts.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

Account Analysis:

The winning bank shall provide a monthly pro-forma account analysis statement for the City's accounts. The bank shall prepare account analysis statements in the Association for Financial Professionals' standard format using the standard set of service codes or standard service descriptions. The analysis will report at a minimum: services rendered, service volumes, unit costs, extended costs, and the calculation of the earnings credit. For reference purposes, the City's December 2018 and January 2019 account analyses statements are attached. A proposing bank should provide its calculation of earnings credit or fee for the month of December 2018 data and using a combined collected balance equal to \$150,000, as the City's proposed reserve requirement. The proposed ECR should be clearly identified. The proposing bank shall also prepare a pro-forma account analysis for December 2018 as per their rate structure included in their proposal. This shall include interest income, service fees extended, include a total fees amount and articulate compensating balances requirements.

Monthly Account Statements, Debit and Credit Memos:

A proposing bank shall prepare and render individual monthly account statements. The reporting period shall be the full calendar month. Statements shall be available electronically no later than the 3rd day of the following month via thumb drives or memory sticks (no paper statements). The bank will provide requested monthly transactions on thumb drives or memory sticks no later than the 5th day of the following month. The bank shall provide a period of 60 days or more in which the City may notify the bank of account statement errors.

The bank shall provide debit and credit adjustments to the City within five (5) days from the day the bank posts the adjustments to the City's accounts.

INVESTMENT SERVICES

In order to maximize the efficiency of idle cash balances in the accounts, only banks with the capability to provide overnight sweep facilities shall be considered. (Banks need to provide short and long-term investment advantage.) A proposing bank shall agree to automatically invest collected balances in all accounts as of the end of the banking day in approved investment instruments. A proposing bank shall provide one of the following overnight investments: NOW account, money market mutual fund, or an investment instrument allowed by the City's investment policy. The proposing bank shall provide definitions/descriptions of overnight investments and interest rates to be included in the Master agreement with the City. A proposing bank shall provide daily receipts or trade tickets for all overnight investment transactions that include a thorough description of any collateral securities.

OTHER SERVICES

Commercial Credit Cards:

The bank will provide a commercial credit card with the banking services. There shall be no annual fee assigned to this service. City credit cards are issued to approximately 33 employees. Each employee credit card carries a different monthly limit. The City will pay the balance in full on a monthly basis.

Workplace Banking:

To facilitate employee use of payroll direct deposit, only banks with the capabilities to provide workplace banking shall be considered. A proposing bank's workplace banking program shall provide a checking account and a savings account for City employees with no maintenance fees, no minimum balance requirements, and a no fee debit and ATM card.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

Imaging Services:

To facilitate timely access and reduced record storage requirements, only banks with the capability to provide electronic imaging services shall be considered. Imaged documents including deposit slips, checks, and cleared checks shall be ready for importing into our records management system (Laser fiche) as a TIFF (or other suitable option) image and file transfer encryption technology of 128 bit or higher. The City currently utilizes web banking services for all cleared checks and bank statements. Images shall be available on thumb drive or memory stick and downloadable from its web-based banking system to the City's servers. Imaged items shall include but not be limited to paid checks (front and back), positive pay exception checks (front and back), deposit items, and debit and credit memos. The bank shall provide its timetable for availability of imaged documents and web based access time limit.

Relationship Manager, Treasury Management Officer, City Representative:

A proposing bank shall provide the names, contact info, and functions of the relationship managers and treasury managers. The Comptroller will identify one or more persons in her office to represent the City.

PROSPECTIVE SERVICES

The Comptroller may desire to consider additional or enhanced services not currently provided to the City. Proposing banks may provide a list of additional services they offer.

PROPOSAL TERMS AND CONDITIONS

Proposing banks must use the response forms to Request for Proposals. The response forms include separate sections for **Bank Information, Attachment "A", Objectives and Scope of Services, Attachment "B", Pro-forma Account Analysis, Attachment "C"** and other information. Proposals must be executed by authorized representatives of the proposing banks. Proposing banks must execute the **Proposer's Warranty, Attachment "D"** and include it with the proposal. Please provide **five (5) printed copies** of completed response forms and attachments and **thumb drive or memory stick** containing the entire submittal formatted to be read with Microsoft® software products or Adobe® PDF software. Also include **two (2) copies** of audited financial statements for each of the **two (2) most recent years**.

SELECTION PROCESS

The criteria for making an award recommendation are as follows:

1)	Financial Strength	20%
2)	Breadth of Services	20%
3)	Bank Fees/Interest Income Formula	20%
4)	Technology/User Friendliness	20%
5)	Customer Service	20%

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES
TENTATIVE SCHEDULE

The City will attempt to adhere to the following schedule:

Feb 13, 2019	Issue Request for Proposal (RFP)
March 13, 2019	Bank Proposals Due Prior to 10:00AM. EDT
April 04, 2019	Committee Makes Final Decision
May 07, 2019	Recommend to Commission

Proposers may be asked to make an oral presentation of their proposals to the committee.

Evaluation of proposals will be made by an Evaluation Committee consisting of the Accounting Supervisor, the Comptroller and the City's Airport Manager. The Committee will conduct an evaluation of the information included in the response form and its attachments. A recommendation to award a contract will be made based on the criteria set forth in the Selection Process.

After issuance of the solicitation, banks or their representatives shall refrain from contacting any member of the reviewing committee, the City Manager or the City Commission regarding this proposal until the Commission approves the successful proposer.

Costs of preparation of a response to this RFP are solely those of the proposer. The City assumes no responsibility for any such costs incurred by the proposer.

Proposal Submission:

Proposals must be received no later than the time and date and at the location specified in the request. No proposals shall be received later or at any other location than specified. Any response received later or at any other location than specified shall not be considered. It shall be the vendor's sole responsibility to ensure that their proposal reaches the specified time and place for receipt of proposals.

Proposal Opening:

Proposals shall be opened publicly in the presence of one or more witnesses at the time and place designated in the notice. The name of each proposer shall be listed on the RFP Opening Tally which will be posted on the City's website within twenty-four (24) hours of RFP opening.

Cancellation or Postponement:

The City may, prior to proposal opening, elect to cancel the request or postpone the date and/or time of submission or opening. The City's website will communicate this in the event this occurs.

Corrections, Additions To and Withdrawal of Proposals:

The following shall govern the correction of Information submitted in a proposal when that information is a determinant to the responsiveness of the proposal:

- 1) Errors in the extension of unit prices stated in a submission or in multiplication, division, addition, or subtraction in a submission may be corrected by the Committee prior to an award. In such cases, the unit prices shall not be changed. When vendors quote in words and in figures on items, and the words and figures do not agree, the words shall govern and the figures shall be disregarded.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

- 2) No vendor shall be permitted to correct an error after an opening that would cause such vendor to have the low proposal, except that any vendor may correct errors in extension of unit prices stated in the submission, or in multiplication, division, addition or subtraction. In such cases, unit price submissions shall not be changed, and such errors must be readily apparent on the face of the form.
- 3) Nothing herein is intended to prohibit the acceptance of a voluntary reduction in price from a low proposer after opening and prior to commencement of work, provided such reduction is not conditioned upon, or does not result in the modification or deletion of any specification or conditions contained in the request.

Acceptance:

Proposals shall be accepted without alteration or correction, except that the City of Fernandina Beach reserves the right to accept or reject any and all submissions.

Applicant Qualifications:

The evaluation committee will recommend an award to the most responsive and responsible proposer whose submission meets the requirements and criteria set forth in the request and whose award will, in the opinion of the evaluation committee, be in the best interest of and most advantageous to the City. Criteria set forth in the invitations for proposal shall be used in evaluations.

Factors to be considered in determining whether the standard of responsibility has been met include whether, in the City of Fernandina Beach's determination, a prospective vendor has:

- 1) Appropriate financial resources, materials, equipment, facilities, personal resources, experience, knowledge and expertise, or the ability to obtain them in a manner necessary to indicate its capability to meet all contractual requirements.
- 2) A satisfactory record of performance as a full service bank for other local government entities.
- 3) A record of integrity.
- 4) Legal qualifications to contract with the City.
- 5) Supplied all necessary information in connection with the inquiry concerning responsibility including, but not limited to, any licenses, permits, insurance, or organization papers required.
- 6) A proposal that successfully demonstrates the vendor's accuracy and attention to detail.

Information in a submission, which concerns the responsibility of the vendor, shall not necessarily be considered conclusive at the time of opening, except when the request unequivocally states that the submission shall not be considered responsive unless the particular information has not been so declared as a determinant of responsiveness of the submission:

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

- 1) The City may determine that the information submitted concerning the responsibility of the vendor is so administratively inadequate as to warrant a recommendation of rejection of the submission based on a lack of demonstrated vendor responsibility.
- 2) The City may, after a proposal opening, request additional information from the vendor concerning their responsibility to perform; and the vendor may voluntarily, after the opening, provide additional information or corrective information concerning their responsibility. The City shall consider this and all other information gained prior to the time of award or rejection in making determinations and recommendations concerning the acceptance and award.
- 3) A proposal shall be considered responsive only if it conforms to the requirements of the request concerning pricing, specifications of the services requested, and any other matter unequivocally stated in the request as a determinant of responsiveness. A lack of conformity on these matters which is not substantive in nature may be considered a technicality or irregularity which may be waived by the City.

The prospective vendor shall supply information requested by the City concerning the responsibility of such vendor. If such vendor fails to supply the requested information, the City shall base the determination of responsibility upon any available information or may find the prospective vendor not responsive, if such information is not submitted within the time specified.

Award:

The award shall be made to the most responsive and responsible vendor whose proposal meets the requirements and criteria set forth in the request and shall be effective upon the approval of the City Commission. The City reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities, and to accept or reject any items or combination of items. In the event only one submission is received, the contract may be awarded to the sole proposer, or the City may elect to re-advertise the proposal, at the sole discretion of the City.

Termination:

The City may terminate contract in whole or part with ninety (90) day written notice, unless otherwise stated in contract documents. If terminated, the City will be liable only for payment in accordance with the payment provisions of the Contract for those services rendered prior to termination.

Protest:

Any party having submitted a proposal and having grounds for protest of the RFP contract award may review City Ordinance Section 2-444, Bid/RFRP Protests, to determine process.

Duration:

Proposers will not be allowed to withdraw or modify their proposals for a period of thirty (30) days after the opening time and date.

Warranties:

The proposer, in submission of its proposal and completion of the enclosed **Warranty Form, Attachment "D"**, warrants to the City that it will comply with all applicable federal, state and local laws, regulations and orders in providing the services under the proposed documents.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

GENERAL CONDITIONS OF REQUEST FOR PROPOSAL

- 1. PREPARATION OF PROPOSAL** – REQUEST FOR PROPOSAL shall be prepared in accordance with the following:
 - a. The enclosed Contact Sheet/Proposal Form, attached hereto as “Exhibit A”, shall be used when submitting your REQUEST FOR PROPOSAL.
 - b. All information required by the Contact Sheet/Proposal Form shall be furnished. The Proposer shall print or type his/her name and manually sign the Form and any continuation sheet on which an entry is made.
 - c. Unit prices shall be shown and where there is an error in extension of price, the unit price shall govern.
 - d. Alternate Proposals will not be considered unless authorized by the Request for Proposal.
 - e. Proposers will **not** include federal taxes nor State of Florida sales, excise, and use taxes in prices, as the City is exempt from payment of such taxes. An exemption certificate will be signed where applicable upon request.
 - f. Proposers shall make all investigations necessary to thoroughly inform themselves about any and all conditions related to the performance of the contract. Plea of ignorance by the Proposer of conditions that exists or may hereafter exist as a result of failure or omission on the part of the Proposer to make the necessary examinations and investigations, or failure to fulfill in every detail the requirements provided for in the Purchasing Policy, Purchasing Ordinance and/or State and Federal Statutes. The City’s Purchasing Ordinance is set forth in Chapter 2-420, *et seq.*
 - g. Prices quoted must be FOB City of Fernandina Beach, Florida with all transportation charges prepaid unless otherwise specified in the Request for Proposal.
 - h. Deliveries are to be FOB Destination unless otherwise specified in the Request for Proposal.
 - i. Deliveries are to be made during regular business hours.
 - j. Proposals and Proposal prices shall be valid for a minimum of ninety (90) days, unless otherwise stated on the REQUEST FOR PROPOSAL.
- 2. SUBMISSION OF PROPOSAL**
 - a. Proposals and changes thereto shall be enclosed in sealed envelopes and addressed as instructed on the Proposal Form. The name and address of the Proposer, the date and hour of the Request for Proposal opening and the material or service shall be placed on the outside of the envelope.
 - b. REQUEST FOR PROPOSAL must be submitted on the forms furnished. Electronic Proposals will not be considered.
- 3. REJECTION OF PROPOSAL**
 - a. The City reserves the right to accept or reject any or all Proposals, to waive irregularities and technicalities, and to request resubmission or to re-advertise for the services. The City shall be the sole judge of the submittals. The City's decision shall be final.
- 4. WITHDRAWAL OF PROPOSAL**
 - a. Proposals may not be withdrawn after the time set for the opening for a period of time as specified.
 - b. Proposals may be withdrawn prior to the time set for the opening. Such request must be in writing.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

5. LATE PROPOSAL

- a. REQUEST FOR PROPOSAL and modifications received after the time set for the opening will not be considered.
- b. Modifications in writing received prior to the time set for the opening will be accepted.

A. LOCAL, STATE, AND FEDERAL COMPLIANCE

- a. Proposers shall comply with all local, state, and federal directives, orders and laws as applicable to the REQUEST FOR PROPOSAL and subsequent contract(s) in accordance with the requirements as stated in CFR 200.321, including but not limited to Equal Employment Opportunity (EEO), Minority Business Enterprise (MBE), and Occupational Safety and Health Administration (OSHA) as applicable to this contract.
- b. A "Public Entity Crimes Statement", in accordance with Florida Statutes, Section 287.133 (3) (a), on Public Entity Crimes, attached hereto as "Exhibit B", must be received at the time of the proposal.
- c. A "Drug Free Workplace Certification" attached hereto as "Exhibit C", must be received at the time of the proposal.
- d. The City of Fernandina Beach requires that the Proposer selected will not discriminate under the contract against any person, in accordance with federal, state and local government regulations.
- e. An "E-Verify Statement" attached hereto as "Exhibit D" must be received at the time of the proposal.

B. AWARD OF REQUEST FOR PROPOSAL

- a. The REQUEST FOR PROPOSAL will be awarded to the most responsive and responsible proposer offering the best value to the City of Fernandina Beach.
- b. The City reserves the right to accept and award item by item, and/or by group, or in the aggregate.
- c. A written award of acceptance (Purchase Order), mailed or otherwise furnished to the successful Proposer shall result in a binding contract without further action by either party.
- d. Unless otherwise noted in the specifications, the length of the agreement shall be five years, with 2 one year renewals possible based on the mutual consent of the parties.
- e. Upon award, for construction projects, the Contractor will be required to complete/execute the City's Contract and General Conditions for Construction Services. An example of the contract can be found on the City's website at www.fbfl.us/bids, Bids and Purchasing web page.
- f. Agreement may be cancelled with 60 day notice unless otherwise stated in signed contract documents.

C. NOT RESPONSIBLE FOR COSTS

- a. The City shall not be responsible for any cost incurred by a prospective Proposer in responding to this REQUEST FOR PROPOSAL.

D. BONDS

- a. If Proposal is less than \$100,000 no Proposal Bond or Payment and Performance Bond required.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

- b. If Proposal is greater than \$100,000 and is for material only, a Proposal Bond is required but no Payment and Performance Bond is required.
- c. If Proposal is \$100,000 - \$200,000, and is for services, a Proposal Bond is required but no Payment and Performance Bond is required.
- d. If Proposal is greater than \$200,000, and is for services, Proposal Bond and Payment and Performance Bond is required.

PROPOSAL BOND:

- a. If the Base Proposal or the Base Proposal plus the sum of any alternates fall into the criteria above requiring a Proposal Bond, the Proposer shall enclose a Certified Check or Proposal Bond with each Proposal. A Certified Check or Proposal Bond shall be for an amount not less than five percent (5%) of the Proposal price and shall be made payable to the CITY OF FERNANDINA BEACH as a guarantee that the Proposer will not withdraw its proposal for a period of ninety (90) calendar days after Proposal closing time. Proposal Bonds or Certified Checks will be returned to unsuccessful Proposal within 10 days of proposal award. Successful proposers will receive their Certified Check or Proposal Bond after the contract/agreement has been signed and a Performance and Payment Bond is received.

PERFORMANCE AND PAYMENT BONDS:

- a. In the event the Contract is awarded to the Proposer, Proposer will thereafter enter into a written contract with the CITY OF FERNANDINA BEACH and furnish a Payment and Performance Bond in an amount equal to the contract price. The form of the bonds shall be in accordance with Section 255.05 of Florida Statutes. Failing to do so, Proposer shall forfeit its proposal security.

Payment and Performance Bond shall be secured from or countersigned by an agency or surety company recognized in good standing and authorized to do business in the State of Florida.

The following exceptions to proposer providing Performance and Payment Bonds are as follows: In lieu of the Performance and Payment Bonds, a contractor may file with the City an alternative form of security in the form of cash, a money order, a certified check, a cashier's check, an irrevocable letter of credit, or a security of a type listed in part II of chapter 625, Florida Statutes. Any such alternative form of security shall be for the same purpose and be subject to the same conditions as those applicable to the bonds. The value of an alternative form of security shall be in the amount of the proposal.

E. PUBLIC INFORMATION

- a. All information contained in this Proposal is public information, and as such will be handled in accordance with chapter 119, Florida Statutes.

F. ADDITIONAL INFORMATION

- a. The City reserves the right to require Proposers to provide references and information on previous similar experience prior to award of the contract.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

G. QUESTIONS

- a. Any questions about the REQUEST FOR PROPOSAL should be communicated per instructions in the REQUEST FOR PROPOSAL.

H. INDEMNIFICATION AND INSURANCE

INDEMNIFICATION

The parties recognize that CONTRACTOR/VENDOR is an independent Contractor. CONTRACTOR/VENDOR agrees to assume liability for and indemnify, hold harmless, and defend the CITY, its commissioners, mayor, officers, employees, agents, and attorneys of, from, and against all liability and expense, including reasonable attorney's fees, in connection with any and all claims, demands, damages, actions, causes of action, and suits in equity of whatever kind or nature, including claims for personal injury, property damage, equitable relief, or loss of use, arising directly or indirectly out of or in connection with any negligent and/or deliberate act or omission of CONTRACTOR/VENDOR, its officers, employees, agents, and representatives. CONTRACTOR/VENDOR's liability hereunder shall include all attorney's fees and costs incurred by the CITY in the enforcement of this indemnification provision. This includes claims made by the employees of CONTRACTOR/VENDOR against the CITY and CONTRACTOR/VENDOR hereby waives its entitlement, if any, to immunity under Section 440.11, Florida Statutes. The obligations contained in this provision shall survive termination of this Agreement and shall not be limited by the amount of any insurance required to be obtained or maintained under this Agreement. Nothing contained in the foregoing indemnification shall be construed to be a waiver of any immunity or limitation of liability the CITY may have under the doctrine of sovereign immunity or Section 768.28, Florida Statutes.

INSURANCE

Prior to commencement of any work under this Contract and until completion and final acceptance of the work, the CONTRACTOR/VENDOR shall, at its sole expense, maintain the following insurance on its own behalf, and furnish to the CITY certificates of insurance evidencing same and reflecting the effective date of such coverage as follows:

The term "Contractor" as used in the insurance rider, shall mean and include Subcontractors of every tier.

- A. Worker's Compensation and Occupational Disease Insurance in accordance with the applicable law or laws; Employer's Liability Insurance with limit of at least One Million (\$1,000,000) dollars. This includes sole proprietorships and officers of corporations who will be performing work on the job.
- B. Commercial General Liability with a combined Bodily Injury and Property Damage limit of not less than ONE Million (\$1,000,000.00) dollars per occurrence and TWO Million (\$2,000,000) Dollars in the aggregate. The aggregate must be applicable on a per project basis. Coverage must include the following perils:
 - 1. Broad Form Blanket Contractual Liability for liability assumed under this Contract and all other Contracts relative to the project.
 - 2. Completed Operations/Products Liability.
 - 3. Broad Form Property Damage

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

4. Personal and Advertising Injury Liability
5. Independent Contractors
6. Endorsements must be furnished reflecting the inclusion of the interests of Owner, Construction Manager, General Contractor, Contractor, (your company) , their officers, directors, partners, representatives, agents and employees, and naming each as an Additional Insured on a primary and non-contributing basis.
7. Coverage is to be endorsed to reflect that insurance is to be primary and non-contributory with respect to any other collectable insurance, for the Owner, General Contractor, Contractor, (your company) and all other parties required to be named as additional insureds.
8. Coverage is to be provided on an "occurrence" basis with carriers licensed and admitted to do business in the State of [your state] or otherwise acceptable to the Contractor (your company).
9. A copy of policy and/or endorsement(s) and any other documents required to verify such insurance are to be submitted with the appropriate certificate(s), or upon the request of Contractor (your company). Failure to provide these documents is not to be construed as a waiver of the requirements to provide such insurance.
- C. Commercial Automobile Liability Insurance covering the use of all Owned, Non-Owned, and Hired Vehicles with combined Bodily Injury and Property Damage Limit of at least One Million (\$1,000,000.00) Dollars.
- D. Umbrella I Excess Liability Insurance with a limit of no less than One Million (\$1, 000,000) minimum per occurrence.
- E. During the term of this agreement, (if applicable) the Contractor/Vendor will carry Professional Liability Insurance which will cover liability for any damage or non-performance on account of any error, omission, or other provable negligence caused by the Contractor/Vendor. The amount of insurance shall not be less than \$1,000,000 per occurrence and aggregate.
- F. Loss Deductible – If the insurance of any CONTRACTOR/VENDOR contains deductible(s), penalty(s) or self-insured retention(s), the CONTRACTOR/VENDOR Whose insurance contains such provision(s) shall be solely responsible for payment of such deductible(s), penalty(s) or self-insured retention(s).
- G. Where an Off Project Site Property exposure exists, the Contractor at its sole expense shall furnish to the Owner and Contractor (your company) Certificates of Insurance and other required documentation evidencing the following coverage which shall provide for the interests of [Name of Owner] , [Name of General Contractor] and (your company) to be named as Loss Payees and shall contain a provision requiring the insurance carriers to waive their rights of subrogation against all indemnities' named in the contract.
"All Risk" Property Insurance on all materials, equipment and supplies intended to become a permanent part of the construction stored on premises away from the project site and while in transit, until actually delivered to the project site. Coverage is to be provided on a replacement cost basis.
- H. The above insurances shall each contain the following wording verbatim: "[Name of Owner], [Name of General Contractor] , and (your company) are interested in the maintenance of this insurance and it is agreed that this insurance will not be canceled , materially changed or not renewed without at least a thirty (30) day advance written notice to [Name and address of Owner] , [Name and address of General Contractor] and [Name and address of your company] by certified mail-return receipt requested ."

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01**

COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

- I. The amount of insurance contained in the aforementioned insurance coverages shall not be construed to be a limitation of the liability on the part of the Subcontractor or any of its Subcontractors.
- J. The Contractor shall file certificates of insurance prior to the commencement of work with the Owner and the General Contractor which shall be subject to the Owner, General Contractor and (your company) approval of adequacy of protection and the satisfactory character of the Insurer.
- K. Any type of insurance or any increase of limits of liability not described above which the Subcontractor requires for its own protection or on account of statute shall be its own responsibility and at its own expense.
- L. The carrying of the insurance described shall in no way be interpreted as relieving the Contractor or Subcontractor of any responsibility of liability under this Contract.
- M. Any policies effected by the Contractor on its Owned and/or Rented Equipment and Materials shall contain a provision requiring the insurance carriers to waive their rights of subrogation against the [Name of Owner], [Name of General Contractor], [Name of Contractor (your company)] and all other indemnities' named in the Contract.
- N. Should the Contractor engage a Subcontractor, the same conditions will apply under this contract to each Subcontractor, however, the retained Subcontractor shall be required to maintain limits of liability of not less than One Million (\$1,000,000.00) Dollars per occurrence and Two Million (\$2,000,000) Dollars in the aggregate, with said limits applicable on a per project basis, or such greater limits as may be required by the retaining Subcontractor.

I. PAYMENT

Payment due hereunder shall be made by the City to CONTRACTOR/VENDOR in accordance with the Florida Prompt Payment Act. The City's preferred method of payment is electronically by credit card/line. Upon award, CONTRACTOR/VENDOR will be contacted by the City's provider, Commerce Bank, to participate in the City's electronic payments program. **CONTRACTOR/ VENDOR must state on Exhibit "A" Contact/Proposal Form whether they accept credit card payments and provide their Accounting Department contact name, phone number and email address.**

J. PROPOSAL PROTESTS

Proposal protest conditions and procedures are in accordance with City Ordinances – Part 2, Chapter 2, Article VII, Division 2, Section 2-444.

K. FEDERAL GRANT MONEY

In the event this project is funded with federal grant monies, CONTRACTOR/VENDOR may not participate in the proposal if CONTRACTOR/VENDOR is listed in the Excluded Parties List System (EPLS) a federal suspension and debarment listing, www.epls.gov/epls/search.do. CONTRACTOR/VENDOR shall include copy of search results with proposal.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

R. LOBBYING

- a. Lobbying is defined as any action taken by an individual, firm, association, joint venture, partnership, syndicate, corporation, and/or all other groups who seek to influence the governmental decision of a Board Member, the City Manager, and/or any City Personnel during the solicitation process. The lobbying black-out period commences upon the issuance of this solicitation and concluded upon the signing of the agreement. CONTRACTORS shall not contact any Commission Member and/or any requesting or evaluating Department/Office personnel during said black-out period. All questions and procedural matters shall be directed to the City Manager. The City Commissioners and/or the City Manager may disqualify any solicitation response where any Commissioner, the City Manager, and/or City Personnel have been lobbied in violation of the black-out period.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

**I N S T R U C T I O N S F O R
R E S P O N S E F O R M S T O R E Q U E S T F O R P R O P O S A L S**

1. Please enter the requested information in the **Bank Information Response Form, “Attachment A”**.
2. Please complete the **Objectives and Scope of Services Response Form, “Attachment B”**. A proposing bank should indicate its affirmation that it can provide the services indicated. Please mark the appropriate box in the 'Affirm' column if the bank can provide the service indicated. If a bank has an exception to the requested services, then it should indicate the exception by a unique label and provide a detailed description of its exception and reasonable alternative in a separate attachment.
3. Please complete the **Pro-forma Account Analysis Response Form, “Attachment C”**, by entering unit costs, extended costs, and total estimated annual cost. The City has provided its estimates of annual volumes except where indicated. If the proposing bank shall not propose a charge for a specified service, the bank shall enter \$0.00 in the Unit Cost. If the proposing bank shall propose additional charges not specified, the bank shall describe the service, provide its estimate of annual volume and the unit and extended charges in the Other Charges section of the Pro-forma Account Analysis.
4. Please complete the **Proposer’s Warranty Form – “Attachment D”**.
5. Please provide the entity names, contact names and contact information for at least three (3) municipalities of comparable deposit size to the City, preferably in Florida, that are current clients of the proposing bank. The three (3) municipalities should utilize the basic account structure, collection and deposit services, concentration and disbursement services, account maintenance and other services requested in this RFP. The committee will inquire about the proposing bank's relationship, communications and responses, abilities to provide the requested services, pricing, technological capabilities, ethics, and the municipalities' satisfaction with the services provided.
6. Proposing banks shall provide responses in the following order:
 - a. Bank Information Response Form “Attachment A” (provided);
 - b. Objectives and Scope of Services Response Form “Attachment B” (provided);
 - c. Proforma Account Analysis Response Form “Attachment C” (provided);
 - d. Proposer's Warranty “Attachment D” (provided);
 - e. Implementation schedule;
 - f. Evidence of the status as a qualified public depository;
 - g. Evidence of the status of rank with the Federal Reserve;
 - h. Deposit deadline schedules;
 - i. Funds availability schedule, and methodology for computing deposit float;
 - j. Proforma copies of the wire transfer agreement, positive pay services agreement, stop payment agreement, any other proforma agreements required, prospectus for money market mutual funds proposed as the overnight investment;
 - k. Overnight sweep facility and basis point reduction;
 - l. The names and vitae of the relationship and treasury management officers to be assigned the City's accounts;
 - m. Bank privacy policy;
 - n. Descriptions, comparisons, user requirements, bank capabilities, and costs for each of the Prospective Services described;
 - o. Audited financial statements for each of the two (2) most recent years;

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

- p. Bank references;
- q. Bank exceptions;
- r. Sample copy of Bank's Agreement document.
- s. Contact Sheet/RFP Proposal Form, Exhibit "A", provided
- t. Public Entity Crimes, Exhibit "B", provided
- u. Drug-Free Workplace Certification, Exhibit "C", provided
- v. E-Verify Statement, Exhibit "D", provided
- w. Proposer Acknowledgements and Agreements, Exhibit "E", provided
- x. Conflict of Interest, Exhibit "F", provided
- y. Non-Collusion Affidavit, Exhibit "G", provided
- z. Disputes Disclosure Form, Exhibit "H", provided

List all other attachments separately.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

ATTACHMENT "A"

**BANK INFORMATION
RESPONSE FORM**

Bank Name: _____

Federal Taxpayer ID: _____

Authorized Representative Signature: _____

Printed Name: _____ **Title:** _____

Email Address: _____

Mailing Address: _____

City, State, & Zip Code: _____

Telephone: _____ **Fax:** _____

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES
ATTACHMENT "B"
OBJECTIVES AND SCOPE OF SERVICES
RESPONSE FORM

Proposing bank: _____

RFP Section	Affirm	Exception
Objectives:		
Objectives		
Contract Period:		
Contract period		
Bank Qualifications:		
Qualified Public Depository		
Bank Financial Strength		
Geographic Proximity		
Contract Structure:		
Contract structure		
Collection and Deposit Services:		
Funds Availability		
Deposit Deadline		
Ledger Cutoff Time		
Collected Balances		
ACH and Wire Transfers In		
Returned items		
Deposit Reconciliation		
Lock Box		
Remote Deposit		
Concentration and Disbursement Services:		
Positive Pay Services		
Check Reconciliation		
Stop Payment and Date Legend		
ACH and Wire Transfers Out		
Account Maintenance:		
Electronic Banking		
Account Analysis		
Earnings Credit and Earnings Credit Rate		
Overdrafts		
Monthly Account Statements, Debit and Credit Memos		
Investment Services:		
Investment services		

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

RFP Section	Affirm	Exception
Other Services:		
Commercial Credit Cards		
Workplace Banking		
Imaging Services		
Team Profile		
Courier Service		

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

**ATTACHMENT "C"
PROFORMA ACCOUNT ANALYSIS
RESPONSE FORM**

Proposing bank: _____

Service Rendered	Unit Cost	Annual Cost
Balance Services:		
Overdraft charge		
FDIC expense		
Average monthly ledger balance		
Average monthly collected balance		
Demand Deposit Services:		
Account maintenance		
Deposits credited		
Deposited item rejects		
Items paid		
ACH items received-debit		
ACH items received-credit		
On-us items		
Clearinghouse items		
Local Fed/In state Fed items		
Out of state items		
On-us items pre-encoded		
Clearinghouse items pre-encoded		
Local Fed/In state Fed items pre-encoded		
Out of state items pre-encoded		
Uncollected funds items		
Overdrafts per occurrence		
Insufficient funds items		
Stop payments - manual		
Stop payments - electronic		
Returned Check Services:		
Return items - phone call		
Return items - special address		
Return items - represented		
Returned items		
Branch/Night Deposit Services:		
Branch cash OTC deposit/\$1000		
Branch curr order/partial strap		

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

	Unit Cost	Annual Cost
Branch coin order/roll		
Controlled Disbursement: Services:		
Checks paid		
Zero Balance Services:		
Master account		
Sub account(Payroll)		
Wire Transfer Services:		
Wire transfer maintenance		
W/T out rep/semi – PC		
W/T out non-rep – PC		
W/T internal rep/semi – PC		
W/T internal non-rep – PC		
W/T incoming		
W/T tracer/reversal		
W/T mailed notification		
Internal wire transfer credit		
ACH Services:		
ACH monthly maintenance		
ACH return item		
ACH reversals		
ACH collection application maintenance		
ACH collection application process		
ACH debits originated		
ACH credits originated		
ACH maintenance - PC		
ACH files transmitted – PC		
ACH debits originated – PC		
Electronic Payment:		
Monthly maintenance/account		
Account Reconciliation:		
Recon check sort items		
Recon items – partial		
Recon tape output – partial		
Information Reporting:		
Info report - ACH current day		
PC maintenance local		
PC Stop module		
PC Wire module		
Info report detail credits		
Info report summary fields		

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

Info report special reports		
	Unit Cost	Annual Cost
Info report - statement to date 1st		
Info report - statement to date 2 nd		
Service Rendered		
Info report - today detail 1 st		
Info report - today detail to date 2 nd		
Info report access terminal logon		
Info report BAI		
Info report previous day		
Info report disbursement report current day		
Info report debits		

EDI Services:

EDI report/transaction		
------------------------	--	--

Sweep Services:

Automated sweep account		
-------------------------	--	--

Merchant Services:

Discount rate		
Merchant fees/account		

Other Services:

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES
ATTACHMENT "D"
PROPOSER'S WARRANTY

The proposer warrants that the responsible officer has fully read and understands the RFP. The proposer warrants that the responsible officer has full knowledge of the scope, nature, quantity and quality of work to be performed; full knowledge of the detailed requirements of the services to be provided; and full knowledge of the conditions under which services are to be performed. The proposer warrants the unit costs, extended costs, and total estimated annual costs are complete and accurate.

Each proposer guarantees in writing that the Comptroller and the City Commission will receive the services specified and at the unit costs or prices quoted for the entire term of the agreement, including the optional one-year renewal.

Bank Name: _____

Federal Taxpayer ID: _____

Authorized Representative Signature: _____

Printed Name: _____ Title: _____

Email Address: _____

Mailing Address: _____

City, State, & Zip Code: _____

Telephone: _____ Fax: _____

The foregoing instrument was acknowledged before me this _____ by
(Date)

_____, who is personally known to me or who has produced
(Name of person acknowledged)

_____ an identification and who did (did not) take an oath.
(Type of identification)

(Signature of Notary)

(Name of Notary, typed, printed or stamped)

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBITS

EXHIBIT "A"	Contact Sheet
EXHIBIT "B"	Public Entity Crimes
EXHIBIT "C"	Drug-Free Workplace Certification
EXHIBIT "D"	E-Verify Statement
EXHIBIT "E"	Proposer Acknowledgements and Agreements
EXHIBIT "F"	Conflict of Interest
EXHIBIT "G"	Non-Collusion Affidavit
EXHIBIT "H"	Disputes Disclosure

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "A"
CONTACT SHEET

Name: _____

Federal Taxpayer ID: _____

Mailing Address: _____

City, State, & Zip Code: _____

Telephone: _____ Fax: _____

Email: _____

Submitted By: _____

Title: _____

FIRM Accepts Credit Cards*: Yes No

Accounting Contact:

Name: _____ Title: _____

Email Address: _____ Phone: _____

*See preferred method of payment under "Prompt Payment Act" section of the General Conditions

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "B"

SWORN STATEMENT UNDER F.S. SECTION 287.133(3) (A), ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICER AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted with Bid, Proposal or Contract for _____.
2. This sworn statement is submitted by (entity) _____ whose business address is _____ and (if applicable) Federal Employer Identification Number (FEIN) is _____ (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: _____.)
3. My name is _____ and my relationship to the entity named above is _____.
4. I understand that a "public entity crime" as defined in Paragraph 287.133(a) (g). Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any proposal or contract for goods or services to be provided to any public entity or any agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
5. I understand that "convicted" or "conviction" as defined in paragraph 287.133(a) (b), Florida Statutes, means finding of guilt or a conviction of a public entity crime with or without an adjudication of guilt, in any federal or state trial court of records relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.
6. I understand that an "affiliate" as defined in Paragraph 287.133(1) (a), Florida Statutes, means:
 1. A predecessor or successor of a person convicted of a public entity crime; or
 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The City of Fernandina Beach, Florida ownership by one of shares constituting a controlling income among persons when not for fair interest in another person, or a pooling of equipment or income among persons when not for fair market value under a length agreement, shall be a prima facie case that one person controls another person. A person who was knowingly convicted of a public entity crime, in Florida during the preceding 36 months shall be considered an affiliate.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

7. I understand that a "person" as defined in Paragraph 287.133(1) (e), Florida Statutes, means any natural person or entity organized under the laws of the state or of the United States with the legal power to enter into a binding contract for provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
8. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Please indicate which statement applies)

- _____ Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, nor affiliate of the entity have been charged with and convicted of a public entity crime subsequent to July 1, 1989.
- _____ The entity submitting this sworn statement, or one or more of the officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. (Please attach a copy of the final order.)
- _____ The person or affiliate was placed on the convicted FIRM list. There has been a subsequent proceeding before a hearing officer of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer determined that it was in public interest to remove the person or affiliate from the convicted FIRM list. (Please attach a copy of the final order.)
- _____ The person or affiliate has not been placed on the convicted FIRM list. (Please describe any action taken by, or pending with, the Department of General Services.)

Signature

Date:

STATE OF FLORIDA
COUNTY OF _____

PERSONALLY APPEARED BEFORE ME, the undersigned authority, _____ who, after first being sworn by me, affixed his/her signature at the space provided above on this ____ day of _____, 20____, and is personally known to me, or has provided _____ as identification.

Notary Public

My Commission expires: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "C"

DRUG-FREE WORKPLACE CERTIFICATION

The below-signed INDIVIDUAL/FIRM certifies that it has implemented a drug-free workplace program. In order to have a drug-free workplace prepare, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violation of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or services a copy of the statement specified in paragraph 1.
4. In the statement in paragraph 1., notify the employees that, as a condition of working on the commodities or contractual services that are under proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of nolo contendere to, any violation occurring in the workplace no later than five (5) working days after such conviction.
5. Impose a sanction on, or require fine satisfactory participation in drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign this statement, I Certify that this firm complies fully with the above drug-free workplace requirements.

COMPANY: _____

CITY: _____ STATE: _____ ZIP CODE: _____

SIGNATURE: _____ PHONE: _____

NAME (TYPED OR PRINTED): _____ TITLE: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "D"
E-VERIFY STATEMENT

Bid/Proposal Number: _____

Project Description: _____

I/FIRM acknowledges and agrees to the following:

I/FIRM shall utilize the U.S. Department of Homeland Security's E-Verify system, in accordance with the terms governing use of the system, to confirm the employment eligibility of:

1. All persons employed by the FIRM during the term of the Contract to perform employment duties within Florida; and
2. All persons assigned by the FIRM to perform work pursuant to the contract with the Department.

Individual/Company/Firm: _____

Authorized Signature: _____

Title: _____

Date: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT “E”

PROPOSER ACKNOWLEDGEMENTS AND AGREEMENTS

The undersigned, as an employee or agent of the Proposer, having the authority to sign a binding agreement on behalf of the corporation, company, or firm presenting this submittal, confirms understanding and/or agreement and/or takes exception with any statement in the following sections of this RFP document.

1. INTRODUCTION AND GENERAL INFORMATION
Understands and agrees to all terms.
2. PROPOSAL INSTRUCTIONS, TERMS AND CONDITIONS
Understands and agrees to all terms.
3. EVALUATION AND CONTRACT OVERVIEW
Understands and agrees to all terms.
4. PROPOSER’S RESPONSE: SUBMITTAL INFORMATION
Understands and agrees to all terms.
5. PROPOSER’S RESPONSE: PROPOSED TEAM
Understands and agrees to all terms.
6. PROPOSER’S RESPONSE: PROPOSED COMPENSATION
Understands and agrees to all terms.

Name: _____ Title: _____

Signature: _____ Date: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "F"

CONFLICT OF INTEREST STATEMENT

This sworn statement is submitted with Bid, Proposal or Contract for _____.

This sworn statement is submitted by (entity) _____ whose business address is _____ and (if applicable) Federal Employer Identification Number (FEIN) is _____ (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: _____.)

My name is _____ and my relationship to the entity named above is _____.

1. The above named entity is submitting a Proposal for the City of Fernandina Beach.
2. The Affiant has made diligent inquiry and provides the information contained in the Affidavit based upon his/her own knowledge.
3. The Affiant states that only one submittal for the above proposal is being submitted and that the above named entity has no financial interest in other entities submitting proposals for the same project.
4. Neither the Affiant nor the above named entity has directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraints of free competitive pricing in connection with the entity's submittal for the above proposal. This statement restricts the discussion of pricing data until the completion of negotiations if necessary and execution of the Contract for this project.
5. Neither the entity nor its affiliates, nor anyone associated with them, is presently suspended or otherwise ineligible from participation in contract letting by any local, State, or Federal Agency.
6. Neither the entity nor its affiliates, nor anyone associated with them have any potential conflict of interest due to any other clients, contracts, or property interests for this project.
7. I certify that no member of the entity's ownership or management is presently applying for an employee position or actively seeking an elected position with the City of Fernandina Beach.
8. I certify that no member of the entity's ownership or management, or staff has a vested interest in any aspect of the City of Fernandina Beach.
9. In the event that a conflict of interest is identified in the provision of services, I, on behalf of the above named entity, will immediately notify the City of Fernandina Beach.

Signature

Date:

STATE OF FLORIDA
COUNTY OF _____

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this ____ day of _____, 20____, and is personally known to me, or has provided _____ as identification.

Notary Signature

My Commission expires: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "G"

NON-COLLUSION AFFIDAVIT

This sworn statement is submitted with Bid, Proposal or Contract for _____.

This sworn statement is submitted by (entity) _____ whose business address is _____ and (if applicable) Federal Employer Identification Number (FEIN) is _____ (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: _____.)

My name is _____ and my relationship to the entity named above is _____.

1. The above named is fully informed respecting the preparation and contents of the attached proposal and of all pertinent circumstances respecting such proposal;
2. Such Proposal is genuine and is not a collusive or sham proposal;
3. Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this affiant, has in any way colluded, connived, or agreed, directly or indirectly, with any other Bidder/Proposer, firm or person to submit a collusive or sham Proposal in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder/Proposer, firm, or person to fix the price or prices in the attached proposal or any other Bidder/Proposer, or to fix any overhead, profit or cost element of the proposal price or the proposal price of any other Bidder/Proposer, or to secure through any collusion, connivance, or unlawful agreement any advantage against the City of Fernandina Beach, Florida or any person interested in the proposed Contract; and
4. The price or prices quoted in the attached proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder/Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

Signature

Date:

STATE OF FLORIDA

COUNTY OF _____

PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this ____ day of _____, 20__, and is personally known to me, or has provided _____ as identification.

Notary Signature

My Commission expires: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "H"

DISPUTES DISCLOSURE FORM

Answer the following questions by placing an "X" after "YES" or "NO". If you answer "YES", please explain in the space provided, or via attachment.

Has your firm or any of its officers, received a reprimand of any nature or been suspended by the Department of Professional Regulations or any other regulatory agency or professional association within the last five (5) years?

YES___ NO___

Has your firm, or any member of your firm, been declared in default, terminated or removed from a contract or job related to the services your firm provides in the regular course of business within the last five (5) years?

YES___ NO___

Has your firm had against it or filed any request for equitable adjustment, contract claims, bid protest, or litigation in the past five (5) years that is related to the services your firm provides in the regular course of business?

YES___ NO___

If yes, state the nature of the request for equitable adjustment, contract claim, litigation, or protest, and state a brief description of the case, the outcome or status of the suit and the monetary amounts or extended contract time involved.

I hereby certify that all statements made are true and agree and understand that any misstatement or misrepresentation or falsification of facts shall be cause for forfeiture of rights for further consideration of this proposal for the City of Fernandina Beach.

Firm

Date

Authorized Signature

Printed or Typed Name and Title

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

CITY OF FERNANDINA BEACH BID OPENING
RFP 2019-01 COMPREHENSIVE BANKING AND TREASURY MANAGEMENT
March 13, 2019 Bid Opening
Opened by Pauline Testagrose, Wanda Weak

DATE/TIME	COMPANY NAME	BID AMOUNT	Required forms A-H attached	Addendum 1	Addendum 2
3/13/2019 8:56am	Pineland Bank	N/A	Yes	Yes	Yes
3/13/2019 9:35am	Synovus Bank	N/A	Yes	Yes	Yes
3/13/2019 3:00pm	First Federal Bank	N/A	Yes	Yes	Yes

This is a preliminary summary of the quotes as they were opened and announced. Contractor/Vendor should not assume award until after final/review/recommendation for award.

COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

RFP 2019-01

Combined Eval Totals

Criteria

Weight

- 1 Financial Strength
- 2 Breadth of Services
- 3 Bank Fees/Interest Income Formula
- 4 Technology/User Friendliness
- 5 Customer Service

20
20
20
20
20
100

Rating (used to fill in yellow boxes)

- 0
- 1
- 2
- 3
- 4
- 5

Did not address
 Significant deficiencies
 Some deficiencies
 Meets requirements/expectation
 Slightly exceeds expectations
 Greatly exceeds expectations

Criteria	Synovus	First Federal	Pineland
	Total	Total	Total
1 Financial Strength	14 280	13 260	10 200
2 Breadth of Services	11 220	11 220	11 220
3 Bank Fees/Interest Income Formula	10 200	13 260	11 220
4 Technology/User Friendliness	13 260	13 260	13 260
5 Customer Service	10 200	10 200	11 220
SCORE	58 1160	60 1200	56 1120
Absolute			

City of Fernandina Beach
RFP 2019-01 Comprehensive Banking and Treasury Management
Evaluations Ratings Meeting
April 4, 2019 – 10:00AM

Committee members present: Pauline Testagrose, Cricket Poston, Nathan Coyle
Staff Members present: Wanda Weak

The meeting was called to order at 10:00AM by Committee Chairman Nathan Coyle.

Three submittals were received for this RFP, Synovus Bank, First Federal Bank and Pineland Bank.

Scored and tallied consolidated and individual evaluation sheets were distributed to each committee member. Based on the overall evaluation scoring, First Federal Bank scored highest with Synovus a second and Pineland Bank third.

Committee Member Testagrose discussed arriving at the scores based on the services, fees and interest. First Federal Bank gives the City an opportunity to earn more interest and use the City's monies more profitably. Based on the National average for Bank Reviews and Ratings, First Federal Bank ranked highest.

Committee Member Testagrose provided a detail of the service fees charged by Synovus for the past 12 months. Chairman Coyle explained the way Synovus presented their service fees was misleading and were actually higher than First Federal or Pineland. Committee Member Poston discussed the decline in customer service with Synovus.

Committee Member Poston made a motion to award the RFP to First Federal Bank. This was seconded by Committee Member Testagrose and the motion carried by the committee.

The meeting was adjourned at 10:26AM.



FIRST FEDERAL BANK

**Public Funds
BANKING SERVICES**

Proposal for

CITY OF FERNANDINA BEACH

RFP #2019-01

March, 2019



FIRST FEDERAL BANK

March 8, 2019

Ms. Pauline Testagrose, Comptroller
City of Fernandina Beach
204 Ash Street
Fernandina Beach, FL 32034

Dear Ms. Testagrose:

I appreciate the opportunity to make a proposal for public fund depository services. Our culture is to build the bank on relationships. We are hopeful the products and services we are able to provide will facilitate the start of a long-term relationship that will prove to be of mutual benefit.

Established in 1962, First Federal is a full service financial institution with 23 offices in 13 Florida counties and two branches in Port Royal/Lady's Island, South Carolina. As the bank has grown, we have kept up with processing trends in the industry. We operate our own in-house data processing computers utilizing the latest in item processing technology. This enables First Federal to offer our customers multiple access methods to account information plus the flexibility to fulfill even the most unique bank account needs. We fully support through personalized service, all the traditional and electronic banking services you need to run an efficient business office.

Our staff is dedicated to providing the finest personal service and we feel they are our most important resource in our service commitment. I am confident that should you elect to expand your relationship with First Federal you will be pleased with our services. I would be happy to answer any questions you may have about this proposal.

Sincerely,

Pam Hitt, Sr. Exec. Vice President
Chief Operating Officer
PO Box 2029
Lake City, FL 32055
(386) 755-0600, Ext. 3138
<http://ffbf.com>

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

TABLE OF CONTENTS

<u>TAB</u>	<u>DESCRIPTION</u>
A	Bank Information Response Form "Attachment A" Addendum No. 1 to RFP 2019-01
B	Objectives and Scope of Services Response Form "Attachment B" and Notations
C	Proforma Account Analysis Response Form "Attachment C"; "Attachment C-1" and "Attachment C-2" Analysis Models
D	Proposer's Warranty "Attachment D"
E	Implementation Schedule
F	Evidence of status as a qualified public depository
G	Statement Regarding Bank Ranking and copies of rating with Bankrate.com for First Federal Bank and CBC National Bank as at December 31, 2017 (most recent available).
H	Deposit Deadline Schedules and Methodology for Computing Deposit Float
I	Funds Availability Policy
J	Proforma copies of eCorp Master Agreement; eCorp Disclosure; eCorp Remote Deposit Capture Agreement; eCorp ACH Origination Agreement; Stop Payment Agreement
K	Overnight sweep facility and basis point reduction - N/A
L	Designated Account Executives
M	Privacy Policy
N	Descriptions of Prospective Services
O	Audited Financial Statements for each of the two (2) most recent years
P	Bank References –
Q	Bank Exceptions – N/A
R	Proforma of Business Relationship Application and Agreement
S	Contact Sheet/RFP Proposal Form, Exhibit "A"
T	Public entity Crimes, Exhibit "B"
U	Drug-Free workplace Certification, Exhibit "C"
V	E-Verify statement, Exhibit "D"
W	Proposer Acknowledgments and Agreements, Exhibit "E"
X	Conflict of Interest, Exhibit "F"
Y	Non-Collusion Affidavit, Exhibit "G"
Z	Disputes Disclosure Form, Exhibit "H"

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

ATTACHMENT "A"

BANK INFORMATION
RESPONSE FORM

Bank Name: FIRST FEDERAL BANK

Federal Taxpayer ID: 59-0969721

Authorized Representative Signature: 

Printed Name: Pam Hitt Title: SR. EXEC VICE PRES.
CHIEF OPERATING OFFICER

Email Address: hitt@ffbf.com

Mailing Address: POST OFFICE BOX 2029

City, State, & Zip Code: LAKE CITY, FL 32056-2029

Telephone: 386-755-0600 Ext. 3138 Fax: 386-754-7163

City of Fernandina Beach, Florida
Addendum No. 1
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

ADDENDUM No. 1

The following changes are applicable to the original RFP documents and specifications of RFP 2019-01. This Addendum No.1 now becomes part of the original Request for Proposal and shall be acknowledged by attaching a copy of this Addendum, signed by an authorized representative of the person or company submitting bids. Failure to do so may disqualify the submittal.

Respondents shall thoroughly familiarize themselves with the contents of this Addendum before submitting their response.

NAME: PAM HITT TITLE: JR. EXEC. VICE PRGS
CHIEF OPERATIVE OFFICER

ADDRESS: P.O. Box 2029

CITY: LAKE CITY STATE: FL 32056

AUTHORIZED SIGNATURE: Pam Hitt DATE: 3.7.19

City of Fernandina Beach, Florida
Addendum No. 1
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

1. Does the City want agreements included from Synovus since the services are already in place? *The City would like the documentation requested in the RFP, but there is an option to attach any other documents.*
2. Is the Pro-forma Account Analysis Response Form what you want completed with Dec 2018 info as referenced in account analysis request? There isn't anywhere to show ECR, compensating balances, so would you like a separate form completed. *The City would like the Unit Cost and Annual Cost using an Average Daily Balance.*
3. Monthly Account statements – requesting on thumb drives – these are available on Business Internet Banking. Is this sufficient? Yes. The City currently uses the online Imaging Service.
4. What are you looking for in the bank exceptions section? *How your institution would handle a banking exception such as; stop payment, check out of sequence, stale date etc.*
5. What do we need to show to prove that we are a qualified public depository? *Proof of the QPD Status is usually in the form of an adopted resolution*
6. Can we email an electronic version of the proposal versus providing it on a flash drive? *No, The electronic version must be with the sealed bid package.*
7. Can you give us some guidance as to what portion of your deposits you are anticipating would earn interest? *Currently the fees are offset by the interest earned.*
8. Are we required to use only that amount in our response or do we have the option to prepare the proforma illustrating the balances that are needed to cover all service charges? *You are not required to use only that amount. You can use the balances needed to cover all service charges.*
9. Please advise on the current total card limit *The City has a total credit card limit of \$150,000. Only \$90,000 is spread among 33 credit cards.*
10. Please advise on the average total monthly (or annual) spend *The average monthly spent is approximately \$26,000*

End of Addendum No. 1

City of Fernandina Beach, Florida
Addendum No. 2
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

ADDENDUM No. 2

The following changes are applicable to the original RFP documents and specifications of RFP 2019-01. This **Addendum No.2** now becomes part of the original Request for Proposal and shall be acknowledged by attaching a copy of this Addendum, signed by an authorized representative of the person or company submitting bids. Failure to do so may disqualify the submittal.

Respondents shall thoroughly familiarize themselves with the contents of this Addendum before submitting their response.

NAME: Pam Hitt TITLE: Sr. Exec. Vice Pres &
Chief Operating Officer

ADDRESS: P.O. Box 2024

CITY: LAKE CITY STATE: FL 32056

AUTHORIZED SIGNATURE:  DATE: 3-8-19

City of Fernandina Beach, Florida
Addendum No. 2
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

1. Would you still like other City government references from us even though you are already banking with us? ***Yes***
2. What information are you looking for regarding investments when you ask for "a short and long term investment advantage"? ***What you offer with regards to overnight investments and interest rates***
3. On the Pro Forma Account Analysis Response Form, "Recon tape output – partial" is listed. Would this be a transmission file? ***This might have be a file sent in the past. We currently do not receive a file***

End of Addendum No. 2

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES
ATTACHMENT "B"
OBJECTIVES AND SCOPE OF SERVICES
RESPONSE FORM

Proposing bank: FIRST FEDERAL BANK

RFP Section	Affirm	Exception
Objectives:		
Objectives	✓	
Contract Period:		
Contract period	✓	
Bank Qualifications:		
Qualified Public Depository	✓	
Bank Financial Strength	✓	
Geographic Proximity	✓	
Contract Structure:		
Contract structure	✓	
Collection and Deposit Services:		
Funds Availability	✓	
Deposit Deadline	✓	
Ledger Cutoff Time	✓	
Collected Balances	✓	
ACH and Wire Transfers In	✓	
Returned items	✓	
Deposit Reconciliation	✓	(SEE NOTE 1)
Lock Box	✓	
Remote Deposit	✓	
Concentration and Disbursement Services:		
Positive Pay Services	✓	
Check Reconciliation	✓	(SEE NOTE 2)
Stop Payment and Date Legend	✓	
ACH and Wire Transfers Out	✓	(SEE NOTE 3)
Account Maintenance:		
Electronic Banking	✓	(SEE NOTE 2)
Account Analysis	✓	
Earnings Credit and Earnings Credit Rate	✓	
Overdrafts	✓	
Monthly Account Statements, Debit and Credit Memos	✓	
Investment Services:		
Investment services	✓	

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

RFP Section	Affirm	Exception
Other Services:		
Commercial Credit Cards	✓	
Workplace Banking	✓	
Imaging Services	✓	
Team Profile	✓	
Courier Service	✓	

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

**NOTATIONS TO ATTACHMENT "B"
OBJECTIVES AND SCOPE OF SERVICES RESPONSE FORM**

- (1) All deposits, including copies of front and back of deposit ticket and deposited items are accessible through eCorp online banking solution. Customized deposit tickets are available which reflect a location and sequence number for each deposit. This information will display on the account statement, as requested.
- (2) Image files may be provided monthly to the City containing all account statements and analysis statements, including images of credits and debits in encrypted CD format. All statements and images are also accessible through eCorp online banking solution. First Federal has discontinued use of flash drives and memory sticks due to inherent vulnerabilities.
- (3) All incoming and outgoing ACH and wire transfer entries will be memoposted for later settlement. Outgoing wire transfers will be executed as soon as practicable following entry and proper verification. City will be promptly notified of any wire failures.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

**ATTACHMENT "C"
PROFORMA ACCOUNT ANALYSIS
RESPONSE FORM**

Proposing bank:

FIRST FEDERAL BANK

Service Rendered	Unit Cost	Annual Cost
Balance Services:		
Overdraft charge	N/C	
FDIC expense	N/C	
Average monthly ledger balance	N/C	
Average monthly collected balance	N/C	
Demand Deposit Services:		
Account maintenance	\$5/act	\$300.00
Deposits credited	N/C	
Deposited item rejects	N/C	
Items paid 389 items in 12/18	.09	\$420.12
ACH items received-debit	N/C	
ACH items received-credit	N/C	
On-us items		
Clearinghouse items		
Local Fed/In state Fed items		
Out of state items	.09	\$2,120.04
On-us items pre-encoded		
Clearinghouse items pre-encoded		
Local Fed/In state Fed items pre-encoded		
Out of state items pre-encoded		
Uncollected funds items	N/C	
Overdrafts per occurrence	N/C	
Insufficient funds items	N/C	
Stop payments - manual	N/C	
Stop payments - electronic	N/C	
Returned Check Services:		
Return items - phone call	N/C	
Return items - special address	N/C	
Return items - represented	N/C	
Returned items	\$10	\$120.00
Branch/Night Deposit Services:		
Branch cash OTC deposit/\$1000	N/C	
Branch curr order/partial strap	N/C	

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

	Unit Cost	Annual Cost
Branch coin order/roll	N/C	
Controlled Disbursement: Services:		
Checks paid	N/C	
Zero Balance Services:		
Master account	N/C	
Sub account(Payroll)	N/C	
Wire Transfer Services:		
Wire transfer maintenance	\$12	\$144.00
W/T out rep/semi – PC	\$12.50	\$150.00
W/T out non-rep – PC		
W/T internal rep/semi – PC	N/C	
W/T internal non-rep – PC	N/C	
W/T incoming	\$10	\$360.00
W/T tracer/reversal	N/C	
W/T mailed notification	N/C	
Internal wire transfer credit	N/C	
ACH Services:		
ACH monthly maintenance	\$24	\$288.00
ACH return item	N/C	
ACH reversals	N/C	
ACH collection application maintenance	N/C	
ACH collection application process	N/C	
ACH debits originated	N/C	
ACH credits originated	N/C	
ACH maintenance - PC	N/C	
ACH files transmitted – PC	N/C	
ACH debits originated – PC	N/C	
Electronic Payment:		
Monthly maintenance/account	N/C	
Account Reconciliation:		
Recon check sort items	N/C	
Recon items – partial	N/C	
Recon tape output – partial	N/C	
Information Reporting:		
Info report - ACH current day	N/C	
PC maintenance local	N/C	
PC Stop module	N/C	
PC Wire module	N/C	
Info report detail credits	N/C	
Info report summary fields	N/C	

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

Info report special reports	N/C	
	Unit Cost	Annual Cost
Info report - statement to date 1st	N/C	
Info report - statement to date 2 nd	N/C	
Service Rendered	N/C	
Info report - today detail 1 st	N/C	
Info report - today detail to date 2 nd	N/C	
Info report access terminal logon	N/C	
Info report BAI	N/C	
Info report previous day	N/C	
Info report disbursement report current day	N/C	
Info report debits	N/C	
EDI Services:		
EDI report/transaction	N/C	
Sweep Services:		
Automated sweep account	\$50	\$600.00
Merchant Services:		
Discount rate <i>based on volume; generally</i>	3%	- provided by 3rd Party
Merchant fees/account	\$50	N/A
Other Services:		

See Attachment C-1 for analysis models demonstrating estimated analysis fees based on December, 2018 activity using a \$150,000 collected average balance, and Attachment C-2 for an estimate of the average available balance required to offset all fees, both utilizing an Earnings Credit Rate of .25%.

First Federal proposes to waive all fees if combined ledger balances are maintained in excess of \$5,000,000. In addition, the City will earn interest on all balances over \$5,000,000 at a rate of .88%. Utilizing this methodology, in December, 2018, the City would have paid no fees and could have earned an estimated \$18,500 in interest for the month. First Federal reserves the right to charge analysis fees if balances are routinely below \$5,000,000 based on the fee schedule provided and as shown on Attachments C-1 and C-2.

SAMPLE SHOWING ANALYSIS FEES BASED ON \$150,000 AVAILABLE BALANCE

ELITE BUSINESS ANALYSIS MODEL				
ACTIVITY SUMMARY				
ACTIVITY DESCRIPTION	NUMBER OF UNITS	COST PER UNIT	TOTAL COST	AVAIL BAL NEEDED
CHECKS PAID	389	0.09	35.01	186,720.00
DEPOSIT CORRECTIONS (FIRST 2 @ NO CHARGE)	8	5.00	40.00	213,333.33
RETURN DEPOSITED ITEMS	1	10.00	10.00	53,333.33
DEPOSITED ITEMS (ON US AND TRANSIT)	1,963	0.09	176.67	942,240.00
PAPER STATEMENT FEE	0	0.00	0.00	0.00
COIN WRAPPING	0	0.25	0.00	0.00
CURRENCY STRAP	0	0.60	0.00	0.00
E-CORP BUNDLE (INCLUDES ALL E-CORP SVCS.)	1	72.00	72.00	384,000.00
TRANSFERS	0	4.00	0.00	0.00
ACH ORIGINATION	0	24.00	0.00	0.00
REMOTE DEPOSIT CAPTURE	0	37.00	0.00	0.00
POSITIVE PAY	0	4.00	0.00	0.00
WIRE TRANSFER	0	12.00	0.00	0.00
MONTHLY WIRE TRANSFERS - E-CORP	1	12.50	12.50	66,666.67
MONTHLY WIRE TRANSFERS - INCOMING	3	10.00	30.00	160,000.00
SWEEP FEE	1	50.00	50.00	266,666.67
LOCK BOX FEES				
LBX WS CHECKS PROCESSED	57	0.25	14.25	76,000.00
LBX WS NON ENCLOSURES CORSP ONLY	43	0.25	10.75	57,333.33
LBX WS MAINTENANCE FEE	150	1.00	150.00	800,000.00
LOCKBOX DEPOSIT	20	7.50	150.00	800,000.00
LBX EMAIL/FAX NOTIFICATION	20	2.00	40.00	213,333.33
LBX PO BOX RENTAL	1	45.00	45.00	240,000.00
MAINTENANCE FEE	5	5.00	25.00	133,333.33
TOTAL OF ACTIVITY CHARGES:			861.18	4,592,960.00
BALANCE INFORMATION				
AVERAGE LEDGER BALANCE:				150,000.00
AVERAGE FLOAT:		@	0.00%	0.00
AVERAGE AVAILABLE BALANCE:				150,000.00
EARNINGS CREDIT SUMMARY				
AVERAGE POSITIVE AVAILABLE BALANCE:				150,000.00
RESERVES ON:	150,000.00	@	10.00%	15,000.00
INVESTABLE BALANCE:				135,000.00
EARNINGS CREDIT	135,000.00	@	0.25%	27.74
LESS INTEREST EARNED				0.00
NET EARNINGS CREDIT				27.74
LOAN RELATIONSHIP	0.00	@	0.10%	0.00
ANALYSIS SUMMARY				
EARNINGS CREDIT:				27.74
LOAN CREDIT				0.00
LESS NET ACTIVITY CHARGES:				861.18
NET ANALYSIS:				(833.44)
PREPARED FOR:	CITY OF FERNANDINA BEACH			
DATE PREPARED:	3/7/2019			

The above analysis model estimates the analysis fees based on December, 2018 activity and an average available balance of \$150,000. All remaining deposits would be available for investment.

SAMPLE SHOWING COMPENSATING BALANCES NEEDED TO OFFSET ANALYSIS FEES

ELITE BUSINESS ANALYSIS MODEL				
ACTIVITY SUMMARY				
ACTIVITY DESCRIPTION	NUMBER OF UNITS	COST PER UNIT	TOTAL COST	AVAIL BAL NEEDED
CHECKS PAID	389	0.09	35.01	191,144.64
DEPOSIT CORRECTIONS (FIRST 2 @ NO CHARGE)	8	5.00	40.00	218,388.63
RETURN DEPOSITED ITEMS	1	10.00	10.00	54,597.16
DEPOSITED ITEMS (ON US AND TRANSIT)	1,963	0.09	176.67	964,567.96
PAPER STATEMENT FEE	0	0.00	0.00	0.00
COIN WRAPPING	0	0.25	0.00	0.00
CURRENCY STRAP	0	0.60	0.00	0.00
E-CORP BUNDLE (INCLUDES ALL E-CORP SVCS.)	1	72.00	72.00	393,099.53
TRANSFERS	0	4.00	0.00	0.00
ACH ORIGINATION	0	24.00	0.00	0.00
REMOTE DEPOSIT CAPTURE	0	37.00	0.00	0.00
POSITIVE PAY	0	4.00	0.00	0.00
WIRE TRANSFER	0	12.00	0.00	0.00
MONTHLY WIRE TRANSFERS - E-CORP	1	12.50	12.50	68,246.45
MONTHLY WIRE TRANSFERS - INCOMING	3	10.00	30.00	163,791.47
SWEEP FEE	1	50.00	50.00	272,985.78
LOCK BOX FEES				
LBX WS CHECKS PROCESSED	57	0.25	14.25	77,800.95
LBX WS NON ENCLOSURES CORSP ONLY	43	0.25	10.75	58,691.94
LBX WS MAINTENANCE FEE	150	1.00	150.00	818,957.35
LOCKBOX DEPOSIT	20	7.50	150.00	818,957.35
LBX EMAIL/FAX NOTIFICATION	20	2.00	40.00	218,388.63
LBX PO BOX RENTAL	1	45.00	45.00	245,687.20
MAINTENANCE FEE	5	5.00	25.00	136,492.89
TOTAL OF ACTIVITY CHARGES:			861.18	4,701,797.91
BALANCE INFORMATION				
AVERAGE LEDGER BALANCE:				4,800,000.00
AVERAGE FLOAT:		@	2.08%	100,000.00
AVERAGE AVAILABLE BALANCE:				4,700,000.00
EARNINGS CREDIT SUMMARY				
AVERAGE POSITIVE AVAILABLE BALANCE:				4,700,000.00
RESERVES ON:	4,800,000.00	@	10.00%	480,000.00
INVESTABLE BALANCE:				4,220,000.00
EARNINGS CREDIT	4,220,000.00	@	0.25%	867.12
LESS INTEREST EARNED				0.00
NET EARNINGS CREDIT				867.12
LOAN RELATIONSHIP	0.00	@	0.10%	0.00
ANALYSIS SUMMARY				
EARNINGS CREDIT:				867.12
LOAN CREDIT				0.00
LESS NET ACTIVITY CHARGES:				861.18
NET ANALYSIS:				5.94
PREPARED FOR:	CITY OF FERNANDINA BEACH			
DATE PREPARED:	3/7/2019			

The above analysis model estimates that an average available balances of approximately \$4.7M would be needed to offset all analysis fees based on December, 2018 activity. All remaining deposits would be available for investment.

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES
ATTACHMENT "D"
PROPOSER'S WARRANTY

The proposer warrants that the responsible officer has fully read and understands the RFP. The proposer warrants that the responsible officer has full knowledge of the scope, nature, quantity and quality of work to be performed; full knowledge of the detailed requirements of the services to be provided; and full knowledge of the conditions under which services are to be performed. The proposer warrants the unit costs, extended costs, and total estimated annual costs are complete and accurate.

Each proposer guarantees in writing that the Comptroller and the City Commission will receive the services specified and at the unit costs or prices quoted for the entire term of the agreement, including the optional one-year renewal.

Bank Name: FIRST FEDERAL BANK

Federal Taxpayer ID: 59-0969721

Authorized Representative Signature: Pam Hitt

Printed Name: Pam Hitt Title: SR. EXEC. VICE PRES
CHIEF OPERATING OFFICER

Email Address: hitt@ffbf.com

Mailing Address: P.O. Box 2029

City, State, & Zip Code: LAKE CITY, FL 32056-2029

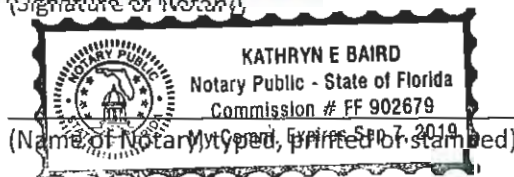
Telephone: 386-755-0600 EXT. 3138 Fax: 386-754-7163

The foregoing instrument was acknowledged before me this 3-7-19 by _____
(Date)

Pam Hitt, who is personally known to me or who has produced
(Name of person acknowledged)

N/A an identification and who did (did not) take an oath.
(Type of identification)

Kathryn E Baird
(Signature of Notary)



**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

IMPLEMENTATION SCHEDULE

Upon notification of award of contract, First Federal will begin an implementation schedule substantially consistent with the following:

Task	Due Date	Completed	Comments
Initial meeting with City	On or before 5/15/19		Provide schedule of needed information for account opening
Conduct site visit by Corporate Services staff to determine implementation needs for eCorp/RDC	On or before 5/15/19		
Submit agreements to City for execution	Within 5 days of receipt of required owner/signer information		
Complete opening of all accounts.	Within 5 days of receipt of required owner/signer information.		
Submit orders for checks, deposit tickets, stamps, etc.	Within 3 days of receipt of executed agreements.		
eCorp set up/training	TBD		Based on City/FFB Corporate Services scheduling needs
All accounts and services operational	On or before 6/30/19		



DEPARTMENT OF FINANCIAL SERVICES
Division of Treasury
Bureau of Collateral Management

**CERTIFICATE OF QUALIFIED PUBLIC DEPOSITORY
UNDER THE FLORIDA SECURITY FOR
PUBLIC DEPOSITS ACT**

This is to certify that

**FIRST FEDERAL BANK
4705 US HIGHWAY 90 WEST
LAKE CITY, FLORIDA 32055**

has fully qualified as a public depository pursuant to Chapter 280, Florida Statutes, otherwise known as the Florida Security for Public Deposits Act. As such, said bank or savings association is hereby designated to receive public deposits, as defined in Subsection 280.02(23), Florida Statutes.

Given under my hand this 6TH day of March, 2019.

A handwritten signature in black ink, appearing to be "J. C. ...", is written over a horizontal line.

CHIEF FINANCIAL OFFICER, STATE OF FLORIDA

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

STATEMENT REGARDING BANK RANKING

First Federal Bank is federally chartered and regulated savings bank. As such, we are a non-member bank of the federal reserve system as we are a savings bank not a commercial bank. Our deposits are guaranteed by the FDIC to the fullest amount allowed by law. Ranked by asset size we are the 990th largest bank in the United States, and by deposits we are the 39th largest in Florida as ranked by S&P Global. According to the FDIC statistics we are the bank with the most deposits in the Nassau County Florida market.

In April, 2018, First Federal Bank completed a successful merger with CBC National Bank, Fernandina Beach, Florida. Attached are copies of the ratings for both First Federal Bank and CBC National Bank from Bankrate.com as at December 30, 2017 (the most recent available).

Bankrate®

MORTGAGES

BANKING

CREDIT
CARDS

LOANS

INVESTING

HOME
EQUITYPERSONAL
FINANCE

FREE CREDIT REPORT

SIGN IN



Bank Ratings First Federal Bank of Florida



Safe and Sound

First Federal Bank of Florida

Lake City, FL

5

Star Rating



First Federal Bank of Florida is an FDIC-insured bank founded in 1961 and currently based in Lake City, FL. Regulatory filings show the bank having equity of \$181.5 million on assets of \$1.38 billion, as of December 31, 2017.

U.S. bank customers have \$1.13 billion on deposit at 17 offices in FL run by 378 full-time employees. With that footprint, the bank has amassed loans and leases worth \$683.5 million, including \$394.2 million worth of real estate loans.

Overall, Bankrate believes that, as of December 31, 2017, First Federal Bank of Florida exhibited a superior condition, earning a full 5 stars for safety and soundness. Here's an analysis of how the bank did on the three major criteria Bankrate used to score U.S. banks on safety and soundness.

WHAT IS
SAFE AND SOUND?[Find out](#)

Bankrate®

MORTGAGES

BANKING

CREDIT
CARDS

LOANS

INVESTING

HOME
EQUITYPERSONAL
FINANCE

FREE CREDIT REPORT

SIGN IN



Bank Ratings CBC NATIONAL BANK



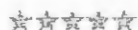
Safe and Sound

CBC NATIONAL BANK

Fernandina Beach, FL

5

Star Rating



CBC NATIONAL BANK is a Fernandina Beach, FL-based, FDIC-insured bank dating back to 2000. Regulatory filings show the bank having equity of \$73.3 million on assets of \$604.7 million, as of December 31, 2017.

Thanks to the efforts of 470 full-time employees in 9 offices in multiple states, the bank holds loans and leases worth \$526.7 million, including real estate loans of \$504.3 million. The bank currently holds \$428.8 million in deposits from U.S. customers.

WHAT IS
SAFE AND SOUND?[Find out](#)

Overall, Bankrate believes that, as of December 31, 2017, CBC NATIONAL BANK exhibited a superior condition, earning a full 5 stars for safety and soundness. Here's a breakdown of how the bank fared on the three key criteria Bankrate used to grade American banks on safety and soundness.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

DEPOSIT PROCESSING SCHEDULES

DEPOSITS MADE IN BRANCH OR DRIVE-THRU:

Monday – Thursday	5:00 PM EST– Close of Business
Friday	6:00 PM EST– Close of Business

REMOTE DEPOSITS THROUGH ECorp:

Monday – Friday	7:00 PM EST
-----------------	-------------

METHODOLOGY FOR DETERMINING FLOAT

Cash, First Federal Bank checks, and electronic credits – Same day availability

Non-First Federal Bank checks deposited – Next day availability

FIRST FEDERAL BANK OF FLORIDA

P O Box 2029 | Lake City, FL 32056
386-755-0600 | www.ffsb.com

FUNDS AVAILABILITY POLICY DISCLOSURE

For purposes of this Disclosure the terms "we," "us" and "our" refer to FIRST FEDERAL BANK OF FLORIDA. The terms "you" and "your" refer to the recipient of this Disclosure. The term "account" includes any demand deposit, negotiable order of withdrawal account, savings deposit, money market account, or other non-time deposit account.

The Expedited Funds Availability Act, implemented by Regulation CC, contains rules regarding the duty of financial institutions to make funds deposited into accounts available for withdrawal, including availability schedules. It also contains rules regarding exceptions to the schedules, disclosure of funds availability policies, payment of interest, liability of financial institutions for failure to comply, and other matters.

DETERMINING THE AVAILABILITY OF YOUR DEPOSIT

The length of the delay is counter in Business Days from the day of your deposit. The term "Business Day" means any day other than a Saturday, Sunday or federally declared legal holiday, and the term "Banking Day" means that part of any Business Day on which we are open to the public for carrying on substantially all of our banking functions. If you make a deposits at an ATM that is owned and operated by us before 7:00 pm on a Business Day that we are open, we will consider the deposit made that day. However, if you make a deposit at an ATM that is owned and operated by us after 7:00 pm or on a day that we are not open, we will consider the deposit made on the next Business Day we are open.

The length of the delay also varies depending on the type of deposit and is explained below.

When we delay your ability to withdraw funds from a deposit, you may not withdraw the funds in cash, and we will not pay checks you have written on your account by using these funds. Even after we have made funds available to you and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

YOUR ABILITY TO WITHDRAW FUNDS

Our policy is to make funds from your cash and check deposits available to you on the first Business Day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash, and we will use them to pay checks that you have written.

LONGER DELAYS MAY APPLY

In some cases, we will not make all of the funds that you deposit by check available to you on the first Business Day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second Business Day after the day of your deposit to pay checks you have written to others, and until the third Business Day after the day of your deposit for cash withdrawal. The first \$200.00 of your deposits, however, may be available on the first Business Day.

If we are not going to make all of the funds from your deposit available to you on the first Business Day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

1. We believe a check you deposit will not be paid;
2. You deposit checks totaling more than \$5,000 on any one day;
3. You redeposit a check that has been returned unpaid;
4. You have overdrawn your account repeatedly in the last six months; or
5. There is an emergency, such as the failure of computer or communications equipment.

We will notify you if we delay your availability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh Business Day after the day of your deposit.

SPECIAL RULES FOR NEW ACCOUNTS

If you are a new customer, the following special rules may apply during the first 30 days your account is opened:

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state, and local government checks will be available on the first Business Day after the day of deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth Business Day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second Business Day after the day of deposit.

Funds from all other check deposits will be available on the eleventh Business Day after the day of your deposit.

HOLDS ON OTHER FUNDS FOR CHECK CASHING

If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

HOLDS ON OTHER FUNDS IN ANOTHER ACCOUNT

If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately, but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this Disclosure for the type of check that you deposited.

DEPOSITS AT AUTOMATED TELLER MACHINES

We only allow deposits to be made at automated teller machines (ATMs) that we own or operate. All ATMs that we own or operate are identified as our machines. If you make a deposit at an ATM that is owned and operated by us before 7:00 pm on a Business Day that we are open, we will consider the deposit made that day. However, if you make a deposit at an ATM that is owned and operated by us after 7:00 pm or on a day that we are not open, we will consider the deposit made on the next Business Day we are open.

CASH WITHDRAWAL LIMITATION

We place certain limitations on withdrawals in cash. In general, \$200 of a deposit of checks is available for withdrawal in cash on the first Business Day after the day of deposit. In addition, a total of \$400 of other funds becoming available on a given day is available for withdrawal in cash at or after 5:00 pm on that day. Any remaining funds will be available for withdrawal in cash on the following Business Day.

For example, if you deposit a check of \$700 on a Monday, \$200 of the deposit is available to withdraw in cash on Tuesday. You may withdraw another \$400 of the deposit in cash at or after 5:00 pm on Wednesday. You may withdraw the rest in cash on Thursday.

SUBSTITUTE CHECKS AND YOUR RIGHTS - IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

WHAT IS A SUBSTITUTE CHECK?

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

WHAT ARE MY RIGHTS REGARDING SUBSTITUTE CHECKS?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from

your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500.00 of your refund (plus interest if your account earns interest) within 10 Business Days after we received your claim, and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

HOW DO I MAKE A CLAIM FOR A REFUND?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account and you wish to make a claim for recredit, please call us at (386) 755-0600, or write to us at First Federal Bank of Florida, Attn: Check Processing, P O Box 2029, Lake City, FL 32056. You may also email us at firstfederal@ffsb.com.

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

1. A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
2. An estimate of the amount of your loss;
3. An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
4. A copy of the substitute check and/or the following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check, and the amount of the check.

If you attempt to make a claim for recredit but fail to provide all the information required, we will inform you that the claim is not complete and identify the information that is missing.

An expedited recredit claim must be submitted in writing. When a claim has been submitted orally, we must receive that written claim within 10 Business Days of the oral claim.



FIRST FEDERAL BANK

e-Corp
Master Agreement

THIS AGREEMENT dated the _____ day of _____, 20____, is by
and between First Federal Bank ("Bank"), having its principal place of business at 4705 US
Highway 90 West, Lake City, Florida 32055, and

together with the related entities and individuals listed on hereto, if any, whose principal place of
business is _____
(collectively, the "Customer"),

Bank has agreed to make available to Customer it's proprietary e-Corp internet banking service
("e-Corp") as well as related services (ACH Origination, e-Deposit and Wire Transfer) (collectively, the
"Services") under terms and conditions more specifically described in the e-Corp Disclosure and any related
schedule or agreement executed in connection with the use of e-Corp or the Services all of which are by
reference specifically incorporated herein (collectively, the "Agreement").

By executing this Agreement, Customer warrants and acknowledges to Bank as follows:

1. Customer has received a copy of the e-Corp Disclosure and agrees to be bound by the terms
and conditions set forth therein.
2. By using one or more of the Services, Customer agrees to the terms and conditions applicable
to the Services as set forth in the Agreement.
3. Customer will promptly notify Bank of any change in business location, significant change in
transaction volumes or change in financial condition as these factors may affect the availability or delivery
of the Services by Bank.
4. The individual executing this Agreement on behalf of Customer is a signer on the Accounts, as
that term is defined in the e-Corp Disclosure, and as such is authorized to execute this Agreement.
5. Customers processing Wires will use Dual Control.

FIRST FEDERAL BANK

CUSTOMER

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____



eCorp Disclosure

Terms and Conditions of Your eCorp Account (Including ACH, eDeposit, Wire Transfers, Internal Transfers and Positive Pay System)

THIS DISCLOSURE contains terms and conditions governing First Federal Bank of Florida eCorp internet banking service ("eCorp"), and those additional services (ACH, eDeposit, Wire Transfer and Positive Pay System) more specifically described in this Disclosure (collectively, the "Services").

Customer understands that by using one or more of the Services, you agree to the terms and conditions applicable to the Services as set forth in this Disclosure. Please retain a copy of this Disclosure and refer to it for help in answering questions about the Services.

ECORP

General Information

Definitions. As used in this Disclosure, the following words have the meanings given below.

"Agreement" refers, collectively, to this Disclosure, the eCorp Master Agreement, any applications for Services, any and all separate agreements/addenda for specific Services, and all account documents referred to herein.

"Customer", "you" and "your(s)" refer to each business that applies to use the Services, and each person who uses one or more of the Services with the permission of an applicant.

"Business" means any corporation, partnership, limited liability company, sole proprietorship, or any other type of entity maintaining a deposit account for commercial purposes.

"We", "us", "I", "our(s)", "First Federal Bank", or "Bank" refers to First Federal Bank of Florida where your accounts are located which are to be accessed utilizing the Services.

"Authorized Representative(s)" refers to any individual authorized by Customer to access the Account(s) of customer and utilize the Services on behalf of Customer.

"Deposit Account(s)", "Loan Account(s)", or "Account(s)" means any First Federal Bank of Florida checking or savings deposit account owned by the Customer, or loan or line of credit account accessed utilizing the Services.

"First Federal Bank of Florida eCorp" is an electronic banking software program licensed by First Federal Bank, including any future upgrades. The program has been customized by First Federal Bank to permit the account and transaction information downloading functions referred to in this Disclosure.

"Services" means First Federal Bank eCorp and, if applicable, ACH Origination, eDeposit, Wire Transfer and Positive Pay System, for which the Customer has applied, as the same are more specifically described in the Agreement.

"Business Day" means Monday, Tuesday, Wednesday, Thursday and Friday between the hours of 9:00 AM EST and 4:00 PM EST. Saturdays, Sundays and banking holidays are not included.

General Description of Services.

First Federal Bank eCorp is an electronic banking service that permits Customer, through the use of your personal computer and special software, to (a) access your designated Deposit Account(s) and Loan Account(s) to obtain current balance and transaction information; (b) transfer funds between your Deposit Account(s) and/or Loan Account(s); (c) place stop payment orders; (d) process direct deposit of payroll utilizing ACH origination; (e) process electronic remote deposits from your designated location utilizing eDeposit; (f) complete transfers outside First Federal through the wire transfer service, and (g) reduce the risk of check fraud by validation of issued checks through positive pay system.

Registration; Authorization to Charge Accounts; Account Access.

Each Customer desiring to use any of the Services must complete the eCorp registration process in the name of the business. Customer may use eCorp to access Deposit Accounts at First Federal Bank which you own and from which you have an unrestricted right to withdraw funds. The Bank reserves the right to limit the types of accounts that may be accessed. Customer may register for ACH origination service, eDeposit, Wire Transfer Services and/or Positive Pay System at the time of eCorp registration or at any time subsequent to execution of the eCorp Master Agreement by executing the appropriate Agreement/Addenda for the requested Services, which at the time of execution will become a part of your original Agreement as if the same had been executed simultaneously therewith.

Your Deposit Account(s) accessed using the Services continue to be governed by the following First Federal Bank of Florida documents, as the same may be amended or modified from time to time: (1) Terms and Conditions of your Account, Electronic Transfers, Funds Availability and Substitute Check Disclosure; (2) Products and Service Charges Disclosure; and (3) Signature Card or Customer Relationship Agreement. Customer acknowledges that it has been provided with copies of all of the above documents.

Customer is solely responsible for all transfers made by its Authorized Representatives using the Services. Customer authorizes Bank to debit its designated Deposit Account(s) for all transactions accomplished through the use of the Services. You agree that transfer instructions may be entered by any one (1) Authorized Representative, notwithstanding any provision contained in any other documentation governing a Deposit Account purporting to require more than one (1) signature on items withdrawing funds from the Deposit Account.

If Customer permits another person to use the Services or gives them access ID and/or password information, Customer is solely responsible for payments, transfers, or advances made by such person from the Account(s) even if Customer's authorization is exceeded.

Service Availability.

You or your Authorized Representative(s) may use the Services at any time, day or night, seven days a week, by signing on to the Services and entering your access ID and password. The Services will be temporarily unavailable from time to time for scheduled maintenance. Whenever possible, we will post scheduled maintenance times on our website. There may also be unscheduled down time resulting from circumstances beyond our control, such as power or communication failure. In those instances, we will work to restore service at the earliest possible time. We are not liable for any damages or claims of any kind which may arise from such scheduled or unscheduled periods of downtime, maintenance or inaccessibility.

Unavailable or Delayed Account Information.

First Federal Bank strives to provide complete, accurate and timely account information through eCorp. However, unless otherwise required by law, we will not be liable to you if any such information is unavailable, delayed or inaccurate. Additionally, the Bank is not responsible for any errors or failure arising from any malfunction of customer's computer or its software, or for any computer virus or related problems that may be associated with use of the Services.

Disclosure of Account Information

We may disclose information to third parties about Customer accounts or the payments or transfers made:

- When necessary to verify or complete payments or transfers, or to resolve a problem related to a payment or transfer;
- To verify the existence and status of Customer account(s) to a third party such as a credit bureau or merchant;
- To comply with government agency or court orders;
- If you give us your written permission (including e-mail); and
- When deemed by Bank to be in the best interest of the Bank or Customer.

Wire Transfer Service

Customer may request that Bank permit it to initiate funds transfers from its Deposit Account(s) with Bank to accounts maintained with other financial institutions through the Federal Reserve System. Bank agrees to process wire transfers for customer in accordance with the terms and conditions of this Disclosure. Customer will provide Bank with a list in writing of Authorized Representatives permitted to initiate wire transfers from its Deposit Account(s) and the transfer limitations for each.

Customer is responsible for all transfers made by its Authorized Representatives using the Wire Transfer Service. Customer authorizes us to debit its designated Deposit Account(s) for all transactions accomplished through the use of the Wire Transfer Service. You agree that wire transfer instructions may be entered by any one person who is authorized to conduct such transactions, notwithstanding any provision contained in any other documentation governing the Deposit Account purporting to require more than one signature on items withdrawing funds from the Deposit Account.

Bank Requires customers processing External Wire Transfers to list First Federal Bank of Florida as "also insured" in insurance policies.

Fees

There is a monthly fee associated with use of eCorp. The monthly eCorp fee may be waived when one or more of the other Services are utilized. Please see the most recent Products and Service Charges disclosure for the current fees associated with eCorp and the other Services. Customer agrees that Bank may debit its Deposit Account(s) for the applicable monthly fee.

Changes in Terms

We will mail or deliver a written notice to customer at least 30 days before the effective date of any change in a term or condition in this Disclosure or the Agreement referred to herein, if the change would result in increased fees or charges, increased liability to Customer, or increased limitations upon use of the Services, unless prior notice is excused by law. As an eCorp customer, you agree that we may send any such notice to you only via electronic mail, and you will be deemed to have received it three (3) days after transmission.

Security Procedures / Protecting Your Password

Customer agrees that Bank may send confidential mailings or password confirmations to the current address shown in our records for the primary Deposit Account, whether or not that address includes a designation for delivery to the attention of any particular individual; and Customer agrees that First Federal Bank will not be responsible or liable to you in any way in the event such properly addressed information is intercepted by an unauthorized person, either in transit or at your place of business.

Customer agrees on behalf of itself and its Authorized Representatives to: (1) keep access ID and password information secure and strictly confidential, providing them only to individuals authorized to access the Account(s); (2) instruct any Authorized Representative given an access ID and password that he or she is not to disclose them to any unauthorized person; and (3) immediately notify us in writing or by electronic mail if you believe any access ID and password may have become known to an unauthorized person. Bank shall have no liability to customer, or any other person or entity for any unauthorized payment or transfer made using the access ID and password of Customer or any Authorized Representative of Customer that occurs before you have notified us of possible unauthorized use and we have had a reasonable opportunity to act on that notice.

Customer is responsible for the security of any software program it uses, including software supplied by the Bank, for the creation and/or the transmission of wire transfers or ACH files to the Bank; whether the software resides on the Customer's network/PC or on a remote server accessed through the Internet.

Customer is solely responsible for the assignment of individuals that can access the software.

Limitation of Liability

Customer will notify the Bank of any errors, omissions, interruptions, delay or unavailability of the Services or any possible security breach as promptly as practicable, and in any event within one Business Day after the earliest discovery thereof, or the date discovery should have occurred through the exercise of reasonable care, and, in the case of any error, omission or other discrepancy, within 14 days of the date of the earliest notice to Customer which reflects the same. Your failure to timely notify the Bank of any error, omission, or other discrepancy or security breach shall relieve the Bank of any liability for such error, omission or discrepancy.

Customer acknowledges and agrees that Bank shall not be liable for any damages or loss of any kind resulting from any unintentional error or omission by Bank in performing the Services, or unintentional deviation from the terms and conditions of this Disclosure, including any additional agreements. Customer acknowledges that Bank's systems and procedures established for providing the Services are commercially reasonable. Customer will defend, indemnify and hold Bank harmless from and against all liability, damage and loss arising out of any claims, suits, or demands brought by third parties with respect to the Services, and from any and all liability, damage or loss resulting from Customer's failure to notify Bank of any change in Authorized Representative(s), or the use of the Services by any unauthorized person utilizing the Access ID and Password of an Authorized Representative of Customer.

Bank shall not be liable for any loss, damage, liability, or claim arising directly or indirectly from any error, delay, or failure to perform hereunder which is caused by earthquake, fire, natural disaster, civil or foreign disturbance, power outage, act of government, labor dispute, communication failure, legal constraints or any other event beyond its control.

In no event will Bank be liable for any indirect, consequential, punitive, or special damages.

Bank will have no liability for failing to transmit or delay in transmitting an entry if such transmittal would result in it exceeding any limitation imposed by any governmental or regulatory body.

Representations and Warranties

Customer represents and warrants to Bank that:

None of its transactions to be processed by Bank are prohibited by any applicable law, regulation, rule, order, or judgment; and

Both it and the clients with whom it does business are reputable and are not using Bank as a conduit for money laundering or other illicit purposes;

None of Customer's employees are nationals of a designated blocked country or "Specially Designated National," "Blocked Entity," "Specially Designated Terrorist," "Specially Designated Narcotics Trafficker," or "Foreign Terrorist Organization," as defined by the United States Office of Foreign Assets Control.

Confidential Information

Customer acknowledges that the Services, any database, and any proprietary data, processes, methods, information, or documentation disclosed or made available as part of the Services (other than those which are or become part of the public domain), are the exclusive and confidential property of Bank. Customer should use the same care and discretion that it does with respect to its own confidential property, but in no event less than reasonable care. Upon termination of the Services for any reason, Customer shall return to Bank any and all copies of the Confidential Information which are in its possession and control.

Enrollment and Certification of Authority

Before using the Services, or any of them, Customer, through an authorized signor on its Account(s) must provide Bank with the names of its Authorized Representative(s), and the approved Services and transaction limitations, if any, for each Authorized Representative. An eCorp set-up request must be completed with all the access requests. First Federal Bank will use the set-up request to create your eCorp account and establish the appropriate access capabilities for each authorized user. Additionally, prior to using ACH Origination or eDeposit Services the appropriate addenda must be executed and upon execution will by reference be incorporated into the Agreement.

Customer, through an authorized signor on its accounts, may make changes to its Authorized Representative(s) for any of the Services by notifying Bank in writing (including e-mail or facsimile). The request must be signed by an authorized signer on the account that the change is affecting. Customer agrees that Bank shall not be liable for any loss resulting from Customer's failure to promptly notify Bank of changes in its Authorized Representative(s).

Termination

Customer will comply with all terms of the Agreement and with the terms of any agreement governing the Accounts which are accessed using the Services. Bank may elect to terminate the Services described in this Disclosure upon ten (10) days written notice to Customer, or without notice if (a) Customer fails to comply with the Agreement, (b) if you do not pay any required fee when due, or (c) if your Accounts are not maintained in good standing. Bank reserves the right to terminate the Agreement, or suspend or cancel your password without notice to you, and shall have no liability to you, or any other person or entity for any loss, damage, cost or expense arising out of the Agreement or the Services, if we (a) suspect a breach of security; (b) suspect your Account has been used for illegal or fraudulent purposes; (c) reasonably believe that a payment or transfer is prohibited by federal law or regulation or otherwise as provided in this Disclosure or any Addenda thereto; or (d) ownership of the funds involved or the authority of the Authorized Representative creating the entry is in question.

Entire Disclosure

The Agreement, as the same may be amended from time to time, together with any exhibits, addenda, or other documentation attached thereto or incorporated by reference, contains the entire understanding between Customer and First Federal Bank concerning the Services and supersedes any verbal conversations, other communications, and previous agreements, if any. In the event performance of the Services described herein would result in a violation of any present or future statute, regulation, or government policy to which the Bank is subject and which governs or affects the transactions contemplated by the Agreement, then the Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation, or policy, and the Bank shall incur no liability to the Customer as a result of such violation or amendment.

The Agreement shall be construed in our favor in the event of any action, proceeding, trial or hearing at which the construction of the Agreement or any terms thereof may be an issue. A true and correct photocopy of the Agreement after it has been signed by or on behalf of all parties shall be as effective as the original and may be introduced into evidence at any trial or proceeding without compliance with any evidentiary predicate. The Agreement may be executed in counterparts all of which taken together shall be deemed to constitute the entire Agreement.

Non-Assignment

The Customer may not assign the Agreement or any of the rights or duties hereunder to any person without the Bank's prior written consent.

Binding Agreement Benefit

The Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. The Agreement is not for the benefit of any other person, and no other person shall have any rights with respect to the Bank or the Customer hereunder.

Governing Law

The Agreement shall be construed in accordance with and governed by the laws of the State of Florida and the NACHA rules. In the event of any claim or litigation regarding the rights and liabilities of the parties to the Agreement, the parties agree that the venue and jurisdiction for any such claim or litigation shall be in the Third Judicial Circuit, in and for Columbia County, Florida. In addition, the parties hereby waive their right to jury trial.

If any provision contained in the Agreement shall for any reason be held invalid, illegal, unlawful, void or unenforceable with respect to any party hereto, the remainder of the Agreement or the application of such provisions to a party other than those to whom it is held invalid, illegal, unlawful, void, or unenforceable, shall not be affected and each provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law as if such invalid, illegal, unlawful, void or unenforceable provision had never been included herein.

In the event it should become necessary for us to enforce the terms of the Agreement, we shall be entitled, in addition to such damages and other relief as may be granted by the Court, to recover reasonable attorney's fees and costs, including attorney's fees incurred on any appeal. In no event shall we be liable to pay attorney's fees and costs to any party.

Limitations on Transfers

Each fund transfer through eCorp from your savings or money Market deposit account is subject to the same transfer limitations indicated in the Terms and Conditions of Your Account and Funds Availability disclosures in effect on the date of the transfer, and as provided in Federal Reserve Regulation D.

ACH ORIENTATION SERVICES

If ACH Origination Services are desired, Customer must apply for ACH lending limits and be approved before any ACH access will be granted. The ACH Guaranty and if applicable the ACH Third Party Agreement must be completed. If the Customer requires an increase in their ACH limits they must provide a written request for the limit increase to the ACH Coordinator at First Federal Bank for approval by the appropriate First Federal Bank Loan Officer, Loan Committee or Board of Directors. Bank reserves the right to require that all ACH transaction files be pre-funded by Customer prior to transmission.

Upon application and approval, customer will be permitted to initiate electronic signals for paperless entries through the Bank to accounts maintained at Bank and at other financial institutions, by means of the Automated Clearing House (the "ACH"), in accordance with the terms and conditions of this Disclosure.

Customer and Bank agree that all ACH transaction files may require prefunding. Prefunded files must be submitted during normal business hours Monday through Friday between the hours of 9:00 am EST and 4:00 pm EST

Bank Requires customers processing ACH Origination to list First Federal Bank of Florida as "also insured" in insurance policies.

Rules

The Customer will comply with and be bound by NACHA Rules. The Bank's obligation to inform the Customer of revisions to the NACHA Rules should be limited to those "of which the Bank has actual knowledge." This includes sanctions imposed by the Office of Foreign Asset Control blocking transactions to targeted individuals and countries.

Transmission of Entries: Security Procedures

The Customer's Authorized Representative will access the eCorp ACH system by utilizing the pre-assigned Access ID and Password. The Customer will transmit all debit and credit entries to the Bank, and is responsible for ensuring that Bank receives the transmission, on or before the deadlines described in this Disclosure. Customer will conform all entries to the format, content and specifications of NACHA Rules. The Customer authorizes the Bank to transmit all entries received from it in accordance with the terms of this Disclosure, and to post credit or debit entries to the specified accounts. The Bank shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by the Authorized Representative, and any such communication shall be deemed to have been signed by such person.

Bank Obligations

In a timely manner and in accordance with NACHA Rules, the Bank will process, transmit, and settle the entries received from the Customer which complies with the terms of this Disclosure.

Customer Obligations

Compliance

Customer agrees to abide by all federal and state laws, and rules and regulations applicable to banking transactions, including those of the National Automated Clearing House Association for ACH transactions. Customer also agrees to process transactions as described in the Guides.

Authorized Representatives.

The Customer certifies that those individuals shown on the eCorp Customer Enrollment as Authorized Representatives for ACH Services, as the same may be specifically limited by the ACH Authorization, are duly authorized to generate debit and credit entries on behalf of Customer and transmit the same to Bank for processing.

Warranties

The Customer warrants to Bank all warranties required by NACHA Rules to be made by Customer with respect to entries originated by Customer. Without limiting the foregoing, the Customer further warrants and agrees that (a) each entry is accurate, timely, has been authorized by the party whose account will be credited or debited and otherwise complies with NACHA Rules; (b) each debit entry is for a sum which, on the settlement date with respect to it, will be owed to Customer by the party whose account will be debited, is for a sum specified by such party to be paid to the Customer, or is a correction of a previously transmitted erroneous credit entry; (c) the Customer has complied with all pre-notification requirements of NACHA Rules; (d) the Customer will comply with the terms of the Electronic Funds Transfer Act and Uniform Commercial Code Article 4A (UCC4A), if applicable, and shall otherwise perform its obligations under this Change to Agreement in accordance with all applicable laws and regulations. The Customer will retain the original or a copy of the authorization record as required by NACHA Rules for a period of not less than two (2) years after termination or revocation of such authorization and will, upon request of Bank, furnish such original or copy to the Bank. The Customer shall indemnify Bank against any loss, liability, or expense (including attorney's fees and expenses) resulting from or arising out of any breach of any of the foregoing warranties or agreements.

Provisional Credit

The Customer acknowledges that the NACHA Rules make provisional any credit given for any entry until the financial institution crediting the account specified in the entry receives final settlement. If the financial institution does not receive final settlement, it is entitled to a refund from the credited party and the originator of the entry shall not be deemed to have paid the party.

Settlement

The Customer will maintain a Deposit Account with Bank at all times while utilizing ACH Origination Services and for a period of six months after the termination of the Agreement. The Customer will maintain immediately available funds in the Deposit Account as of the applicable settlement date sufficient to cover all credit entries initiated by it. The Customer authorizes the Bank to debit its Deposit Account on the applicable settlement date in the amount of each entry.

Cancellation or Amendment

The Customer shall have no right to cancel or amend any entry/file after its receipt by Bank. However, the Bank shall use reasonable efforts to act on a request by the Customer to cancel an entry/file before transmitting it to the ACH or crediting an on-us entry. Any such request shall comply with the security procedures set forth in Section II to the ACH section of this Disclosure. The Bank shall have no liability if it fails to effect the cancellation.

Rejection of Entries

The Bank shall reject any entry, including an on-us entry, which does not comply with the requirements of Paragraph A of the ACH section of the Disclosure and may reject any entry if the Customer is not otherwise in compliance with the terms of the Agreement. The Bank shall notify the Customer by any means deemed appropriate to the Bank, including telephone, facsimile transmission or e-mail, of such rejection no later than the Business Day such entry would otherwise have been transmitted by the Bank to the ACH or, in the case of an on-us entry, its effective entry date. The Bank shall have no liability to the Customer by reason of the rejection of any entry or the fact that such notice is not given at an earlier time than that provided for herein. The Bank shall retain the right to reject any on-us transactions for any valid reason such as, but not limited to, insufficient funds or revoked authorization.

Notice of Returned Entries

The Bank shall notify the Customer by telephone, e-mail or fax of the receipt of a returned entry from the ACH no later than one Business Day after receipt by Bank. The Bank shall have no obligation to retransmit a returned entry if Bank complied with the terms hereof with respect to the original entry. If a transaction is returned to Customer, it is the Customer's responsibility to collect any funds that are owed. The Bank has no obligation to originate a transaction where authorization has been revoked.

Reversals

The Customer may initiate a reversing entry or file of entries as permitted by the NACHA Rules.

Periodic Statement

The periodic statement issued by the Bank for the Customer's Deposit Account will reflect entries credited and debited to the Customer's Deposit Account. The Company agrees to notify the Bank within a reasonable time, not to exceed three (3) Business Days from the date the Customer reviews its accounts online or by other electronic means by which a discrepancy may be detected, and in any event no later than ten (10) Business Days after the Customer receives a periodic statement, of any discrepancy between the Customer's records and the information in the periodic statement.

Credit Information

Upon request by Bank, Customer agrees to provide Bank with current financial statements not less frequently than annually. Customer further agrees that from time to time you may obtain credit information about Customer from others, including other lenders and credit reporting agencies, and report to others (such as a credit reporting agency) regarding Customer's credit experience with Bank. I agree that you will not be liable for any claim arising from the use of information provided to you by others or for providing such information to others.

Liability

The Bank shall be responsible only for performing the Services expressly provided for in the Agreement and shall be liable only for its gross negligence in performing those Services. The Bank shall not be responsible for the Customer's acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal, or due authorization of any Entry received from the Customer) or those of any other person, including without limitation any Federal Reserve Financial Institution or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an Entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed the Bank's agent. The Company agrees to indemnify the Bank against any loss, liability, or expense (including attorney's fees and expenses) resulting from or arising out of any claim of any person that the Bank is responsible for any act or omission of the Customer, or any other person described in this Section 12(a).

In no event shall the Bank be liable for any consequential, special, punitive, or indirect loss or damage which the Customer may incur or suffer in connection with the Agreement, including without limitation loss or damage from subsequent wrongful dishonor resulting from the Bank's acts or omissions pursuant to the Agreement.

Without limiting the generality of the foregoing provisions, the Bank shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond the Bank's control. In addition, the Bank shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in the Bank's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in the Bank's otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.

The Customer is solely responsible for the accurate creation, modification, and deletion of the account information maintained in the Customer's personal computer and used for ACH transfer. The Customer agrees to comply with written procedures provided by the Bank for the creation, maintenance, and initiation of ACH transfers. The Customer is solely responsible for access by its employees of the data files maintained on the Customer's computer. The Customer is responsible for operator security procedures on any personal computer used for Services.

Subject to the foregoing limitations, the Bank's liability for loss shall be limited to general monetary damages not to exceed the total amount paid by the Customer for the affected ACH service, as performed by the Bank under this Agreement for the preceding 30 calendar days.

Inconsistency of Name and Account Number

The Customer acknowledges that if an entry describes the receiver inconsistently by name and account number, payment of the entry may be made on the basis of the account number even if it identifies a person different from the named receiver.

Retention of File

The Customer shall retain data on file adequate to permit remaking of entries for five (5) business days following the date of their transmittal to the Bank as provided herein and shall provide such data to the Bank upon its request.

Termination

The Services described in the Agreement may be terminated by the Bank accordance with the provisions of Paragraph XI of the Disclosure. In the event that the Customer elects to terminate the Agreement, it shall provide the Bank with thirty (30) days written notice. Bank shall have no obligation to transmit entries if the Customer is in default of any of its obligations under the Agreement, including the obligation to pay Bank for each credit entry.

Authorized Third Parties

Customer may authorize a third party representative to originate entries on its behalf. Prior to transmitting any entries through a third party representative, Customer and the third party representative must execute Third Party Agreements.

Transmission Location and Formatting Instructions

All files will be formatted in a NACHA format. Transmission specifications will be established by First Federal Bank of Florida.

Personal Computer Transmissions

The Company will transmit files to First Federal Bank of Florida, 4705 West US Hwy 90 Lake City, FL 32055.
Telephone: 386-755-0600 or 386-362-3433

ACH Processing Deadlines

Definitions:

"Business Day" is as defined in Paragraph I of the Disclosure.

"Effective Date" must be a Business Day, or the record will be processed on the first Business Day following the Effective Date.

Processing Deadlines for:

Credit Entries

Electronic File Transmission: 7:00 PM EST two (2) Business Days prior to Effective Date.

Pre-funded Files: Between 9:00 AM EST and 4:00 PM EST two (2) Business Days prior to Effective Date.

Debit Entries

Electronic File Transmission: 4:00 PM one (1) Business Day prior to Effective Date.

Pre-funded Files: Between 9:00 AM EST and 4:00 PM EST two (2) Business Days prior to Effective Date.

Holiday Schedule (Non-processing Days)

New Year's Day
Martin Luther King, Jr. Day
President's Day
Memorial Day
Independence Day

Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Christmas Day

EDEPOSIT SERVICES

The Bank provides certain check clearing services known as Remote Deposit Capture (eDeposit), whereby Customer uses an imager specified by Bank to scan paper checks to create an image cash letter file to be transmitted electronically to Bank. If the customer desires to use such Services, Customer must complete the eDeposit Remote Deposit Capture Program Application and Approval Form. If approved, Customer will be permitted to remotely submit deposits utilizing the eDeposit Service in accordance with the terms and conditions of this Disclosure.

Services

Provision of Services.

Subject to the terms and conditions of this Disclosure, Bank agrees to provide eDeposit Services to Customer. Bank shall have the right to determine, in its sole discretion, the nature and extent of the Services to be provided. The eDeposit Service is the sole property of Bank, and Customer has no ownership right in the Service, or any other property of Bank or its suppliers, other than those rights expressly granted under any addenda and the Agreement.

Modifications to Services

Bank reserves the right to modify the eDeposit Service from time to time without prior notice to Customer, provided, however, that Bank will give Customer at least 30 days notice prior to making any modifications to the Services described herein that would materially alter their functionality, or increase any fee associated with the Service.

Equipment

Bank agrees to provide the necessary image capture equipment and software to Customer. All equipment and software will remain the property of Bank, and in the event of termination of this Service or the Agreement, all equipment and software will be returned by Customer to Bank. Customer will provide the necessary computer equipment and telecommunications services to connect to Bank's system.

Processing

Captured images utilizing Bank's equipment and software will be transmitted to Bank, processed by Bank and then sent to the Federal Reserve and/or a correspondent check clearing network, enabling Customer to clear their daily check deposits electronically as images, instead of physically transporting the checks to a local depository. When necessary, Bank will prepare "Substitute Checks" / Image Replacement Documents ("IRD"), as that term is defined in the Check Clearing for the 21st Century Act, also known as Check 21, and implemented through Reg. CC, to facilitate processing and collection of Customer's items. Once the file has been successfully received and processed by Bank, Bank will send daily settlement files to Customer's Deposit Account(s), utilizing for that purpose the Automated Clearing House system administered by the National Automated Clearing House Association ("NACHA"). Customer is responsible for ensuring that the checks scanned meet the ANSI X937 standards for image quality. Customer will cooperate with Bank in the event Bank needs assistance in the balancing of transactions, or such items will be placed in suspense by Bank pending resolution.

Fees

There is a monthly fee associated with use of eDeposit, including the necessary equipment and software to be provided by Bank. Please see the most recent Products and Service Charges disclosure for the current fees associated with eDeposit and the other Services. Customer agrees that Bank may debit its Deposit Account(s) for the applicable monthly fee.

Substitute Checks

Bank represents and warrants that it has the capability to receive image files and initiate Image Replacement Documents. Bank agrees to remain the Reconverting Bank for all purposes under the Check Clearing Act for the 21st Century, and it's implementing regulations ("Check 21") and makes all warranties required there under.

Liability for Fines

Customer shall be liable for all fines levied against Bank by the National Automated Clearing House Association for any violation of the ACH Rules arising from Customer's intentional misconduct or negligence.

eDeposit Guides

Upon acceptance of Customer's application for use of eDeposit, Customer will be provided with a copy of the "eDeposit Customer Reference Guide". Customer will comply with all provisions and requirements contained in the Guide.

Termination of Service

Upon termination of this Service or the Agreement, all eDeposit equipment and software will be returned by Customer to Bank. Customer further agrees to certify in writing that all original checks remaining in its possession have been destroyed by a commercially reasonable method (e.g. shredding).

Customer Obligations

Compliance

Customer agrees to abide by all federal and state laws, and rules and regulations applicable to banking transactions, including those of the FFIEC for eDeposit transactions. Customer also agrees to process transactions as described in the Guides.

Training

Customer agrees to train its employees in the overall use of the eDeposit services, including the supervision and auditing of their employees' use of the service.

Customer's Representations and Warranties

Customer represents and warrants that all items scanned through image transport are made payable to Customer, that all signatures on each check are authentic and authorized, and that each check has not been altered.

Controls

Customer agrees to have controls in place to ensure that all checks processed through image capture equipment are destroyed within a commercially reasonable period of time, typically 14 days. No check transmitted to Bank shall be deposited into any bank causing funds to be debited twice from the account of the check writer. Customer agrees to be responsible for all consequential damages resulting from lack of proper controls over processed checks. Customer agrees that Bank may, at its discretion, conduct periodic onsite inspections of equipment and control procedures relating to processed checks.

Returns after Termination

If Bank receives a returned item for a check deposited by Customer after Customer has terminated the Agreement, then Customer agrees that Bank may debit Customer's Deposit Account, or if such Deposit Account has been closed by Customer, Bank will send a request for payment to the Customer, and Customer agrees to pay Bank within a commercially reasonable time.

Bank Obligations

Equipment

Bank agrees to provide Customer with equipment options which allow for the capture and transmission of check images and MICR information. Equipment will be owned by Bank, who will be solely responsible for its servicing and repair.

Payment of Deposits

Customer shall receive same day credit for all items processed and transmitted successfully to Bank prior to 7:00 PM EST on any Business Day. Items transmitted after 7:00 PM EST will be processed and credited on the next Business Day. If applicable, items eligible for clearing through the ACH network will be originated by Bank on the next Business Day and credited to the Customer's Deposit Account.

Reports

Bank shall provide Customer with daily reports via the Internet, detailing items processed, return items, and deposit adjustments.

Retention of Check Images

Bank will retain the image cash letter file for 7 years.

Audit

Bank reserves the right to visit the customer site to ensure compliance with customer obligations.
Bank reserves the right to require company to provide financial information from time to time to comply with financial monitoring.

POSITIVE PAY SYSTEM

Positive Pay System provides a method of check fraud detection for Customer utilizing a database of issued checks provided by Customer to Bank via eCorp. Customer will transmit a daily listing of issued checks via eCorp not later than 5:00 P.M. on the day of check issuance. Customer agrees that Bank will not be responsible for return of any item not found in the Positive Pay database resulting from Customer's failure to transmit daily issued check listings on a timely basis or failure to include any item in the daily issued check listing. The daily listings of issued checks are compiled into a Customer database and checks presented for payment through inclearings or over-the-counter are verified as issued prior to payment.

Checks Presented Through Inclearings

Customer will be provided a daily report of checks presented through inclearings which cannot be verified as issued through Positive Pay. Customer will notify Bank not later 11:00 AM EST each day whether to pay or return the reported items. Any checks not reviewed or specifically authorized to be returned by Customer will be paid.

Checks Presented Over-the-Counter

Checks presented for cash at any teller window will be verified through the Positive Pay. Any check which cannot be verified through Positive Pay will not be cashed until Customer authorization can be obtained. Customer will provide contact information for purposes of check verification on Positive Pay Agreement, and agrees that such information will be updated as necessary to insure availability of an Authorized Representative of Customer to provide check authorization information.

Remote Deposit Capture Agreement

_____ (Company) has requested that First Federal Bank of Florida (Financial Institution) permit it to initiate deposits entries to Accounts maintained at Financial Institution by means of the Remote Deposit Capture (RDC) product.

Capitalized terms used in this Agreement are defined in the Glossary or in the sections in which they are used. The Agreement sets out Company's rights, responsibilities and obligations and Financial Institution's rights, responsibilities and obligations with respect to this Service which Financial Institution may provide to Company from time to time.

1. Image and Conversion Processes.

Company and Financial Institution may use one or both of the following RDC processes:

a. **Check Imaging.** Company uses an imager specified by Financial Institution to scan paper checks to create an image cash letter file to send to Financial Institution. Company agrees to purchase and configure the equipment and software according to the requirements of Financial Institution, as well as providing telecommunications services to connect to Financial Institution's system. Company is responsible for the image quality of all items transmitted to Financial Institution for processing. In the event that Company transmits an image of an item that cannot be further processed by Financial Institution due to the poor quality of the image, Financial Institution shall not be responsible for any delay in the processing or presentment of the item. Images captured will be transmitted to Financial Institution, processed by Financial Institution and then sent to the Federal Reserve Bank and/or a correspondent check clearing network, enabling Company to clear their daily check deposits electronically as images, instead of physically transporting the checks to a local depository. When necessary, Financial Institution will prepare "Substitute Checks", also known as Image Replacement Documents (IRD), to facilitate the deposit and collection of Company's items. In connection with the use of this process, images received for deposit by the daily cutoff time established by Financial Institution (see Schedule A) will be treated as same day deposits. Images received for deposit after the cutoff time will be treated as next banking day deposits.

b. **Check Conversion (ARC, BOC).** Company uses an imager supplied by Financial Institution to scan paper checks to create an ACH formatted file to Financial Institution. Checks converted to ACH (NACHA Format) will be transmitted to Financial Institution, processed by Financial Institution and then sent to the Federal Reserve Bank and/or an ACH clearing network, enabling Company to clear their daily check deposits electronically as ACH debit items such that physical delivery of the checks to a local depository will be unnecessary. In instances where Check Conversion via ACH is used, then Company shall execute a separate Agreement for ACH Origination. All transactions processed as check conversion ACH debit items shall comply with the terms and provisions of that Agreement, the NACHA Rules, and applicable laws and regulations.

Company and Financial Institution agree as follows:

2. Provision of Services. Financial Institution has the right to determine, in its sole discretion, the nature and extent of the Services to be provided. The Services are the sole property of Financial Institution, and Company has no rights in any of them, or any other property of Financial Institution or its suppliers, other than those expressly granted under this agreement.

3. United States Laws and Regulations. Company shall comply in all material respects with the body of law commonly known as "Check 21." Further, Company agrees and acknowledges that it will not generate transactions that violate the laws or regulations of the United States. This includes, but is not limited to, sanction laws administered by the Office of Foreign Assets Control (OFAC). It shall be the responsibility of Company to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline at 800-540-OFAC or from the OFAC's home page site at www.ustreas.gov/ofac)

4. Eligible Items. Company agrees that all items deposited are (a) drawn on a financial institution within the United States of America, excluding its territories, and (b) are properly payable in accordance with applicable law, including Articles 3 and 4 of the Uniform Commercial Code. In addition, items must not be drawn on Company or affiliates of Company. The availability of funds represented by any item and any requirements regarding final payment and collected funds shall be governed by the terms of Financial Institution's Account Agreement and applicable laws and regulations, including Federal Reserve Board Regulation CC. At Financial Institution's request, Company may be required to maintain reserves in an account maintained at Financial Institution to cover any charges, costs, expenses, or losses incurred by Financial Institution in connection with the Services. Financial Institution shall communicate to Company from time to time the amount of reserves Financial Institution shall require, if any, in connection with the Services.

5. Hardware and Software. Company shall lease from Financial Institution the image scanner and related equipment (hardware and software) necessary to use the RDC product. Financial Institution makes no warranties of merchantability or fitness for a particular purpose or any other warranty, express or implied, on or regarding the equipment. Manufacturer's warranties may accompany the equipment and if the equipment fails while under these warranties, Company will contact the Financial Institution directly. Financial Institution is not responsible for any errors or failures relating to any malfunction neither of the equipment nor for any computer virus or related problems that may be associated with the use of the equipment. Financial Institution has the right, at its own discretion, from time to time to make changes to the RDC service that may result in equipment becoming no longer compatible with the Service. Financial Institution will have no obligation to update or replace any equipment purchased by Company. Financial Institution, however, will notify Company when such a change will occur in order for Company to replace the equipment in use with compatible equipment.

6. **Retention and Destruction of Items.** Company will retain any original check that has been deposited via the RDC product for a reasonable period of time in order to verify settlement and credit or to balance periodic statements, but not to exceed 45 calendar days from the date processed. After this retention period, Company will destroy and dispose of original checks. Company shall use a shredder as the preferred method of destruction. Company must establish Security Procedures reviewed by and acceptable to Financial Institution to safeguard original checks during the retention period to prevent the risk of theft; reproduction; unauthorized use; or the possibility of any fraudulent activity. Company agrees to keep confidential all information contained in any Item of a personal nonpublic nature to the same extent that Financial Institution would be required by applicable law to keep confidential the same information. Company agrees to execute and deliver to Financial Institution, at its request, a separate Confidentiality Agreement addressing Financial Institution's requirements regarding nonpublic personal information. Financial Institution will retain Substitute Checks (IRDs) for seven (7) years. With respect to any investigation by Financial Institution involving an imaged item (a) that is illegible or of poor quality, (b) that arises from an unusual transaction, or (c) that is the subject of a dispute, Company agrees to produce either the original item or its own image of the item in order to facilitate the investigation by Financial Institution. If Company is unable to provide either the original item or its own image of the item, then Financial Institution's IRD, other image of the item, or other information related to the item shall be conclusive as to the terms of the item.

7. **Warranties and Covenants; Indemnity.** Company hereby represents, warrants and covenants to Financial Institution the following:

- a. Only acceptable items will be deposited and the Company certifies that no items have been altered;
- b. Original Items being imaged are made payable to Company;
- c. Images meet the quality standards set by Financial Institution;
- d. No duplicate items or files will be submitted for processing;
- e. The original check will not be deposited after it has been imaged for deposit;
- f. Financial Institution will not sustain a loss if Company has deposited an image;
- g. All information provided by Company to Financial Institution is accurate and true;
- h. Files submitted to Financial Institution do not contain viruses;
- i. Company has complied with all applicable rules, regulations and laws;
- j. Company indemnifies Financial Institution from any breach of the warranty provision; and
- k. Use of the Service by Company will be for business purposes only and no deposit or other transaction will be made for consumer purposes.

Company hereby agrees to indemnify and hold harmless Financial Institution for any loss, cost, expense, action or cause of action arising from or related to the Services described in this Agreement, whether such loss, cost, expense, action or cause of action is asserted by any customer of Company or any other third party.

8. **Monitoring Transactions.** Financial Institution will, monitor items deposited by Company for reasonable amounts based on either the initial anticipated activity of a new customer or the average activity of an established Company. Company will be contacted if Financial Institution deems a deposit to be an excessive amount, to validate the activity.

9. **Contingency.** In the event Company cannot use RDC to process its items for deposit (unable to capture or transmit items), then Company may deliver the original items to the nearest branch location of Financial Institution or send by overnight delivery at Company's expense the deposit to a branch location designated by Financial Institution for emergency conditions.

10. **Returned Items.** Financial Institution shall notify Company of the receipt of a returned item or an ACH Return Entry no later than one banking day after the banking day of such receipt. Financial Institution shall have no obligation to re-transmit a returned item or entry if Financial Institution complied with the terms of this Agreement with respect to the original item or entry. Company authorizes Financial Institution to charge back the amount of any returns to Company's designated Account. Company will promptly provide immediately available funds to indemnify Financial Institution if any deposited item or debit entry is returned after Financial Institution has permitted Company to withdraw funds in the amount thereof, or if any adjustment memorandum that relates to such item or entry is received by Financial Institution.

11. **Fees.** Company authorizes Financial Institution to debit its designated Account for Services provided under the Agreement in accordance with the schedule of fees and charges as disclosed in the eCorp Disclosure. Financial Institution may change its fees from time to time upon written notice to Company.

12. **Liability.** Financial Institution shall be responsible only for performing the Services expressly provided for in the Agreement, and shall be liable only for its gross negligence or willful misconduct in performing those Services. In no event shall Financial Institution have any liability for any consequential, special, punitive, or indirect loss or damage which Company may incur or suffer in connection with this Agreement. In addition, Financial Institution shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communications facilities, equipment failure, war, emergency conditions, or other conditions beyond Financial Institution's control. Financial Institution shall not be held liable for any failure of a third party to process, credit, or debit any transaction, or for other acts of omission.

13. **Amendments to Agreement.** From time to time Financial Institution may amend any of the terms and conditions contained in this Agreement, including any part of Schedules A through D attached hereto. Such amendments shall become effective upon receipt of notice by Company or such later date as may be stated in Financial Institution's notice to Company.

14. **Termination of Agreement.** Either party may terminate this Agreement upon 10 calendar days written notice to the other; provided however that FI may terminate this agreement immediately upon its determination that Company is in violation of the rules, regulations or applicable laws or if Company initiates any bankruptcy proceeding or is otherwise declared insolvent. Any termination of this Agreement shall not affect any of Financial Institution's rights or Company's obligations with respect to any Entries initiated by Company prior to such termination, or the payment obligations of Company with respect to services performed by Financial Institution prior to termination, or any other obligations that survive termination of this Agreement. Company's obligation with respect to any item shall survive termination of this Agreement until any applicable statute of limitation has elapsed. Company agrees to return all leased equipment within 2 days of termination.

15. **Performance Standards.** This Agreement, together with the Account Agreement, sets forth the performance standards under which Company agrees to process or convert items for deposit to any of Company's Accounts. Company may deviate from these standards only after consultation with Financial Institution and with Financial Institution's prior agreement. Company agrees that the laws and regulations referenced in this Agreement and in the Account Agreement, including Articles 3 and 4 of the Uniform Commercial Code, and the NACHA Rules, shall supplement the terms of this Agreement and shall establish performance standards related to presentment, collection, return and payment of items and shall be deemed to be a part of this Agreement for all purposes.

16. **Miscellaneous.** This Agreement, including the attached Schedules A and B, is an addendum of this Remote Deposit Capture Agreement between Financial Institution and Company with respect to the subject matter and supersedes any prior agreement(s) between Financial Institution and Company with respect to such subject matter. Company may not assign this Agreement or any of the rights or duties hereunder without Financial Institution's prior written consent. Financial Institution may waive enforcement of any provision of this Agreement. Any such waiver shall not affect Financial Institution's rights with respect to any other transaction or modify the terms of this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against Financial Institution or Company hereunder. In the event that any provision of this Agreement shall be determined to be invalid, illegal, or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law. Financial Institution shall be entitled to rely on any written notice believed by it in good faith to be signed by one of the authorized representatives whose names and signatures are set forth in this Agreement and the implementation process and forms. This Agreement shall be governed by and construed in accordance with the laws of the United States of America and the state in which Financial Institution maintains Company's Accounts.

Customer agrees that Financial Institution has no obligation to accept a File and, therefore, may reject any File or the Images or other information contained therein submitted by Customer. Financial Institution has no obligation to notify Customer of the rejection of a File or the Images or other information contained therein. Financial Institution shall have no liability to Customer for the rejection of a File or the Images or other information contained therein or for the failure to notify Customer of such rejection.

Customer and Financial Institution agree that the transactions contemplated in this Agreement involve "commerce" under the Federal Arbitration Act ("FAA"). EVERY CONTROVERSY OR CLAIM BETWEEN CUSTOMER AND ANY INDEMNIFIED PARTY ARISING OUT OF, OR IS IN ANY WAY RELATED TO OR RESULTING FROM, THIS AGREEMENT, THE REMOTE DEPOSIT SERVICE OR ANY OTHER SERVICES PROVIDED BY FINANCIAL INSTITUTION, WHETHER BASED IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, INCLUDING CLAIMS OF FRAUD, SUPPRESSION, MISREPRESENTATION AND FRAUD IN THE INDUCEMENT, WILL BE RESOLVED BY BINDING ARBITRATION UNDER THE FAA. The arbitration will be administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules (the "Arbitration Rules"). IF A CLAIM IS SUBMITTED TO ARBITRATION, (A) CUSTOMER WILL NOT HAVE THE RIGHT TO GO TO COURT OR TO HAVE A JURY TRIAL; (B) CUSTOMER WILL NOT HAVE THE RIGHT TO ENGAGE IN PRE-ARBITRATION DISCOVERY EXCEPT AS PROVIDED IN THE ARBITRATION RULES; (C) CUSTOMER WILL NOT HAVE THE RIGHT TO HAVE ANY CLAIM ARBITRATED AS A CLASS ACTION UNDER THE ARBITRATION RULES OR UNDER ANY OTHER RULES, WHETHER OF CIVIL PROCEDURE OR OTHERWISE AND (D) THE ARBITRATOR'S DECISION WILL BE FINAL AND BINDING WITH LIMITED RIGHTS TO APPEAL. THIS ARBITRATION PROVISION IS SUPPLEMENTAL TO, AND NOT IN LIEU OF, ANY OTHER ALTERNATIVE DISPUTE RESOLUTION PROVISION, AND, IN THE EVENT OF A CONFLICT BETWEEN THIS PROVISION AND ANY OTHER SUCH ALTERNATIVE DISPUTE RESOLUTION PROVISION, THE TERMS OF THIS PROVISION SHALL CONTROL. This agreement to arbitrate disputes will survive the closing of Customer's Accounts and the termination this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

COMPANY _____

First Federal Bank of Florida

By _____

Name _____

Name _____

Name _____

Title _____

Title _____

Glossary

"Account" means a demand deposit account or other deposit account Company has with Financial Institution that Financial Institution permits to be linked to a Service.

"Account Agreement" means any agreement executed or otherwise in effect between Company and Financial Institution covering rights, obligations, responsibilities and standards applicable to any Account or other deposits accounts owned by Company at Financial Institution.

"ACH" or "ACH Network" means the funds transfer system (network) governed by the NACHA Rules which provides for the inter-financial institution clearing of electronic entries for participating financial institutions.

"ACH Return Entry" means any item, which cannot be processed and is being returned by the RDFI to the ODFI for correction or re-initiation.

"Agreement" means the Agreement for Remote Deposit Capture, which may change from time to time. All references to Agreement include all Schedules, Addendums and User Guides Financial Institution provides to Company from time to time.

"Check 21" means The Check Clearing for the 21st Century Act (or Check 21 Act) is a United States federal law, enacted into law October 28, 2003. It took effect one year later, on October 28, 2004. The law allows the recipient of a paper check to create a digital version, thereby eliminating the need for further handling of the physical document.

"Check Conversion" means the processes of converting a source document (a paper check) to an ACH debit or ATM (Automated Teller Machine)/POS (Point of Sale) debit. Check conversion is different from check truncation, which is facilitated by the Check 21 Act. When a check is truncated, the transaction remains subject to check law. When a check is converted to an ACH debit, the NACHA Rules apply.

"NACHA Rules" mean the National Automated Clearing House Association (NACHA) Operating Rules which provide a complete guide to the Rules and Regulations governing the ACH Network.

"ODFI or Originating Depository Financial Institution" means financial institutions that originate ACH transactions on behalf of its customers. ODFI's must abide by the NACHA Operating Rules.

"OFAC" means Office of Foreign Assets Control. The office at the Department of the Treasury that administers and enforces economic and trade sanctions against targeted foreign countries, terrorism sponsoring organizations and international narcotics traffickers based on U.S. foreign policy and national security goals. OFAC blocks assets of foreign countries subject to economic sanctions, controls participation by U.S. persons, including foreign subsidiaries, in transactions with specific countries or nationals of such countries, and administers embargoes on certain countries or areas of countries.

"Password" means confidential, unique personal numbers, codes, marks, signs, public keys or other information composed of a string of characters used as a means of authenticating and accessing a Service.

"RDFI or Receiving Depository Financial Institution" means a financial institution qualified by NACHA to receive ACH transactions.

"Regulation E" means the regulation published by the Federal Reserve Bank to implement the Electronic Fund Transfer Act mandating consumer rights and obligation with regard to electronic fund transfers.

"Security Procedures" means, unless we agree otherwise with you, the applicable security requirements and procedure for verifying the authenticity of entries.

"Service" means the Remote Deposit Capture service and features of that service which Financial Institution may provide from time to time to Financial Institution's commercial or small business customers.

"Substitute Check or Image Replacement Document (IRD)" means a paper reproduction of the original check that:

1. Contains an image of the front and back of the original check;
2. Bears a MICR line containing all the information appearing on the MICR line of the original check, except as provided under generally applicable industry standards for substitute checks to facilitate the processing of substitute checks (regulations may contain exceptions);
3. Conforms, in paper stock, dimension, and otherwise, with generally applicable industry standards for substitute checks; and
4. Is suitable for automated processing in the same manner as the original check.

"Uniform Commercial Code Article 3" means the terms and provisions of Article 3 of the Uniform Commercial Code governing the creation, transfer and payment of negotiable instruments.

Uniform Commercial Code Article 4 means the terms and provisions of Article 4 of the Uniform Commercial Code governing the relationship of a Financial Institution and its Customer regarding the collection and payment of financial items.

"Uniform Commercial Code Article 4A (UCC4A)" means the portion of the Uniform Commercial Code which deals with certain funds transfers, including ACH credit transactions not subject to the Electronic Fund Transfer Act of Regulation E. This law outlines the protections and responsibilities given to the parties to wholesale credit transactions, and sets the legal standard for commercially reasonable security procedures to be used in conjunction with those transactions.

Schedules A and B

Schedule A - Delivery Specifications

Delivery Deadline: All RDC deposit files must be received by Financial Institution no later than 7:00 p.m. EST each banking day (Monday through Friday, excluding holidays). Deposits made after the delivery deadline on any banking day will be considered made on the next banking day.

Schedule B - Holidays

Holiday Calendar: Financial Institution will be closed on the following standard holidays observed by the Federal Reserve Bank. Financial Institution will not accept files for processing on the following days, as well as all Saturdays and Sundays. Likewise, entries should not be effective dated for these days:

New Year's Day (January 1)
Martin Luther King's Birthday (Third Monday in January)
Presidents Day (Third Monday in February)
Memorial Day (Last Monday in May)
Independence Day (July 4)
Labor Day (First Monday in September)
Columbus Day (Second Monday in October)
Veterans Day (November 11)
Thanksgiving Day (Fourth Thursday in November)
Christmas Day (December 25)

Note: If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday is a standard Federal Reserve Bank holiday.

Remote Deposit Capture

Annual Customer Training and Certification

WHAT IS REMOTE DEPOSIT CAPTURE?

Remote deposit capture (RDC) is a service that allows companies to convert the physical checks they receive from their customers into digital images that can be electronically transmitted to their bank for deposit. The business customer is responsible for balancing the deposit dollar amount to the checks before transmitting the deposit electronically (the system will automatically recognize the check amounts, typically with a high degree of accuracy). The business customer receives an electronic acknowledgment of the deposit and the checks are retained by the customer for later destruction. A key benefit of RDC is the customer does not have to go to the bank to make a deposit; plus, they get credit same Business day (at end of day) for checks deposited later in the day.

Customer Benefit:

- Minimal investment in Technology
- Quicker investment of available funds
- Improved end of month/quarter processing
- Greater employee productivity
- Reduced time spent on deposit preparation and presentment to the financial institution
- Fewer depository accounts and reduced fees
- Faster access to information and improved decision-making capabilities
- Improved availability and enhanced cash flow
- Later deposit cutoff times and faster funds availability
- Reduced return item (NSF) risk
- On-site remittance research capability

LEGAL RISKS

While RDC can be a tremendous time-saving tool for many businesses, the service is not without risk. It is important for any business considering using this service to understand these risks, as well as the steps that can be taken to mitigate them. Banks are well-versed in the risks associated with processing checks. With RDC, many of these risks are shifted to you. You will need to take certain precautions to prevent loss to either you or your customers. The most effective loss prevention measure you can take is ensuring that your company has a strong control environment in place. Because First Federal Bank of Florida is relying on you to institute such controls, the RDC Agreement will shift all risk of loss associated with use of the service to you, unless caused by the bank's own negligence or willful misconduct.

HOW REMOTE DEPOSIT CAPTURE WORKS

The process is relatively simple. Once you have established a remote deposit capture relationship with First Federal Bank of Florida, you will be able to scan each of your deposit items (i.e., checks) into digital image files using a desktop scanner and your personal computer. The image files are then transmitted to the bank's service bureau for item processing and image exchange electronically. The scanner will be leased or purchased from the bank.

In a paper check environment, First Federal Bank of Florida is responsible for handling items once they have been deposited. In a RDC environment, however, the items remain with you. Your company could be exposed to monetary liability and/or reputation risks should these items fall into the wrong hands. Also, since it is not readily apparent from the face of the check that it has been deposited electronically, another risk is the intentional or unintentional redeposit of the item, either into your company bank account or to your employee's personal bank account. By limiting access to the items and instituting strong control procedures, you can prevent these issues.

SYSTEM CONTROL POINTS

Capture (Image): Ensure adequate controls are in place at the point where image capturing occurs (normally at your office). Poor controls over capturing can result in poor quality images, piggyback checks (two checks fed at once), high rejection and exception rates, improper indexing, and capturing incomplete or forged documents. Procedures should prevent destruction of original documents before verifying image quality, especially when the imaged information is used to process transactions. Detailed image quality standards have not been set by the industry; any party in the clearing process can return an item due to inadequate image quality.

Capture (Check): Do not destroy checks immediately because the scanned checks might not be legible. You also don't want to keep the checks too long, since it will increase the possibility of a check mistakenly being presented for payment twice. **First Federal Bank of Florida** requires you to retain the items you deposit remotely for at least 14 days, but not more than 30 days before destroying them. Keep in mind that it may become necessary to refer back to the paper check should the image file not be of sufficient quality to allow the bank to settle the item electronically. While a file may meet **First Federal Bank of Florida** image quality standards, there is no guarantee that the image quality will be up to the standards of other banks in the settlement chain.

It is possible that an item will be returned to **First Federal Bank of Florida** as a non-conforming image weeks after it was originally deposited. Enough information should be available in the image file for **First Federal Bank of Florida** to create a "substitute check," which may then be presented for collection. If however, **First Federal Bank of Florida** is unable to do this, you will need to refer back to the paper check or, if the check is not available, have your customer reissue it in order to resolve the problem.

Duplicate Item Detection: Any party who converts an original paper item into an image or an Image Replacement Document (IRD) must warrant against presenting the item more than once.

Security: Adequate security controls should be in place (i.e., physical security, device security, workstation security, secure data lines, customer privacy) to protect the imaging system and confidential customer information. Security should provide for adequate separation of duties, input/output controls and prevent unauthorized changes of imaged data or insertion of fraudulent images.

Training: Adequate employee training is important for proper system use. A lack of knowledge of imaging procedures could lead to quality control issues and misplaced or unavailable data.

Backup and Recovery: Backup and recovery planning should ensure restoration and retrieval of information within recovery time objectives per your business continuity plan. The loss of imaged files can significantly affect business operations if backup electronic or paper files are not readily available. Your business should develop the contingency plan to physically transport the items to the bank or to the bank's backup site in the event of a system disruption or disaster.

CONCLUSION

The ability to deposit checks electronically has created a new era of electronic deposit preparation and settlement. As is often the case, technology can be a two-edged sword. RDC is no exception to this rule. If used properly, it can prove to be a valuable time-saving tool for your company. However, you should remain aware of the added risks and take protective measures.

REMOTE DEPOSIT CAPTURE FAQ

Why should my company deposit this way?

You can now eliminate time-consuming manual deposit preparation and trips to the bank, improving the speed and efficiency of both collections and returns.

How does it work?

You will be able to scan each of your deposit items (i.e., checks) into digital image files using a desktop scanner and your personal computer. The image files are then transmitted to the bank's service bureau for item processing and image exchange electronically. The scanner will be leased or purchased from the bank.

Can the destination account be changed and diverted to another account?

No; the account information is set up at the bank, and is not changeable at the customer site. You and your employees will access the Remote Deposit Capture website through your individual Cash Management login and individual Remote Deposit Capture user ID and password.

When will my funds be available?

Since you can deposit every weekday, and do not have to wait for a weekly trip to the bank, your money gets into your account faster. Funds are typically available on the same Business day (at end of day) after our processing.

What is a substitute check?

A substitute check is a paper reproduction of the original check, also known as an Image Replacement Document (IRD). It contains an image of the front and back of the original check and bears the MICR line containing all of the information appearing on the original check. A substitute check or IRD bears the same legal standings as the original paper item.

Can I make deposits from outside the local area?

Absolutely! This is one of the best features of Remote Deposit Capture. Items can be scanned and deposited electronically from anywhere -- even from another state.

Can I use any kind of scanner?

No; we will provide a scanner that is compatible with our software that will meet your check volume needs.

Do I have to copy each check before I scan it?

Continue doing what you normally do, however, with each batch of checks that you scan, a deposit report can be printed giving you a detailed list of each check, all of the MICR information and as much information about the check writer as you care to enter. Keep in mind that if you are keeping photocopies of original items, they will need to be kept in a secure location along with the originals.

What do I do with the original check?

Store them in a secure location for at least 14 days, but not more than 30 days. You are then responsible for shredding them in a secure manner. We recommend that you attach the original checks to a copy of the daily report until you reconcile your monthly statement. Then securely store them until ready to be destroyed within the 14-30 day period.

Is this the same process that I see being used by some retailers and utilities?

No, they are actually converting your check into an electronic transaction. This conversion is called an ACH (Automated Clearing House) transaction, which electronically debits your account.

What kind of checks can I scan?

You can scan any original check in US dollars drawn on banks with a valid US routing number, including personal, corporate, government checks, cashier's checks, travelers' checks and money orders. You cannot scan photocopies or fax copies of original checks. Also, foreign checks that do not contain a US routing number will not scan.

Do I need to endorse the check with my deposit stamp?

Yes; since the IRD contains the front and back of the original check, it should be properly endorsed.

Do I need to prepare a deposit ticket?

No; the system will create a virtual deposit ticket for you, encoded with your account number and the total of your deposit.

Is there a deadline for my deposits to be credited to me on the same day?

Currently, the cutoff for same day processing is 7:00 p.m. EST. Deposits made after 7:00 p.m. EST will post the next business day.

How do I know if the bank received my deposit?

When your file has been received by the bank after our 7:00 p.m. EST cutoff time, you will see the batch status change from "approved" to "processed" on your screen. Your account will be credited for the deposit after our nightly processing completes and you will be able to see your deposit via the online cash management system the following day.

ACH ORIGATION AGREEMENT

This agreement is made this the _____ day of _____, 20____, between: First Federal Bank ("Financial Institution") and _____ (the "Company"). Company wishes to initiate credit and/or debit Entries through the Financial Institution to accounts maintained at Financial Institution and in other depository financial institutions by means of the Automated Clearing House Network ("ACH") pursuant to the terms of this Agreement and the rules of the National Automated Clearing House Association ("NACHA") and Financial Institution's operating rules and procedures for electronic entries, including any exhibits or appendices thereto now in effect, or as may be amended from time to time, (the "Rules"), and Financial Institution is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries. This Agreement sets forth the terms and conditions pursuant to which Financial Institution will provide to Company the ACH Services outlined herein ("Services"). Company hereby requests Financial Institution to provide the Service described in this Agreement. By executing this Agreement and/or using the Services described in this Agreement, Company accepts and agrees to all terms, conditions, and provisions of this Agreement and agrees that this Agreement sets forth the terms and conditions pursuant to which Financial Institution will provide to Company the Service outlined herein. To the extent that Company transmits Entries via the Internet, Company must execute the Internet Banking System agreement which is hereby incorporated by reference and made a part hereof. In the event of inconsistency between a provision of this Agreement, the Uniform Commercial Code ("UCC"), the Internet Banking System agreement, and/or the Depository Agreement, the provisions of this Agreement shall prevail. Terms not otherwise defined in this Agreement shall have the meaning ascribed to those terms in the Rules. The term "Entry" shall have the meaning provided in the Rules and shall also mean the data received from Company hereunder from which Financial Institution initiates each Entry. First Federal will comply with standards set forth by the "Green Book Guide". For more information about the Green Book Guide please visit <https://www.fiscal.treasury.gov/fsreports/ref/greenBook/introduction.htm>

Therefore, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Financial Institution and Company, intending to be legally bound, do hereby agree as follows:

AGREEMENT

1. COMPLIANCE WITH RULES AND LAWS. Company acknowledges it has a copy or has access to a copy of the Rules. Company may contact First Federal to borrow a NACHA rules book at any time. Company agrees to comply with and be subject to the Rules of NACHA in existence at the date of this Agreement, and any amendments to these Rules made from time to time. It shall be the responsibility of the Company that the origination of ACH transactions complies with U.S. law, including but is not limited to sanctions enforced by the Office of Foreign Assets Control ("OFAC"). It shall further be the responsibility of the Company to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline at 800-540-OFAC or from the OFAC's home page site at www.ustreas.gov/ofac.) Company agrees that the performance of any action by Financial Institution to debit or credit an account or transfer funds otherwise required by the Rules is excused from the performance of such action to the extent that the action is inconsistent with United States law, including the obligations of the Financial Institution under OFAC or any program administered by the United States Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN"). Company agrees generally and warrants to Financial Institution that all actions by Company contemplated by this Agreement, including the preparation, transmittal, and settlement of Entries and payment orders, shall comply in all material respects with United States laws, regulations, regulatory guidelines and guidance, and official commentaries, including without limitation all such regulations, guidelines, and commentaries issued by the Board of Governors of the Federal Reserve and the Federal Financial Institutions Examination Council ("FFIEC"). Financial Institution will charge the Company with any fines or penalties imposed by OFAC, NACHA or any organization which are incurred as a result of non-compliance by the Company and the Company agrees to fully reimburse and/or indemnify Financial Institution for such charges or fines. The specific duties of the Company provided in the following paragraphs of this Agreement in no way limit the foregoing undertaking. The duties of the Company set forth in the following paragraphs of this Agreement in no way limit the requirement of complying with the Rules.

2. UNDERWRITING. Company approval for use of this Service may be subject to underwriting criteria established by Financial Institution from time to time. If Financial Institution requires application of underwriting criteria to Company approval for use of this Service, Financial Institution will communicate to Company the nature and content of that criteria and the information Company will be required to provide to Financial Institution. Company agrees to provide Financial Institution such financial, business and operating information as Financial Institution may reasonably request in connection with Financial Institution's underwriting and approval process. Financial Institution may require the personal guarantee of a principal or an owner of company. Schedule F should be executed if such a guarantee is required.

3. SECURITY INTEREST. To secure the payment and performance of Company's obligations set forth herein, Company grants to Financial Institution a security interest in and pledges and assigns to Financial Institution all of Company's right, title, and interest in the following described property, whether now owned or hereafter existing or acquired and wherever located: (a) all monies, instruments, savings, checking and other accounts of Company (excluding IRA, Keogh, trust accounts and other accounts subject to tax penalties if so assigned) that are now or in the future in Financial Institution's custody or control; (b) any other collateral described in any security instrument securing the obligations of Company to Financial Institution under this Agreement or any other obligation of Company to Financial Institution; and (c) all proceeds and products of the property as well as any replacements, accessions, substitutions, and additions to any of the above.

4. DESIGNATION OF ADMINISTRATOR. In order to originate ACH Entries, Company must designate at least one Administrator. Administrator(s) shall be responsible for designating "Users" who Company authorizes to issue Entries on its behalf. For the purposes of this Agreement, the term User shall also include the Administrator. The Financial Institution shall be entitled to rely on the designations made by the Company's Administrator(s) and shall not be responsible for matching the names of the company Users designated by the Administrator(s) to names or titles listed in Company's banking resolutions. Company agrees that any such online Entries shall comply with Financial Institution's Security Procedures, which are subject to change without notice to Company. Although Financial Institution is only required to act upon the instructions of the User(s), the Financial Institution may, in its sole discretion, execute debit or credit Entries initiated by any individuals authorized by Company to sign checks on Company accounts. The signature cards establishing the authorized signatories for Company deposit accounts are hereby incorporated by reference and made a part hereof.

5. TRANSMISSION OF ENTRIES BY COMPANY. User(s) shall initiate the debit or credit Entries in Schedule A hereunder on behalf of and selected by Company. Financial Institution shall be entitled to deem any person having knowledge of any Security Procedure, defined below in Section 8 of this Agreement and required to initiate Entries under this Agreement, to be a User. User(s) shall transmit Entries to Financial Institution in computer readable form in compliance with the formatting and other requirements set forth in the NACHA file specifications or as otherwise specified by Financial Institution. Entries shall be transmitted to Financial Institution no later than the time and the number of days prior to the Effective Entry Date specified in the Processing Schedule attached hereto and made a part hereof as Schedule B. For the purposes of this Agreement, "Business Day" means Monday through Friday, excluding federal holidays and the "Settlement Date" with respect to any Entry shall be the Business Day when such Entry is debited or credited in accordance with instructions of the Company. A federal holiday calendar is attached as Schedule D. Entries received after the cut off time shall be deemed to have been received on the next Business Day. The total dollar amount of Entries transmitted by Company to Financial Institution on any one Settlement Day shall not exceed the lesser of the amount of collected funds in Company's account or the ACH Processing Limit set forth in the ACH Application and Approval form.

6. THIRD PARTY SERVICE PROVIDERS. Company may be using special equipment, services or software provided by a third party to assist it in processing Files hereunder ("Service Provider"). Company agrees not to use a Service Provider to transmit files to Financial Institution without first entering into Financial Institution's Third Party Service Provider Agreement. If Company uses Service Provider to transmit Files to Financial Institution and Company and Service Provider have not entered into a Third Party Service Provider Agreement, Company (a) agrees that Service Provider is acting as Company's agent in the delivery of Files to Financial Institution, and (b) agrees to assume full responsibility and liability for any failure of Service Provider to comply with the laws of the United States, the Rules and this Agreement. Financial Institution will not be liable for any losses or additional costs incurred by Company as a result of any error by Service Provider or a malfunction of equipment provided by Service Provider. Company is solely responsible for maintaining compliance with the requirements of Service Provider, including obtaining any software updates. Financial Institution's sole responsibility shall be to transmit Financial Institution approved transactions to the ACH Operator and Financial Institution shall not have any responsibility for any File handled by Service Provider until that point in time when Financial Institution accepts and approves a File from such Service Provider for processing. If Financial Institution authorizes Company to use a Service Provider, the terms and conditions governing the relationship between Company and the Service Provider shall be governed by a separate agreement between Company and Service Provider ("Service Provider Agreement"). All of Company's obligations and responsibilities under this Agreement will apply to the Service Provider, and Company's separate agreement with the Service Provider must so provide. At Financial Institution's request, Company will provide to Financial Institution a true and exact copy of such agreement. Company shall designate the Service Provider as a User and the Service Provider must also enter into a Service Provider Agreement before the Service Provider sends Files to Financial Institution. Notwithstanding the foregoing, Company hereby authorizes Financial Institution to accept any File submitted by the Service Provider even if the Service Provider has not been designated as a User or if the Third Party Service Provider has not executed the Service Provider agreement. Company hereby indemnifies and holds Financial Institution harmless for any losses, damages, fines, assessments, costs and expenses incurred or suffered by Financial Institution or any other person as a result of or arising from Company's use of Service Provider, including fines or assessments incurred under or pursuant to the Rules and attorneys' fees.

7. SECURITY PROCEDURES.

(a) The Company shall comply with the "Security Procedures" described in Schedule C attached hereto and made a part hereof, and Company acknowledges and agrees that the Security Procedures, including (without limitation) any code, password, personal identification number, user identification technology, token, certificate, or other element, means, or method of authentication or identification used in connection with a Security Procedure ("Security Devices") used in connection therewith, constitute commercially reasonable security procedures under applicable law for the initiation of ACH entries. Company authorizes Financial Institution to follow any and all instructions entered and transactions initiated using applicable Security Procedures unless and until Company has notified Financial Institution, according to notification procedures prescribed by Financial Institution, that the Security Procedures or any Security Device has been stolen, compromised, or otherwise become known to persons other than User(s) and until Financial Institution has had a reasonable opportunity to act upon such notice. Company agrees that the initiation of a transaction using applicable Security Procedures constitutes sufficient authorization for Financial Institution to execute such transaction notwithstanding any particular signature requirements identified on any signature card or other documents relating to Company's deposit account maintained with Financial Institution, and Company agrees and intends that the submission of transaction orders and instructions using the Security Procedures shall be considered the same as Company's written signature in authorizing Financial Institution to execute such transaction. Company acknowledges and agrees that Company shall be bound by any and all Entries initiated through the use of such Security Procedures, whether authorized or unauthorized, and by any and all transactions and activity otherwise initiated by User(s), to the fullest extent allowed by law. Company further acknowledges and agrees that the Security Procedures are not designed to detect error in the transmission or content of communications or Entries initiated by Company and that Company bears the sole responsibility for detecting and preventing such error.

(b) Company agrees to keep all Security Procedures and Security Devices protected, secure, and strictly confidential and to provide or make available the same only to User(s). Company agrees to instruct each User not to disclose or provide any Security Procedures or Security Devices to any unauthorized person. Financial Institution shall distribute Security Devices to the Administrator and Financial Institution shall otherwise communicate with the Administrator regarding Security Procedures. Company's Administrator shall have responsibility to distribute Security Devices to User(s) and to ensure the proper implementation and use of the Security Procedures by User(s). Where Company has the ability to change or modify a Security Device from time to time (e.g., a password or PIN), Company agrees to change Security Devices frequently in order to ensure the security of the Security Device. Company agrees to notify Financial Institution immediately, according to notification procedures prescribed by Financial Institution, if Company believes that any Security Procedures or Security Device has been stolen, compromised, or otherwise become known to persons other than User(s) or if Company believes that any ACH transaction or activity is unauthorized or in error. In the event of any actual or threatened breach of security, Financial Institution may issue Company a new Security Device or establish new Security Procedures as soon as reasonably practicable, but Financial institution shall not be liable to Company or any third party for any delay in taking such actions.

(c) Company agrees to notify Financial Institution immediately, according to notification procedures prescribed by Financial Institution, if the authority of any Administrator(s) shall change or be revoked. Company shall recover and return to Financial Institution any Security Devices in the possession of any User(s) whose authority to have the Security Device has been revoked.

(d) Financial Institution reserves the right to modify, amend, supplement, or cancel any or all Security Procedures, and/or to cancel or replace any Security Device, at any time and from time to time in Financial Institution's discretion. Financial Institution will endeavor to give Company reasonable notice of any change in Security Procedures; provided that Financial Institution may make any change in Security Procedures without advance notice to Company if Financial Institution, in its judgment and discretion, believes such change to be necessary or desirable to protect the security of Financial Institution's systems and assets. Company's implementation and use of any changed Security Procedures after any change in Security Procedures shall constitute Company's agreement to the change and Company's agreement that the applicable Security Procedures, as changed, are commercially reasonable and adequate for the purposes intended.

8. PHYSICAL AND ELECTRONIC SECURITY.

(a) Company is solely responsible for providing for and maintaining the physical, electronic, procedural, administrative, and technical security of data and systems in Company's possession or under Company's control. Financial Institution is not responsible for any computer viruses (including, without limitation, programs commonly referred to as "malware," "keystroke loggers," and/or "spyware"), problems or malfunctions resulting from any computer viruses, or any related problems that may be associated with the use of an online system or any ACH Origination services. Any material downloaded or otherwise obtained is obtained at Company's own discretion and risk, and Financial Institution is not responsible for any damage to Company's computer or operating systems or for loss of data that results from the download of any such material, whether due to any computer virus or otherwise. Company is solely responsible for maintaining and applying anti-virus software, security patches, firewalls, and other security measures with respect to Company's operating systems, and for protecting, securing, and backing up any data and information stored in or on Company's operating systems. Financial Institution is not responsible for any errors or failures resulting from defects in or malfunctions of any software installed on Company's operating systems or accessed through an Internet connection.

(b) Company acknowledges and agrees that it is Company's responsibility to protect itself and to be vigilant against e-mail fraud and other internet frauds and schemes (including, without limitation, fraud commonly referred to as "phishing" and "pharming"). Company agrees to educate User(s), agents, and employees as to the risks of such fraud and to train such persons to avoid such risks. Company acknowledges that Financial Institution will never contact Company by e-mail in order to ask for or to verify Account numbers, Security Devices, or any sensitive or confidential information. In the event Company receives an e-mail or other electronic communication that Company believes, or has reason to believe, is fraudulent, Company agrees that neither Company nor its User(s), agents, and employees shall respond to the e-mail, provide any information to the e-mail sender, click on any links in the e-mail, or otherwise comply with any instructions in the e-mail. Company agrees that Financial Institution is not responsible for any losses, injuries, or harm incurred by Company as a result of any electronic, e-mail, or Internet fraud.

(c) In the event of a breach of the Security Procedure, Company agrees to assist Financial Institution in determining the manner and source of the breach. Such assistance shall include, but shall not be limited to, providing Financial Institution or Financial Institution's agent access to Company's hard drive, storage media and devices, systems and any other equipment or device that was used in breach of the Security Procedure. Company further agrees to provide to Financial Institution any analysis of such equipment, device, or software or any report of such analysis performed by Company, Company's agents, law enforcement agencies, or any other third party. Failure of Company to assist Financial Institution shall be an admission by Company that the breach of the Security Procedure was caused by a person who obtained access to transmitting facilities of Company or who obtained information facilitating the breach of the Security Procedure from Company and not from a source controlled by Financial Institution.

9. INTERNATIONAL ACH TRANSACTIONS ("IAT"). Company shall not initiate any IAT Entries without Financial Institution's prior approval. If approved by Financial Institution, the following provisions apply to IAT Entries originated by Company:
returned IAT Entry, consumer payments will be credited to Company at the originated U.S. dollar amount; corporate payments will be credited to Company at the exchange rate determined by Financial Institution's processor at the time of return.

(a) IAT Entries are transmitted by Financial Institution in U.S. dollars and converted to the local currency for receipt in the foreign country at the exchange rate determined by Financial Institution's processor on the date determined by Financial Institution's processor. All risk of fluctuation in the applicable exchange rate is borne by Company and Company agrees and acknowledges that Financial Institution shall not be liable to Company for any loss or charge incurred by Company as the result of the application of any foreign currency exchange criteria imposed by any institution or agency located outside the United States.

(b) In the event of a returned IAT Entry, consumer payments will be credited to Company at the originated U.S. dollar amount; corporate payments will be credited to Company at the exchange rate determined by Financial Institution's processor at the time of return.

(c) In the event of an error in an Entry or duplicate entries, Company acknowledges and agrees that Company shall be liable for any and all losses caused by and a direct or indirect result from the error or duplicate Entry.

(d) Company shall originate all International ACH Transactions, as that term is defined in the Rules, with an IAT SEC code and Company hereby agrees to abide by all of the Rules related to IAT Entries.

(e) Company agrees that in the case of a non-Consumer Account, Company shall enter into an agreement with the Receiver whereby the Receiver agrees to abide by the Rules in effect from time to time.

(f) Company acknowledges that it has reviewed and understands provisions of the Rules dealing with exceptions for outbound IAT Entries and Company understands and agrees that laws, regulations, and rules of the country in which the Receiver is located shall govern the matters listed within that subsection. Company further acknowledges that Company understands how such laws, regulations and rules differ from the Rules.

(g) Company agrees and acknowledges that any assistance by Financial Institution does not in any manner obligate Financial Institution for the accuracy or enforceability of the Entry in any country outside the United States.

(h) Company bears the risk of any loss caused by any delay, tax, cost, tariff, fee, or other charge incurred on account of the Entry in any country outside the United States.

(i) If the settlement of any IAT Entry involves clearing of the Entry in more than one country outside the United States, Financial Institution shall be permitted to rely upon any advice or instruction received by Financial Institution from the financial institution or financial agency located in the first country outside the United States to which the Entry is directed.

(j) Company hereby indemnifies Financial Institution from and against any and all resulting claims, demands, losses, liabilities, or expenses, including attorneys' fees and costs, resulting directly or indirectly from Company's origination of an IAT Entry.

10. CREDIT AND DEBIT ENTRIES; RECORDS RETENTION. Company shall obtain an authorization ("Authorization Agreement" Schedule E) as required by the Rules from the person or entity whose account will be debited or credited as the result of a debit or credit Entry initiated by Company and Company shall retain the Authorization Agreement in original form while it is in effect and the original or a copy of each authorization for two (2) years after termination or revocation of such authorization as stated in the Rules. Upon request, Company shall furnish the original or a copy of the authorization to any affected Participating Depository Financial Institution, as defined in the Rules.

The following table shows the proper SEC Codes to use depending on how you obtained the authorization to debit/credit an individual or company's account:

SEC Code	Debit / Credit	Authorization Method
PPD	Debit or Credit	Document signed by individual or similarly authenticated
CCD, CTX	Debit or Credit	Document signed or verbal agreement by Company*

11. RECORDING AND USE OF COMMUNICATIONS. Company and Financial Institution agree that all telephone conversations or data transmissions between them or their agents made in connection with this Agreement may be electronically recorded and retained by either party by use of any reasonable means. Financial Institution shall not be obligated to make such recordings.

12. PROCESSING, TRANSMITTAL, AND SETTLEMENT BY FINANCIAL INSTITUTION. Except as otherwise provided for in this Agreement and if Financial Institution elects to accept Entries, Financial Institution shall:

(a) (i) use commercially reasonable efforts to comply with the instructions of Company, (ii) process Entries received from Company to conform with the file specifications set forth in the Rules, (iii) transmit such Entries as an ODFI to the "ACH" processor selected by Financial Institution, (iv) settle for such Entries as provided in the Rules, and (v) in the case of a credit Entry received for credit to an account with Financial Institution ("On-Us Entry"), Financial Institution shall credit the Receiver's account in the amount of such credit Entry on the Effective Entry Date contained in such credit Entry provided such credit Entry is received by Financial Institution at the time and in the form prescribed by Financial Institution in Section 5.

(b) transmit such Entries to the ACH processor by the deposit deadline of the ACH processor, provided: (i) such Entries are completely received by Financial Institution's cut-off time at the location specified by Financial Institution to Company from time to time; (ii) the Effective Entry Date satisfies the criteria provided by Financial Institution to Company; and (iii) the ACH processor is open for business on such Business Day. Company agrees that the ACH processor selected by Financial Institution shall be considered to have been selected by and designated by Company. The Company will receive immediately available funds for any electronic debit entry initiated by it on the Settlement Date applicable thereto.

13. SETTLEMENT OF CREDIT ENTRIES AND RETURNED DEBIT ENTRIES. Company agrees to settle for all credit Entries issued by Company, User(s), or credit Entries otherwise made effective against Company. Company shall make settlement at such time on the date of transmittal by Financial Institution of such credit Entries as Financial Institution, in its discretion, may determine, and the amount of each On-Us Entry at such time on the Effective Date of such credit Entry as Financial Institution, in its discretion, may determine. Company shall settle with Financial Institution for the amount of each debit Entry returned by a Receiving Depository Financial Institution ("RDFI") or debit Entry dishonored by Financial Institution. Settlement shall be made by Company to Financial Institution in any manner specified by Financial Institution. Notwithstanding the foregoing, Financial Institution is hereby authorized to charge the account(s) ("Authorized Account(s)") designated in eCorp Set Up Request, as settlement for credit Entries issued by Company or returned or dishonored debit Entries. If Financial Institution requires pre-funding, Company shall maintain sufficient collected funds in the Authorized Account(s) to settle for the credit Entries at the time the credit Entries are issued by Company. In the event the Authorized Account or any other Company bank account does not have collected funds sufficient on the Settlement Date to cover the total amount of all Entries to be paid on such Settlement Date, Financial Institution may take any of the following actions:

(a) Refuse to process all Entries, in which event Financial Institution shall return the data relating to such credit Entries to Company, whereupon Financial Institution shall have no liability to Company or to any third party as a result thereof; or

(b) Process that portion of the credit Entries as Company has sufficient available funds in the Authorized Account to cover, in whatever order Financial Institution in its sole discretion shall elect to process, in which event Financial Institution shall return the data relating to such credit Entries as are not processed to Company, whereupon Financial Institution shall have no liability to Company or any third party as a result thereof; or

(c) Process all credit Entries. In the event Financial Institution elects to process credit Entries initiated by Company and Company has not maintained sufficient available funds in the Authorized Account with Financial Institution to cover them, the total amount of the insufficiency advanced by Financial Institution on behalf of Company shall be immediately due and payable by Company to Financial Institution without any further demand from Financial Institution. If Financial Institution elects to pay Company's account in the overdraft on any one or more occasions, it shall not be considered a waiver of Financial Institution's rights to refuse to do so at any other time nor shall it be an agreement by Financial Institution to pay other items in the overdraft.

14. PRE-FUNDING. Customer will provide immediately available and collected funds sufficient to pay all ACH credit Entries initiated by Company the earlier of a) not later than 8:00 a.m. local time 2 banking days before each Settlement date; or b) when the ACH file is submitted for processing. Pre-funding is processed by holding funds sufficient to cover the full amount of the Entries initiated by Company until the Settlement date. Files submitted more than 2 banking days before Settlement date will go through the pre-funding process 2 banking days before each Settlement date. Files initiated by Company that fail the pre-funding process as described will not be processed until funds are made available

15. ON-US ENTRIES. Except as provided in Section 17, Rejection of Entries, or in the case of an Entry received for credit to an account maintained with Financial Institution (an "On-Us Entry"), the Financial Institution shall credit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in Section 12 (b) (i), (ii), and (iii) are met. If any of those requirements are not met, the Financial Institution shall use reasonable efforts to credit the Receiver's account in the amount of such Entry no later than the next Business Day following such Effective Entry Date.

16. RESERVES. From time to time, Financial Institution shall evaluate Company's transaction activity for the purpose of establishing averages for transaction frequency, amount, returns and adjustments. These evaluations will occur at least annually and may occur more frequently at Financial Institution's discretion. In connection with these evaluations, Financial Institution reserves the right to require Company to establish reserves with Financial Institution calculated by Financial Institution to cover Company's obligations to Financial Institution arising from ACH activities under this Agreement. Reserves may be expressed as a fixed dollar amount or as a "rolling reserve" calculated based on "rolling" averages determined by Financial Institution's periodic evaluations. The amount of reserves required by Financial Institution, if any, will be communicated directly to Company from time to time. Company agrees to establish reserves as required by Financial Institution within 5 banking days after receipt of a communication from Financial Institution setting forth the amount of required reserves and the basis of calculation used to determine the amount of reserves. Financial Institution may suspend ACH processing activity for Company if Company fails to establish the required amount of reserves within the time period specified by Financial Institution in its communication to Company.

17. REJECTION OF ENTRIES. Company agrees that Financial Institution has no obligation to accept Entries and therefore may reject any Entry issued by Company. Financial Institution has no obligation to notify Company of the rejection of an Entry but Financial Institution may do so at its option. Financial Institution shall have no liability to Company for rejection of an Entry and shall not be liable to pay interest to Company even if the amount of Company's payment order is fully covered by a withdrawable credit balance in an Authorized Account of Company or the Financial Institution has otherwise received full payment from Company.

18. CANCELLATION OR AMENDMENT BY COMPANY. Company shall have no right to cancel or amend any Entry after its receipt by Financial Institution. However, Financial Institution may, at its option, accept a cancellation or amendment by Company. If Financial Institution accepts a cancellation or amendment of an Entry, Company must comply with the Security Procedures provided in Section 7 of this Agreement. If such a request is received by the Financial Institution before the affected Entry has been transmitted to the ACH (or, in the case of an On Us Entry, before the Receiver's account has been credited or debited), the Financial Institution will use reasonable efforts to cancel or amend the Entry as requested, but the Financial Institution shall have no liability if the cancellation or amendment is not effected. If Financial Institution accepts a cancellation or amendment of an Entry, Company hereby agrees to indemnify, defend all claims and hold Financial Institution harmless from any loss, damages, or expenses, including but not limited to attorney's fees, incurred by Financial Institution as the result of its acceptance of the cancellation or amendment.

19. REVERSALS OF ENTRIES.

(a) **General Procedure.** Upon proper and timely request by the Company, the Financial Institution will use reasonable efforts to effect a reversal of an Entry or File. To be "proper and timely," the request must (i) be made within five (5) Business Days of the Effective Entry Date for the Entry or File to be reversed; (ii) be made immediately, not to exceed ten (10) hours, upon discovery of the error; and (iii) be accompanied by a Reversal/Cancellation Request form and comply with all of the Rules. In addition, if the Company requests reversal of a Debit Entry or Debit File, it shall concurrently deposit into the Company Account an amount equal to that Entry or File. The Company shall notify the Receiver of any reversing Entry initiated to correct any Entry it has initiated in error. The notification to the Receiver must include the reason for the reversal and be made no later than the Settlement Date of the reversing Entry.

(b) **No Liability: Reimbursement to the Financial Institution.** Under no circumstances shall the Financial Institution be liable for interest or related losses if the requested reversal of an Entry is not effected. The Company shall reimburse the Financial Institution for any expenses, losses or damages it incurs in effecting or attempting to effect the Company's request for reversal of an Entry.

20. ERROR DETECTION. Financial Institution has no obligation to discover and shall not be liable to Company for errors made by Company, including but not limited to errors made in identifying the Receiver, or an Intermediary or RDFI or for errors in the amount of an Entry or for errors in Settlement Dates. Financial Institution shall likewise have no duty to discover and shall not be liable for duplicate Entries issued by Company. Notwithstanding the foregoing, if the Company discovers that any Entry it has initiated was in error, it shall notify the Financial Institution of such error. If such notice is received no later than four (4) hours prior to the ACH receiving deadline, the Financial Institution will utilize reasonable efforts to initiate an adjusting Entry or stop payment of any On-Us credit Entry within the time limits provided by the Rules. In the event that Company makes an error or issues a duplicate Entry, Company shall indemnify, defend all claims, and hold Financial Institution harmless from any loss, damages, or expenses, including but not limited to attorney's fees, incurred by Financial Institution as result of the error or issuance of duplicate Entries. Company is responsible for verifying file transmission to Financial Institution by checking for error messages and completed confirmation numbers.

21. PROHIBITED TRANSACTIONS. Company agrees not to use or attempt to use the Services (a) to engage in any illegal purpose or activity or to violate any applicable law, rule or regulation, (b) to breach any contract or agreement by which Company is bound, (c) to engage in any internet or online gambling transaction, whether or not gambling is legal in any applicable jurisdiction, or (d) to engage in any transaction or activity that is not specifically authorized and permitted by this Agreement. Company acknowledges and agrees that Financial Institution has no obligation to monitor Company's use of the Services for transactions and activity that is impermissible or prohibited under the terms of this Agreement; provided, however, that Financial Institution reserves the right to decline to execute any transaction or activity that Financial Institution believes violates the terms of this Agreement.

22. PRENOTIFICATION. Company, must send prenotification that it intends to initiate an Entry or Entries to a particular account within the time limits prescribed for such notice in the Rules. Such notice shall be provided to the Financial Institution in the format and on the medium provided in the media format section of such Rules. If Company receives notice that such prenotification has been rejected by an RDFI within the prescribed period, or that an RDFI will not receive Entries without having first received a copy of the Authorization signed by its customer, Company will not initiate any corresponding Entries to such accounts until the cause for rejection has been corrected or until providing the RDFI with such authorization within the time limits provided by the Rules.

23. NOTICE OF RETURNED ENTRIES AND NOTIFICATIONS OF CHANGE. Financial Institution shall notify Company by e-mail, facsimile transmission, US mail, or other means of the receipt of a returned Entry from the ACH Operator. Except for an Entry retransmitted by Company in accordance with the requirements of Section 5, Financial Institution shall have no obligation to retransmit a returned Entry to the ACH Operator if Financial Institution complied with the terms of this Agreement with respect to the original Entry. Company shall notify the Receiver by phone or electronic transmission of receipt of each return Entry no later than one Business Day after the Business Day of receiving such notification from Financial Institution. Financial Institution shall provide Company all information, as required by the Rules, with respect to each Notification of Change ("NOC") Entry or Corrected Notification of Change ("Corrected NOC") Entry received by Financial Institution relating to Entries transmitted by Company. Financial Institution must provide such information to Company within two (2) banking days of the Settlement Date of each NOC or Corrected NOC Entry. Company shall ensure that changes requested by the NOC or Corrected NOC are made within six (6) banking days of Company's receipt of the NOC information from Financial Institution or prior to initiating another Entry to the Receiver's account, whichever is later.

24. ACCOUNT RECONCILIATION. The Company agrees to notify the Financial Institution promptly of any discrepancy between the Company's records and the information shown on any periodic statement. If the Company fails to notify the Financial Institution within ten (10) calendar days of receipt of a periodic statement containing such information; the Company agrees that the Financial Institution shall not be liable for any other losses resulting from the Company's failure to give such notice or any loss of interest or any interest equivalent with respect to any Entry shown on such periodic statement. If the Company fails to notify the Financial Institution within thirty (30) calendar days of receipt of such periodic statement, the Company shall be precluded from asserting any discrepancy against the Financial Institution.

25. PROVISIONAL SETTLEMENT. Company shall be bound by and comply with the Rules as in effect from time to time, including without limitation the provision thereof making payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry; and Company acknowledges that it has received notice of that Rule and or the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry.

26. COMPANY REPRESENTATIONS AND WARRANTIES; INDEMNITY. With respect to each and every Entry transmitted by Company, Company represents and warrants to Financial Institution and agrees that (a) each person or entity shown as the Receiver on an Entry received by Financial Institution from Company has authorized the initiation of such Entry and the crediting or debiting of its account in the amount and on the Effective Entry Date shown on such Entry, (b) such authorization is operative at the time of transmittal or crediting or debiting by Financial Institution as provided herein, (c) Entries transmitted to Financial Institution by Company are limited to those types of credit and debit Entries set forth in Schedule A, (d) Company shall perform its obligations under this Agreement in accordance with all applicable laws, regulations, and orders, including, but not limited to, the sanctions laws, regulations, and orders administered by OFAC; laws, regulations, and orders administered FinCEN; and any state laws, regulations, or orders applicable to the providers of ACH payment services, and (e) Company shall be bound by and comply with the provision of the Rules (among other provisions of the Rules) making payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry. Company specifically acknowledges that it has received notice of the rule regarding provisional payment and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry. The Company shall defend, indemnify, and hold harmless the Financial Institution, and its officers, directors, agents, and employees, from and against any and all actions, costs, claims, losses, damages, or expenses, including attorney's fees and expenses, resulting from or arising out of (aa) any breach of any of the agreements, representations or warranties of the Company contained in this Agreement; or (bb) any act or omission of the Company or any other person acting on the Company's behalf.

27. FINANCIAL INFORMATION AND AUDIT. Financial Institution may from time to time request information from Company in order to evaluate a continuation of the Service to be provided by Financial Institution hereunder and/or adjustment of any limits set by this Agreement. Company agrees to provide the requested financial information immediately upon request by Financial Institution, in the form required by Financial Institution. Company authorizes Financial Institution to investigate or reinvestigate at any time any information provided by Company in connection with this Agreement or the Service. Upon request by Financial Institution, Company hereby authorizes Financial Institution to enter Company's business premises for the purpose of ensuring that Company is in compliance with this Agreement and Company specifically authorizes Financial Institution to perform an audit of Company's operational controls, risk management practices, staffing and the need for training and ongoing support, and information technology infrastructure. Company hereby acknowledges and agrees that Financial Institution shall have the right to mandate specific internal controls at Company's location(s) and Company shall comply with any such mandate. In addition, Company hereby agrees to allow Financial Institution to review available reports of independent audits performed at the Company location related to information technology, the Service and any associated operational processes. Company agrees that if requested by Financial Institution, Company will complete a self-assessment of Company's operations, management, staff, systems, internal controls, training and risk management practices that would otherwise be reviewed by Financial Institution in an audit of Company. If Company refuses to provide the requested financial information, or if Financial Institution concludes, in its sole discretion, that the risk of Company is unacceptable, if Company violates this Agreement or the Rules, or if Company refuses to give Financial Institution access to Company's premises, Financial Institution may terminate the Service and this Agreement according to the provisions hereof.

28. LIMITATION OF LIABILITY.

(a) IN THE PERFORMANCE OF THE SERVICES REQUIRED BY THIS AGREEMENT, FINANCIAL INSTITUTION SHALL BE ENTITLED TO RELY SOLELY ON THE INFORMATION, REPRESENTATIONS, AND WARRANTIES PROVIDED BY COMPANY PURSUANT TO THIS AGREEMENT, AND SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS THEREOF. FINANCIAL INSTITUTION SHALL BE RESPONSIBLE ONLY FOR PERFORMING THE SERVICES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, AND SHALL BE LIABLE ONLY FOR ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN PERFORMING THOSE SERVICES. FINANCIAL INSTITUTION SHALL NOT BE RESPONSIBLE FOR COMPANY'S ACTS OR OMISSIONS (INCLUDING, WITHOUT LIMITATION, THE AMOUNT, ACCURACY, TIMELINESS OF TRANSMITTAL OR AUTHORIZATION OF ANY ENTRY RECEIVED FROM COMPANY) OR THOSE OF ANY OTHER PERSON, INCLUDING, WITHOUT LIMITATION, ANY FEDERAL RESERVE BANK, ACH OPERATOR OR TRANSMISSION OR COMMUNICATIONS FACILITY, ANY RECEIVER OR RDFI (INCLUDING, WITHOUT LIMITATION, THE RETURN OF ANY ENTRY BY SUCH RECEIVER OR RDFI), AND NO SUCH PERSON SHALL BE DEEMED FINANCIAL INSTITUTION'S AGENT. COMPANY AGREES TO INDEMNIFY FINANCIAL INSTITUTION AGAINST ANY LOSS, LIABILITY OR EXPENSE (INCLUDING ATTORNEYS' FEES AND COSTS) RESULTING FROM OR ARISING OUT OF ANY CLAIM OF ANY PERSON THAT THE FINANCIAL INSTITUTION IS RESPONSIBLE FOR ANY ACT OR OMISSION OF COMPANY OR ANY OTHER PERSON DESCRIBED IN THIS SECTION 28(a).

(b) FINANCIAL INSTITUTION SHALL BE LIABLE FOR COMPANY'S ACTUAL DAMAGES DUE TO CLAIMS ARISING SOLELY FROM FINANCIAL INSTITUTION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; IN NO EVENT SHALL FINANCIAL INSTITUTION BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, PUNITIVE OR INDIRECT LOSS OR DAMAGE WHICH COMPANY MAY INCUR OR SUFFER IN CONNECTION WITH THIS AGREEMENT, WHETHER OR NOT THE LIKELIHOOD OF SUCH DAMAGES WAS KNOWN OR CONTEMPLATED BY THE FINANCIAL INSTITUTION AND REGARDLESS OF THE LEGAL OR EQUITABLE THEORY OF LIABILITY WHICH COMPANY MAY ASSERT, INCLUDING, WITHOUT LIMITATION, LOSS OR DAMAGE FROM SUBSEQUENT WRONGFUL DISHONOR RESULTING FROM FINANCIAL INSTITUTION'S ACTS OR OMISSIONS PURSUANT TO THIS AGREEMENT.

(c) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING PROVISIONS, FINANCIAL INSTITUTION SHALL BE EXCUSED FROM FAILING TO ACT OR DELAY IN ACTING IF SUCH FAILURE OR DELAY IS CAUSED BY LEGAL CONSTRAINT, INTERRUPTION OF TRANSMISSION OR COMMUNICATION FACILITIES, EQUIPMENT FAILURE, WAR, EMERGENCY CONDITIONS OR OTHER CIRCUMSTANCES BEYOND FINANCIAL INSTITUTION'S CONTROL. IN ADDITION, FINANCIAL INSTITUTION SHALL BE EXCUSED FROM FAILING TO TRANSMIT OR DELAY IN TRANSMITTING AN ENTRY IF SUCH TRANSMITTAL WOULD RESULT IN FINANCIAL INSTITUTION'S HAVING EXCEEDED ANY LIMITATION UPON ITS INTRA-DAY NET FUNDS POSITION ESTABLISHED PURSUANT TO PRESENT OR FUTURE FEDERAL RESERVE GUIDELINES OR IN FINANCIAL INSTITUTION'S REASONABLE JUDGMENT OTHERWISE WOULD VIOLATE ANY PROVISION OF ANY PRESENT OR FUTURE RISK CONTROL PROGRAM OF THE FEDERAL RESERVE OR ANY RULE OR REGULATION OF ANY OTHER U.S. GOVERNMENTAL REGULATORY AUTHORITY.

(d) SUBJECT TO THE FOREGOING LIMITATIONS, FINANCIAL INSTITUTION'S LIABILITY FOR LOSS OF INTEREST RESULTING FROM ITS ERROR OR DELAY SHALL BE CALCULATED BY USING A RATE EQUAL TO THE AVERAGE FEDERAL FUNDS RATE AT THE FEDERAL RESERVE BANK OF NEW YORK FOR THE PERIOD INVOLVED. AT FINANCIAL INSTITUTION'S OPTION, PAYMENT OF SUCH INTEREST MAY BE MADE BY CREDITING THE ACCOUNT.

29. INCONSISTENCY OF NAME AND ACCOUNT NUMBER. The Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by the Financial Institution to the RDFI may be made by the RDFI (or by the Financial Institution in the case of an On-Us Entry) on the basis of the account number supplied by the Company, even if it identifies a person different from the named Receiver, and that the Company's obligation to pay the amount of the Entry to the Financial Institution is not excused in such circumstances. Company is liable for and must settle with Financial Institution for any Entry initiated by Company that identifies the Receiver by account or identifying number or by name and account or identifying number.

30. PAYMENT FOR SERVICES. The Company shall pay the Financial Institution the charges for the services provided in connection with this Agreement, as set forth in Annual Fee Disclosure. All fees and services are subject to change upon thirty (30) days prior written notice from the Financial Institution. Such charges do not include, and the Company shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the Depository Agreement between the Financial Institution and the Company with respect to the Account.

31. AMENDMENTS. Except as provided in Section 30, the Financial Institution may amend this agreement from time to time upon written notice to the Company. In the event that performance of services under this Agreement would result in a violation of any present or future statute, regulation or governmental policy to which the Financial Institution is subject, then this Agreement shall be amended to the extent necessary to comply with such statute, regulation or policy. Alternatively, the Financial Institution may terminate this Agreement if it deems such action necessary or appropriate under the circumstances. The Financial Institution shall have no liability to the Company as a result of any such violation, amendment or termination. Any practices or course of dealings between the Financial Institution and the Company, or any procedures or operational alterations used by them, shall not constitute a modification of this Agreement or the Rules, nor shall they be construed as an amendment to this Agreement or the Rules.

32. NOTICES, INSTRUCTIONS, ETC.

(a) Except as stated herein, the Financial Institution shall not be required to act upon any notice or instruction received from the Company or any other person, or to provide any notice or advice to the Company or any other person with respect to any matter.

(b) The Financial Institution shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by an authorized representative of Company, and any such communication shall be deemed to have been signed by such person. Such notice shall be effective on the second Business Day following the day received by the Financial Institution.

(c) Except as stated herein, any written notice or other written communication required or permitted to be given under this Agreement shall be delivered or sent by US mail, if to Company, at the address of Company on the books of Financial Institution and if to Financial Institution, at the following address:

First Federal Bank of Florida
Attn: ACH Department
4705 W US Hwy 90
Lake City, Florida 32055

unless another address is substituted by notice delivered or sent as provided heron. Except as otherwise stated herein, any such notice shall be deemed given when received.

33. DATA RETENTION. The Company shall retain data on file adequate to permit the remaking of Entries for six (6) Business Days following the date of their transmittal by the Financial Institution as provided herein, and shall provide such Data to the Financial Institution upon its request.

34. DATA MEDIA AND RECORDS. All data media, Entries, security procedures and related records used by the Financial Institution for transactions contemplated by this Agreement shall be and remain the Financial Institution's property. The Financial Institution may, at its sole discretion, make available such information upon the Company's request. Any expenses incurred by the Financial Institution in making such information available to the Company shall be paid by the Company.

35. COOPERATION IN LOSS RECOVERY EFFORTS. In the event of any damages for which Financial Institution or Company may be liable to each other or to a third party pursuant to the services provided under this Agreement, Financial Institution and Company will undertake reasonable efforts to cooperate with each other, as permitted by applicable law, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party.

36. TERMINATION. Either party may terminate this Agreement upon 10 calendar days written notice to the other; provided however that Financial Institution may terminate this agreement immediately upon its determination that Company is in violation of this Agreement, the ACH Rules or applicable laws or if Company initiates any bankruptcy proceeding or is otherwise declared insolvent. Any termination of this Agreement shall not affect any of Financial Institution's rights or Company's obligations with respect to any Entries initiated by Company prior to such termination, or the payment obligations of Company with respect to services performed by Financial Institution prior to termination, or any other obligations that survive termination of this Agreement. Company's obligation with respect to any Entry shall survive termination of this Agreement until any applicable statute of limitation has elapsed.

37. ENTIRE AGREEMENT. This Agreement (including the Schedules attached) together with the Depository Agreement, is the complete and exclusive statement of the agreement between the Financial Institution and the Company with respect to the subject matter hereof and supersedes any prior agreement(s) between the Financial Institution with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Depository Agreement, the terms of this Agreement shall govern. In the event performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which the Financial Institution is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and the Financial Institution shall incur no liability to the Company as a result of such violation or amendment. No course of dealing between the Financial Institution and the Company will constitute a modification of this Agreement, the Rules, or the security procedures, or constitute an agreement between the Financial Institution and the Company regardless of whatever practices and procedures the Financial Institution and the Company may use.

38. NON-ASSIGNMENT. The Company may not assign this Agreement or any of the rights or duties hereunder to any person without the Financial Institution's prior written consent.

39. WAIVER. The Financial Institution may waive enforcement of any provision of this Agreement. Any such waiver shall not affect the Financial Institution's rights with respect to any other transaction or modify the terms of this Agreement.

40. BINDING AGREEMENT; BENEFIT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against the Financial Institution or the Company hereunder.

41. HEADINGS. Headings are used for reference purposes only and shall not be deemed part of this Agreement.

42. SEVERABILITY. In the event that any provision of this Agreement shall be determined to be invalid, illegal, or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

43. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, without reference to its conflict of laws provisions, and applicable federal law.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

Company

First Federal Bank of Florida

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

SCHEDULE A
COMPANY SELECTED
STANDARD ENTRY CLASS CODE

As used in the Agreement, the following* are ACH Standard Entry Class Codes (SEC) approved for use by Company (check all that apply), subject to any specific restrictions on the types of ACH transactions that may be originated, which are identified by Financial Institution below:

- ☐ CCD - Corporate Credit or Debit - Either a credit or debit where funds are either distributed or consolidated between corporate entities.

- ☐ CTX - Corporate Trade Exchange -The transfer of funds (debit or credit) within a trading partner relationship in which payments related information is placed in multiple addenda records.

- ☐ PPD - Prearranged Payment and Deposit
 - o Direct Deposit - The transfer of funds into a consumer's account. Funds being deposited can represent a variety of products, such as payroll, interest, pension, dividends, etc.
 - o Direct Payment - Preauthorized payment is a debit application. This includes recurring bills that do not vary in amount -- insurance premiums, mortgage payments, charitable contributions, and installment loan payments or standing authorizations where the amount does vary, such as utility payments.

*The above SEC Codes are the most commonly-used and not an all-inclusive list.

**SCHEDULE B
PROCESSING SCHEDULE**

Delivery of ACH Files:

Internet transmissions

The Company may electronically transmit files to the Financial Institution via Internet Banking System.

Format and content of entries

All files must be submitted in NACHA format. The Company should refer to Appendix Two in the NACHA Rulebook for specific formatting details.

Timing of delivery

Processing Deadline for ACH files:

Credit Entries

Transmission of a File - until 7:00 p.m. Eastern Standard Time (Standard or Daylight) two (2) business days prior to Effective Date*

Debit Entries

Transmission of a File - until 7:00 p.m. Eastern Standard Time (Standard or Daylight) one (1) business day prior to Effective Date*

*"Effective Date" must be a Business Day or the file will be processed on the first business day following the effective date.

SCHEDULE C
SECURITY PROCEDURES

Company is responsible to strictly establish and to maintain procedures to safeguard against unauthorized transactions. Company warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices, and related instructions provided by Financial Institution. If Company believes or suspects that any such information has been accessed by an unauthorized individual, Company will verbally notify Financial Institution immediately, followed by written confirmation. The occurrence of such notification will not affect any transfers made in good faith by Financial Institution prior to the notification and within a reasonable time period to prevent unauthorized transfers.

Data Security:

Limiting access and securely storing ACH data used in the routing and settlement of ACH transactions is a critical data security precaution. Company's ability to limit access to production data can be done through commercially available software products. Access can be limited to specific programs, user IDs, or read-only or read-and-edit-only access functionality. Files can also be transmitted between ACH participants using the following data protection methods: encryption and authentication.

- o Encryption is a process of scrambling data content through hardware or software in order to protect the confidentiality of a file's contents. This information should remain encrypted between all parties in the ACH Network using commercially reasonable procedures and must be transmitted using security technology that is 128-bit RC4 technology (minimum standards).
- o Authentication is a process of ensuring that files and data content have not been altered between the Originator and receiving points. Like encryption, this can be done using hardware or software to ensure data integrity.

Transmittal of Files:

- o Company will only transmit files on the dates specified in the agreed upon transmittal schedule (see Schedule B). Changes to this schedule must be made in writing and signed by an authorized contact of the Company.
- o Company will transmit files to Financial Institution via pre-arranged access to ACH system utilizing agreed upon logon procedures and proper access identification.
- o Files will be encrypted by Company before being transmitted to Financial Institution.

Should any of the above procedures not be met, the file will be rejected by Financial Institution and Company will be notified.

SCHEDULE D
HOLIDAY SCHEDULE

Holiday Calendar:

The Financial Institution will be closed on the following standard holidays observed by the Federal Reserve Bank. The Financial Institution will not accept files for processing on the following days, as well as all Saturdays and Sundays. Likewise, entries should not be effective dated for these days.

New Year's Day (January 1)
Martin Luther King's Birthday (Third Monday in January)
Presidents Day (Third Monday in February)
Memorial Day (Last Monday in May)
Independence Day (July 4)
Labor Day (First Monday in September)
Columbus Day (Second Monday in October)
Veterans Day (November 11)
Thanksgiving Day (Fourth Thursday in November)
Christmas Day (December 25)

Note: If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday is a standard Federal Reserve Bank holiday.

SCHEDULE E

AUTHORIZATION AGREEMENT FOR

DIRECT DEPOSITS (ACH CREDITS) & DIRECT DEBIT (ACH DEBITS)

Company Name _____ Company Tax ID Number _____

I (we) hereby authorize _____, hereinafter called COMPANY, to initiate ___credit entries / ___debit entries (select one) to my (our) Checking / Savings Account indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to credit / debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name _____ Branch _____

City _____ State _____ Zip _____

ACH Routing Number _____ Account Number _____

Account type: Checking _____ Savings _____

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s) _____ ID Number _____
(Please Print)

Date _____ Signature _____



FIRST FEDERAL BANK OF FLORIDA

STOP PAYMENT REQUEST ORDER FOR CHECKS AND ACH ENTRIES

Financial Institution Name: FIRST FEDERAL BANK OF FLORIDA ("the Financial Institution")

On the terms and conditions set out below, the undersigned account holder hereby instructs the Financial Institution to stop payment on the transaction(s) indicated below:

☐ ACH/ELECTRONIC CHECK ☐ CHECK/SHARE DRAFT/PAPER DRAFT ☐ Written Request (Original) ☐ Renewal ☐ Verbal Request ☐ Cancel Stop Payment

Today's Date: _____ Time: _____ ☐ a.m. ☐ p.m.
Account No.: _____ Account Type: ☐ Checking/Share Draft ☐ Savings/Share
Account Name: _____ ☐ Consumer ☐ Corporate

Expected Clearing Date(s): _____

Payable To/Originator: _____ Amount: _____

Check Serial Number(s): _____

For POP, RCK, ARC, and BOC ACH Debits, and Check/Share Drafts or Paper Drafts

Reason for Stop Payment: _____

Select one of the following:

☐ Stop Single Entry ☐ Stop Multiple Entries* ☐ Stop ALL Future ACH Debits Under a Specific Authorization (ACH only)*

*Multiple Entries means stopping more than one check to the same payee, or stopping more than one debit from the same Originator (but not ALL future debits from that Originator). If this stop payment order instructs the Financial Institution to stop all future ACH debits pursuant to a specific authorization involving a specific Originator, account holder should initial here to indicate that they have contacted the Company to revoke the authorization. Account holder agrees to provide a copy of the revocation of authorization to the Financial Institution upon request. _____ Initials

A fee of \$_____ will be assessed to the account holder as payment for implementing this order.

I HAVE READ AND ACCEPT THE TERMS AND CONDITIONS BELOW. I FURTHER DEPOSE AND SAY THAT THE TRANSACTION(S) DESCRIBED ABOVE WAS NOT ORIGINATED WITH FRAUDULENT INTENT BY ME OR ANY PERSON ACTING IN CONCERT WITH ME, AND THAT THE SIGNATURE BELOW IS MY OWN PROPER SIGNATURE. I CERTIFY THAT THE FOREGOING IS TRUE AND CORRECT.

Date	Account Holder Signature	Print Name	Phone Number
------	--------------------------	------------	--------------

Date	Financial Institution Representative	Print Name
------	--------------------------------------	------------

STOP PAYMENT TERMS AND CONDITIONS

By directing the Financial Institution to stop payment on the above transaction(s), the account holder agrees that the Financial Institution is not obligated to honor a stop payment request that does not contain accurate information provided in a timely manner. The account holder understands that it is necessary to provide the correct information related to the transaction, and that a failure to do so may result in the payment of the above item. The account holder agrees to hold harmless and indemnify the Financial Institution for all expenses, costs, and damages incurred by payment of the above item if such payment is the result of failure of the account holder to furnish any item of information requested above completely, accurately, and correctly, according to the time requirements noted below. Verbal stop payment orders will cease to be binding after 14 calendar days unless written confirmation is provided to the Financial Institution by the account holder within that 14 day period.

Stop Payments of ACH/Electronic Check Items Affecting Consumer Accounts

This stop payment order shall remain in effect until the earlier of (1) the withdrawal of the stop payment order by the account holder, or (2) the return of the debit entry, or, where a stop payment order is applied to more than one debit entry under a specific authorization involving a specific Originating Company, the return of all such debit entries. For PPD entries, IAT entries, and recurring WEB entries: Three banking days advance notice prior to the expected transfer date of the debit entry is required to implement the stop payment request. If the stop payment order is received within three banking days of the expected transfer date, the Financial Institution will attempt to satisfy the request of the account holder, but will not be held liable if sufficient time was not provided. For ARC entries, TEL entries, Single Entry WEB entries, RCK entries, POP entries, and BOC entries: The stop payment request must be provided to the Financial Institution in such a time and in such a manner as to allow the Financial Institution reasonable time to act on the request prior to acting on the debit entry.

Stop Payments of ACH/Electronic Check Items Affecting Non-Consumer Accounts

The stop payment order will remain in effect until the earlier of (1) the withdrawal of the stop payment order by the Receiver; (2) the return of the debit entry; or (3) six months from the date of the stop payment order, unless it is renewed in writing. The stop payment order must be provided to the Financial Institution at such time and in such manner as to allow the Financial Institution a reasonable opportunity to act upon the stop payment order prior to acting on the debit entry.

Stop Payments of Check/Share Draft/Paper Draft Items

A stop payment order is effective for six months and may be renewed for additional six-month periods by written request to the Financial Institution within the period during which the stop payment order is effective. The stop payment request must be provided to the Financial Institution in such a time and in such a manner as to allow the Financial Institution reasonable time to act on the request prior to acting on the item.

There is no warranty, expressed or implied, in connection with making this publication available. EastPay, Inc. is in no way responsible for any error or omission in this form. This form was devised in accordance with the ACH Operating Rules. Further clarification may be obtained from a current copy of the ACH Rules and Operating Guidelines, legal counsel, or from your Regional Payments Association. Copyright 2016 EastPay, Inc. All Rights Reserved. No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the publisher: EastPay, Inc., 7400 Beaufont Springs Drive, Suite 405, Richmond, VA 23225. Also available in electronic fillable PDF format. To reorder, contact EastPay or your Regional Payments Association. Last Revision May 2013 Last Printing June 2016

COPY 1 - Financial Institution COPY 2 - Account Holder

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

DESIGNATED ACCOUNT EXECUTIVE

The City's relationship will be serviced by a qualified team, experienced to handle the varying needs of your accounts with personal attention to detail.

Your designated account executive will be **Jim Weaver, Sr. Vice President and Market President**. Jim began his banking career in 1985 with the Florida National Bank (later First Union) in Fernandina Beach, spending the first 17 years largely in the Consumer/Retail area in several positions from Teller, Past Due Collection Manager, Small Business Lender and Branch Manager. In 2001, he then moved to First Coast Community Bank (Synovus) as a Commercial Lender/VP. After 15 years handling Commercial and SBA Lending duties which included managing support staff, underwriting and loan origination, Jim joined First Federal Bank in 2016 in the role of Market President for Nassau County. Jim was born in Fernandina Beach and has spent his entire banking career in the local market.

At the local Fernandina Beach office, your account representative will be **Suzanne Willis, Vice President and Retail Market Manager**. Suzanne has worked in the financial industry since 1993, and has a wide array of experience in branch operations and lending. She has served in many capacities including Financial Service Specialist, Marketing Representative and Branch Manager. She has always enjoyed providing personalized, responsive and reliable banking to the Nassau County community. She joined First Federal Bank in the capacity of Financial Center Manager in 2016 and was promoted to the Retail Market Manager in 2018. She currently manages the Fernandina and Yulee offices and is eager for our new WildLight location to open later in 2019.

Overseeing your relationship will be **Stephanie McClendon, Executive Vice President and Director of Retail Banking**. Stephanie started her banking career with First Federal in March 1999. Over the years, she has developed many talents by taking on roles such as teller, customer service representative, branch manager, consumer lender, and mortgage originator. In August 2006, she assumed the role of Regional Manager overseeing 11 branches in 6 counties. In 2016, Stephanie then expanded her role to Director of Retail Banking responsible for Retail Sales covering 23 branches in 13 counties. As Director of Retail Banking, she manages the retail banking department, which has over \$1 billion in deposits and \$42 million in consumer loans. While directing this effort, Stephanie also maintains a customer deposit portfolio as well as maintaining relationships with the Public Funds portfolio. Stephanie's focus is building solid relationships to meet the needs of our customers.

In addition, First Federal is proud of its very capable Corporate Services department led by **Chris Stalvey, Vice President and Corporate Services Manager**. Chris will be responsible for implementation and daily activities through our eCorp online banking solution. At the branch, **Pam Austin, Teller Operations Coordinator**, will be available to assist with daily transactions and other routine needs. We also have a very dedicated deposit operations team to handle any requests or issues that may arise with personal, professional care.

FACTS**WHAT DOES FIRST FEDERAL BANK DO WITH YOUR PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- account balances and transaction history
- credit history and credit scores

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons First Federal Bank chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does First Federal Bank share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes—information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes—information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Call 386-754-0090 or 386-362-7990 or go to www.ffbf.com

Who we are

Who is providing this notice?

First Federal Bank

What we do

How does First Federal Bank protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

We do not collect identifying information about visitors to our site; we do use standard software ("Cookies") to collect information for the strict purpose of tracking activity on our site.

How does First Federal Bank collect my personal information?

We collect your personal information, for example, when you

- open an account or make deposits or withdrawals from your account
- give us your contact information or apply for a loan
- use your credit or debit card

We also collect your personal information from other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *First Federal Bank does not have any affiliates.*

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *First Federal Bank does not share with nonaffiliates so they can market to you.*

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *First Federal Bank does not have any joint marketing agreements between nonaffiliated financial companies.*

FINANCIAL STRENGTH AND STABILITY

First Federal Bank ranks among one of the top performing banks in Florida. Our financial strength has been built on a consistent and disciplined approach to providing quality banking services to the north Florida community. Industry and economic challenges notwithstanding, you should know that First Federal has the financial and human resources necessary to see us through tough times. You will find a copy of our Quarterly Balance Sheet (Unaudited) as at December 31, 2018 on our website at www.ffbf.com. Additionally, copies of our most recent Audited Consolidated Financial Statements as at December 31, 2017 and 2016 are appended hereto.

In April, 2018, First Federal Bank completed a successful merger with CBC National Bank, Fernandina Beach, Florida. Copies of evidence of 5 Star Ratings from Bankrate.com for both First Federal Bank and CBC National Bank are included.

TECHNOLOGY AND PERSONAL SERVICE

We operate our own in-house data processing computers utilizing the latest in item processing technology. This means you will have multiple access methods to account information. First Federal has the flexibility to fulfill even the most unique bank account needs.

Rest assured we fully support all the traditional and electronic banking services you need to run an efficient business office and our staff is dedicated to providing the finest personal service. I am confident that you will be pleased with our services.

QUALIFIED PUBLIC DEPOSITORY

First Federal is a "Qualified Public Depository" under Chapter 280 of the Florida Statutes. All deposits will be fully collateralized with eligible securities as described in the Florida Statutes. A copy of the pertinent portion of the State of Florida Active Qualified Depository List reflecting First Federal Bank as an authorized public depository is attached.

PROMONTORY AND REICH & TANG MEMBER

Promontory members can offer access to additional FDIC insurance and a return on funds placed into demand deposit accounts, money market deposit accounts or both. The Insured Cash Sweep (ICS), offered by Promontory, is a demand option that offers unlimited program withdrawals and provides access to multi-million-dollar FDIC insurance. A similar option is available from Reich & Tang. Forego the need for tracking collateral on an ongoing basis; you are fully covered by the FDIC. Access the coverage from many institutions and still work directly with First Federal and receive one statement.



ELITE PUBLIC FUNDS CHECKING ACCOUNT

First Federal's high volume Elite Public Funds Checking Account is designed for entities that write and deposit more than 300 items per month. The monthly analysis charge would be determined by the actual service provided so you only pay for the services you use. You have the option of 1) maintaining a sufficient balance to cover the analysis charges; the compensating balances would be determined based on prior average activity and fixed for a 12 month period; or 2) have the cost of servicing the account charged to the Elite Business Checking Account monthly and maximizing interest earnings on all funds; or 3) a combination of both options.

Monthly statements are produced and include images of all paid items. These are also available electronically through our corporate internet banking service, e-Corp.

First Federal First Federal proposes to waive all fees if combined ledger balances are maintained in excess of \$5,000,000. In addition, the City will earn interest on all balances over \$5,000,000 at a rate of .88%. Utilizing this methodology, in December, 2018, the City would have paid no fees and could have earned an estimated \$18,500 in interest for the month. First Federal reserves the right to charge analysis fees if balances are routinely below \$5,000,000 based on the fee schedule provided.

OTHER RELATIONSHIP ENHANCEMENTS

Transfer Services

Corporate Internet Banking Transfer Services provides the user with real time account information. Check account balances, move funds between accounts, and create stop payments. Users may also view paid check and statement histories. The system is flexible in that one time internal transfers can be entered or repeat internal transfers can be set up as recurring templates. Scalable security allows varying levels of access to be established ranging from inquiry only to global access. Technical support will be provided at no charge to set up and implement Internet Banking Transfer Services.

Positive Pay Services (Transaction Authorization System)

The Positive Pay system allows businesses to electronically upload a list of issued checks to the bank. Reports are produced daily of any check presented for payment that is not on the authorized list. This service protects against internal fraud and more importantly protects against counterfeit checks that have become very prevalent. Dealing with fraudulent checks lowers staff productivity. Positive Pay automates the review process. Technical support will be provided at no charge to set up and implement Positive Pay.

Wire Transfer Services

The Wire Transfer system allows businesses to enter one time wire transfers or set up recurring templates for wires sent repeatedly. The outgoing wire fee is discounted by 50% when you initiate wire transfers using the online Wire Transfer Service. Scalable security facilitates separation of duties so you may set up user access so no one person has the ability to initiate and send funds without secondary review and authorization. Technical support will be provided at no charge to set up and implement Wire Transfers.

eDeposit (Remote Deposit Capture)

First Federal's eDeposit remote deposit capture utilizes a desktop scanner provided by the bank at no cost that connects to your PC and the Internet. With it, you can scan checks and issue deposits electronically to the bank. Make deposits anytime day or night. Save time preparing deposits. Technical support will be provided at no charge to set up and implement e-Deposit is subject to approval.

Payroll/Direct Deposit Services

Technical on site support will be provided to assist your staff in implementing direct deposit of payroll. Special presentations will be provided by bank staff to educate employees of the benefits of direct deposit. Your staff would create the direct deposit file either through your payroll software or software First Federal would provide and transmit using Premier e-Corp. The file would be further processed by First Federal through the automatic clearinghouse network (ACH). ACH origination is subject to approval. +

Courier Deposit Services

First Federal offers daily courier deposit pick up services saving your employees time away from their offices. Specific time for pick up to be determined. Business must be located within an established route and schedule to be eligible for this service

Lock Box Services

First Federal Lock Box Services reduces the cost of processing payments through automating the crediting customer accounts and depositing the checks into the designated bank account. The payments would be directed to a designated post office box and collected daily by authorized First Federal staff. These payments would then be processed at First Federal through a system that will capture the account information and create an electronic file that may be imported into your accounting system to credit the customer account for the payment.

Rejects are limited when a list of billings are provided to populate a lookup table to facilitate matching payments to accounts when billing stubs are not included with the check. The same information is utilized to compare the customer account information captured from billing stubs for read accuracy verification.

As the customer information is captured, the check and remittances item is imaged for future reference if needed and the checks will be credited to the designated bank account. There are also reports available for monitoring payment activity. **Staff fully trained to use the online system by First Federal employees and technical support will be provided at no charge.** **Lock box fees may be added to the analysis statement and covered by compensating balances.**

Merchant Services

Merchant Services is a service provided for the purpose of electronically processing, debit and credit card transactions. There is a \$50 set up fee. Discount rate and transaction fees are based on volume but are generally 3%. Sales are deposited daily, less the discount rate. Equipment may be purchased or leased. Settlement reports show gross sales, discount, net deposit and complete transaction listing.

Visa Credit Card and Debit Card– Business

First Federal offers both Visa Debit and Credit Cards for your business needs. Visa Debit Cards can be issued to appropriate personnel and linked to your primary operating account or a separate checking account created for this purpose. Visa Credit Cards can be provided at the specifications requested in the RFP.

Electronic Event Notice Service

Premier Messenger provides the user the ability to set up automatic notifications when various events occur. The message is sent to users without the use of account numbers for privacy and security purposes. Titles or nicknames are used to help the user identify the account to which the message pertains. Examples of events are check paid, deposited amount, low balance alert or balance notification, etc. Technical support will be provided at no charge to set up and implement Premier Messenger.

Special Employee Benefits

If permitted, First Federal staff will hold group meetings to explain the benefits of Enhanced Employee Advantage Checking, a special account that will be offered to all your employees, that offers unlimited check writing, no monthly service charge for 1 year, and a free Visa Check Card.

Enhanced Employee Advantage Checking is a non-interest bearing checking account designed for employees of entities with an account relationship with First Federal. Low minimum opening deposit of \$50; no minimum daily account balance; Free one box of standard checks per year; Free convenient 24 hour access to account information through Internet and Tele-bank; Free eStatement and internet bill pay; Free instant image debit card with access to more than 55,000 surcharge-free Allpoint Network ATM's nationwide.

Branch Hours

Branch hours vary slightly from branch to branch depending on the needs of the market served. Branch hours are subject to change upon 30 days' notice to our customers. Currently, the First Federal Branch located at 1891 S. 14th Street, Fernandina Beach, Florida, maintains the following hours:

Lobby:	Monday – Thursday	9:00 am – 4:30 pm
	Friday	9:00 am – 6:00 pm
Drive Thru:	Monday – Thursday	8:00 am – 5:00 pm
	Friday	8:00 am – 6:00 pm



SCHEDULE OF SERVICES

Standard Monthly Analysis Fees:

Checks Written (per item).....	\$.09
Deposited Items (per item).....	\$.09
Deposit Corrections (two free per month)	\$ 5.00
Coin Wrapping (per roll)	\$.25
Currency Strap (per strap).....	\$.60

E-Corp Services:

Access / Transfers	\$ 4.00
Remote Deposit Capture	\$37.00
ACH Origination.....	\$24.00
Positive Pay.....	\$ 4.00
Wire Transfer Access.....	\$12.00

(10% Discount for E-Corp Bundle including all E-Corp Services)

Account Maintenance Fee (per account)	\$ 5.00
---	---------

Other Per Item Services (Billed through Analysis):

NSF Charge (per item).....	\$36.00
Stop Payments (\$5 discount using e-Corp).....	\$36.00
Wire Transfers (incoming).....	\$10.00
Wire Transfers (outgoing-\$12.50 using e-Corp)	\$25.00
Returned Deposited Items (per item).....	\$10.00
Same Day ACH Entries (Pass through charge from FRB per entry).....	\$.52
ACH Deposited Items Returned "Unauthorized" (per item)	\$14.50

Standard Lock Box Schedule of Services

Per Item Charges

Single items (per item).....	0.15
Multiple items (per item)	0.20
Check only items (per item).....	0.25
Rejected items (per item)	0.15
Image archival (check & remittance).....	0.01
Correspondence returned (per item)	1.00
File transmission (per file).....	7.50
Standard batch summary report (per report)	2.00
Post Office box rental (estimate)	45.00
RemitWeb option (per month).....	150.00
One Time Set Up Fee	69.00

FIRST FEDERAL BANCORP, MHC

Parent Company for

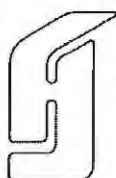


First Federal
BANK *of* FLORIDA

Audited Consolidated Financial Statements

**As of December 31, 2017 and 2016 and
For the Years then Ended**

(Together with Independent Auditors' Report)



HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Orlando
Tampa

Certified Public Accountants

Independent Auditors' Report

The Board of Directors
First Federal Bancorp, MHC
Lake City, Florida:

We have audited the accompanying consolidated financial statements of First Federal Bancorp, MHC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of earnings, comprehensive income, equity and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

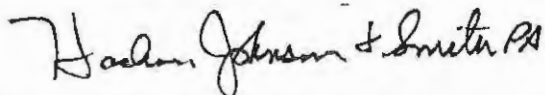
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 28, 2018 expressed an unmodified opinion.

A handwritten signature in cursive script that reads "Hacker, Johnson & Smith PA".

HACKER, JOHNSON & SMITH PA
Tampa, Florida
March 28, 2018

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Consolidated Balance Sheets (In thousands)

Assets	At December 31,	
	2017	2016
Cash and due from banks	\$ 8,443	5,854
Interest-earning deposits with banks	<u>49,367</u>	<u>104,761</u>
Total cash and cash equivalents	57,810	110,615
Restricted cash	-	83,140
Time deposits	21,957	16,980
Securities available for sale	461,053	238,843
Securities held to maturity at cost (fair value of \$136 and \$197)	88	120
Loans held for sale, net	29,037	20,654
Loans, net of allowance for loan losses of \$5,435 and \$4,797	654,575	551,829
Accrued interest receivable	7,265	4,903
Premises and equipment, net	24,014	20,544
Federal Home Loan Bank stock, at cost	2,893	4,077
Foreclosed real estate	216	1,065
Income taxes receivable	2,335	2,578
Cash surrender value of bank-owned life insurance	28,914	28,787
Mortgage servicing rights, net	38,546	35,823
Other assets	<u>51,835</u>	<u>94,370</u>
Total	\$ <u>1,380,538</u>	<u>1,214,328</u>
Liabilities and Equity		
Liabilities:		
Noninterest-bearing demand deposits	268,562	249,528
Interest checking and money-market deposits	648,320	492,974
Savings deposits	65,533	65,277
Time deposits	<u>138,006</u>	<u>134,550</u>
Total deposits	1,120,421	942,329
Federal Home Loan Bank advances	42,500	75,000
Deferred income taxes	10,109	9,795
Other liabilities	<u>20,338</u>	<u>20,439</u>
Total liabilities	1,193,368	1,047,563
Commitments and contingencies (Notes 1, 5, 11, 15 and 16)		
Retained earnings	181,879	165,663
Accumulated other comprehensive income	<u>5,291</u>	<u>1,102</u>
Total	\$ <u>1,380,538</u>	<u>1,214,328</u>

See accompanying Notes to Consolidated Financial Statements.

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Earnings (In thousands)

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Interest income:		
Loans.....	\$ 32,423	31,024
Securities	12,191	6,652
Other	<u>1,209</u>	<u>2,463</u>
Total interest income.....	<u>45,823</u>	<u>40,139</u>
Interest expense:		
Deposits	3,884	1,922
Borrowings	<u>836</u>	<u>359</u>
Total interest expense.....	<u>4,720</u>	<u>2,281</u>
Net interest income	41,103	37,858
Provision for loan losses	<u>1,445</u>	<u>-</u>
Net interest income after provision for loan losses.....	<u>39,658</u>	<u>37,858</u>
Noninterest income:		
Loan servicing fees	7,115	6,543
Mortgage servicing rights retained from loans sold	2,793	6,162
Mortgage banking revenue	8,104	7,926
Service charges on deposit accounts.....	3,566	3,691
Other service charges and fees.....	2,455	2,379
Gain on sale of securities available for sale.....	740	332
Other than temporary impairment of securities	-	(32)
Income from bank-owned life insurance	911	604
Debit card interchange income	2,949	2,809
Other	<u>385</u>	<u>485</u>
Total noninterest income.....	<u>29,018</u>	<u>30,899</u>
Noninterest expense:		
Salaries and employee benefits.....	31,931	30,093
Occupancy and equipment.....	5,816	5,597
Professional fees	2,848	1,275
Other expenses.....	<u>11,162</u>	<u>9,425</u>
Total noninterest expense.....	<u>51,757</u>	<u>46,390</u>
Earnings before income taxes	16,919	22,367
Income tax (benefit) expense	<u>(161)</u>	<u>7,745</u>
Net earnings	<u>\$ 17,080</u>	<u>14,622</u>

See accompanying Notes to Consolidated Financial Statements.

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
(In thousands)

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Net earnings	\$ <u>17,080</u>	<u>14,622</u>
Other comprehensive income (loss):		
Change in unrealized gain on securities available for sale:		
Unrealized gain (loss) arising during the year	6,243	(1,795)
Reclassification adjustment for realized gains	(740)	(332)
Reclassification adjustment for other-than-temporary impairment losses recognized	<u>-</u>	<u>32</u>
Net change in unrealized gain	5,503	(2,095)
Deferred income tax benefit on above change	(1,314)	(920)
One-time reclassification for newly enacted corporate tax rate	<u>(864)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>3,325</u>	<u>(1,175)</u>
Comprehensive income	\$ <u>20,405</u>	<u>13,447</u>

See accompanying Notes to Consolidated Financial Statements.

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Equity

Years Ended December 31, 2017 and 2016

(In thousands)

	<u>Retained Earnings</u>	<u>Accumulated Other Compre- hensive Income</u>	<u>Total</u>
Balance at December 31, 2015.....	\$ 151,041	2,277	153,318
Net earnings	14,622	-	14,622
Net change in unrealized gain on securities available for sale, net of income taxes of \$920	<u>-</u>	<u>(1,175)</u>	<u>(1,175)</u>
Balance at December 31, 2016.....	165,663	1,102	166,765
Net earnings	17,080	-	17,080
Net change in unrealized gain on securities available for sale, net of income taxes of \$1,314 and reclassification of newly enacted corporate tax rate	<u>(864)</u>	<u>4,189</u>	<u>3,325</u>
Balance at December 31, 2017.....	\$ <u>181,879</u>	<u>5,291</u>	<u>187,170</u>

See accompanying Notes to Consolidated Financial Statements.

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Cash Flows (In thousands)

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net earnings	\$ 17,080	14,622
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Provision for loan losses	1,445	-
Depreciation	1,627	1,543
Deferred income tax (benefit) expense	(1,864)	3,361
Net amortization of premiums and discounts on securities	6,619	2,540
Net amortization of deferred loan costs	183	69
Loss on sale of premise and equipment	-	121
Gain on sale of securities available for sale	(740)	(332)
Other than temporary impairment of securities	-	32
Net loss on sale of foreclosed real estate	9	4
Write-down of foreclosed real estate	49	24
Origination of loans held for sale, net	(698,350)	(936,807)
Proceeds from sale of loans held for sale and loan securitizations	698,071	965,693
Mortgage banking revenue	(8,104)	(7,926)
Income from bank-owned life insurance	(911)	(604)
(Increase) decrease in accrued interest receivable	(2,362)	371
Net increase in mortgage servicing rights	(2,723)	(6,487)
Decrease (increase) in other assets	42,535	(81,452)
Decrease (increase) in income tax receivable	243	(400)
(Decrease) increase in other liabilities	(101)	2,442
Net cash provided by (used in) operating activities	<u>52,706</u>	<u>(43,186)</u>
Cash flows from investing activities:		
Decrease (increase) in restricted cash	83,140	(62,619)
Purchases of securities available for sale	(399,407)	(71,997)
Principal repayments of securities available for sale	73,395	33,792
Maturities and calls of securities available for sale	9,582	6,158
Net proceeds from sales of securities available for sale	93,844	29,921
Principal repayments of securities held to maturity	32	-
Purchase of time deposits	(4,977)	(13,666)
Maturities of time deposits	-	2,628
Net increase in loans	(104,755)	(14,747)
Purchases of premises and equipment, net	(5,097)	(1,603)
Proceeds from sale of premise and equipment, net	-	99
Proceeds from sale of foreclosed real estate	1,172	1,399
Redemption (purchase) of Federal Home Loan Bank stock	1,184	(3,202)
Proceeds from BOLI claim	784	-
Net cash used in investing activities	<u>(251,103)</u>	<u>(93,837)</u>
Cash flows from financing activities:		
Increase in deposits	178,092	125,420
Increase in Federal Home Loan Bank advances	(32,500)	75,000
Net cash provided by financing activities	<u>145,592</u>	<u>200,420</u>
Net (decrease) increase in cash and cash equivalents	(52,805)	63,397
Cash and cash equivalents at beginning of year	<u>110,615</u>	<u>47,218</u>
Cash and cash equivalents at end of year	<u>\$ 57,810</u>	<u>110,615</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued
(In thousands)

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Supplemental disclosure of cash flow information –		
Cash paid during the year for:		
Income taxes	\$ <u>1,228</u>	<u>4,786</u>
Interest	\$ <u>4,686</u>	<u>2,278</u>
Noncash transactions:		
Loans transferred to foreclosed real estate	\$ <u>381</u>	<u>1,725</u>
Capitalized mortgage servicing rights	\$ <u>4,701</u>	<u>8,982</u>
Net change in unrealized gain on securities available for sale, net of taxes	\$ <u>(3,325)</u>	<u>(1,175)</u>
One-time reclassification for newly enacted tax rate	\$ <u>(864)</u>	<u>-</u>

See accompanying Notes to Consolidated Financial Statements.

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

At December 31, 2017 and 2016 and for the Years Then Ended

(1) Organization and Summary of Significant Accounting Policies

Organization. First Federal Bancorp, MHC is a federally-chartered, mutual holding company. The Company through its subsidiary First Federal Bancorp, Inc. (a federal corporation) ("FFBI") owns First Federal Bank of Florida (the "Bank" or "First Federal") which serves its customers through 17 branches across North Florida. The Bank has two loan production offices located in Florida and Wisconsin. Lines of business include a mortgage processing company, wholesale lending, warehouse lending, consumer direct lending and manufactured housing lending. The Bank's deposits are insured up to the applicable limits by the Federal Deposit Insurance Corporation ("FDIC"). During the year ended December 31, 2017 the Company dissolved subsidiaries of the Bank. These were First Federal Financial Services Corporation ("FFFSC"), an investment advisor, Suwannee Valley Service Corporation, a real estate development company, and Community Tax Stabilization Fund, Inc., formerly FF Purchasing Corporation, a company that invested in tax liens.

On November 7, 2017, the Company announced the signing of a definitive merger agreement under which the Company will acquire Coastal Banking Company, Inc. (CBCO). Under the terms of the agreement the Company will pay \$21.50 per share for each CBCO common share and stock option outstanding in a transaction valued at approximately \$83.2 million. The Company has received all regulatory approvals and has a tentative closing date of April 2, 2018.

In April of 2017 the Company established a new subsidiary of the Bank. FFBF Investments, Inc., is a Delaware based company to perform investment management for the Bank.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The following summarizes the more significant of these policies and practices:

Subsequent Events. Management has evaluated all significant events occurring subsequent to the balance sheet date through March 28, 2018, which is the date the consolidated financial statements were available to be issued, determining no events require additional disclosure in the consolidated financial statements.

Principles of Consolidation. The consolidated financial statements include the accounts of First Federal Bancorp, MHC and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Estimates. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in its near term relate to the determination of whether a security is other-than-temporarily impaired and the allowance for loan losses.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents. For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, due from banks and interest-earning deposits with banks, all of which have original maturities of less than ninety days.

The Company may be required under Federal Reserve Board regulations to maintain reserves, generally consisting of cash, interest-bearing deposits with the Federal Reserve Bank or noninterest-earning accounts with qualifying banks, against its transaction accounts. Required reserves were \$2.3 million and \$2.2 million at December 31, 2017 and 2016, respectively.

Restricted Cash. The Bank may use cash as well as securities to collateralize its participation in the State of Florida Qualified Public Depositor Program. The cash was held in trust by the State of Florida and can be released by request of the Bank so long as the required collateral was maintained. There was no restricted cash at December 31, 2017.

Securities. The Company may classify its securities as either trading, held to maturity or available for sale. Trading securities are held principally for resale and recorded at their fair values. Unrealized gains and losses on trading securities are included immediately in earnings. Held-to-maturity securities are those which the Company has the positive intent and ability to hold to maturity and are reported at amortized cost. Available-for-sale securities consist of securities not classified as trading securities nor as held-to-maturity securities. Unrealized holding gains and unrealized losses, net of tax, on available-for-sale securities are excluded from earnings and reported in accumulated other comprehensive income. Gains and losses on the sale of securities are determined using the specific-identification method. Premiums and discounts on securities available for sale and held to maturity are recognized in interest income using the interest method over the period to maturity.

The Company assesses individual securities in its investment securities portfolio for impairment at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. An investment is impaired if the fair value of the security is less than its carrying value at the financial statement date. When a security is impaired, the Company then determines whether this impairment is temporary or other-than-temporary. In estimating other-than-temporary impairment ("OTTI") losses, management assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is recognized in earnings. For securities that do not meet the aforementioned criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while impairment related to other factors is recognized in accumulated other comprehensive income. Management utilizes cash flow models to segregate impairments to distinguish between impairment related to credit losses and impairment related to other factors.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Securities, Continued. To assess for OTTI, management considers, among other things, (i) the severity and duration of the impairment; (ii) the ratings of the security; (iii) the overall transaction structure (the Company's position within the structure, the aggregate, near-term financial performance of the underlying collateral, delinquencies, defaults, loss severities, recoveries, prepayments, cumulative loss projections, and discounted cash flows); and (iv) the timing and magnitude of a break in modeled cash flows.

Loans Held for Sale, Net. Mortgage loans originated and intended for sale in the secondary market are carried at market value in the aggregate. Net unrealized gains and (losses), if any, are recognized through a valuation allowance and are included in earnings.

Loans. Loans are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs.

Loan origination fees are deferred and certain direct origination costs are capitalized. Both are recognized as an adjustment of the yield of the related loan.

The accrual of interest on all portfolio classes is discontinued at the time the loan is ninety days delinquent unless the loan is well collateralized and in process of collection. Guaranteed loans that are 90+ days past due and accruing are well secured by guarantees from the U.S. Government and are in the process of collection or being rehabilitated to be held for sale. Guarantees cover the principal basis in these loans and interest will be paid by the guarantor through the claim payment date. Loans which are guaranteed through U.S. Government programs that are in the process of foreclosure are placed on nonaccrual as recovery of the contract interest is no longer covered by the guarantee. Generally claims on guaranteed student loans cannot be filed until the loan has been delinquent more than 270 days. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses. The allowance for loan losses is established as losses are estimated to have occurred through a credit for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. There were no changes in the Company's accounting policies or methodology during the years ended December 31, 2017 or 2016.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Allowance for Loan Losses, Continued. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For such loans, an allowance is established when the discounted cash flows or the collateral value of the impaired loan is lower than the carrying value of that loan. The general component covers nonimpaired and is based on historical loss experience, adjusted for qualitative factors.

The historical loss component of the allowance is determined by losses recognized by portfolio segment over the preceding two years. This is supplemented by the risks for each portfolio segment. Risk factors impacting loans in each of the portfolio segments include any deterioration of property values, reduced consumer and business spending as a result of unemployment and reduced credit availability and lack of confidence in the economy. The historical experience is adjusted for qualitative factors including, economic conditions, industry specific factors, portfolio and other trends or uncertainties that could affect management's estimate of probable losses.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for all loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral-dependent.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Servicing. Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are amortized in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Prior to 2014, the Company recorded servicing assets based on the lower of cost or market. Beginning in 2014, the Company began recording servicing assets at fair value. Servicing assets are evaluated for impairment based upon the fair value of the rights compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum. At December 31, 2017 and 2016, all impairment of servicing assets has been recorded.

Premises and Equipment. Land is carried at cost. Building and improvements and furniture and equipment are carried at cost, less accumulated depreciation computed using the straight-line and accelerated methods over the estimated life of the assets. Interest costs are capitalized in connection with the construction of new banking offices.

Foreclosed Real Estate. Real estate acquired through, or in lieu of, foreclosure, is initially recorded at fair value less selling costs establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the foreclosed real estate is carried at the lower of the new cost basis or fair value less selling costs. Revenue and expenses from operations and changes in the valuation allowance are included in earnings.

Goodwill and Core Deposit Intangibles. Goodwill represents the excess of the acquisition cost over the fair value of the net assets acquired in acquisitions. GAAP requires goodwill to be tested for impairment on an annual basis and between annual tests in certain circumstances, and written down when impaired. Management has internally evaluated goodwill in accordance with GAAP and determined, based on a qualitative assessment, that it is not more-likely-than-not that the fair value of the reporting unit is less than its carrying value as of December 31, 2017 and 2016 and therefore has determined that there was no impairment of goodwill during the years ended December 31, 2017 and 2016. There can be no assurance that future goodwill impairment tests will not result in a charge to earnings. As of December 31, 2017 and 2016, the Company had goodwill in the amount of \$1.73 million which is included in other assets in the accompanying consolidated balance sheets.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Goodwill and Core Deposit Intangibles, Continued. The core deposit intangibles (“CDI”) are intangible assets arising from either branch acquisitions or whole bank acquisitions. CDI are initially measured at fair value and then amortized up to ten years on a straight-line basis using projected decay rates of the underlying core deposits. The principal factors considered when valuing the CDI consist of the following: (1) the rate and maturity structure of the interest bearing liabilities, (2) estimated retention rates for each deposit liability category, (3) the current interest rate environment and (4) estimated noninterest income potential of the acquired relationship. The CDI is evaluated periodically for impairment. As of December 31, 2016 the Company determined the CDI was not impaired.

Asset acquired through acquisitions included intangible assets consisting of CDI are as follows (dollars in thousands):

<u>Acquisition</u>	<u>Core Deposit Intangible Acquired</u>	<u>Period of Amortization</u>	<u>Amortization Recognized in</u>		<u>Remaining Core Deposit Intangible at December 31,</u>	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
The Bank of Bonifay.....	\$ 777	90 months	\$ 90	103	-	90
Chipola Community.....	6	33 months	-	1	-	-
Bank of Jackson County	<u>556</u>	48 months	<u>139</u>	<u>139</u>	<u>-</u>	<u>139</u>
	<u>\$ 1,339</u>		<u>\$ 229</u>	<u>243</u>	<u>-</u>	<u>229</u>

The CDI was included in other assets in accompanying consolidated balance sheets.

Transfer of Financial Assets. Transfers of financial assets or a participating interest in an entire financial asset are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. A participating interest is a portion of an entire financial asset that (1) conveys proportionate ownership rights with equal priority to each participating interest holder (2) involves no recourse (other than standard representations and warranties) to, or subordination by, any participating interest holder, and (3) does not entitle any participating interest holder to receive cash before any other participating interest holder.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Mortgage Banking Revenue. Mortgage banking revenue includes gains on the sale of loans originated for sale, gains on the sale of loans originated for securitization by third parties and the fair market value adjustment on loans held for sale at fair value. The Company recognizes mortgage banking revenue from mortgage loans originated and securitized in the consolidated statements of earnings upon sale of the loans.

Income Taxes. There are two components of income taxes: current and deferred. Current income taxes reflect taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income taxes result from changes in deferred tax assets and liabilities between periods.

Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. As of December 31, 2017, management is not aware of any uncertain tax positions that would have a material effect on the Company's consolidated financial statements.

The Company recognizes interest and penalties on income taxes if any as a component of income tax expense.

The Holding Companies and the Bank file consolidated income tax returns. Income taxes are allocated proportionately to the Holding Company and the Bank as though separate income tax returns were filed.

Off-Balance-Sheet Financial Instruments. In the ordinary course of business the Company has entered into off-balance-sheet financial instruments consisting of unused lines of credit, undisbursed loans in process, commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they are funded.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Derivative Financial Instruments. Derivative financial instruments are recognized as assets or liabilities in the accompanying consolidated balance sheets and measured at fair value.

Rate-Lock Commitments and Forward Loan Sale Contracts. The Company enters into commitments to originate loans whereby the interest-rate on the loan is determined prior to funding (rate-lock commitments). Rate-lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. Accordingly, such commitments, along with any related fees received from potential borrowers, are recorded at fair value in derivative assets or liabilities, with changes in fair value recorded in the net gain or loss on sale of mortgage loans. Fair value is based on fees currently charged to enter into similar agreements, and for fixed-rate commitments, the difference between current levels of interest rates and the committed rates is also considered.

The Company utilizes forward loan sale contracts to mitigate the interest-rate risk inherent in the Company's mortgage loan pipeline or rate-lock commitments and held-for-sale portfolio. Forward loan sale contracts are contracts for future delivery of mortgage loans. The Company agrees to deliver on a specified future date, a specified amount of loans, at a specified price or yield. However, the contract may allow for cash settlement. The credit risk inherent to the Company arises from the potential inability of counterparties to meet the terms of their contracts. In the event of nonacceptance by the counterparty, the Company would be subject to the credit risk of the loans retained. Such contracts are accounted for as derivatives and, along with related fees paid to investors, are recorded at fair value in derivative assets or liabilities, with changes in fair value recorded in mortgage banking revenue. Fair value is based on the estimated amounts that the Company would receive or pay to terminate the commitment at the reporting date.

Fair Value Measurements. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued.

Level 3: Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The following describes valuation methodologies used for assets and liabilities measured at fair value:

Securities Available for Sale. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include certain collateralized mortgage and debt obligations, U.S. Government agency bonds, corporate bonds, municipal bonds, and certain high-yield debt securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. Securities classified within Level 3 include certain residual interests in securitizations and other less liquid securities.

Derivatives. Exchange-traded derivatives that are valued using quoted prices are classified within Level 1 of the valuation hierarchy. However, few classes of derivative contracts are listed on an exchange; thus, the majority of the derivative positions are valued by the investment banker using their models and are classified within Level 2 of the valuation hierarchy. Derivatives that are valued based upon models with significant unobservable market parameters and that are normally traded less actively or have trade activity that is one way are classified within Level 3 of the valuation hierarchy and are also valued by the Company's investment banker. Such derivatives are rate-lock commitments or forward sale contracts.

Impaired Loans. The Company's impaired loans are normally collateral dependent and, as such, are carried at the lower of the Company's net recorded investment in the loan or the estimated fair value of the collateral less estimated selling costs. Estimates of fair value are determined based on a variety of information, including the use of available appraisals, estimates of market value by licensed appraisers or local real estate brokers and the knowledge and experience of the Company's management related to values of properties in the Company's market areas. Management takes into consideration the type, location and occupancy of the property as well as current economic conditions in the area the property is located in assessing estimates of fair value. Accordingly, fair value estimates for impaired loans is classified as Level 3.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Loans Held for Sale, Net. Loans held for sale, net primarily consist of loans that are valued based on traded market prices of similar assets, a Level 2 measurement.

Foreclosed Real Estate. The Company's foreclosed real estate is recorded at the lower of cost or fair value less estimated selling costs. Estimates of fair values are determined based on a variety of information, including the use of available appraisals, estimates of market value by licensed appraisers or local real estate brokers and the knowledge and experience of the Company's management related to values of properties in the Company's market areas. Management takes into consideration the type, location and occupancy of the property as well as current economic conditions in the area the property is located in assessing estimates of fair value. Accordingly, the fair values estimates for foreclosed real estate are classified as Level 3.

Mortgage Servicing Rights. The fair value of mortgage servicing rights is based on a valuation model that calculates the present value of estimated net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income. The Company is able to compare the valuation model inputs and results to widely available published industry data for reasonableness. Mortgage servicing rights were valued using Level 3 inputs.

Fair Values of Financial Instruments. The following methods and assumptions were used by the Company in estimating fair values of financial instruments:

Cash and Cash Equivalents. The carrying amounts of cash approximate fair value.

Restricted Cash: The carrying amounts of restricted cash approximate fair value.

Time Deposits. The carrying amounts of time deposits approximate fair value.

Securities. Fair values for securities held to maturity and available for sale are based on the framework for measuring fair value.

Loans Held for Sale, Net. The fair value of loans held for sale, net is based on the framework for measuring fair value.

Loans. For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for fixed-rate mortgage loans (for example, fixed-rate one-to-four family residential) and consumer loans are estimated by discounting the estimated future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings for the same remaining maturities. Fair values for impaired loans are based on the framework for measuring fair value.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Fair Value of Financial Instruments, Continued.

Accrued Interest Receivable. The carrying amount of accrued interest receivable approximates its fair value.

Federal Home Loan Bank Stock. The stock is not publicly traded and the estimated fair value is based on its redemption value.

Mortgage Servicing Rights. The fair value of residential mortgage servicing rights is based on the framework for measuring fair value.

Deposits. The fair value estimated for demand deposits (e.g., interest and noninterest-bearing NOW accounts, passbook savings, and money-market accounts) is, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on time deposits to a schedule of aggregate expected monthly time deposit maturities.

Federal Home Loan Bank ("FHLB") Advances. The fair value of FHLB Advances is estimated using discounted cash flow analysis based on the Company's current incremental borrowing rates for similar types of borrowings.

Accrued Interest Payable. The carrying amount of accrued interest payable approximates its fair value.

Derivative Financial Instruments. The fair value of derivative financial instruments is based on the framework for measuring fair value.

Off-Balance Sheet Instruments. Fair values of off-balance sheet lending commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standings.

Comprehensive Income. GAAP requires that recognized revenue, expenses, gains and losses be included in earnings. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the consolidated balance sheet, such items, along with net earnings and the one-time reclassification of the newly enacted corporate tax rate, are components of comprehensive income. The tax effects of items included in accumulated other comprehensive income are released as each individual item matures, sold or dispose of.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Reclassifications. Certain amounts in the 2016 consolidated financial statements have been reclassified to conform to the 2017 presentation.

Recent Pronouncements. In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The ASU requires equity investments to be measured at fair value with changes in fair values recognized in net earnings, simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment and eliminates the requirement to disclose fair values, the methods and significant assumptions used to estimate the fair value of financial instruments, measured at amortized cost. The ASU also clarifies that the Company should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities in combination with the Company's other deferred tax assets. These amendments are effective for the Company beginning January 1, 2019. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Lease (Topic 842)* which will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with a term of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The new ASU will require both types of leases to be recognized on the consolidated balance sheets. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the consolidated financial statements. The ASU is effective for fiscal years beginning after December 15, 2019 and for interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is in the process of determining the effect of the ASU on its consolidated financial statements.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Recent Pronouncements, Continued. In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13 *Financial Instruments-Credit Losses (Topic 326)*. The ASU requires the Company to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. The Company will continue to use judgment to determine which loss estimation method is appropriate for their circumstances. The ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. Additionally, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The ASU is effective for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is in the process of determining the effect of the ASU on its consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-08, *Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20); Premium Amortization on Purchased Callable Debt Securities*. The ASU shortens the amortization period for certain callable debt securities held at a premium, the ASU requires the premium to be amortized to the earliest call date. No accounting change is required for securities held at a discount. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company has early adopted this ASU and did not have a material impact on the Company's consolidated financial statements.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Organization and Summary of Significant Accounting Policies, Continued

Recent Pronouncements, Continued. In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The ASU provides a screen to determine when an integrated set of assets and activities (a "set") is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If the screen is not met, the ASU (1) requires that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. The amendments provide a framework to assist entities in evaluating whether both an input and a substantive process are present. The framework includes two sets of criteria to consider that depend on whether a set has outputs. Although outputs are not required for a set to be a business, outputs generally are a key element of a business. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815) Targeted Improvements to Accounting for Hedge Activities*. The ASU better aligns an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. To meet that objective, the ASU expands and refines hedge accounting for both nonfinancial and financial risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement Reporting Comprehensive Income (Topic 220)*. The ASU provides an option for a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the newly enacted federal corporate income tax rate. The amount of the reclassification would be the difference between the historical corporate income tax rate and the newly enacted 21% corporate income tax rate. The Company early adopted the ASU. The effects of the ASU were to increase accumulated other comprehensive income by \$864,000 and decrease retained earnings by the same amount.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2) Securities

Securities have been classified according to management's intention. The carrying amounts of securities and their fair value are summarized as follows (in thousands):

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Securities Available for Sale:				
<i>At December 31, 2017:</i>				
U.S. Government agency bonds	\$ 1,027	-	(24)	1,003
Corporate bonds.....	4,500	157	-	4,657
Municipal securities.....	212,551	5,804	(132)	218,223
Collateralized mortgage obligations	111,243	2,130	(736)	112,637
SBA pool securities	87,057	326	(95)	87,288
Asset-backed securities	15,420	81	-	15,501
Mortgage-backed securities	<u>22,171</u>	<u>28</u>	<u>(455)</u>	<u>21,744</u>
	\$ <u>453,969</u>	<u>8,526</u>	<u>(1,442)</u>	<u>461,053</u>
<i>At December 31, 2016:</i>				
U.S. Government agency bonds	\$ 2,484	-	(42)	2,442
Corporate bonds.....	1,000	29	-	1,029
Municipal securities.....	53,086	2,189	(443)	54,832
Collateralized mortgage obligations	103,066	1,707	(1,200)	103,573
SBA pool securities	11,898	28	(124)	11,802
Asset-backed securities	16,795	-	(129)	16,666
Mortgage-backed securities	<u>48,933</u>	<u>61</u>	<u>(495)</u>	<u>48,499</u>
	\$ <u>237,262</u>	<u>4,014</u>	<u>(2,433)</u>	<u>238,843</u>
Securities Held to Maturity:				
<i>At December 31, 2017-</i>				
Corporate bonds	\$ <u>88</u>	<u>48</u>	<u>-</u>	<u>136</u>
<i>At December 31, 2016-</i>				
Corporate bonds	\$ <u>120</u>	<u>77</u>	<u>-</u>	<u>197</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2) Securities, Continued

The following summarizes sales of securities (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Proceeds.....	\$ <u>93,844</u>	<u>29,921</u>
Gross gains	996	982
Gross losses	<u>(256)</u>	<u>(650)</u>
Net gain.....	\$ <u>740</u>	<u>332</u>

The scheduled maturities of securities at December 31, 2017 are as follows (in thousands):

	<u>Securities Available for Sale</u>		<u>Securities Held to Maturity</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Due before one year	\$ 1,980	2,045	-	-
Due after one year through five years.....	17,296	18,342	-	-
Due after five through ten years ...	196,860	201,247	-	-
Due thereafter	1,942	2,249	88	136
Collateralized mortgage obligations	111,243	112,637	-	-
SBA pool securities	87,057	87,288	-	-
Asset-backed securities.....	15,420	15,501	-	-
Mortgage-backed securities	<u>22,171</u>	<u>21,744</u>	<u>-</u>	<u>-</u>
	\$ <u>453,969</u>	<u>461,053</u>	<u>88</u>	<u>136</u>

At December 31, 2017 and 2016, the Company pledged, as collateral for state and municipal deposits, securities with a carrying value of \$109,148,000 and \$0, respectively.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2) Securities, Continued

The Company's securities available for sale with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows (in thousands):

	<u>Less Than Twelve Months</u>		<u>Over Twelve Months</u>	
	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<i>December 31, 2017:</i>				
U.S. Government agency bonds	\$ -	-	(24)	1,003
Municipal securities.....	(40)	11,932	(92)	8,136
Collateralized mortgage obligations	(456)	48,710	(280)	17,517
SBA pool securities	(36)	20,479	(59)	4,548
Mortgage-backed securities	(116)	10,362	(339)	6,752
Total.....	\$ (648)	91,483	(794)	37,956
<i>December 31, 2016:</i>				
U.S. Government agency bonds	\$ (15)	1,009	(27)	1,433
Municipal securities.....	(443)	11,601	-	-
Collateralized mortgage obligations	(587)	50,577	(613)	27,678
SBA pool securities	(114)	7,566	(10)	586
Asset-backed securities.....	(129)	16,666	-	-
Mortgage-backed securities	(407)	19,501	(88)	2,527
Total.....	\$ (1,695)	106,920	(738)	32,224

At December 31, 2017 and 2016 the unrealized losses on 55 and 59 investment securities available for sale, respectively, were caused by market conditions. It is expected that the securities would not be settled at a price less than the par value of the investments. Because the decline in fair value is attributable to changes in market conditions and not credit quality, and because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2) Securities, Continued

The Company invests in residential Collateralized Mortgage Obligations ("CMO's") included in securities available for sale and corporate bonds held to maturity. Quarterly, management stress tests all CMO's and corporate bonds via a third party resource that takes into account housing price appreciation (depreciation), interest rates, expected loss trends, both nationally and in geographic areas represented by the CMO and future cash flows of the corporate bonds. These stress tests are done, where data is available, at the individual loan level, opposed to using averages from services such as Bloomberg. If these stress tests indicate, on a present value basis, the Company will not receive the contracted cash flows; the Company makes an other-than-temporary impairment charge through the consolidated statements of earnings. Based on the lack of an active market and the results of the Company's continuing valuation of the underlying collateral and cash flows of these securities, these securities have been deemed as other-than-temporarily impaired. Based on current accounting policies, the portion of losses deemed as credit losses is charged against earnings and the portion deemed as noncredit losses is included in other comprehensive loss. As of December 31, 2017, the Company's management does not intend to sell these securities, nor is it more likely than not that the Company will be required to sell the securities for liquidity or other reasons.

The following tables provide various information regarding the Company's securities deemed other-than-temporarily impaired (in thousands):

	Year Ended December 31,			
	2017		2016	
	Impairment Losses	Fair Value	Impairment Losses	Fair Value
<i>Securities Available for Sale-</i>				
Collateralized mortgage obligations	\$ -	706	(32)	806
<i>Securities Held to Maturity-</i>				
Corporate bonds.....	\$ -	136	-	197

The Company will continue to evaluate the investment ratings in the securities portfolio, severity in pricing declines, market price quotes along with timing and receipt of amounts contractually due. Based upon these and other factors, the securities portfolio may experience further impairment.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans

The segments and classes of loans are summarized as follows (in thousands):

	<u>At December 31,</u>	
	<u>2017</u>	<u>2016</u>
Real estate mortgage loans:		
Commercial real estate	\$ 156,821	141,780
Residential real estate	110,193	105,599
Construction and land.....	<u>41,310</u>	<u>28,466</u>
Total real estate mortgage loans.....	308,324	275,845
Commercial loans:		
Warehouse lines of credit	148,325	130,756
Other Commercial	<u>52,040</u>	<u>43,264</u>
Total commercial loans	200,365	174,020
Consumer loans	<u>152,577</u>	<u>109,198</u>
Subtotal.....	661,266	559,063
Deduct (add):		
Allowance for loan losses.....	5,435	4,797
Loan discount	1,321	2,429
Net deferred loan origination fees (costs).....	<u>(65)</u>	<u>8</u>
Loans, net	\$ <u>654,575</u>	<u>551,829</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

An analysis of the change in the allowance for loan losses follows (in thousands):

	Real Estate Mortgage Loans	Commercial Loans	Consumer Loans	Total
<i>Year Ended December 31, 2017:</i>				
Beginning balance.....	\$ 2,593	1,114	1,090	4,797
Provision (credit) for loan losses.....	512	(190)	1,123	1,445
Charge-offs.....	(330)	(38)	(832)	(1,200)
Recoveries.....	<u>209</u>	<u>7</u>	<u>177</u>	<u>393</u>
Ending balance.....	\$ <u>2,984</u>	<u>893</u>	<u>1,558</u>	<u>5,435</u>
<i>Year Ended December 31, 2016:</i>				
Beginning balance.....	\$ 2,911	1,145	1,249	5,305
(Credit) provision for loan losses.....	(101)	(43)	144	-
Charge-offs.....	(262)	(4)	(586)	(852)
Recoveries.....	<u>45</u>	<u>16</u>	<u>283</u>	<u>344</u>
Ending balance.....	\$ <u>2,593</u>	<u>1,114</u>	<u>1,090</u>	<u>4,797</u>
<i>At December 31, 2017:</i>				
Balance in allowance for loan losses:				
Individually evaluated for impairment.....	\$ 95	1	-	96
Collectively evaluated for impairment.....	<u>2,889</u>	<u>892</u>	<u>1,558</u>	<u>5,339</u>
Total ending allowance balance.....	\$ <u>2,984</u>	<u>893</u>	<u>1,558</u>	<u>5,435</u>
Recorded investment:				
Individually evaluated for impairment.....	\$ 6,917	2	111	7,030
Collectively evaluated for impairment.....	<u>301,407</u>	<u>200,363</u>	<u>152,466</u>	<u>654,236</u>
Total ending loan balance.....	\$ <u>308,324</u>	<u>200,365</u>	<u>152,577</u>	<u>661,266</u>
<i>At December 31, 2016:</i>				
Balance in allowance for loan losses:				
Individually evaluated for impairment.....	\$ 158	-	-	158
Collectively evaluated for impairment.....	<u>2,435</u>	<u>1,114</u>	<u>1,090</u>	<u>4,639</u>
Total ending allowance balance.....	\$ <u>2,593</u>	<u>1,114</u>	<u>1,090</u>	<u>4,797</u>
Recorded investment:				
Individually evaluated for impairment.....	\$ 11,426	171	152	11,749
Collectively evaluated for impairment.....	<u>264,419</u>	<u>173,849</u>	<u>109,046</u>	<u>547,314</u>
Total ending loan balance.....	\$ <u>275,845</u>	<u>174,020</u>	<u>109,198</u>	<u>559,063</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

The Company has divided the loan portfolio into three portfolio segments, each with different risk characteristics and methodologies for assessing risk. All loans are underwritten based upon standards set forth in the policies approved by the Company's Board of Directors. The portfolio segments identified by the Company are as follows:

Real Estate Mortgage Loans. Real estate mortgage loans are typically segmented into three classes: Commercial real estate, Residential real estate and Construction and Land. Commercial real estate loans are secured by the subject property and are approved based on standards that include, among other factors, loan to value limits, cash flow coverage and general creditworthiness of the obligors. Residential real estate loans are underwritten based on repayment capacity and source, value of the underlying property, credit history and stability. Construction loans to borrowers are to finance the construction of owner occupied and lease properties. These loans are categorized as construction loans during the construction period, later converting to commercial or residential real estate loans after the construction is complete and amortization of the loan begins. Construction loans are approved based on an analysis of the borrower and guarantor, the viability of the project and on an acceptable percentage of the appraised value of the property securing the loan. Construction loan funds are disbursed periodically based on the percentage of construction completed. The Company carefully monitors these loans with on-site inspections and requires the receipt of lien waivers on funds advanced. Construction loans are typically secured by the properties under development or construction, and personal guarantees are typically obtained. Further, to assure that reliance is not placed solely on the value of the underlying property, the Company considers the market conditions and feasibility of proposed projects, the financial condition and reputation of the borrower and guarantors, the amount of the borrower's equity in the project, independent appraisals, costs estimates and pre-construction sale information. The Company also makes loans on occasion for the purchase of land for future development by the borrower. Land loans are extended for the future development for either commercial or residential use by the borrower. The Company carefully analyzes the intended use of the property and the viability thereof.

Commercial Loans. Commercial loans are segmented into two classes: warehouse lines of credit and other commercial loans. Warehouse lending provides a line of credit to mortgage bankers throughout the United States who use the lines to fund 1-4 family residential lending for sale within 90 days into the secondary market. Other commercial loans are primarily underwritten on the basis of the borrowers' ability to service such debt from income. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. As a general practice, the Bank takes as collateral a security interest in mortgage loans, any available equipment, or other chattel, although loans may also be made on an unsecured basis. Collateralized working capital loans typically are secured by short-term assets whereas long-term loans are primarily secured by long-term assets.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

Consumer Loans. Consumer loans are extended for various purposes, including purchases of automobiles, recreational vehicles, and boats. The Company also offers lines of credit, personal loans, and deposit account collateralized loans. Consumer loans include guaranteed student loans purchased at approximately 99% of principal balance outstanding and the principal balance of such loans is approximately 98% guaranteed by the U.S. Department of Education. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels. Loans to consumers are extended after a credit evaluation, including the creditworthiness of the borrower(s), the purpose of the credit, and the secondary source of repayment. Consumer loans are made at fixed and variable interest rates and may be made on terms of up to ten years. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

The following summarizes the loan credit quality (in thousands):

	<u>Real Estate Mortgage Loans</u>					
	<u>Commercial Real Estate</u>	<u>Residential Real Estate</u>	<u>Construction and Land</u>	<u>Commercial Loans</u>	<u>Consumer Loans</u>	<u>Total</u>
<i>Credit Risk Profile by Internally Assigned Grade:</i>						
<i>At December 31, 2017:</i>						
Grade:						
Pass	\$ 131,195	106,370	40,286	199,531	151,855	629,237
Special mention.....	17,760	119	-	805	95	18,779
Substandard.....	<u>7,866</u>	<u>3,704</u>	<u>1,024</u>	<u>29</u>	<u>627</u>	<u>13,250</u>
Total	<u>\$ 156,821</u>	<u>110,193</u>	<u>41,310</u>	<u>200,365</u>	<u>152,577</u>	<u>661,266</u>
<i>At December 31, 2016:</i>						
Grade:						
Pass	\$ 126,754	102,168	26,907	173,525	108,961	538,315
Special mention.....	5,007	168	-	281	21	5,477
Substandard.....	<u>10,019</u>	<u>3,263</u>	<u>1,559</u>	<u>214</u>	<u>216</u>	<u>15,271</u>
Total	<u>\$ 141,780</u>	<u>105,599</u>	<u>28,466</u>	<u>174,020</u>	<u>109,198</u>	<u>559,063</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes nonhomogeneous loans, such as commercial and commercial real estate loans. This analysis is performed on at least an annual basis.

Loans excluded from the review process above are generally classified as pass credits until: (a) they become past due; (b) management becomes aware of a deterioration in the credit worthiness of the borrower; or (c) the customer contacts the Company for a modification. In these circumstances, the loan is specifically evaluated for potential classification as to special mention, substandard or even charged-off. The Company uses the following definitions for risk ratings:

Pass – A Pass loan's primary source of loan repayment is satisfactory, with secondary sources very likely to be realized if necessary.

Special Mention – A Special Mention loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in the deterioration of the repayment prospects for the asset or the Company's credit position at some future date. Special Mention loans are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Substandard – A Substandard loan is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful – A loan classified Doubtful has all the weaknesses inherent in one classified Substandard with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss – A loan classified Loss is considered uncollectible and of such little value that continuance as a bankable asset is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

An analysis of past-due loans is as follows (in thousands):

	Accruing Loans						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Nonaccrual Loans	Total Loans
<i>At December 31, 2017:</i>							
Real estate mortgage loans:							
Commercial real estate.....	\$ 165	23	-	188	156,082	551	156,821
Residential real estate ⁽²⁾	3,325	1,536	31,617	36,478	72,024	1,691	110,193
Construction and land	2,052	-	-	2,052	38,603	655	41,310
Commercial loans.....	446	25	-	471	199,892	2	200,365
Consumer loans ⁽¹⁾	<u>1,725</u>	<u>1,140</u>	<u>1,857</u>	<u>4,722</u>	<u>147,759</u>	<u>96</u>	<u>152,577</u>
Total	<u>\$ 7,713</u>	<u>2,724</u>	<u>33,474</u>	<u>43,911</u>	<u>614,360</u>	<u>2,995</u>	<u>661,266</u>
<i>At December 31, 2016:</i>							
Real estate mortgage loans:							
Commercial real estate.....	\$ 967	144	-	1,111	137,481	3,188	141,780
Residential real estate ⁽²⁾	2,566	1,670	21,595	25,831	78,114	1,654	105,599
Construction and land	2,005	-	-	2,005	25,416	1,045	28,466
Commercial loans.....	56	-	-	56	173,943	21	174,020
Consumer loans ⁽¹⁾	<u>1,279</u>	<u>1,061</u>	<u>2,068</u>	<u>4,408</u>	<u>104,661</u>	<u>129</u>	<u>109,198</u>
Total	<u>\$ 6,873</u>	<u>2,875</u>	<u>23,663</u>	<u>33,411</u>	<u>519,615</u>	<u>6,037</u>	<u>559,063</u>

(1) At December 31, 2017 and 2016, guaranteed student loans were \$13.5 million and \$16.1 million, respectively. Guaranteed student loans of \$1.4 million and \$1.9 million at December 31, 2017 and 2016 that are 90+ days past due and accruing are well secured by guarantees from the U.S. Government and are in the process of collection. Guarantees cover the principal basis in these loans and interest will be paid by the guarantor through the claim payment date. Generally claims on guaranteed student loans cannot be filed until the loan has been delinquent more than 270 days. As of December 31, 2017 and 2016, there were \$135,000 and \$211,000, respectively, of student loans 270+ days past due and accruing. At December 31, 2017 and 2016, FHA Title I loans were \$48.8 million and \$17.0 million, respectively. FHA Title I loans of \$450,000 and \$120,000 at December 31, 2017 and 2016, respectively, that are 90+ days past due and accruing are well secured by guarantees from the U.S. Government and are in the process of collection.

(2) Guaranteed loans in the process of collection or being rehabilitated to be held for sale were \$38.1 million and \$21.6 million at December 31, 2017 and 2016, respectively.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

The following summarizes the amount of impaired loans (in thousands):

	With No Related Allowance Recorded		With an Allowance Recorded			Total		
	Unpaid Contractual		Unpaid Contractual			Unpaid Contractual		
	Recorded Investment	Principal Balance	Recorded Investment	Principal Balance	Related Allowance	Recorded Investment	Principal Balance	Related Allowance
December 31, 2017:								
Real estate mortgage loans:								
Commercial real estate	\$ 2,264	2,619	399	444	95	2,663	3,063	95
Residential real estate	3,599	4,267	-	-	-	3,599	4,267	-
Construction and land	655	828	-	-	-	655	828	-
Commercial loans	-	-	2	7	1	2	7	1
Consumer loans	111	118	-	-	-	111	118	-
	<u>\$ 6,629</u>	<u>7,832</u>	<u>401</u>	<u>451</u>	<u>96</u>	<u>7,030</u>	<u>8,283</u>	<u>96</u>
December 31, 2016:								
Real estate mortgage loans:								
Commercial real estate	\$ 6,238	6,749	835	851	158	7,073	7,600	158
Residential real estate	3,308	3,897	-	-	-	3,308	3,897	-
Construction and land	1,045	1,057	-	-	-	1,045	1,057	-
Commercial loans	171	171	-	-	-	171	171	-
Consumer loans	152	181	-	-	-	152	181	-
	<u>\$ 10,914</u>	<u>12,055</u>	<u>835</u>	<u>851</u>	<u>158</u>	<u>11,749</u>	<u>12,906</u>	<u>158</u>

The average net investment in impaired loans and interest income recognized and received on impaired loans are as follows (in thousands):

	Average Recorded Investment	Interest Income Recognized	Interest Income Received
Year Ended December 31, 2017:			
Real estate mortgage loans:			
Commercial real estate	\$ 4,051	141	235
Residential real estate	3,482	110	236
Construction and land	1,635	6	111
Commercial loans	66	-	5
Consumer loans	126	4	9
	<u>\$ 9,360</u>	<u>261</u>	<u>596</u>
Year Ended December 31, 2016:			
Real estate mortgage loans:			
Commercial real estate	\$ 7,000	224	443
Residential real estate	3,565	89	193
Construction and land	710	1	15
Commercial loans	92	5	10
Consumer loans	377	4	19
	<u>\$ 11,744</u>	<u>323</u>	<u>680</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

Troubled debt restructurings ("TDR") during the years ended December 31, 2017 and 2016 are as follows (dollars in thousands):

	2017			2016		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
<i>Troubled Debt Restructurings:</i>						
Real estate mortgage loans:						
Commercial real estate:						
Modified amortization.....	2	\$ 60	60	1	\$ 161	161
Modified interest rate, principal and amortization	3	311	263	3	576	456
Residential real estate:						
Modified amortization.....	1	47	49	4	365	365
Modified interest rate and amortization	-	-	-	1	67	67
Modified interest rate, principal and amortization	3	222	171	2	96	87
Consumer loans:						
Modified interest rate and amortization	-	-	-	3	37	37
Modified interest rate, principal and amortization	-	-	-	1	6	6
	<u>9</u>	<u>\$ 640</u>	<u>543</u>	<u>15</u>	<u>\$ 1,308</u>	<u>1,179</u>

The allowance for loan losses on all classes or loans that have been restructured and are considered TDRs is included in the Company's specific reserve. The specific reserve is determined on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral-dependent. TDR's that have subsequently defaulted are considered collateral-dependent. There were no TDRs modified during the years ended December 31, 2017 or 2016 that subsequently defaulted during the same year.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

Net Deferred Loan Origination Fees (Costs). The following is an analysis of the change in the net deferred loan origination fees (costs) (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 8	(103)
Deferred loan origination fees	396	567
Capitalized direct underwriting costs	(652)	(525)
Net amortization	<u>183</u>	<u>69</u>
Ending balance	\$ <u>(65)</u>	<u>8</u>

Concentrations of Credit Risk. The Company grants the majority of its loans to borrowers throughout the Florida counties of Baker, Columbia, Hamilton, Holmes, Jackson, Lafayette, Nassau, Suwanee, and Washington. Although the Company has a diversified loan portfolio, a significant portion of its borrowers' ability to honor their contracts is dependent upon the economy in the North Central Florida area. The Company does not have significant concentrations to any one industry or customer and other than warehouse lines of credit.

(4) Loan Servicing

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of these loans are summarized as follows (in thousands):

	<u>At December 31,</u>	
	<u>2017</u>	<u>2016</u>
Mortgage loan portfolios serviced for:		
Government agencies:		
FHLB	\$ 7,092	10,192
FHLMC	2,715,406	2,601,463
GNMA	1,151,730	1,130,967
FNMA	53,029	32,492
All other	<u>199,292</u>	<u>177,952</u>
	\$ <u>4,126,549</u>	<u>3,953,066</u>

Custodial escrow balances maintained in connection with loans serviced for others were \$23,913,000 and \$22,514,000 at December 31, 2017 and 2016, respectively. The escrow balances are included in noninterest-bearing demand deposits in the accompanying consolidated balance sheets.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(4) Loan Servicing, Continued

The following summarizes mortgage servicing rights activity, along with the aggregate activity in related valuation allowances (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 36,052	29,889
Additions from loans originated and sold	4,701	8,982
Amortization	(1,908)	(2,820)
Recovery	<u>-</u>	<u>1</u>
Ending balance	38,845	36,052
Allowance	(248)	(178)
Discount	<u>(51)</u>	<u>(51)</u>
Mortgage servicing rights, net.....	\$ <u>38,546</u>	<u>35,823</u>
Allowance for impairment beginning balance	178	380
Additions.....	101	332
Reductions.....	<u>(31)</u>	<u>(534)</u>
Allowance for impairment ending balance	\$ <u>248</u>	<u>178</u>

During the year ended December 31, 2017, the fair value of mortgage servicing rights was determined using discount rates ranging from 9.50% to 13.25% for all loans serviced and prepayment speeds ranging from 132.00% to 459.00%, depending on the stratification of the specific rights. For the year ended December 31, 2016, the discount rates ranged from 9.51% to 14.00% with prepayment speeds ranging from 112.00% to 409.00%.

The following is a summary of Mortgage Service Rights by accounting method (in thousands):

	<u>At Ended December 31,</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Mortgage Service Rights, at fair market value	\$ 28,920	28,920	24,219	24,219
Mortgage Service Rights, at lower of cost or market value.....	<u>9,626</u>	<u>14,034</u>	<u>11,604</u>	<u>16,515</u>
Total	\$ <u>38,546</u>	<u>42,954</u>	<u>35,823</u>	<u>40,734</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(4) Loan Servicing, Continued

Loan servicing and mortgage servicing rights income has been recognized as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Servicing fees received from investors net of servicing expense.....	\$ <u>7,115</u>	<u>6,543</u>
Mortgage servicing rights additions from loans originated and sold	4,701	8,982
Less amortization of mortgage servicing rights	<u>(1,908)</u>	<u>(2,820)</u>
	<u>2,793</u>	<u>6,162</u>
Income from servicing and rights	\$ <u>9,908</u>	<u>12,705</u>

(5) Premises and Equipment

The components of premises and equipment are summarized as follows (in thousands):

	<u>At December 31,</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 6,170	5,354
Buildings and improvements	20,537	19,274
Furniture and equipment.....	<u>15,984</u>	<u>13,992</u>
Total, at cost	42,691	38,620
Less accumulated depreciation	<u>18,677</u>	<u>18,076</u>
Premises and equipment, net	\$ <u>24,014</u>	<u>20,544</u>

The Company leases office space for its operations under noncancellable leases which expire in 2018 and 2019. Rent expense was \$388,000 and \$452,000 for the years ended December 31, 2017 and 2016, respectively. Future minimum rental commitments under these leases are \$265,000 in 2018 and \$474,000 in 2019.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(6) Deposits and Economic Dependence

The aggregate amount of time deposits with a minimum denomination of \$100,000 was approximately \$77.7 million and \$75.5 million at December 31, 2017 and 2016, respectively.

A schedule of maturities of time deposits at December 31, 2017 is as follows (in thousands):

<u>Year Ending</u> <u>December 31,</u>	
2018.....	\$ 90,167
2019.....	20,045
2020.....	9,844
2021.....	13,525
2022 and thereafter.....	<u>4,425</u>
	<u>\$ 138,006</u>

In the ordinary course of business, the Company accepts deposits from various governmental agencies and public institutions. The aggregate amount of these deposits was approximately \$247.9 million and \$231.5 million at December 31, 2017 and 2016, respectively.

(7) Related Parties

The Company enters into transactions in the ordinary course of business with officers and directors of the Company and their affiliates (related parties). The following summarizes these transactions (in thousands):

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Deposits	\$ <u>4,439</u>	<u>3,909</u>
Loans	\$ <u>6,721</u>	<u>7,822</u>

(8) Federal Home Loan Bank Advances

There were \$42.5 million in outstanding advances at December 31, 2017. One advance of \$25 million is a fixed rate credit maturing on January 31, 2018 at a rate of 1.42%. The other advance of \$17.5 million is a daily rate credit maturing on December 31, 2018 with a current rate of 1.59%. Advances outstanding at December 31, 2016 were \$75 million. The collateral agreement with the FHLB includes a blanket lien covering qualifying loans such as first mortgage, one-to-four family residential loans, and home equity lines of credit owned by the Company with a carrying value of \$67 million at December 31, 2017. In addition, the Company may pledge additional marketable securities as collateral where the qualifying loans are insufficient. At December 31, 2017, securities with a fair value of \$55.6 million were pledged as collateral for FHLB advances. At December 31, 2017, the Company had available credit if additional collateral were pledged of \$368 million.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(9) Income Taxes

Allocation of Federal and state income taxes between current and deferred portions is as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current:		
Federal	\$ 1,336	3,642
State	<u>367</u>	<u>742</u>
Total current	<u>1,703</u>	<u>4,384</u>
Deferred:		
Federal	(2,245)	2,799
State	<u>381</u>	<u>562</u>
Total deferred	<u>(1,864)</u>	<u>3,361</u>
Income (benefit) taxes	\$ <u>(161)</u>	<u>7,745</u>

The effective income tax rate differs from the statutory Federal income tax rate for the following reasons (dollars in thousands):

	<u>Year Ended December 31,</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Income taxes at statutory Federal rate.....	\$ 5,922	35.0%	\$ 7,828	35.0%
Increase (decrease) in taxes resulting from:				
State taxes, net of Federal tax benefit.....	487	2.9	848	3.8
Income from bank-owned life insurance	(319)	(1.9)	(209)	(0.9)
Reduction in federal income tax rate.....	(4,097)	(24.2)	-	-
Tax-exempt interest income	(1,996)	(11.8)	(892)	(4.0)
Other	<u>(158)</u>	<u>(0.1)</u>	<u>170</u>	<u>0.7</u>
Total.....	\$ <u>(161)</u>	<u>(0.1)%</u>	\$ <u>7,745</u>	<u>34.6%</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(9) Income Taxes, Continued

The components of the net deferred tax liability is as follows (in thousands):

	<u>At December 31,</u>	
	<u>2017</u>	<u>2016</u>
Deferred tax assets:		
Allowance for loan losses.....	\$ 1,377	1,866
Deferred compensation.....	1,605	1,933
Nonaccrual interest income	63	72
Charitable contributions	37	80
Impaired securities.....	78	119
Accrued expenses	319	437
Other	-	139
Total deferred tax assets	<u>3,479</u>	<u>4,646</u>
Deferred tax liabilities:		
Purchase accounting on FDIC-assisted transactions ...	(51)	(50)
Deferred loan costs	(289)	(391)
Mortgage servicing rights	(9,448)	(11,696)
Unrealized gain in securities available for sale	(1,793)	(479)
Depreciation	(1,003)	(1,455)
Prepaid expenses	(288)	(370)
Other	(716)	-
Total deferred tax liabilities	<u>(13,588)</u>	<u>(14,441)</u>
Net deferred tax liability.....	\$ <u>(10,109)</u>	<u>(9,795)</u>

The Company files consolidated income tax returns in the U.S. federal jurisdiction and the State of Florida, Wisconsin and Delaware. The Company is no longer subject to U.S. federal, or state and local income tax examinations by taxing authorities for years before 2014.

On December 22, 2017, the “Tax Cuts and Jobs Act of 2017,” or the Tax Act, was signed into law. The Tax Act, among other things, reduced the maximum statutory federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result of the enactment of the Tax Act, the Company revalued its net deferred tax liability. This revaluation resulted in a reduction to the income tax provision of \$4.1 million.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(10) Off-Balance-Sheet Financial Instruments

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments are unused lines of credit, undisbursed loans in process, commitments to extend credit and standby letters of credit and involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the consolidated balance sheet. The contract amounts of these instruments reflect the extent of involvement the Company has in these financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, unused lines of credit, undisbursed loans in process and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet loans instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed-expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counterparty.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. All outstanding letters of credit expire in the next twelve months. The Company has in some cases obtained guarantees securing these agreements.

A summary of the amounts of the Company's off-balance-sheet financial instruments at December 31, 2017 follows (in thousands):

	<u>Contract Amount</u>
Unused lines of credit	\$ <u>16,036</u>
Undisbursed loans in process.....	\$ <u>52,455</u>
Commitments to extend credit.....	\$ <u>30,809</u>
Standby letters of credit	\$ <u>529</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(11) Derivative Financial Instruments

Rate-Lock Commitments. The total outstanding rate-lock commitments at December 31, 2017 and 2016 were approximately \$62.9 million and \$86.3 million, respectively. The fair value of rate-lock commitments at December 31, 2017 and 2016 were \$1.1 million and \$1.4 million, respectively, and are included in other assets in the accompanying consolidated balance sheets.

Forward Loan Sale Contracts. The notional amounts of forward loan sale contracts outstanding at December 31, 2017 and 2016 were \$78.7 million and \$92.2 million, respectively. The fair value of forward loan sale commitments were \$93,000 and \$168,000 at December 31, 2017 and 2016, respectively, are included in other liabilities and other assets, respectively, in the accompanying consolidated balance sheets.

(12) Fair Value of Financial Instruments

The estimated fair values of the Company's financial instruments are as follows (in thousands):

	At December 31,			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	\$ 57,810	57,810	110,615	110,615
Restricted cash	-	-	83,140	83,140
Time deposits	21,957	21,957	16,980	16,980
Securities available for sale	461,053	461,053	238,843	238,843
Securities held to maturity	88	136	120	197
Loans held for sale, net	29,037	29,037	20,654	20,654
Loans	654,575	658,944	551,829	558,153
Accrued interest receivable	7,265	7,265	4,903	4,903
Federal Home Loan Bank stock	2,893	2,893	4,077	4,077
Mortgage servicing rights	38,546	42,954	35,823	40,734
Rate-lock commitments	1,085	1,085	1,489	1,489
Forward loan sale contracts	32	32	428	428
Financial liabilities:				
Deposits	1,120,421	1,119,010	942,349	941,473
Accrued interest payable	40	40	11	11
Federal Home Loan Bank advances	42,500	42,495	75,000	74,989
Rate-lock commitments	2	2	107	107
Forward loan sale contracts	125	125	260	260
Off-balance-sheet financial instruments	-	-	-	-

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(13) Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by the banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company and the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company and the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Effective January 1, 2015, the Bank became subject to the new Basel III capital level threshold requirements under the Prompt Corrective Action regulations with full compliance with all the final rule's requirements phased in over a multi-year schedule. These new regulations were designed to ensure that banks maintain strong capital positions even in the event of severe economic downturns or unforeseen losses.

Changes that could affect the Company and the Bank going forward include additional constraints on the inclusion of deferred tax assets in capital and increased risk weightings for nonperforming loans and acquisition/development loans in regulatory capital.

Beginning January 1, 2016, the Company and the Bank became subject to the capital conservation buffer rules which place limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers. In order to avoid these limitations, a bank must hold a capital conservation buffer above its minimum risk-based capital requirements. As of December 31, 2017 and 2016, the Company and the Bank's capital conservation buffer exceeds the minimum requirement of 1.25% and 0.625%, respectively. The required buffer will be phased in at 0.625% on each January 1st over the next two years.

As of December 31, 2017 and 2016, the Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage percentages as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(13) Regulatory Matters, Continued

	Actual		For Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	%	Amount	%	Amount	%
<i>As of December 31, 2017:</i>						
<i>Bank:</i>						
Common equity tier 1 capital ratio	\$ 164,305	20.13%	\$ 36,730	4.50%	\$ 53,050	6.50%
Tier I capital ratio	164,305	20.13	48,970	6.00	65,300	8.00
Total capital ratio	170,555	20.90	65,290	8.00	81,620	10.00
Tier 1 leverage ratio	164,305	11.34	57,977	4.00	72,471	5.00
<i>Company:</i>						
Common equity tier 1 capital ratio	170,008	20.81	36,770	4.50	N/A	N/A
Tier I capital ratio	170,008	20.81	49,020	6.00	N/A	N/A
Total capital ratio	176,258	21.57	65,350	8.00	N/A	N/A
Tier 1 leverage ratio	170,008	11.68	58,200	4.00	N/A	N/A
<i>As of December 31, 2016:</i>						
<i>Bank:</i>						
Common equity tier 1 capital ratio	149,697	18.31	36,795	4.50	53,148	6.50
Tier I capital ratio	149,697	18.31	49,060	6.00	65,413	8.00
Total capital ratio	155,215	18.98	65,413	8.00	81,766	10.00
Tier 1 leverage ratio	149,697	12.09	49,521	4.00	61,902	5.00
<i>Company:</i>						
Common equity tier 1 capital ratio	155,436	18.99	36,840	4.50	N/A	N/A
Tier I capital ratio	155,436	18.99	49,150	6.00	N/A	N/A
Total capital ratio	160,954	19.66	65,490	8.00	N/A	N/A
Tier 1 leverage ratio	155,436	12.50	49,750	4.00	N/A	N/A

(14) Profit Sharing Plan

The Company sponsors a Section 401(k) profit sharing plan (the "Plan") which is available to all employees electing to participate after meeting certain length-of-service requirements. The Company's contributions to the Plan are discretionary and are determined annually. Expenses relating to the Company's contributions to the Plan, included in the accompanying consolidated financial statements, were \$1,546,000 and \$1,427,000 for the years ended December 31, 2017 and 2016, respectively.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(15) Deferred Compensation Plans

General. The Company has established several deferred compensation and other non-qualified benefit programs for selected key managers. The individual programs have different program features and are based on reaching certain performance goals. All of these plans are unfunded programs recorded only on the books of the Company as liabilities and subject to the claims of creditors in the event of bankruptcy or receivership. The plans include two Discretionary Non-Contributory Money Purchase Plans, as well as a Longevity Reward and Retention Plan, and a Death Benefit program. All of the plans require vesting periods, and if not met, the unvested balances forfeit back to the Company. All programs provide immediate vesting in the event of in-service death or disability.

Discretionary Non-Contributory Money Purchase Plans. One plan (Plan A) is a program where the Company makes a contribution to the plan for selected key managers. A portion of the balance is paid out annually based on a formula after the first six years. These funds are not credited with any interest or earnings. The contributions and manager participation are determined solely in the discretion of the Company. The other plan (Plan B) is similar except that the money is converted to units and earns a return equal to the Company's return on equity each year. The units are a means to compound the returns. In the event the Company was to have publicly traded stock, the units would be priced at the public stock price. The plan is funded via mandatory reductions from the employees earned incentive compensation, in an amount determined by the Company. The second plan also has limited immediate vesting in change of control situations. A portion of the balance is paid out every five years based on a formula. Both plans have a 20 year vesting.

Death Benefit Plan. The Company provides a program where selected key managers who meet vesting and other requirements share in a death benefit provided by a life insurance policy owned by the Company on the life of the employee. The amount of the benefit varies and is subject to reduction based upon the Company recovering the reported cash surrender values of the policies as described in the contract with the employee.

Longevity and Retention Plan. The Company has established an employment contract to reward longevity and promote manager retention. This benefit is payable due to death or disability of a participant, or for separation of service and change of control. Participation is determined by the Board of Directors.

At December 31, 2017 and 2016, \$3.6 million and \$3.4 million respectively, was accrued in total under all of these plans. During the years ended December 31, 2017 and 2016, \$458,000 and \$423,000, respectively, was expensed in total under all of these plans.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(16) Contingencies

Various legal claims also arise from time to time in the normal course of business which, in the opinion of management of the Company, will not have a material effect on the Company's consolidated financial statements.

(17) Fair Value Measurements

Assets and (liabilities) measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>At December 31, 2017:</i>				
<i>Available-for-Sale Securities:</i>				
U.S. Government agency bonds	\$ 1,003	-	1,003	-
Corporate bonds	4,657	-	4,657	-
Municipal securities	218,223	-	218,223	-
Collateralized mortgage obligations	112,637	-	112,637	-
SBA pool securities	87,288	-	87,288	-
Asset-backed securities.....	15,501	-	15,501	-
Mortgage-backed securities	<u>21,744</u>	<u>-</u>	<u>21,744</u>	<u>-</u>
Total	<u>\$ 461,053</u>	<u>-</u>	<u>461,053</u>	<u>-</u>
Loans held for sale, net.....	<u>\$ 29,037</u>	<u>-</u>	<u>29,037</u>	<u>-</u>
Rate-lock commitments, net	<u>\$ 1,083</u>	<u>-</u>	<u>-</u>	<u>1,083</u>
Forward loan sale contracts, net.....	<u>\$ 93</u>	<u>-</u>	<u>-</u>	<u>93</u>
Mortgage servicing rights at fair market value.....	<u>\$ 28,920</u>	<u>-</u>	<u>-</u>	<u>28,920</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(17) Fair Value Measurements, Continued

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>At December 31, 2016:</i>				
<i>Available-for-Sale Securities:</i>				
U.S. Government agency bonds	\$ 2,442	-	2,442	-
Corporate bonds	1,029	-	1,029	-
Municipal securities	54,832	-	54,832	-
Collateralized mortgage obligations	103,573	-	103,573	-
SBA pool securities	11,802	-	11,802	-
Asset-backed securities	16,666	-	16,666	-
Mortgage-backed securities	<u>48,499</u>	<u>-</u>	<u>48,499</u>	<u>-</u>
Total	\$ <u>238,843</u>	<u>-</u>	<u>238,843</u>	<u>-</u>
Loans held for sale, net	\$ <u>20,654</u>	<u>-</u>	<u>20,654</u>	<u>-</u>
Rate-lock commitments, net	\$ <u>1,382</u>	<u>-</u>	<u>-</u>	<u>1,382</u>
Forward loan sale contracts, net	\$ <u>168</u>	<u>-</u>	<u>-</u>	<u>168</u>
Mortgage servicing rights at fair market value	\$ <u>24,219</u>	<u>-</u>	<u>-</u>	<u>24,219</u>

The table below presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Year Ended December 31,					
	2017			2016		
	Rate-Lock Commitments Net	Forward Loan Sale Contracts Net	MSR at FMV	Rate-lock Commitments Net	Forward Loan Sale Contracts Net	MSR at FMV
Balance at beginning of year	\$ 1,382	168	24,219	1,381	(167)	15,237
Total gains or losses (realized / unrealized) -- purchases, issuances and net settlements	<u>(299)</u>	<u>(261)</u>	<u>4,701</u>	<u>1</u>	<u>335</u>	<u>8,982</u>
Balance at end of year	\$ <u>1,083</u>	<u>(93)</u>	<u>28,920</u>	<u>1,382</u>	<u>168</u>	<u>24,219</u>

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(17) Fair Value Measurements, Continued

Gains and losses due to changes in fair value, including both realized and unrealized gains and losses, recorded in earnings for Level 3 assets are as follows (in thousands):

	Classification of Gains and Losses (Realized/ Unrealized) Included in Earnings Year Ended December 31,	
	2017	2016
	Net	Net
	Derivatives	Derivatives
Mortgage-banking revenue	\$ (560)	336
Mortgage servicing rights retained from loans sold	\$ 4,701	8,982

Assets and liabilities measured at fair value on a nonrecurring basis are summarized below (in thousands):

	At Year or Period End					(Recoveries) Losses Recorded In Earnings For The Year Ended
	Fair Value	Level 1	Level 2	Level 3	Total (recov- eries) Losses	
<i>At December 31, 2017:</i>						
Impaired loans:						
Commercial real estate.....	\$ 944	-	-	944	445	47
Residential real estate	727	-	-	727	340	21
Commercial.....	2	-	-	2	5	5
Construction.....	382	-	-	382	165	165
Consumer loans.....	259	-	-	259	252	28
Total.....	\$ 2,314	-	-	2,314	1,207	266
Foreclosed real estate.....	\$ 216	-	-	216	-	-
Mortgage servicing rights at lower of cost or market	\$ 14,034	-	-	14,034	70	70
<i>At December 31, 2016:</i>						
Impaired loans:						
Commercial real estate.....	\$ 1,631	-	-	1,631	625	54
Residential real estate	810	-	-	810	319	28
Consumer loans.....	300	-	-	300	235	77
Total.....	\$ 2,741	-	-	2,741	1,179	159
Foreclosed real estate.....	\$ 1,065	-	-	1,065	18	18
Mortgage servicing rights at lower of cost or market.....	\$ 16,515	-	-	16,515	(202)	(202)

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(18) Consolidating Financial Statements

Consolidating Balance Sheet

At December 31, 2017
(In thousands)

	First Federal Bancorp, MHC	First Federal Bancorp, Inc. Consolidation				Consolidating Entries Debit (Credit)	Consolidated
		First Federal Bancorp, Inc.	First Federal Bank of Florida Consolidated	Consolidating Entries Debit (Credit)	Consolidated		
Assets							
Cash and due from banks	\$ 10	2,353	7,620	(1,530)	8,443	(10) ^(a)	8,443
Interest-bearing deposits	-	21	49,346	-	49,367	-	49,367
Restricted cash	-	-	-	-	-	-	-
Time deposits	-	2,318	19,639	-	21,957	-	21,957
Securities	-	1,003	460,138	-	461,141	-	461,141
Investment in subsidiaries	187,160	181,472	-	(181,472)	-	(187,160) ^(b)	-
Loans, net	-	-	683,612	-	683,612	-	683,612
Accrued interest receivable	-	2	7,263	-	7,265	-	7,265
Premises and equipment, net	-	-	24,014	-	24,014	-	24,014
Federal Home Loan Bank stock, at cost	-	-	2,893	-	2,893	-	2,893
Foreclosed real estate	-	-	216	-	216	-	216
Income taxes receivable	-	-	2,335	-	2,335	-	2,335
Cash surrender value of bank-owned life insurance	-	-	28,914	-	28,914	-	28,914
Mortgage servicing rights, net	-	-	38,546	-	38,546	-	38,546
Other assets	-	-	51,835	-	51,835	-	51,835
Total assets	\$ 187,170	187,169	1,376,371	(183,002)	1,380,538	(187,170)	1,380,538
Liabilities, Capital Stock and Retained Earnings and Accumulated Other Comprehensive Income							
Liabilities:							
Deposits	-	-	1,121,961	(1,530)	1,120,431	(10) ^(a)	1,120,421
Federal Home Loan Bank Advances	-	-	42,500	-	42,500	-	42,500
Deferred income taxes	-	(8)	10,117	-	10,109	-	10,109
Other liabilities	-	17	20,321	-	20,338	-	20,338
Total liabilities	-	9	1,194,899	(1,530)	1,193,378	(10)	1,193,368
Capital stock	-	-	1	(1)	-	-	-
Retained earnings and accumulated other comprehensive income	187,170	187,160	181,471	(181,471)	187,160	(187,160) ^(b)	187,170
Total liabilities, capital stock and retained earnings and accumulated other comprehensive income	\$ 187,170	187,169	1,376,371	(183,002)	1,380,538	(187,170)	1,380,538

^(a) Elimination of intercompany accounts.

^(b) Elimination of investment in subsidiaries.

(continued)

FIRST FEDERAL BANCORP, MHC AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(18) Consolidating Financial Statements, Continued

Consolidating Statement of Earnings

Year Ended December 31, 2017

(In thousands)

	First Federal Bancorp, MHC	First Federal Bancorp, Inc.	First Federal Bank of Florida Consolidated	Consolidating Entries Debit (Credit)	Consolidated	Consolidating Entries Debit (Credit)	Consolidated
Interest income:							
Loans.....	\$ -	-	32,423	-	32,423	-	32,423
Securities.....	-	14	12,177	-	12,191	-	12,191
Other.....	-	8	1,201	-	1,209	-	1,209
Total interest income.....	-	22	45,801	-	45,823	-	45,823
Interest expense:							
Deposits.....	-	-	3,884	-	3,884	-	3,884
Borrowings.....	-	-	836	-	836	-	836
Total interest expense.....	-	-	4,720	-	4,720	-	4,720
Net interest income.....	-	22	41,081	-	41,103	-	41,103
Provision for loan losses.....	-	-	1,445	-	1,445	-	1,445
Net interest income after provision for loan losses.....	-	22	39,636	-	39,658	-	39,658
Noninterest income:							
Loan servicing fees.....	-	-	7,115	-	7,115	-	7,115
Mortgage servicing rights retained from loans sold.....	-	-	2,793	-	2,793	-	2,793
Mortgage banking revenue.....	-	-	8,104	-	8,104	-	8,104
Service charges on deposit accounts.....	-	-	3,566	-	3,566	-	3,566
Other service charges and fees.....	-	-	2,455	-	2,455	-	2,455
Gain on sale of securities available for sale.....	-	-	740	-	740	-	740
Income from bank-owned life insurance.....	-	-	911	-	911	-	911
Debit card interchange income.....	-	-	2,949	-	2,949	-	2,949
Other.....	17,080	17,116	443	(17,174) ^(a)	385	(17,080) ^(a)	385
Total noninterest income.....	17,080	17,116	29,076	(17,174)	29,018	(17,080)	29,018
Noninterest expenses:							
Salaries and employee benefits.....	-	-	31,931	-	31,931	-	31,931
Occupancy and equipment.....	-	-	5,816	-	5,816	-	5,816
Professional fees.....	-	-	2,848	-	2,848	-	2,848
Other.....	-	58	11,162	(58)	11,162	-	11,162
Total noninterest expenses.....	-	58	51,757	(58)	51,757	-	51,757
Earnings before income taxes.....	17,080	17,080	16,955	(17,116)	16,919	(17,080)	16,919
Income tax.....	-	-	(161)	-	(161)	-	(161)
Net earnings.....	\$ 17,080	17,080	17,116	(17,116)	17,080	(17,080)	17,080

^(a) Elimination of income of subsidiaries.

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2018

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands		RCON	Amount	
Assets				
1. Cash and balances due from depository institutions (from Schedule RC-A):				
a. Noninterest-bearing balances and currency and coin (1).....		0081	16,433	1.a.
b. Interest-bearing balances (2).....		0071	145,801	1.b.
2. Securities:				
a. Held-to-maturity securities (from Schedule RC-B, column A).....		1754	5	2.a.
b. Available-for-sale securities (from Schedule RC-B, column D).....		1773	415,504	2.b.
c. Equity securities with readily determinable fair values not held for trading (3).....		JA22	NR	2.c.
3. Federal funds sold and securities purchased under agreements to resell:				
a. Federal funds sold.....		B987	0	3.a.
b. Securities purchased under agreements to resell (3).....		B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):				
a. Loans and leases held for sale.....		5369	101,846	4.a.
b. Loans and leases held for investment.....	B528	954,195		4.b.
c. LESS: Allowance for loan and lease losses.....	3123	5,457		4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c).....		B529	948,738	4.d.
5. Trading assets (from Schedule RC-D).....		3545	0	5.
6. Premises and fixed assets (including capitalized leases).....		2145	34,708	6.
7. Other real estate owned (from Schedule RC-M).....		2150	2,706	7.
8. Investments in unconsolidated subsidiaries and associated companies.....		2130	176	8.
9. Direct and indirect investments in real estate ventures.....		3656	0	9.
10. Intangible assets (from Schedule RC-M).....		2143	55,594	10.
11. Other assets (from Schedule RC-F).....		2160	90,111	11.
12. Total assets (sum of items 1 through 11).....		2170	1,811,622	12.
Liabilities				
13. Deposits:				
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E).....		2200	1,563,869	13.a.
(1) Noninterest-bearing (4).....	6631	119,622		13.a.1.
(2) Interest-bearing.....	6636	1,444,247		13.a.2.
b. Not applicable				
14. Federal funds purchased and securities sold under agreements to repurchase:				
a. Federal funds purchased (5).....		B993	0	14.a.
b. Securities sold under agreements to repurchase (6).....		B995	0	14.b.
15. Trading liabilities (from Schedule RC-D).....		3548	0	15.
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M).....		3190	7,274	16.
17. and 18. Not applicable				
19. Subordinated notes and debentures (7).....		3200	0	19.

1 Includes cash items in process of collection and unposted debits.

2 Includes time certificates of deposit not held for trading.

3 Item 2.c is to be completed only by institutions that have adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities. See the instructions for further detail on ASU 2016-01.

4 Includes all securities resale agreements, regardless of maturity.

5 Includes noninterest-bearing, demand, time, and savings deposits.

6 Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."

7 Includes all securities repurchase agreements, regardless of maturity.

8 Includes limited-life preferred stock and related surplus.

Schedule RC—ContinuedFFIEC 041
Page 17 of 84
RC-2

	Dollar Amounts in Thousands	RCON	Amount	
Liabilities - continued				
20. Other liabilities (from Schedule RC-G).....		2930	29,706	20.
21. Total liabilities (sum of items 13 through 20).....		2948	1,600,849	21.
22. Not applicable				
Equity Capital				
Bank Equity Capital				
23. Perpetual preferred stock and related surplus.....		3838	0	23.
24. Common stock.....		3230	1	24.
25. Surplus (excludes all surplus related to preferred stock).....		3839	0	25.
26. a. Retained earnings.....		3632	210,720	26.a.
b. Accumulated other comprehensive income (1).....		8530	52	26.b.
c. Other equity capital components (2).....		A130	0	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c).....		3210	210,773	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries.....		3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b).....		G105	210,773	28.
29. Total liabilities and equity capital (sum of items 21 and 28).....		3300	1,811,622	29.

Memoranda**To be reported with the March Report of Condition.**

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2017.....

RCON	Number
6724	NR M.1.

- 1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution
- 1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution
- 2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)
- 2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

- 3 = This number is not to be used
- 4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)
- 5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)
- 6 = Review of the bank's financial statements by external auditors
- 7 = Compilation of the bank's financial statements by external auditors
- 8 = Other audit procedures (excluding tax preparation work)
- 9 = No external audit work

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date (report the date in MMDD format).....

RCON	Date
8678	NR M.2.

1 Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.

2 Includes treasury stock and unearned Employee Stock Ownership Plan shares.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

Since the year indicated, First Federal has continuously provided financial services to the following public fund agencies and is proud to offer these as references:

- Tax Collectors of Baker (2009), Columbia (1998), and Suwannee (1994) County
- City of Macclenny (2011), City of Live Oak (1987), City of Bonifay (1990) and City of Lake City (2000)
- School Boards of Baker (2009), Columbia (2002), Suwannee (1985), Holmes (1976), Jackson (1979) and Hamilton (1995) County
- Board of County Commission of Baker (2009), Columbia (2002), Suwannee (1985), Holmes (1976), Jackson (1979) and Hamilton (1995) and Washington (2012) County
- Sheriff of Nassau (2013), Baker (2009), Columbia (2002), Suwannee (1985), Holmes (1976), Jackson (1979) and Hamilton (1995) County



FIRST FEDERAL BANK

Business Relationship Application and Agreement

Prepared by:

Portfolio Number:

Account Number:

Date

CONSUMER INFORMATION

SIGNATURE(S) - The undersigned agree to the terms stated on every page of this form and acknowledge receipt of a completed copy. The undersigned further authorize the financial institution to verify credit and employment history and/or have a credit reporting agency prepare a credit report on the undersigned, as individuals. The undersigned also acknowledge the receipt of a copy and agree to the terms of the following disclosures(s); Business Deposit Account Terms and Conditions; Truth in Savings; Funds Availability; Privacy; Electronic Funds Transfer; and Courtesy Overdraft Privilege Policy.

TAX IDENTIFICATION INFORMATION: The Tax ID Number (Social Security Number or FEI Number) of the person or entity whose information appears below will be used for reporting interest earnings to the IRS. For business, formal trust, or fiduciary accounts, copies of official documents certifying the registration of the business, trust or fiduciary appointment will be required for opening the account.

I/we understand that my/our account is bound by the Terms and Conditions specified in the Deposit Account Agreement and Disclosures that will be given to me upon opening of my account. The undersigned further authorize the financial institution to verify the above information with Chexsystems and/or have a credit reporting agency prepare a report for the purposes of account acceptance.

Owner Name	Tax ID Number	Name of Joint	Tax ID Number
Physical (Street) Address City State Zip		Physical (Street) Address City State Zip	
Mailing Address (If different from above) City State Zip		Mailing Address (If different from above) City State Zip	

I certify under penalties of perjury that the Taxpayer Identification Number shown above is my correct taxpayer identification number; I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; I am an exempt recipient under the Internal Revenue Service Regulations; I am a U.S. Person (including a U.S. resident alien).

I certify under penalties of perjury that the Taxpayer Identification Number shown above is my correct taxpayer identification number; I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; I am an exempt recipient under the Internal Revenue Service Regulations; I am a U.S. Person (including a U.S. resident alien).

X , Authorized Signer

Name of Joint	Tax ID Number	Name of Joint	Tax ID Number
Physical (Street) Address City State Zip		Physical (Street) Address City State Zip	
Mailing Address (If different from above) City State Zip		Mailing Address (If different from above) City State Zip	

I certify under penalties of perjury that the Taxpayer Identification Number shown above is my correct taxpayer identification number; I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; I am an exempt recipient under the Internal Revenue Service Regulations; I am a U.S. Person (including a U.S. resident alien).

I certify under penalties of perjury that the Taxpayer Identification Number shown above is my correct taxpayer identification number; I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; I am an exempt recipient under the Internal Revenue Service Regulations; I am a U.S. Person (including a U.S. resident alien).

X

X

I/we hereby certify, to the best of my knowledge, that the information provided regarding beneficial ownership information during the account opening process is complete and correct and agree to notify First Federal Bank of any changes in the ownership information provided above.

REVOCABLE PROXY - I, being a member of FIRST FEDERAL BANCORP, MHC (the "Mutual Holding Company"), the federally chartered mutual holding company of First Federal Bank of Florida, located at 4705 W US HWY 90, Lake City, Florida 32055, by my signature to this Agreement, hereby appoint the members of the Official Proxy Committee ("Committee") as my proxy. I authorize a majority of the members of such Committee in my absence, to cast any vote on any and all matters I would be entitled to cast if personally present, or to designate a person or persons to cast my vote in my absence at any regular or special meeting of the members of the Mutual Holding Company, provided such designation complies with the applicable regulations issued by the Office of Thrift Supervision and the laws and regulations of the state in which this proxy is exercised. It is understood that this proxy shall remain in force from year to year, but that I can revoke or cancel it at any time by delivering notice in writing, including a subsequently issued proxy, to the Mutual Holding Company at the address listed above.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens the account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying information. This information verification is required by Section 326 of the USA PATRIOT Act.

ACCOUNT TYPE

- ☐ Corporation
☐ Limited Liability Company (LLC)
☐ Sole Proprietor
☐ Partnership (General / Limited / LLP)
☐ Public Funds

- ☐ Non-Profit
☐ Association
☐ IOTA
☐ Trust
☐ HOA / Lockbox

DEPOSIT ACCOUNT TYPE

CHECKING

- ☐ Product: _____
 Account #: _____
☐ Product: _____
 Account #: _____

SAVINGS

- ☐ Product: _____
 Account #: _____
☐ Product: _____
 Account #: _____

OVERDRAFT PROTECTION AGREEMENT

- ☐ I want overdraft protection on my Checking Account No. _____. If I do not have enough funds in my account, I authorize you to automatically transfer funds to cover my overdraft amount from Account Number _____ and deposit the transferred funds to my overdrawn account. You may continue to make such transfers to cover overdrafts until I notify you in writing to stop.

AUTOMATIC TRANSFER AUTHORIZATION

- ☐ I authorize and direct the financial institution to make the following transfer of funds:
 Amount to be transferred: \$ _____ Frequency ☐ Weekly ☐ Monthly ☐ _____
 Effective Date _____ Termination Date _____

From (Debited) Account: Account No. _____ Account Type _____	To (Credited) Account: Account/Loan No. _____ Account Type _____
--	--

Please see page 2 and 3 for your Deposit Account Terms and Conditions.

Business Deposit Account Terms and Conditions

This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully. If you sign the customer relationship agreement or open or continue to have your account with us, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

This agreement is subject to applicable federal laws and the laws of the State of Florida (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
- (4) give your disclosures of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing.

As used in this document the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular. "Party" means a person who, by the terms of an account, has a present right, subject to request, to payment from the account other than as a beneficiary or agent.

ARBITRATION - You agree that "your sole remedy for all claims and disputes arising under or relating to your account(s) or this agreement will be settled by binding arbitration in the State of Florida." The arbitration shall be conducted by an experienced arbitrator on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision or award of such arbitration shall be binding upon all parties, in writing and shall include the assessment of costs, expenses and reasonable attorney's fees. An award of arbitration may be confirmed by a court of competent jurisdiction.

LIABILITY - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and can be deducted directly from the account balance whenever sufficient funds are available. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft. This includes liability for our costs to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees.

DEPOSITS - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. We will treat and record all transactions received after the close of business (7:30 am for night depository) on a business day we are open, or received on Saturday or a day we are not open for business, as if initiated on the next following business day that we are open.

WITHDRAWALS - Unless clearly indicated otherwise on the account records, any of you acting alone who signs in the space designated for signatures on the customer relationship agreement may withdraw or transfer all or any part of the account balance at any time, regardless of the type of ownership chosen. Each of you authorizes each other person signing the customer relationship agreement to endorse any item payable to you or your order for deposit to this account or any other transaction with us. We may charge your account for a check even though payment was made before the date of the check. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us, by any method we do not specifically permit, which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. Even if we honor a nonconforming request, we may treat continued abuse of the stated limitations (if any) as your act of closing the account. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. The fact that we may honor withdrawal requests that overdraw the available account balance does not obligate us to do so later. See the funds availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts for which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal.

We may require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit, or from any other savings account as defined by Regulation D. Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

BUSINESS ACCOUNTS - Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. We may require the governing body of the legal entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the legal entity.

AUTHORIZED SIGNATURES - The authorized signatures for an account are those reflected on the customer relationship agreement, any resolution or other separate written authorization relating to the account received by us. For the payment of funds and for other purposes relating to any account you have with us, we are authorized to recognize those signatures, but we will not be liable to you for refusing to honor a check or other signed instructions if we believe, in good faith, that the signature appearing on such checks or instructions is not genuine. If the customer relationship agreement is not returned, you agree that we will not be liable to you for honoring checks or other signed instructions if we believe in good faith that the signature appearing on such checks or instructions is authorized. When your account is established, you may indicate your desire for more than one authorized signature on a check or other item drawn against the account by designating a specific number of desired signatures on the customer relationship agreement, a resolution or in a separate written authorization that is received by us. However, we do not offer accounts that require two or more signatures. Any such designation is solely for your convenience and internal control purposes and not binding on us. As a result, you agree that we may pay checks against your account without regard to the number of desired signatures. You may also give another person authority over your account by your conduct or failure to act and, although we may recognize such authorization, we may refuse to do so without liability to you. For example, if you voluntarily give information about your account (such as our routing and transit numbers and/or your account number) to a party who is seeking to sell you goods or services, and you do not physically deliver a check to that party, any item presented against your account by the party to whom you gave the information is deemed to have been authorized by you. Moreover, you guarantee and warrant that any unsigned draft that you deposit into your account is authorized.

FACSIMILE SIGNATURES - We are not liable for and reserve the right to reject any item drawn against any account that bears or appears to bear a signature or endorsement made by use of a facsimile signature stamp, machine or any method other than an original handwritten signature or endorsement, whether or not genuine. If you use, place or make a facsimile signature or endorsement on any item, you bear the risk of any unauthorized use of your facsimile method or the use of fake facsimiles and you agree that we may pay and charge your account for such item, regardless of by whom or by what means the actual or purported facsimile signature or endorsement may have been affixed (whether or not authorized) and regardless of by whom or by what means the item was created (whether or not authorized). As a result, you should maintain close control over your facsimile signature or endorsement device and promptly review your statements for unauthorized use of the device.

STOP PAYMENTS - You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. To be effective, your stop-payment order must precisely identify the number, date, and amount of the item, and the payee.

You may stop payment on any item drawn on your account whether you signed the item or not, if you have an equal or greater right to withdraw from this account than the person who signed the item. A release of the stop-payment request may be made only by the person who initiated the stop payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

STATEMENTS - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you will have to either share the loss with us, or bear the loss entirely yourself (depending on whether we used ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations, forgeries, or any other errors in your account within 30 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 30-day limitation is without regard to whether we used ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

Your duty to report other errors - In addition to your duty to review your statements for unauthorized signatures, alterations, and forgeries, you agree to examine your statement with reasonable promptness for any other error - such as an encoding error. You agree that the time you have to examine your statement and report to us will depend on the circumstances. However, such time period shall not exceed 30 days. Failure to examine your statement and report any such errors to us within 30 days of when we first send or make the statement available precludes you from asserting a claim against us for any such errors on items identified in that statement and as between you and us the loss will be entirely yours.

CHECK FRAUD LIABILITY - First Federal (Bank) offers a check fraud detection system which allows customers to transmit check information to the Bank on a daily basis about every check they issue. When checks are presented for payment, discrepancies are flagged for review and payment decision by the Customer. If the Customer fails to implement the fraud detection service offered by Bank or fails to transmit the required daily check information, the Bank will not be liable for any subsequent check fraud loss, unless we fail to act in good faith or exercise ordinary care.

DIRECT DEPOSITS - If, in connection with a direct deposit plan, we deposit any amount in an account which should have been returned to the Federal Government for any reason, you authorize us to deduct the amount of our liability to the Federal Government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

ACCOUNT TRANSFER - This account may not be transferred or assigned without our prior written consent.

Business Deposit Account Terms and Conditions

TEMPORARY ACCOUNT AGREEMENT - If this option is selected, this is a temporary account agreement. Each person who signs in the space designated for signatures on the customer relationship agreement may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

SETOFF - We may (without prior notice and when permitted by law) set off funds in this account against any due and payable debt you owe us now or in the future, by any of you having the right of withdrawal, to the extent of such persons' or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we set off, including any balance the due date for which we properly accelerate under the note.

This right of setoff does not apply to this account if: (a) it is an IRA or other tax-deferred retirement account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

RESTRICTIVE LEGENDS - We are not required to honor any restrictive legend on checks you write unless we have agreed in writing to the restriction. Examples of restrictive legends are "must be presented within 90 days" or "not valid for more than \$1,000.00."

CHECK PROCESSING - We may process items mechanically by relying on the information encoded along the bottom of the items. This means that we may not individually examine all of your items to determine if the item is properly completed, signed and indorsed. You agree that we have not failed to exercise ordinary care solely because we use an automated system to process items and do not inspect all items processed in such a manner. We reserve the right not to inspect each item because using an automated process helps us keep costs down for you and all account holders. We may determine the amount of available funds in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the time we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the account balance at the subsequent time will determine whether there are insufficient available funds.

CHECK CASHING - We may charge a fee for anyone that does not have an account with us who is cashing a check, draft, or other instrument written on your account. We may also require reasonable identification to cash such a check, draft, or other instrument. We can decide what identification is reasonable under the circumstances and such identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

ACH AND WIRE TRANSFERS - This agreement is subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer for which Fedwire is used, and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a credit to an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

TRANSACTION ACCOUNT ORGANIZATION - We have organized your transaction account in a nontraditional way. Your transaction account consists of two subaccounts. One of these is a transaction subaccount (e.g., a checking subaccount). You will transact business on this subaccount. The other is a nontransaction subaccount (e.g., a savings subaccount). You cannot directly access the nontransaction subaccount, but you agree that we may automatically, and without a specific request from you, initiate individual transfers of funds between subaccounts from time to time at no cost to you. This account organization will not change the amount of federal deposit insurance available to you, your available balance, the information on your periodic statements, or the interest calculation, if this is an interest-bearing account. You will not see any difference between the way your transaction account operates and the way a traditionally organized transaction account operates, but this organization makes us more efficient and helps to keep costs down.

UNLAWFUL INTERNET GAMBLING NOTICE - Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

ACCOUNT INSTRUCTIONS - By signing this agreement, you authorize First Federal, now or in the future, to accept and act upon instructions from any authorized signer on the account(s) to do the following with regard to your account(s):

1. To open deposit accounts with First Federal
2. To transfer all or any portion of the balance of our accounts to any other account with First Federal. Unless a different limitation is disclosed in writing, we restrict the number of transfers from a savings account or money market account to another account or to third parties to a maximum of six per month (less the number of "preauthorized transfers" during the month). Other account transfer restrictions may be described elsewhere.
3. To close deposit accounts, process changes of account information or account type, otherwise service any of my First Federal accounts;
4. To obtain related services offered by First Federal.

You may give instructions orally or in writing, in person, by mail, messenger, telephone, facsimile, computer terminal, wire service, automated teller machine, or by any other reasonable method. We may accept and act upon such instructions which do not contain your signature with the same effect as if such instructions were signed by you. However, you acknowledge that we may, at our option, require your original signature or any other documentation before accepting and acting upon any instructions.

OVERDRAFT PROTECTION AGREEMENT - Unless we have agreed otherwise in writing, we are under no obligation to pay a check that exceeds the balance in your account. If, however, you have authorized overdraft protection, we may pay the overdraft by transferring funds to your checking account from the account(s) indicated by you on page two of the Customer Relationship Agreement. We may charge a service charge for the transfer. We will pay the overdraft if the check is signed by you or by the joint account holder.

We may make the transfer from the account(s) as specified on page two of the Customer Relationship Agreement, even though the transfer may reduce the balance in the debited account below any minimum balance requirement for that account.

If we have a written loan agreement with you, we may pay the overdraft by increasing the outstanding loan balance on the loan account(s) indicated by you on page two of the Customer Relationship Agreement. Overdraft protection provided by increasing your loan account balance requires a prior approved line of credit in accordance with the financial institution's loan policy and is subject to various additional disclosures.

AUTOMATIC TRANSFER AUTHORIZATION - The accounts listed on page two of the Customer Relationship Agreement are covered by their individual terms and conditions, unless modified by this Authorization. If a transfer is made from a savings account or an interest bearing checking account, we may require 7 days' written notice of withdrawal. If no termination date is specified on page two of the Customer Relationship Agreement, this Authorization will remain in effect until terminated by the depositor in writing.

You agree to keep enough money in your Debited Account to cover the transfers you request by this Authorization. If your Debited Account balance is insufficient to cover the transfers you authorize, we may cancel this Authorization immediately without notice. We may use our rights and remedies under applicable law and our rules and regulations governing these types of accounts. These may include returning your checks or drafts unpaid and closing your account(s) by mailing a proper notice to you with a check equal to the balance in the account.

You agree, in consideration of this service rendered by us, to indemnify (repay us for any loss) and hold us harmless (release us from any responsibility) from any liability or loss due to the dishonor of any check presented. The liability or loss covered may include both a charge made or refused to be made by us under this Authorization. You agree to follow the rules that govern your account(s) as stated on your account agreement and as amended from time to time. We may take any security measures that we believe are necessary without notice to you.

Loan Payment Authorization - If the Credited Account listed on page two of the Customer Relationship Agreement is a debt you owe us (e.g., a mortgage or installment loan), you agree that we may continue to charge the Debited Account until the loan is paid or until you provide us with written notice of termination.

If your Debited Account does not have a sufficient balance on a day that a payment is to be debited, we may stop further efforts to debit your Debited Account. We may require you to make the payment and all subsequent payments until all payments under the loan are current. We will not use the availability of any credit line you may have with us to determine whether your Debited Account has a sufficient balance. At our option and discretion, we may resume charging the Debited Account without further instruction from you once all payments are current. If we do not resume charging your Debited Account, we will notify you in writing that we have terminated this Authorization. Termination of this Authorization does not excuse you from making timely payment under the terms of the loan.

AMENDMENTS AND TERMINATION - We may change any term of this agreement. Rules governing changes in interest rates are provided separately. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Notice from us to any one of you is notice to all of you.

If you would like further information on FDIC insurance, please visit the FDIC's website at <https://www.fdic.gov/edie/index.html>

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

EXHIBIT "A"
CONTACT SHEET

Name: PAM HITT, SR. EXEC. VICE PRES - FIRST FEDERAL BANK

Federal Taxpayer ID: 59-0969721

Mailing Address: P.O. Box 2029

City, State, & Zip Code: LAKE CITY, FL 32056-2029

Telephone: 386-755-0600 Ext 3138 Fax: 386-754-7163

Email: hittp@ffbf.com

Submitted By: Pam Hitt

Title: SR. EXEC. VICE PRES. & CHIEF OPERATING OFFICER

FIRM Accepts Credit Cards*: Yes No N/A

Accounting Contact:

Name: KARLY BAIRD Title: SR. VICE PRES. & BRANCH OPERATIONS OFFICER

Email Address: kbairdk@ffbf.com Phone: 386-755-0600 Ext 3174

*See preferred method of payment under "Prompt Payment Act" section of the General Conditions

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "B"

SWORN STATEMENT UNDER F.S. SECTION 287.133(3) (A), ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICER AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted with Bid, Proposal or Contract for RFP 2019-01.
2. This sworn statement is submitted by (entity) FIRST FEDERAL BANK whose business address is 4905 W US Hwy 90, LAKE CITY, FL and (if applicable) Federal Employer Identification Number (FEIN) is 59-0969721 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: N/A.)
3. My name is Pam Hitt and my relationship to the entity named above is SR. EXEC. VICE PRES. & Chief Operating Officer.
4. I understand that a "public entity crime" as defined in Paragraph 287.133(a) (g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any proposal or contract for goods or services to be provided to any public entity or any agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
5. I understand that "convicted" or "conviction" as defined in paragraph 287.133(a) (b), Florida Statutes, means finding of guilt or a conviction of a public entity crime with or without an adjudication of guilt, in any federal or state trial court of records relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.
6. I understand that an "affiliate" as defined in Paragraph 287.133(1) (a), Florida Statutes, means:
 1. A predecessor or successor of a person convicted of a public entity crime; or
 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The City of Fernandina Beach, Florida ownership by one of shares constituting a controlling income among persons when not for fair interest in another person, or a pooling of equipment or income among persons when not for fair market value under a length agreement, shall be a prima facie case that one person controls another person. A person who was knowingly convicted of a public entity crime, in Florida during the preceding 36 months shall be considered an affiliate.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

7. I understand that a "person" as defined in Paragraph 287.133(1) (e), Florida Statutes, means any natural person or entity organized under the laws of the state or of the United States with the legal power to enter into a binding contract for provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
8. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Please indicate which statement applies)

- ☒ Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, nor affiliate of the entity have been charged with and convicted of a public entity crime subsequent to July 1, 1989.
- ☐ The entity submitting this sworn statement, or one or more of the officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. (Please attach a copy of the final order.)
- ☐ The person or affiliate was placed on the convicted FIRM list. There has been a subsequent proceeding before a hearing officer of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer determined that it was in public interest to remove the person or affiliate from the convicted FIRM list. (Please attach a copy of the final order.)
- ☐ The person or affiliate has not been placed on the convicted FIRM list. (Please describe any action taken by, or pending with, the Department of General Services.)

Pam Pitt 3-7-19
Signature Date:

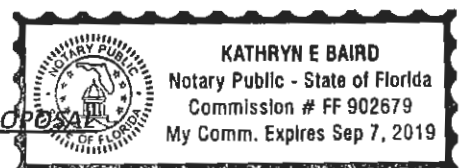
STATE OF FLORIDA
COUNTY OF Columbia

PERSONALLY APPEARED BEFORE ME, the undersigned authority, Pam Pitt who, after first being sworn by me, affixed his/her signature at the space provided above on this 7th day of MARCH, 2019, and is personally known to me, or has provided N/A as identification.

Kathryn E Baird
Notary Public

My Commission expires: 9-7-2019

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL



**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "C"

DRUG-FREE WORKPLACE CERTIFICATION

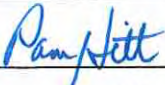
The below-signed INDIVIDUAL/FIRM certifies that it has implemented a drug-free workplace program. In order to have a drug-free workplace prepare, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violation of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or services a copy of the statement specified in paragraph 1.
4. In the statement in paragraph 1., notify the employees that, as a condition of working on the commodities or contractual services that are under proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of nolo contendere to, any violation occurring in the workplace no later than five (5) working days after such conviction.
5. Impose a sanction on, or require fine satisfactory participation in drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign this statement, I Certify that this firm complies fully with the above drug-free workplace requirements.

COMPANY: FIRST FEDERAL BANK

CITY: LAKE CITY STATE: FL ZIP CODE: 32055

SIGNATURE:  PHONE: _____

NAME (TYPED OR PRINTED): Pam Hitt TITLE: SR. EXEC. VICE PRES
CHIEF OPERATING OFFICER

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

EXHIBIT "D"
E-VERIFY STATEMENT

Bid/Proposal Number: RFP# 2019-01

Project Description: COMPREHENSIVE BANKING AND TREASURY
MANAGEMENT SERVICES

I/FIRM acknowledges and agrees to the following:

I/FIRM shall utilize the U.S. Department of Homeland Security's E-Verify system, in accordance with the terms governing use of the system, to confirm the employment eligibility of:

1. All persons employed by the FIRM during the term of the Contract to perform employment duties within Florida; and
2. All persons assigned by the FIRM to perform work pursuant to the contract with the Department.

Individual/Company/Firm: FIRST FEDERAL BANK

Authorized Signature: 

Title: SR. EXEC. VICE PRES. & CHIEF OPERATING OFFICER

Date: 3.7.19

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

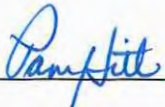
EXHIBIT "E"

PROPOSER ACKNOWLEDGEMENTS AND AGREEMENTS

The undersigned, as an employee or agent of the Proposer, having the authority to sign a binding agreement on behalf of the corporation, company, or firm presenting this submittal, confirms understanding and/or agreement and/or takes exception with any statement in the following sections of this RFP document.

1. INTRODUCTION AND GENERAL INFORMATION
Understands and agrees to all terms.
2. PROPOSAL INSTRUCTIONS, TERMS AND CONDITIONS
Understands and agrees to all terms.
3. EVALUATION AND CONTRACT OVERVIEW
Understands and agrees to all terms.
4. PROPOSER'S RESPONSE: SUBMITTAL INFORMATION
Understands and agrees to all terms.
5. PROPOSER'S RESPONSE: PROPOSED TEAM
Understands and agrees to all terms.
6. PROPOSER'S RESPONSE: PROPOSED COMPENSATION
Understands and agrees to all terms.

Name: Pam Hitt Title: Sr. Exec. VICE PRES. &
CHIEF OPERATING OFFICER

Signature:  Date: 3.7.19

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "F"

CONFLICT OF INTEREST STATEMENT

This sworn statement is submitted with Bid, Proposal or Contract for RFP 2019-01.

This sworn statement is submitted by (entity) FIRST FEDERAL BANK whose business address is 4705 W. US HWY 90, LAKE CITY, FL and (if applicable) Federal Employer Identification Number (FEIN) is 39-0969721 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: N/A.)

My name is Pam Hitt and my relationship to the entity named above is Exec. Vice Pres & Chief Operating Officer

1. The above named entity is submitting a Proposal for the City of Fernandina Beach.
2. The Affiant has made diligent inquiry and provides the information contained in the Affidavit based upon his/her own knowledge.
3. The Affiant states that only one submittal for the above proposal is being submitted and that the above named entity has no financial interest in other entities submitting proposals for the same project.
4. Neither the Affiant nor the above named entity has directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraints of free competitive pricing in connection with the entity's submittal for the above proposal. This statement restricts the discussion of pricing data until the completion of negotiations if necessary and execution of the Contract for this project.
5. Neither the entity nor its affiliates, nor anyone associated with them, is presently suspended or otherwise ineligible from participation in contract letting by any local, State, or Federal Agency.
6. Neither the entity nor its affiliates, nor anyone associated with them have any potential conflict of interest due to any other clients, contracts, or property interests for this project.
7. I certify that no member of the entity's ownership or management is presently applying for an employee position or actively seeking an elected position with the City of Fernandina Beach.
8. I certify that no member of the entity's ownership or management, or staff has a vested interest in any aspect of the City of Fernandina Beach.
9. In the event that a conflict of interest is identified in the provision of services, I, on behalf of the above named entity, will immediately notify the City of Fernandina Beach.

Pam Hitt
Signature _____ Date: _____

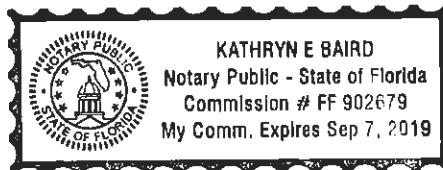
STATE OF FLORIDA
COUNTY OF Columbia

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this 7th day of March, 2019, and is personally known to me, or has provided N/A as identification.

Kathryn E Baird
Notary Signature

My Commission expires: 9-7-19



THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "G"

NON-COLLUSION AFFIDAVIT

This sworn statement is submitted with Bid, Proposal or Contract for RFP 2019-01.

This sworn statement is submitted by (entity) FIRST FEDERAL BANK whose business address is 4705 W. US Hwy 90, LAKE CITY, FL and (if applicable) Federal Employer Identification Number (FEIN) is 59-0969721 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: N/A.)

My name is Pam Hitt and my relationship to the entity named above is Sr. Exec. Vice Pres. & Chief Operating Officer

1. The above named is fully informed respecting the preparation and contents of the attached proposal and of all pertinent circumstances respecting such proposal;
2. Such Proposal is genuine and is not a collusive or sham proposal;
3. Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this affiant, has in any way colluded, connived, or agreed, directly or indirectly, with any other Bidder/Proposer/Bidder/Proposer, firm or person to submit a collusive or sham Proposal in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder/Proposer, firm, or person to fix the price or prices in the attached proposal or any other Bidder/Proposer, or to fix any overhead, profit or cost element of the proposal price or the proposal price of any other Bidder/Proposer, or to secure through any collusion, connivance, or unlawful agreement any advantage against the City of Fernandina Beach, Florida or any person interested in the proposed Contract; and
4. The price or prices quoted in the attached proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder/Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

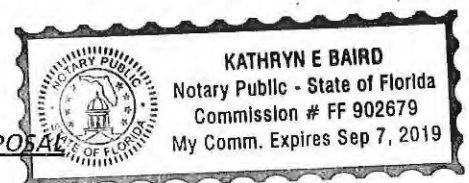
Pam Hitt
Signature _____ Date: _____

STATE OF FLORIDA
COUNTY OF Columbia

PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this 7th day of March, 2019, and is personally known to me, or has provided N/A as identification.

Kathryn E Baird My Commission expires: 9-7-19
Notary Signature

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL



**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "H"

DISPUTES DISCLOSURE FORM

Answer the following questions by placing an "X" after "YES" or "NO". If you answer "YES", please explain in the space provided, or via attachment.

Has your firm or any of its officers, received a reprimand of any nature or been suspended by the Department of Professional Regulations or any other regulatory agency or professional association within the last five (5) years?

YES ___ NO ✓

Has your firm, or any member of your firm, been declared in default, terminated or removed from a contract or job related to the services your firm provides in the regular course of business within the last five (5) years?

YES ___ NO ✓

Has your firm had against it or filed any request for equitable adjustment, contract claims, bid protest, or litigation in the past five (5) years that is related to the services your firm provides in the regular course of business?

YES ___ NO ✓

If yes, state the nature of the request for equitable adjustment, contract claim, litigation, or protest, and state a brief description of the case, the outcome or status of the suit and the monetary amounts or extended contract time involved.

I hereby certify that all statements made are true and agree and understand that any misstatement or misrepresentation or falsification of facts shall be cause for forfeiture of rights for further consideration of this proposal for the City of Fernandina Beach.

FIRST FEDERAL BANK

Firm

3.7.19

Date

Pam Hitt

Authorized Signature

PAM HITT, Sr. Exec. Vice Pres. & Chief Operating Officer

Printed or Typed Name and Title

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL



FIRST FEDERAL BANK

DEPOSITORY SERVICES MASTER AGREEMENT

THIS DEPOSITORY SERVICES MASTER AGREEMENT (the “Agreement”) effective the _____ day of May, 2019 by and between the **CITY OF FERNANDINA BEACH, FLORIDA** (hereinafter, the “City” or “you”) and **FIRST FEDERAL BANK** (hereinafter “First Federal”, “we” or “us”) contains the terms and conditions (the “Terms”) that apply to the depository services provided by First Federal to the City. This Agreement is to be read in conjunction with the Business Relationship Application and Agreement which contains general terms governing your deposit accounts, as well as the eCorp Master Agreement and related agreements for specific eCorp services which govern access to certain business services. Your request or use of any of the depository services covered by this Agreement constitutes your agreement to and acceptance of these Terms.

- 1) **Term.** The term of the Agreement is a five (5) year period commencing May 15, 2019 to and including May 14, 2024. The Agreement shall automatically renew for two consecutive (1) one-year terms unless written notice of non-renewal is provided by City 60 days prior to the ending date of the initial term or any renewal term. In the event of default by First Federal, the City may procure banking services from other sources. Either party may terminate this Agreement upon sixty (60) days’ written notice to the other party.
- 2) **Services.** First Federal will provide banking services (the “Services”) to the City as shown on Attachment “A” hereto. The City may decide which of our services you wish to receive. Some Services may require the completion of an application, enrollment form or separate agreement. Applications, enrollments and requests are subject to our approval.
- 3) **Crediting Earnings and Analysis Fees.** First Federal will provide all Services to the City at no charge provided combined ledger balances are maintained at \$5,000,000 or more. The City will earn interest on all balances in excess of \$5,000,000 at the per annum rate of .88%. Accrued earnings will be credited monthly. First Federal reserves the right to charge analysis fees in accordance with the fee scheduled appended hereto as Attachment “B” if combined ledger balances of \$5,000,000 or more are not consistently maintained. Account statements for all depository accounts will be provided to City within five (5) business days following month-end.
- 4) **Public Depository.** First Federal has provided to City evidence of certification as a Qualified Public Depository and agrees to comply with the Florida Statutes as they relate to the depositories for public funds including, without limitation Chapters 17, 136, 218, 280 and 658.
- 5) **Banking Days and Processing Schedules/Cut-off Times.** A Banking Day is defined as Monday – Friday, excluding Federal bank holidays and any other day we are not actually open for business. Processing Schedules/Cut-off times are generally Close of Business Monday – Friday for transactions conducted at a branch or drive-thru and 7:00 PM for

deposits made through eDeposit remote deposit capture. We may change Processing Schedules/Cut-off times and will provide notice of any changes to you.

- 6) **Operating Procedures.** The City agrees to comply and to remain in compliance with all applicable federal, state and local laws, rules, regulations, ordinances and determinations of governmental authorities (referred to herein as “Requirements of Law”) including, but not limited to, the Gramm-Leach-Bliley Act, Electronic Funds Transfer Act, the Bank Secrecy Act, the USA PATRIOT Act and all rules, regulations and obligations with respect to programs administered by the Office of Foreign Assets Control or the U.S. Department of Treasury’s Financial Crimes Enforcement Network. You agree not to (i) re-sell or otherwise make our Services available to others; or (ii) use our Services in any way that damages or violates the rights of any third party, that violates Requirements of Law, or that will subject us or our contractors to investigation, prosecution or legal action. To the extent that the Services we provide involve the use of clearing systems (such as the Federal Reserve System) or other networks or associations, including VISA, MasterCard or the National Automated Clearing House Association (such systems, networks and associations being referred to collectively herein as “Associations”) you agree that Services are provided subject to the rules, regulations and guidelines of the Associations, with which you agree to comply. You understand and agree that we are not responsible for the acts or omission of any Association, (including, for example an Association’s failure to satisfy a customary service level that affects our performance) or of any other member of any Association. Nothing in this Agreement shall be construed to diminish, restrict or otherwise reduce the obligations of any party to this Agreement under relevant Association rules.
- 7) **Service Availability and Standard of Care.** While we make every attempt to ensure the Services are available for your use, from time to time the Service(s) may be unavailable temporarily due to system maintenance or technical difficulties, including but not limited to, those of the given Internet service provider, cellular service provider, or Service software. We have certain obligations to you under applicable law. In addition, we agree to use ordinary care in performing Services. That obligation shall be measured by the reasonableness of banking procedures established for the transaction involved and general banking usage in the local area serviced by us.
- 8) **Access to Technology.** If we provide or permit you to access hardware, software, documentation, systems or other technology or intellectual property (“Technology”), you agree that we and/or our suppliers retain all intellectual property rights in the Technology. You further agree: (i) to use the Technology solely for the purposes of accessing or using our Services; (ii) to maintain the confidentiality of the Technology and not to copy, transfer or disclose the Technology; (iii) not to attempt to circumvent any use or access limitations contained in the Technology, nor to access any system, file, software or service other than those specifically made available by us and not to translate, reverse engineer, disassemble or decompile any Technology; (iv) to limit Technology access to those of your Personnel who have a need to have such access in connection with your receipt of Services from us; (v) to use the Technology in accordance with its documentation and all relevant security policies and procedures; and (vi) to return any and all copies of the Technology to us on request. Technology is provided to you on an “AS IS” basis and for purposes of this Agreement will be considered part of the “Services.” You agree to be responsible for misuse of Technology by your Personnel or by third parties to whom your Personnel may disclose their User IDs and/or passwords. You agree to cooperate with us in the investigation of any apparent unauthorized use of or access to our Technology by any person using a User ID or password assigned to you or who otherwise appears to have accessed our Technology through your systems.

- 9) **Security Procedures.** You will use user IDs and passwords to access the Services; and in some cases, additional security processes (together “logon credentials”). You agree to keep, and to require your personnel to keep, your logon credentials secret. You agree to prevent unauthorized access to your systems. You agree to notify us immediately if your logon credentials or those of your personnel are lost or stolen, if you believe someone else has discovered your logon credentials or those of your personnel, if you suspect there has been a breach of your computer system or if a device used for a Service is lost or stolen. We are authorized to provide Services to, release your account information to, and accept as authentic any instructions given to us by, any person who has entered a User ID and password assigned to you. You acknowledge that you are responsible for all acts and omissions of your personnel. As between you and us, you agree to accept sole responsibility for losses attributable to the acts or omission of your personnel.
- 10) **Assignment of Services.** First Federal will not assign any of the Services without the City’s prior written approval. The City shall reserve the right to eliminate individual services if the charges associated with the services are considered by the City to be excessive.
- 11) **Force Majeure.** Neither party is responsible for any failure or delay in performance caused by Act of God, strike, flood, fire, war, public enemy, any electrical, equipment or communications failure, third party act or omission, operation of any adverse governmental law, ruling, regulation, order or decree or any other event beyond its reasonable control.
- 12) **Notices.** All notices pertaining to matters in this Agreement shall be delivered to the parties via U.S. Certified Mail – Return Receipt Requested at the following addresses:

First Federal Bank
Attn: Pam Hitt, Sr. Ex. Vice Pres. & COO
4705 W. US Highway 90
Lake City, FL 32055

City of Fernandina Beach
Attn: Pauline Testagrose, CPA, Comptroller
204 Ash Street
Fernandina Beach, FL 32034

- 13) **Entire Agreement and Governing Law.** This Agreement: (i) constitutes the entire agreement with respect to the subject matter hereof; (ii) shall be binding upon and inure to the benefit of the parties and their successors and assigns; (iii) may not be assigned by either party without the other party’s written consent; and (iv) shall be governed by and construed in accordance with the laws of the State of Florida.

FIRST FEDERAL BANK

CITY OF FERNANDINA BEACH

By: _____
Pam Hitt, Sr. Ex. Vice Pres. & COO

By: _____
Print Name/Title: _____

ATTACHMENT “A”

ELITE PUBLIC FUNDS CHECKING ACCOUNT

First Federal’s high volume Elite Public Funds Checking Account is designed for entities that write and deposit more than 300 items per month. Included with this account is processing of cash and check deposits, returned checks, deposit corrections, night depository, internal transfer, electronic funds transfer, monthly account statements in hard copy format, including paid item images, and electronic format, per proposal.

OTHER RELATIONSHIP ENHANCEMENTS

Transfer Services

Corporate Internet Banking Transfer Services provides the user with real time account information. Check account balances, move funds between accounts, and create stop payments. Users may also view paid check and statement histories. The system is flexible in that one time internal transfers can be entered or repeat internal transfers can be set up as recurring templates. Scalable security allows varying levels of access to be established ranging from inquiry only to global access. Technical support will be provided at no charge to set up and implement Internet Banking Transfer Services.

Positive Pay Services (Transaction Authorization System)

The Positive Pay system allows businesses to electronically upload a list of issued checks to the bank. Reports are produced daily of any check presented for payment that is not on the authorized list. This service protects against internal fraud and more importantly protects against counterfeit checks that have become very prevalent. Dealing with fraudulent checks lowers staff productivity. Positive Pay automates the review process. Technical support will be provided at no charge to set up and implement Positive Pay.

Wire Transfer Services

The Wire Transfer system allows businesses to enter one time wire transfers or set up recurring templates for wires sent repeatedly. The outgoing wire fee is discounted by 50% when you initiate wire transfers using the online Wire Transfer Service. Scalable security facilitates separation of duties so you may set up user access so no one person has the ability to initiate and send funds without secondary review and authorization. Technical support will be provided at no charge to set up and implement Wire Transfers.

eDeposit (Remote Deposit Capture)

First Federal’s eDeposit remote deposit capture utilizes a desktop scanner provided by the bank at no cost that connects to your PC and the Internet. With it, you can scan checks and issue deposits electronically to the bank. Make deposits anytime day or night. Save time preparing deposits. Technical support will be provided at no charge to set up and implement eDeposit.

Payroll/Direct Deposit Services

Technical on site support will be provided to assist your staff in implementing direct deposit of payroll. Special presentations will be provided by bank staff to educate employees of the benefits of direct deposit. Your staff would create the direct deposit file either through your payroll software or software First Federal would provide and transmit using Premier e-Corp. The file would be further processed by First Federal through the automatic clearinghouse network (ACH). ACH origination is subject to approval.

Courier Deposit Services

Daily courier deposit pick up services with specified time for pick up.

Lock Box Services

First Federal Lock Box Services reduces the cost of processing payments through automating the crediting of customer accounts and depositing the checks into the designated bank account. The payments would be directed to a designated post office box and collected daily by authorized First Federal staff. These payments would then be processed at First Federal through a system that will capture the account information and create an electronic file that may be imported into your accounting system to credit the customer account for the payment.

Rejects are limited when a list of billings are provided to populate a lookup table to facilitate matching payments to accounts when billing stubs are not included with the check. The same information is utilized to compare the customer account information captured from billing stubs for read accuracy verification.

As the customer information is captured, the check and remittance item is imaged for future reference if needed and the checks will be credited to the designated bank account. There are also reports available for monitoring payment activity.

Merchant Services

Merchant Services is a service provided for the purpose of electronically processing, debit and credit card transactions. There is a \$50 set up fee. Discount rate and transaction fees are based on volume but are generally 3%. Sales are deposited daily, less the discount rate. Equipment may be purchased or leased. Settlement reports show gross sales, discount, net deposit and complete transaction listing.

Visa Credit Card and Debit Card– Business

First Federal offers both Visa Debit and Credit Cards for your business needs. Visa Debit Cards can be issued to appropriate personnel and linked to your primary operating account or a separate checking account created for this purpose. Visa Credit Cards can be provided at the specifications requested in the RFP.

Electronic Event Notice Service

Premier Messenger provides the user the ability to set up automatic notifications when various events occur. The message is sent to users without the use of account numbers for privacy and security purposes. Titles or nicknames are used to help the user identify the account to which the message pertains. Examples of events are check paid, deposited amount, low balance alert or balance notification, etc. Technical support will be provided at no charge to set up and implement Premier Messenger.

Special Employee Benefits

First Federal staff will hold group meetings to explain the benefits of Enhanced Employee Advantage Checking, a special account that will be offered to all your employees, providing unlimited check writing, no monthly service charge for 1 year, and a free Visa Check Card.

Enhanced Employee Advantage Checking is a non-interest bearing checking account designed for employees of entities with an account relationship with First Federal. Low minimum opening deposit of \$50; no minimum daily account balance; Free one box of standard checks per year; Free convenient 24 hour access to account information through Internet and Tele-bank; Free eStatement and internet bill pay; Free instant image debit card with access to more than 55,000 surcharge-free Allpoint Network ATM's nationwide.

Branch Hours

Branch hours vary slightly from branch to branch depending on the needs of the market served. Branch hours are subject to change upon 30 days' notice to our customers. Currently, the First Federal Branch located at 1891 S. 14th Street, Fernandina Beach, Florida, maintains the following hours:

Lobby:	Monday – Thursday	9:00 am – 4:30 pm
	Friday	9:00 am – 6:00 pm
Drive Thru:	Monday – Thursday	8:00 am – 5:00 pm
	Friday	8:00 am – 6:00 pm

ATTACHMENT "B"

SCHEDULE OF SERVICES

Standard Monthly Analysis Fees:

Checks Written (per item)	\$.09
Deposited Items (per item)	\$.09
Deposit Corrections (two free per month)	\$ 5.00
Coin Wrapping (per roll)	\$.25
Currency Strap (per strap)	\$.60

E-Corp Services:

Access / Transfers	\$ 4.00
Remote Deposit Capture	\$37.00
ACH Origination	\$24.00
Positive Pay	\$ 4.00
Wire Transfer Access	\$12.00

(10% Discount for E-Corp Bundle including all E-Corp Services)

Account Maintenance Fee (per account)	\$ 5.00
---	---------

Other Per Item Services (Billed through Analysis):

NSF Charge (per item)	\$36.00
Stop Payments (\$5 discount using e-Corp)	\$36.00
Wire Transfers (incoming)	\$10.00
Wire Transfers (outgoing-\$12.50 using e-Corp)	\$25.00
Returned Deposited Items (per item)	\$10.00
Same Day ACH Entries (Pass through charge from FRB per entry)	\$.52
ACH Deposited Items Returned "Unauthorized" (per item)	\$14.50

Standard Lock Box Schedule of Services

Per Item Charges

Single items (per item)	0.15
Multiple items (per item)	0.20
Check only items (per item)	0.25
Rejected items (per item)	0.15
Image archival (check & remittance)	0.01
Correspondence returned (per item)	1.00
File transmission (per file)	7.50
Standard batch summary report (per report)	2.00
Post Office box rental (estimate)	45.00
RemitWeb option (per month)	150.00
One Time Set Up Fee	69.00

Pineland Bank

Response to City of Fernandina Beach Request for Proposal RFP 2019-01 Comprehensive Banking & Treasury Management Services

Order of Responses:

- Attachment A – Bank Information (City provided)
- Attachment B – Objectives and Scope of Services (City provided)
- Attachment C – Proforma Account Analysis (City provided)
- Attachment D – Proposer's Warranty (City provided)
- Attachment E – Implementation Schedule
- Attachment F – Evidence of Status as Qualified Public Depository
- Attachment G – Evidence of Status of Rank with Federal Reserve
- Attachment H – Deposit Deadline Schedules
- Attachment I – Funds Availability Schedule and Deposit Float Methodology
- Attachment J – Proforma Copies of Agreements
 - J1 Wire Transfer Agreement
 - J2 Positive Pay Services Agreement
 - J3 Stop Payment Agreement
 - J4 Remote Deposit Capture Agreement
 - J5 ACH Agreement
 - J6 Lockbox Agreement
 - J7 Money Market Proposed as Overnight Investment
- Attachment K – Overnight Sweep Facility
- Attachment L – Names of Treasury Management Officers Assigned to City's Accounts
- Attachment M – Bank Privacy Policy
- Attachment N – Descriptions, Comparisons, Costs for Prospective Services
- Attachment O – Audited Financial Statements two (2) most recent years
- Attachment P – Bank History and References
- Attachment Q – Bank Exceptions
- Attachment R – Sample Copy of Bank's Deposit Agreement
- Exhibit A – Contact Sheet/RFP Proposal Form (City provided)
- Exhibit B – Public Entity Crimes (City provided)
- Exhibit C – Drug-Free Workplace Certification (City provided)
- Exhibit D – E-Verify Statement (City provided)
- Exhibit E – Proposer Acknowledgements and Agreements (City provided)
- Exhibit F – Conflict of Interest (City provided)
- Exhibit G – Non-Collusion Affidavit (City provided)
- Exhibit H – Disputes Disclosure Form (City provided)
- Addendum 1 – RFP 2019-01
- Addendum 2 – RFP 2019-01
- Pineland Bank Insurance Certificates

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

ATTACHMENT "A"

**BANK INFORMATION
RESPONSE FORM**

Bank Name: Pineland Bank

Federal Taxpayer ID: 58-0137310

Authorized Representative Signature: 

Printed Name: Mary Pitcher **Title:** Marketing & Service Manager

Email Address: mpitcher@pinelandbank.com

Mailing Address: 715 Centre Street

City, State, & Zip Code: Fernandina Beach, FL 32034

Telephone: 904-261-8233 **Fax:** 904-261-8244

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES
ATTACHMENT "B"
OBJECTIVES AND SCOPE OF SERVICES
RESPONSE FORM

Proposing bank: Pineland Bank

RFP Section	Affirm	Exception
Objectives:		
Objectives	X	
Contract Period:		
Contract period	X	
Bank Qualifications:		
Qualified Public Depository	X	
Bank Financial Strength	X	
Geographic Proximity	X	
Contract Structure:		
Contract structure	X	
Collection and Deposit Services:		
Funds Availability	X	
Deposit Deadline	X	
Ledger Cutoff Time	X	
Collected Balances	X	
ACH and Wire Transfers In	X	
Returned items	X	
Deposit Reconciliation	X	
Lock Box	X	
Remote Deposit	X	
Concentration and Disbursement Services:		
Positive Pay Services	X	
Check Reconciliation	X	
Stop Payment and Date Legend	X	
ACH and Wire Transfers Out	X	
Account Maintenance:		
Electronic Banking	X	
Account Analysis	X	
Earnings Credit and Earnings Credit Rate	X	
Overdrafts	X	
Monthly Account Statements, Debit and Credit Memos	X	
Investment Services:		
Investment services	X	

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

RFP Section	Affirm	Exception
Other Services:		
Commercial Credit Cards	X	
Workplace Banking	X	
Imaging Services	X	
Team Profile	X	
Courier Service	X	

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

**ATTACHMENT "C"
PROFORMA ACCOUNT ANALYSIS
RESPONSE FORM**

Proposing bank: Pineland Bank

Service Rendered	Unit Cost	Annual Cost
Balance Services:		
Overdraft charge	35.00	
FDIC expense	0.00	
Average monthly ledger balance	0.00	
Average monthly collected balance	0.00	
Demand Deposit Services:		
Account maintenance	20.00	240.00
Deposits credited	0.50	
Deposited item rejects	0.00	
Items paid	0.20	
ACH items received-debit	0.20	
ACH items received-credit	0.00	
On-us items	0.15	
Clearinghouse items	0.15	
Local Fed/In state Fed items	0.15	
Out of state items	0.15	
On-us items pre-encoded	0.15	
Clearinghouse items pre-encoded	0.15	
Local Fed/In state Fed items pre-encoded	0.15	
Out of state items pre-encoded	0.15	
Uncollected funds items	0.00	
Overdrafts per occurrence	35.00	
Insufficient funds items	35.00	
Stop payments - manual	35.00	
Stop payments - electronic	35.00	
Returned Check Services:		
Return items - phone call	0.00	
Return items - special address	0.00	
Return items - represented	0.00	
Returned items	5.00	
Branch/Night Deposit Services:		
Branch cash OTC deposit/\$1000	0.00	
Branch curr order/partial strap	0.00	

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

	Unit Cost	Annual Cost
Branch coin order/roll	0.00	
Controlled Disbursement: Services:		
Checks paid	0.00	
Zero Balance Services:		
Master account	0.00	
Sub account(Payroll)	0.00	
Wire Transfer Services:		
Wire transfer maintenance	0.00	
W/T out rep/semi – PC	35.00	
W/T out non-rep – PC	35.00	
W/T internal rep/semi – PC	0.00	
W/T internal non-rep – PC	0.00	
W/T Incoming	25.00	
W/T tracer/reversal	50.00	
W/T mailed notification	0.00	
Internal wire transfer credit	0.00	
ACH Services:		
ACH monthly maintenance	0.00	
ACH return item	5.00	
ACH reversals	10.00	
ACH collection application maintenance	0.00	
ACH collection application process	0.00	
ACH debits originated	0.00	
ACH credits originated	0.00	
ACH maintenance - PC	0.00	
ACH files transmitted – PC	10.00	
ACH debits originated – PC	0.00	
Electronic Payment:		
Monthly maintenance/account	0.00	
Account Reconciliation:		
Recon check sort items	0.00	
Recon items – partial	0.00	
Recon tape output – partial	0.00	
Information Reporting:		
Info report - ACH current day	2.00	
PC maintenance local	0.00	
PC Stop module	0.00	
PC Wire module	0.00	
Info report detail credits	2.00	
Info report summary fields	2.00	

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES

Info report special reports		
	Unit Cost	Annual Cost
Info report - statement to date 1st	2.00	
Info report - statement to date 2 nd	2.00	
Service Rendered	0.00	
Info report - today detail 1 st	2.00	
Info report - today detail to date 2 nd	2.00	
Info report access terminal logon	0.00	
Info report BAI	0.00	
Info report previous day	2.00	
Info report disbursement report current day	2.00	
Info report debits	2.00	
EDI Services:		
EDI report/transaction	0.00	
Sweep Services:		
Automated sweep account	40.00	480.00
Merchant Services:		
Discount rate (varies)	2.47%	
Merchant fees/account	0.00	99.50
Other Services:		
Remote Deposit Capture	70.00	840.00
Courier Service	0.00	0.00
Positive Pay	50.00	600.00
Lockbox	125.00	1,500.00

CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES
ATTACHMENT "D"
PROPOSER'S WARRANTY

The proposer warrants that the responsible officer has fully read and understands the RFP. The proposer warrants that the responsible officer has full knowledge of the scope, nature, quantity and quality of work to be performed; full knowledge of the detailed requirements of the services to be provided; and full knowledge of the conditions under which services are to be performed. The proposer warrants the unit costs, extended costs, and total estimated annual costs are complete and accurate.

Each proposer guarantees in writing that the Comptroller and the City Commission will receive the services specified and at the unit costs or prices quoted for the entire term of the agreement, including the optional one-year renewal.

Bank Name: Pineland Bank

Federal Taxpayer ID: 58-0137310

Authorized Representative Signature: Mary Pitcher

Printed Name: Mary Pitcher Title: Marketing & Service Manager

Email Address: mpitcher@pinelandbank.com

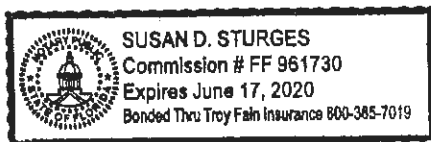
Mailing Address: 715 Centre Street

City, State, & Zip Code: Fernandina Beach, FL 32034

Telephone: 904-261-8233 Fax: 904-261-8244

The foregoing instrument was acknowledged before me this 3-12-2019 by
Mary Pitcher (Date)
Mary Pitcher who is personally known to me or who has produced
(Name of person acknowledged)

n/a an identification and who did (did not) take an oath.
(Type of identification)



Susan D. Sturges
(Signature of Notary)

Susan D. Sturges
(Name of Notary, typed, printed or stamped)

Pineland Bank Implementation Schedule City of Fernandina Beach			Attachment E
Due Date	Pineland Bank	City of Fernandina	Task
Week of 5/13/2019	X		Deliver New Account Applications for Public Fund Accounts, New Account Applications for Employee Accounts, Applications for Business Credit Cards, Remote Deposit Capture (RDC) Application, ACH Originator Application & Courier Agreement
Week of 5/20/19		X	Provide current bank statements for March & April of 2019, Completed RDC Application listing employees that will operate RDC, completed ACH Application listing employees that will prepare ACH files, & list of locations where RDC scanners will be installed
Week of 5/27/19		X	Provide completed New Account Applications for Public Fund Accounts & Business Credit Card Applications for City employees
Week of 6/3/19	X		Deliver to City new business Public Fund account documents for employee signatures
Week of 6/10/19		X	Provide completed New Account Applications for checking & savings accounts for City employees
Week of 6/10/19	X		Install RDC scanners in designated locations
Week of 6/17/19	X		Training at designated City locations for Online Banking, RDC, ACH, Positive Pay
Week of 6/17/19	X		Deliver new checking and savings account documents for City employees to sign.
Week of 6/24/19	X		Checks, Debit Cards, Credit Cards all ordered and received by City and City employees no later than June 30

Attachment E



DEPARTMENT OF FINANCIAL SERVICES
Division of Treasury – Bureau of Collateral Management

ATTACHMENT F

QUALIFIED PUBLIC DEPOSITORY RESOLUTIONS
Public Deposits Program

Pineland Bank
Printed Legal Name of Qualified Public Depository (QPD)

Alma, Georgia
Home Office City and State

I, Melanie Music, Corporate Secretary,
Name Title
certify that I am the official custodian of corporate records for the above named QPD, and that the following is a correct copy of resolutions adopted by the board of directors of this QPD at a meeting held on the 12th day of March, 2019. These resolutions appear in the minutes of said meeting and have not been modified.

BE IT resolved that:
(QPD shall check all resolutions that apply)

- ☒ (1) The Board of Directors of this QPD affirms that the Contingent Liability Agreement effective 03/12/2019 has been formally accepted, constitutes an official record of this QPD, and that this QPD, as a guarantee for its contingent liability, agrees to collectively share in any loss to public depositors caused by the default or insolvency of other QPDs, pursuant to section 280.07, F.S.
- ☒ (2) The Board of Directors of this QPD affirms that the Collateral Control Agreement effective 03/12/2019 and all Collateral Control Agreements which this QPD may enter into in order to hold Florida public deposits have been formally accepted and constitute an official record of this QPD, pursuant to section 280.041, F.S.
- ☐ (3) The Board of Directors of this QPD affirms that the Federal Home Loan Bank Letters of Credit Agreement effective _____ and all Federal Home Loan Bank Letters of Credit Agreements which this QPD may enter into in order to hold Florida public deposits have been formally accepted and constitute an official record of this QPD, pursuant to section 280.041, F.S.
- ☒ (4) Any officer listed below by name or title is authorized to attest to or execute forms accepted under these resolutions or any other forms requiring attestation or proof of authority on behalf of this QPD, pursuant to sections 280.041 and 280.05, F.S. and Rule 69C-2.032, F.A.C.

Name or Title	Name or Title
<u>Chairman of the Board</u>	<u>President/CEO</u>
<u>Vice Chairman of the Board</u>	<u>Chief Financial Officer</u>

- ☐ (5) **OPTIONAL:** The Board of Directors of this QPD elects _____ as an authorized agent for reports. This election meets the definition and conditions set forth in the "Florida Security for Public Deposits Act". Proof of agency relationship is attached to this resolution, pursuant to section 280.041, F.S., and Rule 69C-2.029 and 69C-2.032, F.A.C.

**QUALIFIED PUBLIC DEPOSITORY RESOLUTIONS
PUBLIC DEPOSITS PROGRAM**

- ☐ (6) **OPTIONAL:** The Board of Directors of this QPD elects _____ as an authorized agent for transactions. This election meets the definition and conditions set forth in the "Florida Security for Public Deposits Act". Proof of agency relationship is attached to this resolution, pursuant to section 280.041, F.S., and Rule 69C-2.029 and 69C-2.032, F.A.C.
- ☐ (7) **OPTIONAL:** The Board of Directors of this QPD elects _____ as an operating subsidiary for ownership of collateral securing Florida public deposits. This election meets the definition and conditions in the "Florida Security for Public Deposits Act". Operating Subsidiary Resolutions are attached, pursuant to section 280.041, F.S., and Rule 69C-2.029 and 69C-2.032, F.A.C.

Each resolution accepted shall remain in effect until it is replaced with an updated resolution, or until this QPD's contingent liability in the Public Deposits Program expires.

WITNESS my signature under seal of _____ Pineland Bank
Printed Legal Name of QPD

this 12th day of March , 2019 .



*Signature of Official Custodian of Corporate Records

{Seal}

*Signature and Title of Second Officer or Director

***NOTE:** If the official custodian of corporate records is designated by the foregoing resolutions as one of the signing officers, a second officer or director of the QPD shall also sign.

ATTACHMENT F

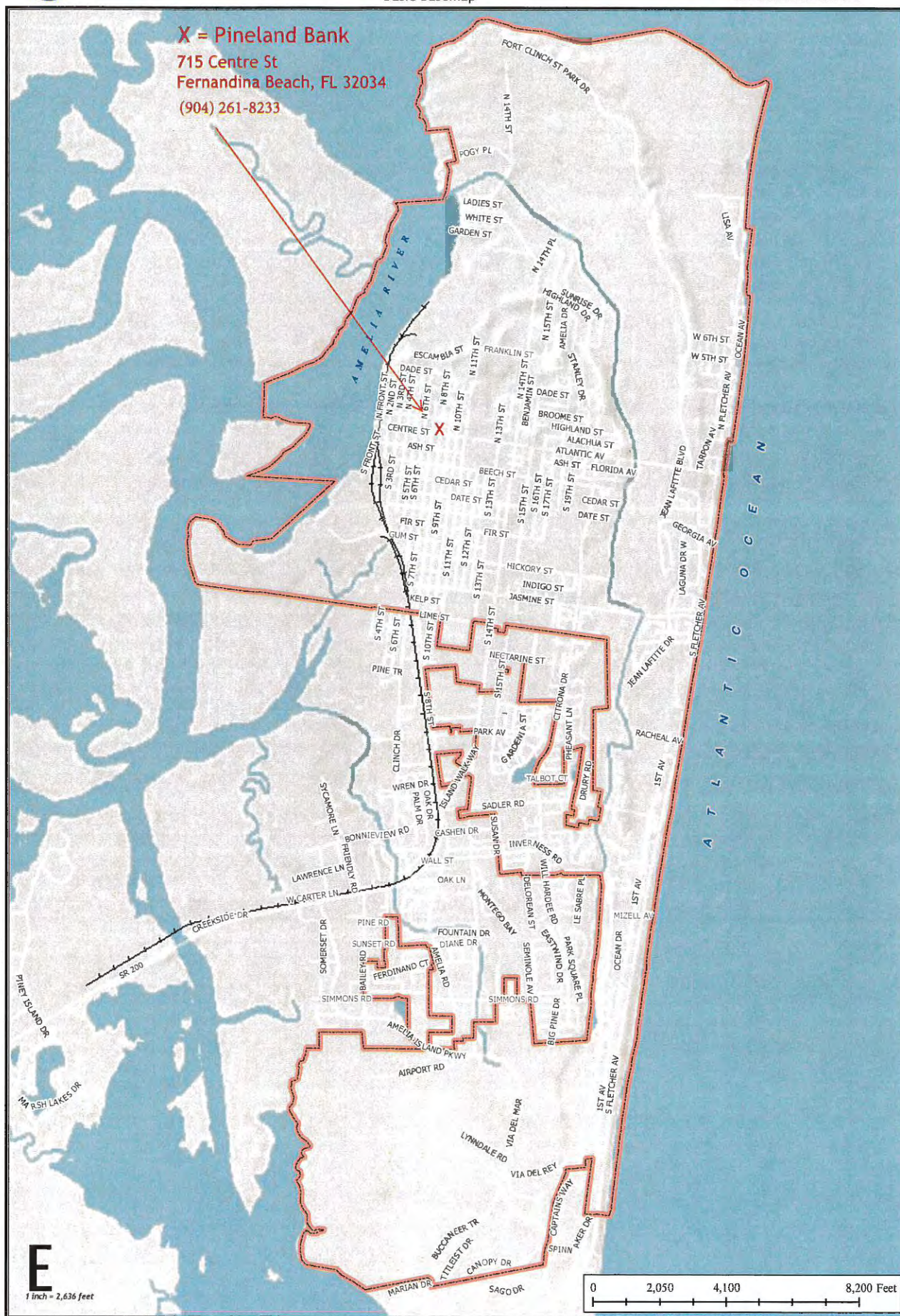




City of Fernandina Beach -- City Limits

Basic Basemap

ATTACHMENT F



Map Disclaimer:
The Fernandina Beach Planning and Zoning Department prepares and uses this data for its own purposes. This information may not be suitable for other purposes. The maps and documents are created as part of a Geographic Information System (GIS) that compiles records, information, and data from various city, county, state and federal sources. The source data may contain errors. This is not a survey and does not purport to be a survey. All measurements are based on assumed data. Official documentation of this data can be obtained by contacting the City of Fernandina Beach Community Development Department at 204 Ash Street, Fernandina Beach, FL 32034-4230 or 904-277-7325.

Bankrate®

MORTGAGES

BANKING

CREDIT
CARDS

LOANS

INVESTING

HOME
EQUITYPERSONAL
FINANCE

Bank Ratings Pineland Bank



Safe and Sound

Pineland Bank

Alma, GA

4

Star Rating



Pineland Bank is an FDIC-insured bank founded in 1939 and currently based in Alma, GA. As of December 31, 2017, the bank had equity of \$28.5 million on assets of \$266.8 million.

With 97 full-time employees in 8 offices in multiple states, the bank has amassed loans and leases worth \$176.2 million, including real estate loans of \$153.3 million. U.S. bank customers currently have \$236.9 million in deposits with the bank.

Overall, Bankrate believes that, as of December 31, 2017, Pineland Bank exhibited a good condition, earning 4 out of 5 stars for safety and soundness. Here's an analysis of how the bank did on the three key criteria Bankrate used to evaluate American banks.

WHAT IS
SAFE AND SOUND?[Find out](#)

RATES

Powered by Bankrate

Savings/MMA CDs

[Advertising Disclosure](#)

NATIONAL

LOCAL

Products

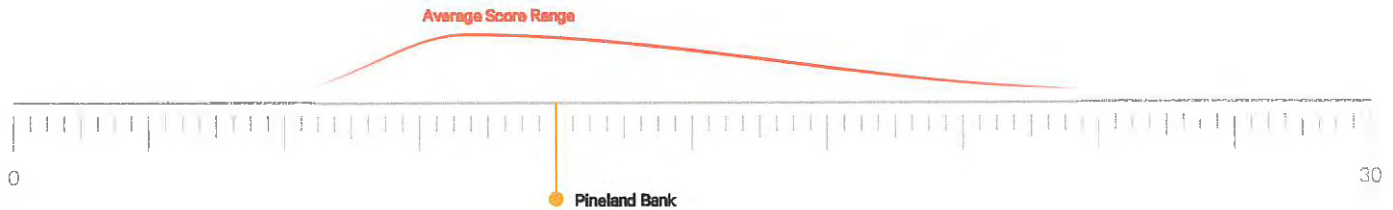
Savings

INSTITUTION	APY	RATE	MINIMUMS	COMMENTS	LEARN MORE
 Marcus BY GOLDMAN SACHS Goldman Sachs Bank USA ★★★★★	2.250% Wed Mar 6	Intro rate: 0.00% Intro months: 0 Rate post intro: 2.23%	For APY: \$1 To avoid fees: \$0 Monthly fees:\$0	No minimum deposit and no transaction fees. Easy online access.	VIEW
 HSBC HSBC Direct Savings ★★★★★	2.220% Wed Mar 6	Intro rate: 0.00% Intro months: 0 Rate post intro: 2.20%	For APY: \$1 To avoid fees: \$0 Monthly fees:\$0		VIEW
 BARCLAYS Barclays ★★★★★	2.200% Wed Mar 6	Intro rate: 0.00% Intro months: 0 Rate post intro: 2.18%	For APY: \$0 To avoid fees: \$0 Monthly fees:\$0	No Minimum Balance. No Monthly Maintenance Fees. FDIC Insured.	VIEW
 E*TRADE BANK E*TRADE Bank ★★★★★	2.100% Wed Mar 6	Intro rate: 0.00% Intro months: 0 Rate post intro: 2.08%	For APY: \$1 To avoid fees: \$1,000 Monthly fees:\$10	Make the most of your savings - higher rates & a whole lot more!	VIEW

[Disclaimer](#)

THE INSTITUTION'S SCORE

Capital Score



When it comes to measuring an institution's financial stability, capital is important. It works as a cushion against losses and as protection for accountholders during periods of financial trouble for the bank. When looking at safety and soundness, the higher the capital, the better.

On our test to measure capital adequacy, Pineland Bank received a score of 12 out of a possible 30 points, lower than the national average of 13.13.

A bank's Tier 1 capital ratio is an important measure of this buffer. Pineland Bank's Tier 1 capital ratio was 13.83 percent, higher than the 6 percent level regulators consider adequate, but under the national average of 25.65 percent. A higher capital ratio means the bank will be better able to weather economic downturns.

Overall, Pineland Bank held equity amounting to 10.69 percent of its assets, which was lower than the national average of 12.03 percent.

Asset Quality Score



This test's purpose is to estimate how the bank's reserves set aside to cover loan losses, as well as overall capitalization, could be affected by troubled assets, such as unpaid mortgages.

Having large numbers of these kinds of assets suggests a bank may have to use capital to cover losses, decreasing its buffer of equity. Many of those assets are also likely to be in non-accrual status and no longer

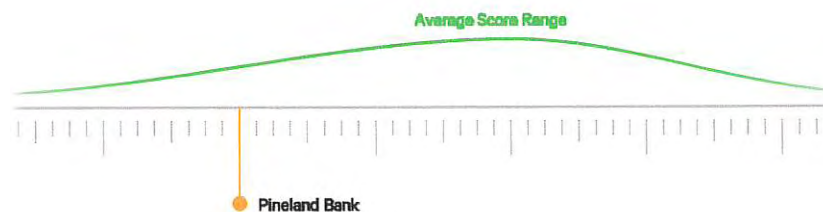
earning interest for the bank, diminishing earnings and elevating the risk of a future failure.

Pineland Bank scored below the national average of 37.49 on Bankrate's asset quality test, racking up 32 out of a possible 40 points .

A helpful indicator of asset quality is the percentage of problem assets a bank holds compared to its total assets. As of December 31, 2017, 0.97 percent of Pineland Bank's loans were noncurrent, meaning they were more than 90 days past due or were in non-accrual status. That's below the national average of 1.01 percent.

Banks keep a reserve to handle troubled assets known as an "allowance for loan and lease losses." Comparing the reserve's size to the total amount of problem loans can be a widely used indicator when evaluating a bank's ability to manage troubled assets. Unfortunately, the FDIC did not provide information on Pineland Bank's loan loss allowance in its most recent filings.

Earnings score



How profitable a bank is affects its long-term survivability. Earnings can be retained by the bank, giving a boost to its capital cushion, or be used to deal with problematic loans, likely making the bank better able to withstand financial shocks. However, banks that are losing money have less ability to do those things.

On Bankrate's earnings test, Pineland Bank scored 12 out of a possible 30, below the national average of 15.12.

One key measure of a bank's earnings is return on equity, or net income (profit, essentially) divided by total equity. The most recent annualized quarterly return on equity for Pineland Bank was 5.21 percent, below the national average of 8.10 percent.

For the twelve months ended December 31, 2017, the bank earned net income of \$1.5 million on total equity of \$28.5 million. The bank had an annualized return on average assets, or ROA, of 0.53 percent, below the 1 percent deemed satisfactory in accordance with industry standards and below the average for U.S. banks of 1.00 percent.

WHAT IS SAFE & SOUND?

Bankrate.com's Safe & Sound Ratings provide a star rating system to evaluate the current financial status of financial institutions. The information gathered about banks, credit unions and thrifts is updated as set forth in the [Terms of Use of Safe & Sound Ratings and Reports](#). The Safe & Sound Ratings information is grouped by categories of banks, thrifts and credit unions.

Scoring methodology

Bankrate.com evaluates the financial condition of institutions and assigns a one- to five-star rating for each with five stars representing the highest rating. Institutions with satisfactory performance will generally receive a rating of three or more stars. The majority of institutions fall into the three- to four-star range. An institution with an "NR" rating may be too new to rate or may have limited the publicly available information in their regulatory filings. The "NR" is not an indication of financial strength or weakness. The Safe & Sound rating is believed to be reliable, but the information is not guaranteed. In addition, events since the information was collected may have altered the institution's financial condition.

ABOUT US	ADVERTISE WITH US	UNDERSTAND BANKRATE'S AVERAGES
PRESS ROOM	LATEST NEWS	PRIVACY POLICY / YOUR CALIFORNIA
AFFILIATE CENTER	POPULAR TOPICS	PRIVACY RIGHTS
CONTACT US	GLOSSARY	TERMS OF USE
CAREERS	COMPARE RATES	GLBA ANNUAL NOTICE
	BANK REVIEWS	LICENSES
		SITEMAP

How we make money

Bankrate.com is an independent, advertising-supported publisher and comparison service. Bankrate is compensated in exchange for featured placement of sponsored products and services, or your clicking on links posted on this website. This compensation may impact how, where and in what order products appear. Bankrate.com does not include all companies or all available products.

Maximize Your Money. Get Expert Advice & Tools. Master Life's Financial Journey.

You have money questions. Bankrate has answers. Our experts have been helping you master your money for four decades.

Our tools, rates and advice help no matter where you are on life's financial journey.

FOLLOW US



© 2019 Bankrate, LLC All Rights Reserved.



UNITED STATES



UNITED KINGDOM

ATTACHMENT H

Deposit Deadline schedules –

Remote Deposit Cutoff: 4:00pm ET, Monday – Thursday

Branch Deposit Cutoff: 4:30pm ET, Monday – Thursday; 5:00pm ET, Friday

REG CC

Pineland Bank
 Fernandina Beach
 715 Centre Street
 Fernandina Beach, FL 32034
 March 11, 2019

This disclosure contains information about terms, fees, and interest rates for some of the accounts we offer.

FUNDS AVAILABILITY POLICY DISCLOSURE

YOUR ABILITY TO WITHDRAW FUNDS AT PINELAND BANK. Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. However, funds from electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and/or we will use them to pay checks that you have written. For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. We have different deposit cut-off hours for different locations. Our cut-off hours are as follows:

4:30 p.m. Monday-Thursday, 5:00 p.m. Friday	All Branches
4:00 p.m. Monday-Friday	Mobile Deposits

If you make a deposit before our cut-off hour on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after our cut-off hour or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

Reservation of Right to Hold. In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. The first \$200 of your deposit, however, may be available on the first business day after the day of your deposit. If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the business day after we receive your deposit. If you need the funds from a deposit right away, you should ask us when the funds will be available.

Longer Delays May Apply. We may delay your ability to withdraw funds deposited by check into your account an additional number of days for these reasons:

- * You deposit checks totaling more than \$5,000 on any one day.
- * You redeposit a check that has been returned unpaid.
- * You have overdrawn your account repeatedly in the last six months.
- * We believe a check you deposit will not be paid.
- * There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the eleventh business day after the day of your deposit.

Holds On Other Funds. If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it. If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

Special Rules For New Accounts. If you are a new customer, the following special rules will apply during the first 30 days your account is open:

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit.

Funds from deposits of checks drawn on Pineland Bank will be available on the first business day after the day of your deposit.

Funds from all other check deposits will be available on the ninth business day after the day of your deposit.

Member
 FDIC



Wire Transfer Agreement

This Agreement, dated this _____ day of _____, 20__ is made by and between **Pineland Bank** (hereinafter referred to as "the Bank") and _____, and its authorized agents (hereinafter referred to as "Customer"); in consideration of the mutual promises set forth below, the parties hereto agree as follows.

1) Definitions: The Bank is hereby authorized and directed, whenever the Bank receives an instruction which on its face is in compliance with the security procedures established by this Agreement, to transfer funds from any of Customer's accounts listed on Exhibit A to this Agreement to any account maintained by Customer or any third party designated in this instruction, whether the receiving account is at the Bank or at any other institution. As used in this Agreement, the term "transfer" shall be deemed to include a transfer of funds by means of the Federal Reserve FED WIRE, the Society for Worldwide Inter Bank Financial Telecommunications ("SWIFT"), TELEX, computer terminal, or other means. The term shall be deemed not to include transfers made through the Automated Clearing House ("ACH") system within the United States, as defined by the National Automated Clearing House Association ("NACHA") operating rules as those rules may be amended from time to time.

2) Security Procedures: Customer represents and warrants to the Bank that the persons named on Exhibit A to this Agreement as Authorized Agents are authorized by Customer to give instructions to the Bank for transfers of funds and matters related to transfers of funds with respect to the account listed on Exhibit A. The Bank will assign each Authorized Agent a Personal Identification Number ("PIN") and/or User ID for identification of the Authorized Agent when he or she gives instructions to the Bank, using a telephone, facsimile or email, concerning transfers of funds. Customer understands, and will cause each Authorized Agent to understand, that Customer and the Authorized Agents are responsible for maintaining the confidentiality of each PIN or User ID. Customer agrees to notify, and to cause each Authorized Agent to notify, the Bank immediately of any actual, or even suspected, breach of the confidentiality of any PIN or User ID. Customer agrees that The Bank shall have no liability to Customer or anyone claiming through Customer for any loss resulting, directly or indirectly, from breach of security of any PIN or User ID. Any instruction which is verified as being correct through the use of the security procedures described on Exhibit A to the Agreement shall be deemed to be correct.

Customer and the Bank hereby agree that no other security procedures for error detection have been established between them. In its discretion, the Bank may add or delete any procedures (security or otherwise) established under this Agreement, from time to time, upon written notice to Customer. Customer may change the list of accounts or Authorized Agents from time to time by providing written notice to the Bank. Such notice shall be effective on the fifth (5th) business day following the day of the Bank's receipt thereof.

3) Wire Transfer Instructions Delivery Methods: Subject to the Bank's normal cutoff hours and other deadlines, whether legal, regulatory, or contractual, the Bank is hereby authorized and directed to make transfers and to act upon other instructions relating to transfers upon receipt of instructions whether oral (including those via telephone), written, via facsimile transmission, or email or other means, which on their face are in compliance with the security procedures established by this Agreement. Customer agrees that should the Bank establish a Wire Transfer telephone line, all calls following implementation will be made to that telephone number. Customer further consents in full on behalf of itself and represents and warrants to the Bank that each Authorized Agent has consented to the electronic recording by the Bank of all instructions given over such telephone line. Recordings, if implemented, will be retained for 60 days and Customer agrees to raise any questions about the authority, genuineness, correctness or other matters concerning any such transfer within that time.

All transfers will appear on the Customer's regular account statement. Customer agrees to examine each statement upon receipt and to notify the Bank immediately of any perceived error or other problem about any such transfer. If the Customer fails to notify the Bank of any discrepancy within sixty (60) days after the Bank makes the statement available to the Customer, the Bank shall not be liable for and the Customer shall indemnify and hold the Bank harmless from any loss of interest with respect to the payment order and any other loss which could have been avoided had the Customer given such notice. If the Customer fails to notify the Bank within ninety (90) days after the Bank makes the statement available to the Customer, the Customer is precluded from any claim against the Bank.

If Customer fails to notify the Bank of any discrepancy or other problem within the period of time stated above for retention of the recordings on the Wire Transfer telephone line, the Bank shall be relieved of any and all liability in connection with the transfer or transfers reflected on the confirmation or statement. If, upon Customer questioning a transaction within the tape-retention period, the tape is replayed and indicates the Bank complied with this Agreement or that Customer did not comply with this Agreement, the Bank shall be relieved of all liability in connection with the transfer. The Bank shall be under no obligation to make any transfer of any amount in excess of the collected balance in the Customer's account(s) with the Bank, as such balance may be determined by the Bank.

4) Verification of Wire Transfer Requests: In its sole and unfettered discretion, the Bank may seek verification or further authorization of any transfer request or related instruction. The Bank may contact Customer by any reasonable means in order to obtain assurance of the authenticity or other correctness of a transfer request. The Bank shall be under no obligation to do so in any case, however, if upon attempting to obtain such verification, the Bank is unable to do, the Bank may, in its sole and unfettered discretion, either make the transfer or decline to make the transfer or follow the instructions or decline to follow the instructions. In such an event the Bank shall not be liable to Customer for any actual loss of any kind or for any consequential, punitive, or exemplary damages in any amount.

5) Errors Related to Information Provided by Customer: Customer understands that the numbers assigned to Banks and to the accounts of recipients of transfers are critical to the transfer function. If Customer describes the intended recipient of a transfer, the intended recipient's Bank, or any intermediary Bank in a transfer request by name and number and makes an error in giving the number, the error may cause that payment to be made through the Bank or to the account specified by the number, rather than through the named Bank or to the named intended recipient. Customer agrees that it will be responsible for the amount of the transfer in any such case.

6) Amendment or Cancellation of Transfer Instructions: Customer may ask the Bank to amend or cancel any transfer or related instruction and the Bank will use its best efforts to comply with such request if the request is made at a time and in a manner that gives the Bank a reasonable opportunity to act on the request before it makes the transfer or carries out instruction as Customer originally requested. If Customer asks the Bank to recover funds which the Bank has already transferred, the Bank shall be under no obligation to do so unless and until Customer deposits with the Bank an amount reasonably determined in good faith by the Bank to approximate the costs and expenses (including attorney fees) which the Bank may incur in attempting to recover the funds transferred. In lieu of such a deposit, the Bank may request Customer to provide a bond or other assurance of payment reasonably satisfactory to the Bank. Upon such deposit or the supplying of such other assurance) the Bank will take such action as it deems reasonable under the circumstances, including, for example, sending a request to reverse the transfer to any financial institution which received such funds. In no event, however, shall the Bank be deemed to have guaranteed or otherwise assured the recovery of any portion of the amount transferred, nor to have accepted responsibility for any amount transferred before the Bank received and had time to act upon the request to amend or cancel the transfer request.

7) Rejections by Bank: The Bank shall reject any transfer request or incoming wire transfer that does not conform to the limitations, security procedures, and/or other requirements set forth in this agreement, such as availability of funds on deposit. The Bank may reject, except when prohibited by law, at its sole discretion, any transfer request it receives from the Customer for any reason. The Bank shall notify the Customer of the Bank's rejection of the transfer request by telephone, electronic message, or U.S. Mail. The Bank will comply with regulations issued by the US Treasury's Office of Foreign Assets Control (OFAC). If any transfer request is to an entity listed on OFAC's list of Specially Designated Nationals and Blocked Persons, by law the Bank shall not complete the transfer and shall "block" the funds until such time OFAC issues a written release to the Bank. The Bank shall have no liability to the Customer as the result of the Bank's rejection of any transfer request or internal transfer if it complies with the terms of this agreement.

8) Rejection of the Bank's Transfer Request: If the Bank receives notice that a wire transfer transmitted by the Bank has been rejected, the Bank shall notify the Customer of such rejection including the reason given for rejection by telephone, electronic message, or U.S. Mail. The Bank will have no further obligation to transmit the rejected wire transfer if it complied with this agreement with respect to the original transfer request.

9) Foreign Currency Conversions: Customer agrees that if it requests a transfer of funds in a currency other than United States dollars, the Bank will convert the currency at the Bank's current exchange rate for the specified foreign currency. If any funds are returned to Customer in a currency other than United States dollars, the Bank will convert the returned foreign currency into United States dollars at its current exchange rate for such currency at the time of return. If the Bank does not have current exchange rate for the particular foreign currency involved, the Bank will use its best efforts to convert the currency promptly through reasonable commercial and/or banking channels, and Customer shall pay the Bank a reasonable fee for such services. In no event shall the Bank be liable to Customer for any losses from currency conversions effected by the Bank in good faith after receiving for conversion.

10) Wire Transfer Fees: Customer shall pay all charges, which the Bank may impose, from time to time for transfers and for following related instructions. Customer also shall reimburse the Bank for any out-of-pocket costs incurred by the Bank in carrying out the instructions given by Customer pursuant to this Agreement.

11) Bank Liability: The Bank shall have no liability under this Agreement unless it shall act with gross negligence or its acts constitute willful misconduct. In no event shall the Bank be responsible for any loss, claim, liability, damage, or other amount arising in any way, directly or indirectly, from any error, failure, or delay in the performance of any of the Bank's obligations under this Agreement caused by natural disaster, fire, war, strike, civil unrest, error in or inoperability of communication equipment or lines, or any other circumstance beyond the control of the Bank. Without limiting the foregoing, under no circumstances will the Bank have any liability for indirect, consequential, punitive or special damages. The Bank shall also not be liable for loss or damages to Customer arising out of acts or omissions of the Customer or any other person, including without limitation, courier services, any funds transfer system, any Federal Reserve Bank, any beneficiary's bank, and any beneficiary, none of which shall be deemed the Bank's agent.

12) Customer Liability: Customer agrees to indemnify the Bank against, and hold the Bank harmless from, any and all losses, costs, damages, and expense (including reasonable attorney's fees and costs of investigation, at trial and on appeal) arising directly or indirectly from or relating in any manner to, any actions taken by the Bank which were reasonably believed by the Bank to be taken pursuant to this Agreement, including but not limited to actions taken by the Bank to amend or cancel any funds transfer instructions or any decision by the Bank to effect or not to effect a transfer as provided in this Agreement, or any other action taken by the Bank pursuant to this Agreement. Customer also agrees to indemnify and hold the Bank harmless upon demand for any loss, cost, damages, consequences or expenses (including attorneys' fees and expenses at trial and through appellate action) caused by Customer's mistake, omission or failure to exercise reasonable care or to comply with this Agreement. Customer shall maintain records of each transfer request for six (6) months following the requested transfer date and agrees to provide such records to the Bank upon request to allow reconstruction.

13) Other Agreements: Any other agreement between Customer and the Bank relating to Customer's financial transactions with the Bank (including, but not limited to, any signature card or account agreement) shall be superseded to the extent of any inconsistency or conflict between its terms and the terms of this Agreement.

14) Governing Law and Regulations: This Agreement shall be governed by all applicable operating circulars of any Federal Reserve Bank, which may handle any transaction that is the subject of this Agreement, and by all applicable provisions of federal law and regulation. To the extent allowed by federal law, this Agreement shall also be governed by the operating rules and other governing documents of SWIFT, NACHA or any of the funds transfer or advice service or facilitator, and by the laws of any foreign nation having jurisdiction over the transfer (or any segment thereof, to the extent of that segment only). To the extent it is not governed by such laws, regulation, rules and other governing documents, this Agreement shall be governed by the laws of the state where it was executed. This agreement shall be binding upon and inure to the benefit of Customer and the Bank, and their respective successors, assigns, and legal representatives. This Agreement is not for the benefit of any other person or entity.

15) Enforceability: Should any provision of this Agreement be declared invalid or unenforceable, that provision shall be ineffective only to the extent of the invalidity or unenforceability. The remaining provisions of this Agreement shall remain in full force and effect.

16) Amendments: The Bank may amend this Agreement from time to time by written notice to Customer. If Customer uses any services provided for by this Agreement after receipt of such notice of amendment, such use shall be deemed to constitute agreement to the terms of the amendment.

17) Exhibits: The Exhibits to this Agreement are incorporated into this Agreement as though set forth fully herein.

18) Termination of Agreement: Either party may terminate this Agreement by written notice to the Bank. The Bank may terminate this Agreement instantly if it has reasonable cause to believe that Customer or any Authorized Agent is committing or attempting to commit an illegal or otherwise improper act, whether by means of transfer requests or other instructions covered by the Agreement or by any other means. All representations, warranties, and obligations of the Customer (including, without limitation, those described in Paragraph 10 of this Agreement) shall survive any termination of this Agreement, whether with or without cause.

19) Disputes: For any dispute relating to this Agreement, the Bank and Customer agree to the exclusive jurisdiction of the federal and state courts in (city) , (state) , waive any claim that such court is an inconvenient forum, agree to serve of process, in addition to any other manner provided by law, by any form of registered or certified mail at the address set forth below, such process to be effective 30 days after mailing, and KNOWINGLY, EXPRESSLY AND VOLUNTARILY WAIVE ANY RIGHT TO A TRIAL BY JURY.

In witness whereof, the parties hereto have caused this Agreement to be executed by their duly authorized officers or principals

Company Name: _____

Company Address: _____

By: _____

Authorized Signature: _____

Title: _____

Date: _____

Pineland Bank
501 West 12th Street
Alma, GA 31510

By: _____

Authorized Signature: _____

Title: _____

Date: _____

Exhibit A

**WIRE TRANSFER AGREEMENT
AUTHORIZED AGENTS AND SECURITY PROCEDURES ADDENDUM**

Customer has selected one of the delivery methods shown below and agrees to adhere to Pineland Bank's prescribed security procedures with the exceptions noted below:

Delivery Method	Security Procedures
1. In Person	Customer's authorized representative will deliver required information to a Pineland Bank officer, branch manager, or authorized employee at a Pineland Bank office.
2. Telephone/Facsimile	Customer's authorized representative will dial into designated Pineland Bank number, to deliver required information and PIN/User ID (if so designated) using a telephone/facsimile. Pineland Bank will perform 100% callback to a second authorized person on all wires.
3. Secure Email	Customer's authorized representative will send email to a Pineland Bank officer, branch manager, or authorized employee, to deliver required information and PIN/User ID (if so designated). Pineland Bank will perform 100% callback to a second authorized person on all wires.

Customer callback telephone number is _____

Delivery Method Selected ____1, ____2, ____3

Exceptions, if any

Customer hereby represents and warrants to Pineland Bank that the names of the Authorized Agents, the account numbers from which they are authorized to request transfers, and the maximum amount for each Authorized Agent is authorized to request transfers are correctly stated below. If at any time Customer wishes to add or delete Authorized Agents, change account numbers for Authorized Agents, or change maximum amounts for Authorized Agents, Customer will submit a new Exhibit A form to Pineland Bank. Each Exhibit A will supersede all previous Exhibit As, so any change will require a new form with ALL current Authorized Agents listed.

Account Number	Authorized Agent	PIN/USER ID	Maximum Transfer Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Customer also agrees that Pineland Bank's prescribed procedures are commercially reasonable methods of security and agrees to be bound by any payment order, whether or not authorized, issued in Customer's name and accepted by Pineland Bank in compliance with the security procedures outlined above.

Customer Name _____

By (Authorized Signer) _____

By (Authorized Signer) _____

The above persons must be those authorized to execute the Wire Transfer Agreement between Customer and Pineland Bank. Signatures of other persons will not be accepted.

CERTIFICATE OF ADOPTION OF WIRE TRANSFER RESOLUTION

I, _____, hereby certify that I am the Secretary of _____ a corporation duly incorporated and in good standing under the laws of the State of _____. I further certify that on _____ the Board of Directors of said corporation duly adopted the following resolution, and that such resolution remains in full force and effect:

RESOLVED that _____, the President and _____, and _____ of this corporation, hereby are authorized and directed to execute the standard Wire Transfer Agreement of Pineland Bank, and to designate the authorized agents of this corporation for purposes of requesting wire transfers and related matters.

In Witness Whereof, I have signed this certificate as Secretary of said corporation and have affixed its corporate seal to this certificate.

Date: _____ Signed: _____

Secretary of: _____

PINELAND BANK**POSITIVE PAY SERVICES AGREEMENT**

This Positive Pay Services Agreement ("Agreement"), dated as of _____, 20____, is between _____ ("Customer") and Pineland Bank ("Bank"). This Agreement is controlling in the event any provision of this Agreement conflicts with any other agreement between the parties, including but not limited to the checking account agreement and signature card.

In consideration of the promises and covenants contained herein, the Bank and the Customer hereby agree as follows:

1. Definitions:

A. "Banking Business Day(s)" shall be any Monday through Friday on which the Bank's offices are open to the public for business functions.

B. A "check file" must include, but not limited to, the check number, deposit account number, amount and issuance date of a check issued by the Customer.

2. The Service: At the Customer's request, the Bank will provide Positive Pay services for each checking account for which the Customer completes a Positive Pay Services Agreement. The Bank agrees to provide Positive Pay services for the purpose of detecting fraudulent or unauthorized checks on Customer checking account(s).

3. Software: The Bank will instruct the Customer on how to transmit a check file via internet to the Bank's Deposit Operations Department. The Customer must transmit the required check file in a specified format acceptable to the Bank. The Bank requires two (2) types of files; Fixed-Field-Length (Text File) and CSV (Comma-Separated Variable). The Bank may, at some time in the future, provide file creation software for Customer's use at no additional charge. If the Customer, at their sole discretion, decides to utilize a software to create a file that is compatible to the Bank's Positive Pay parameters, the Bank shall not be held liable for any cost incurred to Customer associated with such third-party software. All use of such file creator or Positive Pay software is governed by Sections 8 and 9 of this Agreement.

4. Positive Pay Procedures:

A. Customer Check File and Authorization Form: Positive Pay services require the Customer to submit information to the Bank on checks issued by the Customer drawn on checking accounts listed in the Positive Pay Agreement. Such information must be submitted on both a check file and an authorization form on the same Banking Business Day. The Customer must transmit a check file for each checking account by secure email to the Bank's Deposit Operations Department between the hours of 9:00 a.m. and 4:00 p.m. Eastern Time (ET) on each Banking Business Day for which the Customer desires Positive Pay services. The check file submitted will remain on file with the Bank for 180 days.

After transmitting the check file by secure email, the Customer must submit a corresponding authorization form by fax before 4:00 p.m. ET on the same Banking Business Day notifying the Bank that the check file has been sent to the Deposit Operations Department. The authorization form shall (i) contain the Customer's name; (ii) identify the checking account; (iii) indicate the total number of checks issued on the checking account; and (iv) indicate the total dollar amount of the checks issued.

All transmitted check files and authorization forms submitted to the Deposit Operations Department after 4:00 p.m. EST will be posted as a check file received the next Banking Business Day.

B. Exception Reports: The Bank will compare the check file received from the Customer to checks presented for payment on the checking account(s) upon receiving the required check file and authorization form, and the Bank will prepare an exception report for the prior Banking Business Day on each checking account for which the Customer has requested Positive Pay services. The exception report will list all checks posted to the checking account for payment along with checks not included in the check file and all checks presented for an amount different than stated in the check file. The Bank will send, via secure email, the examination report for review by the Customer at or before 10:00 a.m. ET on the Banking Business Day following the Banking Business Day to which the exception report applies.

C. Customer Payment Authorization for Exception Report Items: The Customer must respond to the exception report via secure email before 12:00 p.m. ET on the same Banking Business Day as it was posted to authorize payment or return instructions of each check listed in the exception report. Any checks not authorized by the Customer before 12:00 p.m. ET will be returned and marked in accordance with standard banking procedures. The Bank shall not be required to check checks on the exception report against previously cleared checks.

5. Updating Check File(s): The Bank will only pay checks presented for payment against the checking account in accordance with the terms of this Agreement. **It is the responsibility of the Customer to comply with the check file, authorization form and exception reporting timelines. The Bank shall not be liable to the Customer or any third party for the payment or return of checks in accordance with this Agreement nor for the erroneous payment or rejection of a check due to an encoding error, posting error or other error of the Customer, and the Customer hereby waives and releases any claims against the Bank arising in any way or that may be related to the Positive Pay services provided pursuant to this Agreement except for those claims resulting solely from the grossly negligent acts or omissions of the Bank.**

6. Termination:

A. The Bank may terminate this Agreement at any time for any reason by providing written notice to the Customer by fax, e-mail or mail. Any termination of this Agreement by the Bank shall not affect any of the Customer's obligations under this Agreement regarding all transactions initiated prior to such termination.

B. The Customer may terminate this Agreement upon written notice to the Bank, and such notice shall be effective the Banking Business Day following the Bank's receipt thereof.

7. Reservation of Rights: The Bank reserves the right to change the fees for Positive Pay or the rules, including but not limited to the required reporting timelines, stated in this Agreement at its discretion by providing written notice to the Customer by fax, e-mail or mail at least thirty (30) Banking Business Days prior to implementing such change.

8. Confidentiality; Bank Proprietary Property:

A. The Bank shall exercise due care in seeking to preserve the confidentiality of the Customer's information. In this respect, it is understood and agreed that implementation by the Bank of its normal procedures for maintaining the confidentiality of information relating to its customers and preventing unauthorized transactions shall constitute fulfillment of its obligation to exercise due care.

B. The Customer acknowledges and agrees that all trademarks, trade names, service marks, copyrights, programs, specifications, software, systems designs, applications, routines, techniques, enhancements, software codes, security devices, security procedures, documentation, manuals, ideas and formulas (collectively referred to herein as the "Bank Proprietary Property") utilized or developed and provided by the Bank in connection with this Agreement and the services provided hereunder, whether online via the Bank's web site or

otherwise, are proprietary property of the Bank having great commercial value to the Bank. The Customer shall have no ownership interest in the Bank Proprietary Property or other rights related thereto, and the Customer agrees to keep the Bank Proprietary Property confidential at all times. **The Customer may use the Bank Proprietary Property only for the purpose for which it was provided by the Bank and shall notify the Bank immediately of any breach of this Section of which it becomes aware.** Upon termination of this Agreement, the Customer agrees to immediately cease using any Bank Proprietary Property relating to the services provided hereunder and to erase any software comprising the Bank Proprietary Property relating to the services terminated to the extent such software is stored in the Customer's computers. Additionally, at the Bank's option, the Customer agrees to either to return all copies of all items relating to the Bank Proprietary Property in the Customer's possession or to destroy all copies of all items relating to the Bank Proprietary Property that are in the possession of the Customer and, upon request from the Bank, provide written certification to the Bank that such destruction has occurred.

9. Hardware and Software Malfunctions: The risk of error, failure, incompatibility or nonperformance of the Customer's computer system is the Customer's risk and includes the risk that the Customer does not operate its computer or software correctly. The Bank is not responsible for any errors or failures from any malfunction of the Customer's computer or software. The Bank shall have no liability to the Customer for any damage or other loss, direct or consequential, which the Customer may suffer or incur by reason of its use of the Customer's computer or software. **THE BANK MAKES NO WARRANTY TO THE CUSTOMER REGARDING THE CUSTOMER'S COMPUTER OR THE CUSTOMER'S SOFTWARE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.** The Bank makes no representations or warranties regarding the accuracy, functionality, or performance of any third-party software, including any file creator software that may be provided by the Bank pursuant to Section 3 of this Agreement that may be used in connection with the Positive Pay services provided hereunder.

10. Limitation of Liability: IN NO EVENT SHALL THE BANK BE LIABLE FOR SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND INCLUDING LOST PROFITS, WHETHER OR NOT THE BANK HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

11. Governing Law; Enforcement; Venue: This Agreement shall be construed in accordance with and governed by the laws of the state where it was executed. This agreement shall be binding upon and inure to the benefit of Customer and the Bank, and their respective successors, assigns, and legal representatives. This Agreement is not for the benefit of any other person or entity. The parties agree that the applicable portions of the Uniform Commercial Code, as adopted by the states of Florida and Georgia, shall apply to the transactions contemplated by this Agreement except to the extent expressly prohibited by federal law.

12. Disputes: For any dispute relating to this Agreement, the Bank and Customer agree to the exclusive jurisdiction of the federal and state courts in (city), (state), waive any claim that such court is an inconvenient forum, agree to serve of process, in addition to any other manner provided by law, by any form of registered or certified mail at the address set forth below, such process to be effective 30 days after mailing, and KNOWINGLY, EXPRESSLY AND VOLUNTARILY WAIVE ANY RIGHT TO A TRIAL BY JURY.

13. Entire Agreement: This Agreement constitutes the entire understanding of the parties in respect in to the subject matter hereof and, all prior negotiations, agreement and representations are merged herein.

14. Notices and Communications: Except as otherwise provided in this Agreement, all notices required to be sent to the Customer will be effective when the Bank mails or delivers them to the last known address that the Bank has for the Customer in its records. Notices from the Customer will be effective when received by mail at the following address:

Pineland Bank

Attn: Deposit Operations Department
 715 Centre Street
 Fernandina Beach, FL 32034

15. Captions: The captions of sections hereof are for convenience only and shall not control or affect the meaning or the provisions of this Agreement.

16. Severability: Should any part of this Agreement be held invalid or unenforceable, that portion shall be construed consistent with applicable law as nearly as possible to reflect the original intent of this Agreement, and the remaining portions shall remain in full force and effect.

Company Name: _____

Company Address: _____

Telephone Number (____) _____

E-mail Address: _____

Account Number(s): _____

Users:

_____ Name and Title	_____ Signature
_____ Name and Title	_____ Signature
_____ Name and Title	_____ Signature
_____ Name and Title	_____ Signature

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representative and same shall be effective as of the date of execution and acceptance by the Bank, as set forth below.

"Customer"**"Bank"**

Pineland Bank**By:** _____**By:** _____**Name:** _____**Name:** _____**Title:** _____**Title:** _____**Date:** _____**Date:** _____

Positive Pay Fee Schedule

Monthly Service Fee.....	\$50.00
Per File Fee.....	\$ 0.00
Per Item.....	\$ 0.00
Per Stop Payment.....	\$35.00

*Other fees may apply and are subject to change with a thirty (30) day notice.

STOP PAYMENT REQUEST

Account Number	Check Number	Check Date	Amount	Payable To (Payee)	Signed By (Maker)

Customer:

Financial Institution: Pineland Bank
 Fernandina Beach
 715 Centre Street
 Fernandina Beach, FL 32034

- Item Description.** I/We hereby order you to stop payment on the check identified above. I/We warrant that the information describing the check is accurate and correct, including the date, amount, and number of the check, together with the name of the payee. I/We understand that the EXACT amount of the check is necessary for your computer to stop payment. If I/we give you the incorrect amount or any other incorrect information, you will not be responsible for failing to stop payment on the check.
- Agreement.** I/We agree that unless my/our stop payment order is received by you within a reasonable time for you to act on my/our order prior to final payment of the check by you, you will not be responsible for stopping payment. I/We agree that I/we may not stop payment on any cashier's check, certified check or other official institution check I/we have purchased from you; or any check of which you have guaranteed. I/We understand that my/our stop payment request is conditional and subject to your verification that the check has not already been paid or that some other action to pay the check has not been taken by you.
- Duration.** A stop payment order is effective only against the check that is identified above. A written stop payment order is effective for six (6) months only and will expire automatically at that time unless I/we have specifically renewed it in writing prior to expiration.
- Fees.** I/We agree to pay a service charge for this stop payment order in the amount shown in your current disclosure of fees and charges. Unless otherwise agreed, you are authorized to charge this service charge to the Account identified above.
- Indemnification.** I/We agree to indemnify, defend and hold you harmless against all costs, including attorneys' fees, actions, damages or claims related to, or arising from, your action in refusing payment of the check, including claims of any joint depositor, payee, indorsee or any other party having an interest in the check, or in failing to stop payment of a check as a result of incorrect information provided by me/us. I/We also agree to notify you promptly upon the issuance of any duplicate check which replaces the check subject to this order or upon return of the original check.

Method of request receipt: ☒ oral ☐ written

Reason for stop payment: _____

I/We have read and agreed to the terms set forth above.

CUSTOMER:

X _____
 Authorized Signer Date

DATE	TIME	FEE
EXPIRATION	BY	

ITEM STATUS	
☐ Item stopped	Date _____
☐ Request expired	Other _____
☐ Request withdrawn	_____

RELEASE OF STOP PAYMENT	
The above stop payment request is withdrawn.	
X _____	Date _____

DEPOSIT PRO, Ver. 18.4.20.085 Copr. Pineland USA Corporation 1998, 2018. All Rights Reserved. FL - C:\CF\ITEM\721 TR-22330

RETURN TO:

Pineland Bank
 Fernandina Beach
 715 Centre Street
 Fernandina Beach, FL 32034

STOP PAYMENT REQUEST

ATTACHMENT J-3

Account Number	Check Number	Check Date	Amount	Payable To (Payee)	Signed By (Maker)

Customer:

Financial Institution: Pineland Bank
Fernandina Beach
715 Centre Street
Fernandina Beach, FL 32034

- Item Description.** I/We hereby order you to stop payment on the check identified above. I/We warrant that the information describing the check is accurate and correct, including the date, amount, and number of the check, together with the name of the payee. I/We understand that the EXACT amount of the check is necessary for your computer to stop payment. If I/we give you the incorrect amount or any other incorrect information, you will not be responsible for failing to stop payment on the check.
- Agreement.** I/We agree that unless my/our stop payment order is received by you within a reasonable time for you to act on my/our order prior to final payment of the check by you, you will not be responsible for stopping payment. I/We agree that I/we may not stop payment on any cashier's check, certified check or other official institution check I/we have purchased from you; or any check of which you have guaranteed. I/We understand that my/our stop payment request is conditional and subject to your verification that the check has not already been paid or that some other action to pay the check has not been taken by you.
- Duration.** A stop payment order is effective only against the check that is identified above. A written stop payment order is effective for six (6) months only and will expire automatically at that time unless I/we have specifically renewed it in writing prior to expiration.
- Fees.** I/We agree to pay a service charge for this stop payment order in the amount shown in your current disclosure of fees and charges. Unless otherwise agreed, you are authorized to charge this service charge to the Account identified above.
- Indemnification.** I/We agree to indemnify, defend and hold you harmless against all costs, including attorneys' fees, actions, damages or claims related to, or arising from, your action in refusing payment of the check, including claims of any joint depositor, payee, indorsee or any other party having an interest in the check, or in failing to stop payment of a check as a result of incorrect information provided by me/us. I/We also agree to notify you promptly upon the issuance of any duplicate check which replaces the check subject to this order or upon return of the original check.

Method of request receipt: ☒ oral ☐ written

Reason for stop payment: _____

I/We have read and agreed to the terms set forth above.

CUSTOMER:

X _____
Authorized Signer Date

DATE	TIME	FEE
EXPIRATION	BY	

ITEM STATUS	
☐ Item stopped	Date _____
☐ Request expired	Other _____
☐ Request withdrawn	_____

RELEASE OF STOP PAYMENT	
The above stop payment request is withdrawn.	
X _____	Date _____

DEPOSIT PRO, Ver. 10.4.20.005 Copr. Finestra USA Corporation 1998, 2010. All Rights Reserved. FL - C:\CFNT\61\721 TR-22330

RETURN TO:

Pineland Bank
Fernandina Beach
715 Centre Street
Fernandina Beach, FL 32034

Remote Deposit Electronic Check Processing Agreement

This ***Remote Deposit Processing Agreement***, including and incorporating by this reference Exhibits A through E hereto and the Bank's Schedule of Fees (this "Agreement"), is made and entered into by Pineland Bank (the "Bank"), and _____ ("Client"). By signing this Agreement or using the Services, Client agrees to abide by the terms and conditions set forth in this Agreement and that this Agreement shall govern the Services. The Terms and Conditions Agreement for Client's Account ("Account Agreement"), which is incorporated herein by reference, contains additional terms and conditions applying to the Account, including terms relating to the presentment, collection and return of items. If a discrepancy or inconsistency were determined to exist between the terms and conditions and other provisions of this Agreement and your Account Agreement, then this Agreement shall control with respect to the Services, but only to the extent necessary to address the discrepancy or inconsistency. Capitalized terms used in this Agreement and not otherwise defined herein have the meanings given in Exhibit A to this Agreement.

1. Background. The Bank offers the Program for the electronic clearing of Checks, which enables a customer to convert Checks to Electronic Items and to transmit those items electronically for deposit into the customer's account at the Bank. Client desires to use, and Bank agrees to provide to Client, the Program to electronically transmit and process Checks for deposit and collection purposes. The Bank will not offer the Program to businesses that operate in non-desirable industries (Money Service Business, Adult Entertainment, Gambling, etc.).

2. Definitions. Capitalized terms used in this Agreement shall have the meanings indicated herein (including, without limit, in Exhibit A).

3. Services. Client requests the Services and Equipment and the Bank agrees to provide Client the Services and the Equipment described in this Agreement to enable Client to use the Program to convert Checks to Electronic Items for the processing of such Checks electronically. The total dollar amount of Items transmitted by Client to the Bank on a daily basis shall not exceed limits established and communicated in Exhibit E of this Agreement. The Bank may also establish a per transaction maximum that will limit the dollar amount of any single Check that Client may deposit using the Service. The Bank reserves the right to modify all of these limits from time to time, based on actual Client activity and Bank's periodic reviews. The Bank will document limit change(s) on Exhibit E and will communicate revised limits to Client within a reasonable period of time following the change(s).

4. Software License. Subject to the terms and conditions of this Agreement, the Bank hereby grants Client a non-exclusive, non-transferable license during the Term of this Agreement to: (i) use the Software for those portions of the Program selected and paid for by Client, solely for processing Checks in connection with Client's own business operations, in accordance with the Documentation and solely on the Equipment; (ii) copy and use the Documentation solely to support Client's authorized use of the Software and Equipment; and (iii) copy any Software actually delivered to Client solely for archival or backup purposes so long as all copyright and other proprietary notices are retained.

5. Equipment Use. Subject to the terms and conditions of this Agreement and as part of the Program, the Bank hereby grants to Client the right to use Equipment during the Term of this Agreement.

(a) The Equipment will remain the personal property of the Bank (or the Bank's assignee).

(b) Client represents and warrants that it will not use the Equipment for any illegal purpose or activity, and understands and agrees that the Equipment may be used only with the Software and for the Program.

(c) Client covenants to comply strictly with all laws respecting copyright and trademarks and warrants that it will not infringe any related statutory, common law or other rights of any person during its use of the Program. These laws also include all banking, financial, and criminal laws, including state and federal.

ATTACHMENT J-4

(d) Client is responsible for damage to any part of the Equipment caused by Client or its employees, agents or guests.

6.0 Client's Representations and Warranties.

6.1 Client represents and warrants that with respect to each Check processed by Client hereunder and the corresponding Electronic Item: (i) the Check was properly endorsed prior to scanning; (ii) neither Client nor any of its employees or agents has altered the Check or the Electronic Item; (iii) Client has not and will not present, negotiate or transfer the Electronic Item or the Check to any other institution or person for payment, collection, or negotiation; (iv) the Electronic Item is a digitized image of the front and back of the Check and accurately represents all of the information on the front and back of the Check as of the time the Client converted the Check to an Electronic Item; (v) the Electronic Item contains all endorsements applied by parties that previously handled the Check in any form for forward collection or return; (vi) Client has sent the Bank only one Electronic Item for any single Check and will not send the Bank any other Electronic Item for that same Check; (vii) in accordance with Section 2.9 of Exhibit B hereto, Client will destroy the Original Check after the 60th day the Client sends the corresponding Electronic Item to the Bank or within such other period as required by the Bank and communicated to Client in writing; and (viii) no person except as authorized by Client has had access to the Equipment or has transmitted or altered any Check or Electronic Item. In addition, with respect to each Check and corresponding Electronic Item, Client makes to the Bank all transfer and presentment warranties made under applicable law and the Account Agreement. If Client captures a digital image of a previously truncated and reconverted Substitute Check for processing, Client shall ensure that such Substitute Check meets the requirements for legal equivalency under Regulation CC and the identifications of previous truncating and reconverting bank(s) (as such terms are defined in Regulation CC) are preserved. You also represent and warrant to the Bank that all electronic transmissions to us by or on behalf of you will be conducted free of computer viruses or bugs.

6.2 Because Client is performing the function of converting Original Checks to Electronic Items that may become Substitute Checks, Client understands and agrees that Client is responsible, to the extent permitted by law, for all warranties and indemnifications set forth in Check 21 applying to the Reconverting Bank and Truncating Bank, as such terms are defined by Check 21, including, without limitation, the obligation to only convert an Original Check that allows for the creation of a Substitute Check that clearly and accurately represents the information on the front and back of the Original Check.

6.3 Client further represents and warrants to the Bank as follows:

(a) Client has all requisite power and authority to enter into this Agreement. Entering into this Agreement, and execution of the corresponding application incorporating the same, has been duly and validly authorized by all necessary action. Further, the individual or individuals who execute this Agreement on Client's behalf is each duly authorized by Client to do so.

(b) Client will use the Service only for Client's internal business use in accordance with the terms of this Agreement. Without limiting the foregoing, Client agrees not to make the Service available to third parties or allow use of the Service in a computer bureau service business, timesharing, or otherwise disclose or allow use of the Service by or for the benefit of any third party.

7. Fees. The monthly Program fees are set forth on Exhibit D, and may be modified from time to time or supplemented with an Equipment and Fee Addendum. The Bank reserves the right to change fees from time-to-time, upon 30 days' prior notice to Client. In addition, Client shall remain responsible for all other Account services fees as set forth on the Bank's Schedule of Fees for deposit accounts. The Bank may charge to the Account all fees imposed on the Bank that are the responsibility of Client.

8.0 Term and Termination.

8.1 The term of this Agreement (the "Term") shall commence upon execution hereof and shall continue thereafter until terminated as follows: (i) by either party upon 30 days' written notice to the other party, for any reason; (ii) by the Bank upon 10 days' written notice to Client for Client's failure to (a) pay the Bank any amount due to the Bank under this Agreement, or (b) install and use any changes or updates to the Software as required herein, if such breach is not cured within such 10 day period; (iii) by the Bank immediately upon written notice to Client, if the Bank discovers any willful misconduct (including bad checks or fraudulent activities) on the part of the Client or any other party with respect to

ATTACHMENT J-4

Checks or Electronic Items processed by Client; or (iv) by the Bank upon the termination of Bank's license of the Software or right to use or lease the Equipment.

8.2 Any termination will not affect obligations arising prior to termination of this Agreement, including without limitation (i) the Bank's obligation to process any Checks and Electronic Items that were transmitted by Client to the Bank prior to either party's notice of termination to the other, and any Electronic Items that were being collected prior to the termination date.

8.3 Within 30 days after termination of this Agreement, Client will, as directed by the Bank, return or destroy all copies of the Software and Documentation in Client's possession or under its control, and will, upon request, certify in writing that it has returned or destroyed all such copies. In addition, Client shall return the Equipment to the Bank, at Client's expense, in the same condition that the Equipment was provided to Client other than for normal wear and tear.

8.4 Client will keep its Account at the Bank open until the later of (i) 90 days after the date of termination of this Agreement or (ii) final payment with respect to all processing fees, and during such time will keep in such Account an amount sufficient to cover any remaining outstanding Checks and Electronic Items. If any such outstanding Checks or returned items exceed the amount in the Account, Client will pay such excess to the Bank upon demand. Client will also continue to retain Checks and forward Checks to the Bank as provided in Exhibit B of this Agreement. Client agrees not to develop, market or sell a product substantially similar to the Program during the term hereof or within three years after termination of this Agreement.

8.5 All sections of this Agreement which are intended by their terms to survive termination of this Agreement, including without limitation Sections 6, 7, 8, 9, 11, 12, 14, 15, 17, 19, 20 and 23, will survive any termination of this Agreement.

9. Confidential Information.

9.1 The Bank acknowledges that it may obtain or have access to Non-Public Personal Information regarding Client or Client's customer (as the latter use of "Customer" is defined in Exhibit A) and agrees to (i) maintain the confidentiality, integrity and security of such information, (ii) use such information only for the purposes set forth in this Agreement and the Account Agreement, including without limitation for the performance of its obligations and exercise of its rights hereunder, and (iii) disclose such information only to its employees, agents, auditors, accountants, attorneys and regulators, and only as necessary to perform its obligations and exercise its rights hereunder, or as otherwise permitted by law.

9.2 Client agrees to treat all Confidential Information as confidential and proprietary to the Bank, and that Client shall not use or disclose Confidential Information, in whole or in part, to any third party. Notwithstanding the foregoing, Client may disclose Confidential Information: (i) with the prior written consent of the Bank (which consent shall be granted or withheld at the sole and absolute discretion of the Bank); and (ii) to comply with laws, rules and other applicable legal requirements or a properly authorized civil, criminal or regulatory investigation, or subpoena or summons issued by a federal, state or local authority or to respond to judicial process or a government regulatory authority having jurisdiction over the Bank for examination, compliance or other purposes as authorized by law; provided, however, that Client will immediately notify the Bank in writing whenever information is requested for any such purpose.

Client further agrees to establish and maintain commercially reasonable controls to ensure the confidentiality of Confidential Information and to ensure that Confidential Information is not disclosed contrary to the provisions of this Agreement. Without limiting the foregoing, Client shall maintain and implement a written information security program that includes appropriate administrative, technical and physical safeguards and other security measures that are designed to: (i) ensure the security and confidentiality of Confidential Information; (ii) protect against any anticipated threats or hazards to the security and integrity of Confidential Information; and (iii) protect against unauthorized access to or use of Confidential Information that could result in substantial harm or inconvenience to the Bank or any Consumer.

Client also agrees to notify the Bank in writing immediately of any breach of this Agreement or any unauthorized use or disclosure of, or access to, Confidential Information or of which Client becomes aware. Client further agrees to provide reasonable assistance to the Bank to allow the Bank to take all

ATTACHMENT J-4

appropriate corrective actions with respect to possible or actual unauthorized use, disclosure of, or access to Confidential Information.

10.0 Funds Availability.

10.1 All Checks transmitted to the Bank by Client as Electronic Items shall be, subject to finally collected funds and the Account Agreement, to Client's Account. For purposes of funds availability, Electronic Items deposited through the Service are considered received by the Bank upon the Bank's successful receipt of the transmission of such items that are complete, usable, and adhere to the data specifications set forth in the Documentation. If the digitized images are not complete, are not useable, or do not adhere to such data specifications, the images may not be processed by the Bank or its agents, in which event Client's deposit will be adjusted and notification will be provided.

10.2 For Electronic Items deposited to an Account that is a checking account, those Electronic Items will be subject to the Funds Availability disclosures and corresponding funds availability provisions of the Account Agreement for that Account. For purposes of funds availability, Electronic Items will be considered "checks" and will be considered "local" or "non-local" checks based solely on the location of the Bank's home office and the address of the drawee financial institution, without regard to the location from which Client transmits the Electronic Items.

10.3 For Electronic Items deposited to an Account that is not a checking account, including any money market deposit account or savings account, funds for such Electronic Item will be made available to Client when the funds for such item are finally collected from the institution on which the Check was drawn (the drawee financial institution) or at such earlier time as is determined in the reasonable discretion of the Bank. The Bank will provide Client notice of when funds from each such Electronic Item will be available, by mail or telephone.

11. Client Indemnity. Client will indemnify and hold harmless the Bank, its licensors and providers of the Services, and their respective directors, officers, shareholders, employees and agents, against any and all third party suits, proceedings, claims, demands, causes of action, damages, expenses (including reasonable attorneys' fees and other legal expenses), liabilities and other losses resulting from (i) the wrongful acts or omissions of Client, or any person acting on Client's behalf, arising in connection with Client's use of the Program or processing of Checks hereunder, including without limitation (a) a breach by Client of any provision, representation or warranty of this Agreement, (b) the negligence or willful misconduct (whether by act or omission) of Client, Client's customers, or any third party on behalf of Client, (c) any modifications or changes to the Equipment or Software made by Client or any third party within the control or on behalf of Client, (d) any misuse of the Program by Client or any third party within the control or on behalf of Client, or (e) the failure by Client to comply with applicable state and federal laws and regulations; (ii) any act or omission of the Bank that is in accordance with this Agreement or instructions from Client; (iii) actions by third parties, such as the introduction of a virus, that delay, alter or corrupt the transmission of an Electronic Item to the Bank; or (iv) any claim by any recipient of a Substitute Check corresponding to a Check processed by Client hereunder, that such recipient incurred loss due to the receipt of the Substitute Check instead of the Original Check.

IN NO EVENT SHALL BANK BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY COMPUTER SOFTWARE OR TELECOMMUNICATIONS MALFUNCTIONS OR A MALFUNCTION IN ANY OF THE OTHER SYSTEMS USED TO PROVIDE THE SERVICES.

12.0 The Bank's Liability.

12.1 The Bank will not be liable to Client for any of the following, unless liability or loss is a result of the Bank's breach of this Agreement or the Bank's gross negligence or willful misconduct: (i) any damages, costs or other consequences caused by or related to the Bank's actions that are based on information or instructions that Client provides to the Bank; (ii) any unauthorized actions initiated or caused by Client or its employees or agents; (iii) the failure of third persons or vendors to perform satisfactorily, other than persons to whom the Bank has delegated the performance of specific obligations provided in this Agreement; (iv) any refusal of a Payer Financial Institution to pay an Electronic Item or Substitute Check for any reason (other than the breach of contract, negligence or willful misconduct of the Bank), including without limitation that the Check, Electronic Item or Substitute Check was allegedly unauthorized, was a counterfeit, had been altered, or had a forged signature; (v) any other party's lack of access to the Internet or inability to transmit or receive data; (vi) failures or

ATTACHMENT J-4

errors on the part of Internet service providers, telecommunications providers or any other party's own internal systems, or (vii) any of the matters described in Section 11 above.

12.2 Client shall notify Bank of any errors, omissions, or interruptions in, or delay or unavailability of, the Service as promptly as practicable, and in any event within one Business Day after the earliest of discovery thereof, or the date discovery should have occurred through the exercise of reasonable care, and in the case of any error, within 7 days of the date of the earliest notice to Client which reflects the error. Client's failure to notify Bank of any error, omission, or other discrepancy within seven days from the date of a loss shall relieve Bank of any liability for such error, omission or discrepancy.

12.3 Notwithstanding the foregoing, the Bank's liability for errors or omissions caused by the Bank with respect to the data transmitted or printed by the Bank will be limited to correcting the errors or omissions. Correction will be limited to reprinting and/or representing Substitute Checks or Electronic Items to the Payer Financial Institution.

12.4 NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, BANK'S AGGREGATE LIABILITY TO CLIENT FOR CLAIMS RELATING TO THIS AGREEMENT, WHETHER FOR BREACH, NEGLIGENCE, INFRINGEMENT, IN TORT OR OTHERWISE, SHALL BE LIMITED TO THE TOTAL FEES PAID BY CLIENT TO THE BANK FOR THE TWELVE-MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO SUCH CLAIM.

12.5 IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES, OR ANY LOST PROFITS OR LOSS OF ANY OPPORTUNITY OR GOOD WILL, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

12.6 BANK AND CLIENT ACKNOWLEDGE AND AGREE THAT THE LIMITATIONS OF LIABILITY IN THIS SECTION ARE A BARGAINED FOR ALLOCATION OF RISK AND LIABILITY, AND AGREE TO RESPECT SUCH ALLOCATION OF RISK AND LIABILITY. EACH PARTY ACKNOWLEDGES AND AGREES THAT THE OTHER PARTY WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT THE LIMITATIONS OF LIABILITY SET FORTH IN THIS SECTION.

13. Disclaimer. THE SOFTWARE AND THE EQUIPMENT ARE PROVIDED BY BANK AND ITS LICENSORS "AS IS." THE REMEDIES SET FORTH IN THIS AGREEMENT ARE CLIENT'S SOLE AND EXCLUSIVE REMEDIES FOR BANK'S BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT. THE BANK HEREBY DISCLAIMS, AND CLIENT WAIVES AND RELEASES BANK AND ITS LICENSORS AND THEIR RESPECTIVE OWNERS, OFFICERS, AND EMPLOYEES FROM, ALL OTHER REPRESENTATIONS, WARRANTIES OF ANY NATURE, OBLIGATIONS, AND LIABILITIES, WHETHER EXPRESS OR IMPLIED OR STATUTORY, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO THE SOFTWARE, DOCUMENTATION, SERVICES, PROGRAM OR THE EQUIPMENT AND ANY AND ALL MATTERS ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION:

(i) ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, PURPOSE OR APPLICATION, OR OTHER IMPLIED CONTRACTUAL WARRANTY; (ii) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE; (iii) ANY WARRANTIES OF TIMELINESS OR NON-INFRINGEMENT; AND (iv) ANY OTHER WARRANTY WITH RESPECT TO QUALITY, ACCURACY OR FREEDOM FROM ERROR. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER BANK NOR ITS LICENSORS WARRANT THAT OPERATION OF THE SOFTWARE, PROGRAM, SERVICES OR THE EQUIPMENT WILL BE ERROR-FREE OR UNINTERRUPTED.

14. Amendments. The Bank may (a) amend the provisions of this Agreement that govern the procedures and functions of the Program, and any such amendment will become effective (i) 30 days after Client's receipt of notification, (ii) upon such later date as may be specified in such notification, or (iii) at such earlier date as the Bank may reasonably require, if such amendment is necessary or advisable in connection with statutory or regulatory changes or to protect the integrity, security or operability of the Program; and (b) amend this Agreement as otherwise provided herein. No other amendment to this Agreement shall be effective until signed by both parties to this Agreement.

ATTACHMENT J-4

15. Applicable Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the state indicated in the Account Agreement, excluding its conflict of law principals. The parties shall submit to venue in and jurisdiction of the courts, as provided in the Account Agreement.

16. Arbitration. Any dispute, controversy, or claim arising out of or based upon the terms of this Agreement or the transactions contemplated hereby shall be resolved by arbitration, pursuant to the terms of the Account Agreement; provided, however, that any dispute, controversy or claim relating to intellectual property rights with respect to the Software or Documentation shall not be subject to resolution by arbitration.

17. Assignment. The Company may not assign its rights or delegate its duties under this Agreement without the Bank's prior written consent. Any attempted assignment or delegation without the required consent will be void.

18. Attorney's Fees. If any action is brought by either party against the other regarding the subject matter of this Agreement, including any court action or arbitration proceeding, the prevailing party shall be entitled to recover, in addition to any relief granted, reasonable attorney's fees, costs of court, expert witness fees and other expenses of action.

19. Compliance with Laws. Each party will comply with all applicable federal, state and local laws and regulations with respect to this Agreement and such party's activities covered by or related to this Agreement, including, without limitation, Check 21, Regulation CC, the Uniform Commercial Code and any rules established by an image exchange network through which Image Exchange Items are processed pursuant to this Agreement. Client shall have the responsibility to fulfill any compliance requirement or obligation that Bank and/or Client may have with respect to the Service under all applicable U.S. federal and state laws, regulations, rulings, including sanction laws administered by the Office of Foreign Assets Control, and other requirements relating to anti-money laundering, including but not limited to, the federal Bank Secrecy Act, the USA PATRIOT Act and any regulations of the U.S. Treasury Department to implement such Acts, as amended from time to time.

Information related to the above referenced regulations, rulings and laws can be found on the following Internet websites:

<http://www.consumerfinance.gov/regulations/>, <http://www.federalreserve.gov/paymentsystems/>

<http://www.treasury.gov/ofac/>, http://www.fincen.gov/statutes_regs/; and/or

http://www.fincen.gov/pa_main.html

20. Construction and Interpretation. Section headings used herein are for the convenience of reference only, and shall not affect the meaning or interpretation of this Agreement. This Agreement shall be deemed to have been drafted by both parties, and in the event of dispute, no party shall be entitled to claim that any provision hereof should be construed against the other party by reason of the fact that it was drafted by any particular party. The failure of either party to enforce any rights granted under this Agreement or to take action against the other party in the event of any breach shall not be considered a waiver of that right or breach unless the waiver has been reduced to writing and signed by the waiving party. If a party effectively waives a right or breach, that waiver will not constitute a waiver of any other right or breach or of a subsequent breach of the same obligation. If any provision of this Agreement is held invalid, illegal or unenforceable in any particular jurisdiction or circumstance, the remaining provisions of this Agreement shall remain valid and enforceable in such jurisdiction or circumstance, and such provision shall remain valid and enforceable in any other jurisdiction or circumstance.

21. Entire Agreement. This Agreement supplements the terms of the Account Agreement. This Agreement, the Exhibits and schedules to this Agreement (as may be amended from time-to-time), and the Account Agreement constitute the entire agreement between Client and the Bank with respect to the subject matter hereof, supersede any prior agreements between the Bank and Client with respect to the subject matter hereof, and shall be binding upon the Bank, Client and their respective successors and permissible assigns. In the event of any inconsistency between this Agreement and the Documentation or any Account Agreement, this Agreement will govern.

ATTACHMENT J-4

22. Force Majeure. Except for the obligation to make payments, nonperformance by either party will be excused to the extent performance is prevented or delayed due to causes beyond such party's reasonable control and without its negligent or willful misconduct, including without limitation acts of God, natural disasters, terrorist acts, war or other hostilities, labor disputes, civil disturbances, governmental acts, orders or regulations, third party nonperformance or failures or fluctuations in electrical power, heat, light, air conditioning or telecommunications equipment.

23. Injunctive Relief. Notwithstanding Section 16 of this Agreement, each party acknowledges that its violation of Sections 4, 9, or 19 of this Agreement may cause irreparable injury to the other party, and agrees that the other party shall be entitled to seek temporary and preliminary injunctive relief in a court of competent jurisdiction, without the necessity of proving actual damages or posting a bond, to prevent such violation.

24. Notices. All notices permitted or required under this Agreement will be in writing and will be deemed given upon actual delivery. Any notice will be addressed to the party as follows:

If to the Bank: Pineland Bank, P.O. Box 1988, Alma, Ga 31510.

If to Client: The address or fax number set forth below at the signature line of document.

25. Relationship Between Parties. This Agreement will not be construed as creating an agency, partnership, joint venture, or any other form of association, for tax purposes or otherwise, between the parties, and the parties will at all times be and remain independent contractors. Except as expressly agreed by the parties in writing, neither party will have any right or authority, express or implied, to assume or create any obligation of any kind, or to make any representation or warranty, on behalf of the other party or to bind the other party in any respect whatsoever.

26. Security Interest. Client grants the Bank a security interest in the Account, including any present and future principal and interest, as collateral security for the performance of Client hereunder.

27. Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the Bank and Client and is not intended to benefit any third party, except the Bank's licensors. Client and the Bank acknowledge and agree that any party that licenses the Software to the Bank, directly or indirectly through one or more sub-licensees, is a third party beneficiary to this Agreement with respect to those provisions dealing with use and protection of intellectual property.

ATTACHMENT J-4

EXECUTED as of the last date indicated below.

Pineland Bank

Client's Name

By Authorized Signer

By Authorized Signer

Print Name

Print Name

Title

Title

Date

Date

Client's Address

Client's Name

Street Address

By Authorized Signer

City, State, Zip

Print Name

Telephone Number

Title

Fax Number

Date

EXHIBIT A

Account means Client's account at the Bank into which Checks transmitted electronically will be deposited.

Account Agreement with respect to any Account means the Bank's standard deposit agreements and disclosures governing the Account, as they may be amended from time to time.

Business Day means every day the Bank is opened for business with the public.

Check means a draft that is payable on demand, drawn on or payable through or at an office of a United States Financial Institution, whether negotiable or not, and payable or endorsed to Client, and includes Original Checks and Substitute Checks. Such term does not include Non-cash Items or items payable in a medium other than United States money. Note: the Bank's processing of items that do not meet this definition shall not constitute a waiver by the Bank or obligate it to process nonconforming items in the future. The Bank may discontinue processing of nonconforming items at any time, without cause or prior notice.

Check 21 means the Check Clearing for the 21st Century Act, which may be amended from time to time.

Confidential Information means all information of any kind whatsoever, whether communicated orally or embodied in any medium or electronic format, concerning the Bank, the Bank's business or customers that Client obtains through the Service. For purposes of this Agreement, Customer Information shall be treated as Confidential Information of the Bank.

Customer means an individual or business that has or receives a financial product or service from the Bank.

Customer Information means any record containing (i) Nonpublic Information about a customer who has obtained a financial product or service from the Bank that is to be used primarily for personal, family or household purposes and who has an ongoing relationship with the Bank and/or (ii) any information identifying a customer, concerning the customer's relationship with the Bank, or relating to the customer's financial condition.

Documentation means all documentation, manuals and instructions relating to the Program or the Equipment, which the Bank provides to Client from time-to-time pursuant to this Agreement, including without limitation documentation regarding installation and use of the Software.

Electronic item means a digitized image of a Check, an Image Exchange Item, or any other electronic version of a Check or other electronic item (such as items processed through the automated clearinghouse (ACH) system) approved by the Bank for processing through the Program.

Equipment means the check scanner(s) described on Exhibit D of the Agreement, as may be modified or supplemented from time to time through Equipment and Fee Addenda.

Image Exchange Item means a digitized image of a Check cleared and settled directly with a Payer Financial Institution without conversion to a Substitute Check.

Noncash item means an item that would otherwise be a Check, except that: (i) a passbook, certificate or other document is attached; (ii) it is accompanied by special instructions, such as a request for special advice of payment or dishonor; (iii) it consists of more than a single thickness of paper, except a Check that qualifies for handling by automated Check processing equipment; or (iv) it has not been pre-printed or post-encoded in magnetic ink with the routing number of the Payer Financial Institution.

Non Public Personal Information shall have the meaning as set forth in 12 C.F.R Part 573, as it may be amended from time to time.

Original Check means the first paper Check issued with respect to a particular payment transaction.

Payer Financial Institution means the United States Financial Institution ordered in a Check to make payment to the payee(s) named on the Check.

Program means collectively the procedures, protocols, and software used by the Bank and its licensors and contractors in connection with the electronic processing of Checks and Electronic Items and Image Exchange Items, and includes without limitation the Software, Documentation, Equipment, and the Services.

Regulation CC means 12 C.F.R. Part 229, as it may be amended from time to time.

Services means the services described in this Agreement and in Section 1 of Exhibit B to be provided by the Bank, or an agent or designee of the Bank, to enable Client to process Checks digitally and through Substitute Checks.

Software means that portion of the software developed, licensed and/or provided by the Bank and its licensors for operation of the Program, that the Bank delivers or provides to Client hereunder.

Substitute Check means a paper reproduction of a Check that satisfies the requirements and definition of "substitute check" set forth in Regulation CC.

United States Financial Institution means (i) any person, located in the United States, engaged in the business of banking; (ii) a Federal Reserve the Bank; (iii) a Federal Home Loan the Bank; and (iv) to the extent it acts as a payer, the U.S. Treasury, the U.S. Postal Service, or a State or local government.

EXHIBIT B**SERVICE TERMS AND CONDITIONS****1.0 The Bank's Responsibilities.**

1.1 The Bank will deliver to Client, or make accessible, the Software and Equipment. If shipping of the Equipment is required, Client agrees that Client is responsible for and will pay freight and handling charges related to the transportation of the Equipment ("*Freight*"). The Bank will invoice Client for Freight (if applicable).

1.2 The Bank will provide installation and training support as reasonably required for Client's implementation of the Program. Any onsite installation or training support shall be on such terms and conditions as the parties agree including reimbursement for the Banks' reasonable travel costs.

1.3 The Bank will provide maintenance and support for the Software as reasonably necessary to permit Client's processing of Checks through the Program. Such maintenance and support shall include (i) corrections, workarounds and bug fixes, (ii) such modifications, enhancements and updates as the Bank elects to make generally available to its customers without additional license fees, and (iii) telephone support to Client during the Bank's regular business hours.

1.4 The Bank will accept for deposit to the designated Account(s) digitized images of Checks that are transmitted to the Bank in compliance with this Agreement.

1.5 The Bank will establish a daily deposit limit that will limit the total, aggregate dollar amount of Checks that Client may deposit into all of the Account(s) each day using the Service. The Bank will also establish a per transaction limit that will limit the dollar amount of any single Check that Client may deposit using the Service. If such limits are exceeded, the Bank may, in its sole discretion, either (i) accept the deposited Checks in excess of these limits, or (ii) refuse to accept the Checks that would cause the limit(s) to be exceeded or that are transmitted to the Bank when the applicable limits have already been exceeded. If at any time the Bank accepts a Check for deposit that would cause the daily deposit limit or per transaction limit to be exceeded or when such limits have already been exceeded, Bank will have no obligation to do so in the future. The initial daily deposit limit and per transaction limit is set forth on Exhibit E hereto. The Bank may at any time in its discretion raise or lower the daily deposit limit or per transaction limit. The Bank shall provide notice of any such change to Client within a reasonable period of time.

1.6 Client has the ability to print a receipt after they transmit their deposit.

1.7 Client's digitized images will be processed after the Bank has received Client's transmission of the digitized images as described in Section 10.1 of the Agreement. The Bank will use commercially reasonable efforts to present Image Exchange Items and Substitute Checks for collection. The Bank, in its sole discretion, may determine the manner (e.g. Substitute Check, image exchange, ACH) in which the Bank shall clear or present Checks or Electronic Items for payment.

1.8 If a Payer Financial Institution returns an item to the Bank, the Bank will charge the Account for such returned item, and may either (i) return the item to Client, or (ii) re-present it to the Payer Financial Institution before returning it to Client. Items may be returned as Image Exchange Items, rather than Substitute Checks, as agreed by the parties. If a Payer Financial Institution or other third party makes a claim against the Bank or seeks a re-credit with respect to any Check processed hereunder, the Bank may provisionally freeze or hold aside a like amount in the Account pending investigation and resolution of the claim. Items returned to the Bank by a Payer Financial Institution due to forged and/or missing endorsement may result in termination of the Services.

1.9 The Bank may suspend immediately the Services or the processing of any Check or corresponding Electronic Item, if the Bank has reason to believe that there has been a breach in the security of the Program, fraud involving Client's Account or such Check, or any uncertainty as to the authorization or accuracy of Electronic Items. The Bank reserves the right at any time to process Electronic Items on a collection basis.

2.0 Additional Client Responsibilities.

2.1 Client will maintain an Account at the Bank for the receipt of deposits of Electronic items, in accordance with applicable Account Agreement. If Client maintains more than one Account, Client must identify the designated Account to be credited upon the Bank's receipt of the Electronic items.

2.2 Client will install the Software in accordance with the Documentation, and will install and implement any changes and upgrades to the Software, as the Bank may require, within 30 days of receipt of such change or upgrade, or within such shorter time frame as the Bank may reasonably require in the event such change or upgrade is necessary to comply with statutory or regulatory changes or developments, or to protect the integrity and security of the Program.

2.3 Client may use the Equipment and Software only in connection with the Program, and may only use the Equipment for the Program. Unless otherwise provided in an addendum to this Agreement or in a separate agreement, Client, and not the Bank, shall be responsible for ordering, obtaining and maintaining all Equipment. The Client will be required to order the Equipment from the Bank.

2.4 Client will use the Equipment and the Software, including the entering, processing and transmittal of items, in accordance with the Documentation. Without limiting the foregoing, Client will comply with all security procedures described in the Documentation, and will not bypass, override or disable any security mechanisms in the Equipment or Software.

2.5 Client will ensure the Equipment is clean and operating properly, and inspect and verify the quality of images and that the digitized images of Checks are legible for all posting and clearing purposes. Client will maintain the Equipment at the site where originally installed, unless Client obtains prior written approval from the Bank to move the device.

2.6 Client is strictly responsible to establish and maintain the procedures to safeguards, including but not limited to, dual controls and segregation of duties if commercially reasonable, against unauthorized use of the Service and transmission of Checks and Electronic items to the Bank. Client warrants to Bank that no individual or agent of Client will be allowed to transmit Checks or Electronic Items to the Bank in the absence of proper training, supervision and safeguards. Client agrees to take appropriate action to maintain the confidentiality of the security procedures and any passwords, codes, security devised and related instructions provided by Bank in connection with this Agreement. Client agrees to immediately notify Bank at the phone number listed in Section 24 of this Agreement if it suspects that any such information or instructions have been accessed by unauthorized persons.

2.7 Client is responsible for safeguarding all components of secure login credentials and access devices (e.g., User IDs, MFA tokens, and PINs) Without limiting the foregoing, Client agrees to take appropriate action to maintain the confidentiality of the security procedures and any passwords, codes, security devised and related instructions provided by Bank in connection with this Agreement. Client agrees to immediately notify Bank at the phone number listed in Section 24 of this Agreement if it suspects that any such information or instructions have been accessed by unauthorized persons. If Bank informs Client that it is necessary or advisable for Client to implement new or additional security procedures, alter software or systems for sending Electronic Items, or obtain different Scanners or TPPs, Client agrees that Client shall do so with reasonable promptness.

2.8 Client will ensure that no financial institution (depository, collecting or payer), drawee, drawer or endorser with respect to a Check processed by Client will receive presentment, or return of, or otherwise be charged for, the Check (including the Original Check or Substitute Check), corresponding Electronic Item, and/or other paper or electronic representation of the Check such that such person will be asked to make payment based on an item that it already has paid.

2.9 Client ***will retain each Original Check in a secure-locked location for a reasonable period, but in no event fewer than 60 days after such Original Check has been converted to an Electronic Item and transmitted to the Bank.*** At the end of such retention period, Client shall shred the Original Check using commercially reasonable procedures. During the time that the Client is required to retain the Original Check, Client will promptly provide any retained Original Check (or, if the Original Check is no longer in existence, a sufficient copy of the front and back of the Original Check) to the Bank, as requested, to aid in the clearing and collection process or to resolve claims by third parties with respect to any Check.

2.10 During the period that Client maintains Original Checks pursuant to Section 2.9 above, Client understands and agrees that Client shall use a high degree of care to protect such Original Checks against security risks (i.e., maintain the Original Checks in a secure or protected location). These risks include, without limitation, (i) theft or reproduction of the Original Checks (including by employees) for purposes of presentment for deposit of the Original Check after the Original Check has been presented for deposit via the Service and (ii) unauthorized use of information derived from the Original Checks, including, but not limited to, Confidential Information and Non-Public Personal Information about the Client's customer. When destroying and disposing of Original Checks pursuant to Section 2.9 hereof, Client understands and agrees that Client must use a high degree of care when selecting and implementing destruction and disposal procedures. Among other things, these procedures must be designed to ensure the Original Checks are not accessed by unauthorized persons during the destruction and disposal process and, once destroyed, the Original Checks are no longer readable or capable of being reconstructed (e.g., through the use of competent shredding equipment).

2.11 Client will retain all information about its digitizing of Checks, as created by the Software, for no less than 14 days. In the event of lost, mistaken, incomplete or unusable Electronic Items, or in the event of claims of fraud, alteration, counterfeit or otherwise, Client shall cooperate fully with the Bank in providing information, including access to such records.

2.12 Client understands that Checks can be transmitted through the Service 24 hours a day, 7 days a week, but the Bank has an established **daily cut-off time, 4:00 PM**, which may change from time-to-time at the sole discretion of the Bank. Checks transmitted after the specified cut-off time and on non-Business Days will be posted the next Business Day.

2.13 Because Client is performing the function of converting Original Checks to Electronic items which may become Substitute Checks, Client understands and agrees that Client is responsible, to the extent permitted by law, for all warranties and indemnifications set forth in Check 21 applying to the Reconverting Bank and Truncating Bank, as such terms are defined by Check 21, including without limitation, the obligation to only convert an Original Check that allows for the creation of a Substitute Check that clearly and accurately represents the information on the front and back of the Original Check. The Bank and its service providers may, but shall have no obligation, to screen Electronic items or Substitute Checks for legal compliance. No Electronic Item or Substitute Check that does not comply with such standards shall be deposited through the Service; such items must be deposited by alternative means such as in person, via courier, a night drop facility, or by postal mail accompanied by a deposit slip issued by the Bank.

2.14 Client agrees that the Service may be used only to deposit Checks drawn on financial institutions with a valid United States ABA/Routing number and denominated in U.S. dollars. All other items must be deposited by alternative means such as in person, via courier, a night drop facility, or by postal mail accompanied by a deposit slip issued by the Bank. Client agrees to only use the Service to deposit Checks, as such term is defined in Exhibit A. Without limiting the generality of the foregoing, Client understands and agrees that no U.S. Savings Bonds, Foreign Checks (including Canadian checks), Money Orders or Traveler's Checks can be transmitted through the Service. Client further understands and agrees that no Check payable to a third party can be transmitted through the Service.

2.15 Client understands and agrees that the Bank may periodically perform audits of the Client, at the Bank's cost and expense, at the locations where the Equipment and Software are installed. The audit may include, but is not limited to, verification of location of Equipment and Software, technical or other access security to Equipment, Check storage and security procedures, methods to destroy Checks, operational controls, risk management processes and employee security practices.

2.16 Client agrees to promptly notify Bank within 14 days, if Client becomes engaged in the business of online payment processing, credit card repair services, mail or telephone order transactions, online gambling operations and/or adult entertainment or otherwise becomes engaged in a new line of business pursuant to which Checks will be transmitted through the Service.

2.17 Client agrees, if a Check or Electronic item is transmitted to Bank using Client's User ID and password, Bank may deem it as having been sent by Client and Client shall be liable under this Agreement and the Account Agreement for that Check or Electronic item, even if Client did not authorize the transmission of such Check or Electronic item, when such Check or Electronic item is processed by the Bank in accordance with security procedures set forth herein. Client further agrees, if a Check or Electronic item is transferred to Bank by Client, or was authorized by Client to be sent to Bank, Client shall be liable under this Agreement and the Account Agreement for that Check or Electronic item even if it was not sent using Client's User ID and password.

2.18 Client assumes exclusive responsibility for the consequences of any instructions given by Client to Bank, for Client's failure to access the Service properly in a manner prescribed by this Agreement and the Documentation, and for failure to supply accurate input information, including without limitation, any information contained in an application.

3.0 Error Resolution.

Client will examine the periodic account statement and report to the Bank any errors in transactions processed through the Service as promptly as practicable, and in any event within one Business Day after the earliest discovery thereof, or the date discovery should have occurred through the exercise of reasonable care and, in the case of any error, within 14 days after the date of the earliest notice to you which reflects the error. Your failure to notify us of any error, omission, or other discrepancy within these time periods shall relieve us of any liability for such error, omission or discrepancy.

EXHIBIT C**INTELLECTUAL PROPERTY PROVISIONS; EQUIPMENT****1.0 Protection and Security of Software and Documentation.**

1.1 Client will establish reasonable precautions and use commercially reasonable efforts, no less rigorous than those Client uses to protect its own confidential information to protect and maintain the confidentiality and security of the Software and the Documentation. Without limiting the generality of the foregoing, Client will use reasonable measures to protect the Software and Documentation from unauthorized copying, dissemination, disclosure or other unauthorized use. Client will ensure that each computer or other hardware device on which the Software is installed has adequate security and controls, including, but not limited to, firewalls, antivirus, malware protection.

1.2 Client will not, and will not permit any third party to, (i) copy or use the Software or Documentation except as expressly authorized by this Agreement (including this Exhibit); (ii) sublicense, rent, distribute, transfer, publish, disclose, display or otherwise make available the Software to others; (iii) use the Software or Documentation for third-party training, commercial time-sharing or service bureau use; or (iv) alter, change, modify or otherwise create derivative works of the Software or Documentation.

1.3 Client will not, and will not permit any third party to, reverse engineer, disassemble or decompile any Software, except to the extent expressly permitted by applicable law. If Client intends or begins to take any such action based on any applicable law, Client shall notify the Bank and the Bank shall have the right to immediately terminate this Agreement and/or the license to the Software and Equipment upon notice to Client.

1.4 Client will maintain a complete and accurate list of all locations where Client has loaded and maintains the Software, and make such list available to the Bank upon the Bank's request.

2.0 Ownership of Intellectual Property and Equipment.

2.1 Client acknowledges and agrees that all right, title and interest in and to the Equipment, the Software and the Documentation, together with modifications, enhancements and derivative works, and all intellectual property rights such as copyrights, patents, and trade secrets, pertaining to the Equipment, Software and the Documentation, (i) are and shall remain owned exclusively throughout the universe by the Bank and/or its licensors, (ii) represent or contain valuable rights of the Bank and/or its licensors, and (iii) are protected under United States patent, copyright, trademark and trade secret laws of general applicability. This Agreement does not create in Client any rights to, and does not constitute an assignment of any rights of the Bank or its licensors in and to, any copyrights, trade secrets, patents, or other intellectual property rights of the Bank or such licensors. Other than the license set forth above in this schedule, no other license or interest in the Equipment, Software or Documentation, either expressed or implied, is granted under this Agreement.

2.2 Client will not at any time, either directly or indirectly, (i) put to issue the scope, validity or ownership of the Bank' or its licensors' intellectual property rights or other ownership rights in the Equipment, Software and Documentation; (ii) do any act which could reasonably be expected to impair the scope, validity or ownership of such intellectual property rights or other rights, or (iii) assert any ownership rights to the Equipment, Software or Documentation. Client acknowledges and agrees that this Agreement does not grant or convey to Client (i) an interest in or to the Equipment, Software or Documentation, *but only a limited right of use*, revocable in accordance with the terms hereof; or (ii) any right, title, interest or license in, or to any trademark of the Bank or its licensors.

2.3 Client hereby assigns to the Bank and/or its licensors, as directed by the Bank, any rights, including any patent, copyright, mask work rights, trademarks, and trade secrets, which Client may now have or which it may acquire at any time in the future to the Equipment, Software or the intellectual property rights to the Software, and any other computer code using any of the Software.

2.4 Client shall not remove or alter any copyright, trademark, or other intellectual property or proprietary right notices, legends, symbols or labels appearing on or in the Equipment, Software, Documentation or any packaging, and shall include on any copy of the Software or Documentation any copyright, trademark, or other intellectual property or proprietary right notices contained on the original.

2.5 Client will (i) cooperate with the Bank and its licensors to protect the Equipment and Software, including in connection with any lawsuits or disputes involving the Equipment or Software; (ii) promptly notify the Bank and provide to it relevant background and other facts upon becoming aware of any actual or potential claim made by a third party regarding infringement, misappropriation, imitation, illegal use or misuse, or reasonable likelihood thereof, by the Equipment or Software; and (iii) in the event of any actual or potential infringement, misappropriation, imitation, illegal use or misuse, or reasonable likelihood thereof of the Equipment or Software by others, (a) grant to the Bank and its licensors the sole right to determine the course of action with respect to such infringement and to bring any proceeding with respect thereto, and to settle, and collect any settlement amount or judgment for any such proceeding, and (b) agree that such licensors shall be solely entitled to any proceeds of any such proceeding, including without limitation any settlement proceeds, insurance proceeds, arbitration award, judgment, or other consideration in any form.

3. Termination. Client acknowledges and agrees that its license to the Equipment, Software and Documentation will terminate upon the earlier to occur of (i) termination of this Agreement, or (ii) termination of the Bank's license to the Software and Documentation.

4. Compliance with Law. Client shall not export, re-export or otherwise transfer, directly or indirectly, the Equipment or Software or any portion thereof to any location outside the United States without first complying with all applicable foreign and United States federal, state and local laws, rules, regulations or controls (including without limitation those regarding import, export, marketing, distribution or use of software programs).

5. Assignment. Client may not assign the license granted hereunder to any party whatsoever, except in connection with an assignment of the entire Agreement, subject to the terms of the Agreement. Any attempted assignment of the license in violation of this section shall be void.

6. Further Assurances. Client will, at its expense, promptly execute and deliver such further documents including, but not limited to, financial information for the Client and its Principal(s), and take any and all other actions reasonably requested by the Bank from time-to-time, for the purpose of fully effectuating the intent and purposes of this Exhibit, and to protect the interests of the Bank, its licensors, and their respective successors and assignees.

7. Injunctive Relief. Client acknowledges that violation of its commitments regarding the software, as outlined in Sections 2.4, 2.5 and 5 of this Exhibit, may cause irreparable injury to the Bank and/or its licensors, and agrees that the Bank shall be entitled to seek and obtain temporary and preliminary injunctive relief in a court of competent jurisdiction, without the necessity of proving actual damages or posting a bond, to prevent such violation.

8. Survival. Client agrees that the provisions of Sections 2, 4, 6, 7 and 8 of this Exhibit shall survive termination of the license granted hereunder and the termination of this Agreement.

EXHIBIT D**Equipment Description and Program Fees**

This Exhibit D may be modified or supplemented from time to time through one or more Equipment and Fee Addenda.

Date: _____

Account #:
Monthly Fee: \$70.00

Client: Name of Client
(Merchant/Company): _____

Address: _____

City, State, ZIP _____

ATTN: Contact Name _____

Phone Number: _____

Fax Number: _____

Email address: _____

Scanner Description	Serial # of Scanner
Names of RDC system Users:	Corresponding User IDs:

By Authorized Signer _____

Date _____

Print Name/Title _____

EXHIBIT E**Transmission of Items – Limits**

This Exhibit E may be modified or supplemented from time to time.

As referenced in Section 1.5 of the Service Terms and Conditions, Client acknowledges the total dollar amount of Items transmitted by the Client to the Bank shall not exceed the following limits:

Per Deposit Limit: \$ _____

Per Day Limit: \$ _____

Company Name: _____

Authorized Signer's Name, Title
Authorized Signature

Date

PINELAND BANK ODFI/ORIGINATOR AGREEMENT

This agreement, dated as of _____, _____ is between Pineland Bank and _____.

RECITALS

- A. Company wishes to initiate Credit and Debit Entries by means of the Automated Clearing House Network pursuant to the terms of the Agreement and the rules of the National Automated Clearing House Association, and Financial Institution is willing to act as an Originating Depository Financial Institution (ODFI) with respect to such Entries.
- B. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules. The term "Entries" shall have the meaning provided in the NACHA Operating Rules (the *ACH Rules*) and shall also mean the data received from Company hereunder from which Financial Institution prepares entries.

AGREEMENT

1. **ACH Rules.** The Company acknowledges receipt of a copy or has access to a copy of the NACHA Operating Rules. The Company agrees to comply with and be bound by the *ACH Rules*. In the event the Company violates any of the applicable *ACH Rules* and NACHA imposes a fine on Financial Institution because of the Company's violation, Financial Institution may charge the fine to the Company. Financial Institution agrees to inform the Company of revisions to the *ACH Rules* of which Financial Institution has knowledge. Financial Institution reserves the right to suspend Originators and Third Party Senders for breach of the *ACH Rules*. The Financial Institution reserves the right to audit the Originator and/or Third Party Senders compliance with this agreement and with the *ACH Rules*.
2. **U.S. Law.** It shall be the responsibility of the Company that the origination of ACH transactions complies with all applicable laws, regulations and orders, including, but not limited to, the sanctions laws, regulations and orders administered by OFAC; laws, regulations, and orders administered by FinCEN; and any state laws, regulations, or orders applicable to the providers of ACH payment services, including the sending of restricted transactions. Restricted transactions include but are not limited to transactions defined as restricted within Regulation GG. This includes sanctions enforced by the Office of Foreign Assets Control (OFAC). It shall further be the responsibility of the company to obtain information regarding such OFAC enforced sanctions (this information may be obtained directly from the OFAC Compliance Hotline 800-540-OFAC).
3. **Transmittal of Entries By Company.** Company shall transmit entries to Financial Institution to the location and in compliance with the formatting and other requirements set forth in Schedule A attached hereto. The total dollar amount of Credit Entries transmitted by Company to Financial Institution and the total amount of Debit Entries transmitted by Company to Financial Institution are outlined in Schedule F attached hereto. Exposure limits are set by the financial institution and will be monitored and reviewed on a regular basis. Types of transactions that will be permitted by the Originator and/or Third Party Sender are outlined in Schedule F.

4. Security Procedure.

- a. Company shall comply with the "Security Procedures" described in Schedule A attached hereto and made a part hereof, and Company acknowledges and agrees that the Security Procedures, including (without limitation) any code, password, personal identification number, user identification technology, token, certificate, or other element, means, or method of authentication or identification used in connection with a Security Procedure ("Security Devices") used in connection therewith, constitute commercially reasonable security procedures under applicable law for the origination of Entries (or request for cancellation or amendment of an Entry). Company authorizes Financial Institution to follow any and all instructions entered and transactions initiated using applicable Security Procedures. Company agrees that the initiation of a transaction using applicable Security Procedures constitutes sufficient authorization for Financial Institution to execute such transaction notwithstanding any particular signature requirements identified on any signature card or other documents relating to Company's deposit account maintained with Financial Institution, and Company agrees and intends that the submission of Entries and instructions using the Security Procedures shall be considered the same as Company's written signature in authorizing Financial Institution to execute such transaction. Company acknowledges and agrees that Company shall be bound by any and all Entries initiated through the use of such Security Procedures, whether authorized or unauthorized, and by any and all transactions and activity otherwise initiated by any person(s) authorized by Company to initiate transactions ("Authorized User(s)"), to the fullest extent allowed by law. Company further acknowledges and agrees that the Security Procedures are not designed to detect error in the Entries initiated by Company and that Company bears the sole responsibility for detecting and preventing such error.
- b. Company acknowledges and agrees that it is Company's responsibility to keep all Security Procedures and Security Devices protected and to provide or make available the same only to Authorized User(s). Company agrees to instruct each Authorized User not to disclose or provide any Security Procedures or Security Devices to any unauthorized person. Financial Institution shall distribute Security Devices to a person designated by Company ("Administrator") and Financial Institution shall otherwise communicate with the Administrator regarding Security Procedures. Company's Administrator shall have responsibility to distribute Security Devices to Authorized User(s). Company agrees to periodically change or modify passwords and PINs. Company agrees to notify Financial Institution immediately if Company believes that any Security Procedures or Security Device has been stolen, compromised, or otherwise become known to persons other than Authorized User(s), or if Company believes that any Entry or activity is unauthorized or in error.
- c. Company agrees to notify Financial Institution immediately if the authority of any Administrator(s) shall change or be revoked. Company shall recover and return to Financial Institution any Security Devices in the possession of any Authorized User(s) whose authority to have the Security Device has been revoked.
- d. Financial Institution reserves the right to change, amend, replace, or cancel any or all Security Procedures, and/or to cancel or replace any Security Device, at any time and from time to time in Financial Institution's discretion. Financial Institution may make any change in Security Procedures without advance notice to Company if Financial Institution, in its judgment and discretion, believes such change to be

necessary or desirable to protect the security of Financial Institution's systems and assets. Company's implementation and use of any changed Security Procedures after any change in Security Procedures shall constitute Company's agreement to the change and Company's agreement that the applicable Security Procedures, as changed, are commercially reasonable and adequate for the purposes intended.

5. Physical and Electronic Security.

- a. Company is solely responsible for providing for and maintaining the physical, electronic, procedural, security of data and systems in Company's possession or under Company's control. Financial Institution is not responsible for any computer viruses (including, without limitation, programs commonly referred to as "malware," "keystroke loggers," and/or "spyware") resulting from any computer viruses. Company is solely responsible for maintaining and applying anti-virus software, security patches, firewalls, and other security measures with respect to Company's operating systems, and for protecting, securing, and backing up any data and information stored in or on Company's operating systems. Financial Institution is not responsible for any errors or failures resulting from defects in or malfunctions of any software installed on Company's operating systems or accessed through an Internet connection.
- b. Company acknowledges that Financial Institution will never contact Company by e-mail in order to ask for or to verify personal information such as Account numbers, Security Devices, or any sensitive or confidential information. In the event Company receives an e-mail or other electronic communication that Company believes, or has reason to believe, is fraudulent, Company agrees that neither Company nor its Authorized User(s), agents, and employees shall respond to the e-mail, provide any information to the e-mail sender, click on any links in the e-mail, or otherwise comply with any instructions in the e-mail. Company agrees that Financial Institution is not responsible for any losses, injuries, or harm incurred by Company as a result of any electronic, e-mail, or Internet fraud.
- c. In the event of a breach of the Security Procedure, Company agrees to assist Financial Institution in determining the manner and source of the breach. Such assistance shall include, but shall not be limited to, providing Financial Institution, or Financial Institution's agent, access to Company's hard drive, storage media and devices, systems and any other equipment or device that was used in breach of the Security Procedure. Company further agrees to provide to Financial Institution any analysis of such equipment, device, or software or any report of such analysis performed by Company, Company's agents, law enforcement agencies, or any other third party. Failure of Company to assist Financial Institution shall be an admission by Company that the breach of the Security Procedure was caused by a person who obtained access to transmitting facilities of Company or who obtained information facilitating the breach of the Security Procedure from Company and not from a source controlled by Financial Institution.

6. **Recording and Use of Communications.** Company and Financial Institution agree that all telephone conversations or data transmissions between them or their agents made in connection with this Agreement may be electronically recorded and retained by either party by use of any reasonable means.
7. **Processing, Transmittal and Settlement by Financial Institution.**
 - a. Except as provided in Section 8, On-Us Entries and Section 9, Rejection of Entries, Financial Institution shall (i) process Entries received from Company to conform with the file specifications set forth in the *ACH Rules*, (ii) transmit such entries as an Originating Depository Financial Institution to the ACH Operator, and (iii) settle for such Entries as provided in the *ACH Rules*.
 - b. Financial Institution shall transmit such Entries to the ACH Operator by the deadline set forth in Schedule B (same day, one business day or two business days) prior to Effective Entry Date shown in such entries, provided (i) such entries are received by the Bank's related cut-off time set forth in attached Schedule B on a business day, (ii) the Effective Entry Date is either same day or at least one day after such business day, and (iii) the ACH Operator is open for business on such business day.

Note: Originators that enter an invalid or stale date in the Effective Entry Date field may have entries processed same day.

 - c. If any of the requirements of clause (i), (ii), (iii) of Section 7(b) are not met, Financial Institution shall use reasonable efforts to transmit such entries to the ACH Operator by the next deposit deadline on which the ACH Operator is open for business.
8. **On-Us Entries.** Except as provided in Section 9, in the case of an Entry received for credit to an account maintained with Financial Institution (an "On-Us Entry"), Financial Institution shall credit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in clauses (i) and (ii) of Section 7(b) are met. If either of those requirements is not met, Financial Institution shall use reasonable efforts to credit the Receiver's account in the amount of such Entry no later than the next business day following such Effective Entry Date.
9. **Rejection of Entries.** Financial Institution may reject any Entry which does not comply with the requirements of Section 3, Transmittal of Entries By Company, or Section 4, Security Procedure, or which contains an Effective Entry Date more than two days after the business day such Entry is received by Financial Institution. Financial Institution may reject an On-Us Entry for any reason for which an Entry may be returned under the *ACH Rules*. Financial Institution may reject any Entry if Company has failed to comply with its account balance obligations under Section 14, The Account. Financial Institution may reject any entry if Company does not adhere to security procedures as described in Schedule A. Financial Institution shall notify Company by (phone,

electronic transmission, in writing) of such rejection no later than the business day such Entry would otherwise have been transmitted by Financial Institution to the ACH Operator or, in the case of an On-Us entry, its Effective Entry Date. Notices of rejection shall be effective when given. Financial Institution shall have no liability to Company by reason of the rejection of any such Entry or the fact that such notices is not given at an earlier time than that provided for herein. Financial Institution may delay any same day entry that does not meet the same day deadline for processing or exceeds the \$25,000 per item amount.

10. **Cancellation or Amendment by Company.** Company shall have no right to cancel or amend any Entry after its receipt by Financial Institution. However, if such request complies with the security procedures described in Sections Four and Five for the cancellation of Data, Financial Institution shall use reasonable efforts to act on a request by Company for cancellation of an Entry prior to transmitting it to the ACH Operator, or in the case of an On-us entry, prior to crediting the Receiver's account, but shall have no liability if such cancellation is not affected. Company shall reimburse Financial Institution for any expenses, losses, or damages Financial Institution may incur in effecting or attempting to affect the Company's request for the reversal of an entry.
11. **Notice of Returned Entries.** Financial Institution shall notify Company by *phone, electronic transmission and/or mail notification* of the receipt of a returned entry from the ACH Operator no later than *one business day* after the business day of such receipt.
12. **Return Threshold.** Return entries will be monitored and if an Originator/Third-Part Sender has an unacceptable number of returns for, unauthorized, NSF or Account Closed reasons, and all debit returns; the Originator will be contacted by management to inquire about the activity. This type of continued activity may lead to termination of the relationship. We will monitor return activity and communicate with the Originator about excessive returns to determine if they have a legitimate reason for high numbers. If an Originator/Third-Party Sender has more than .05% of unauthorized returns, 3% administrative returns and/or 20% of all debit returns an immediate requirement of reserves of 20% of the last 60 days of debit file totals may be enforced and debit originators may be terminated. For each ACH debit that is returned, we will charge our Originators a \$5.00 fee.
13. **Reinitiation of Entries.** The Company may not reinitiate entries except as prescribed by the *ACH Rules*.
14. **Payment.** Company shall pay Financial Institution the amount of each Entry transmitted by Financial Institution pursuant to this Agreement at such time on the date of transmittal by Financial Institution of such entry as Financial Institution, at its discretion, may determine, and the amount of each On-Us Entry at such time on the Effective Entry Date of such Entry as Financial Institution, at its discretion, may determine.
15. **The Account.** Financial Institution may, without prior notice or demand, obtain payment of any amount due and payable to it under this Agreement by debiting the account(s) of Company identified in Schedule C attached hereto, and shall credit the Account for any amount received by Financial Institution by reason of the return of an Entry transmitted by Financial Institution for which Financial Institution has previously received payment from Company. Such credit shall be made as of the day of such receipt by Financial Institution. Company shall at all times maintain a balance of available funds in the Account sufficient to cover its payment obligations

under this Agreement. In the event there are not sufficient available funds in the Account to cover Company's obligations under this Agreement, Company agrees that Financial Institution may debit any account maintained by Company with Financial Institution or any affiliate of Financial Institution or that Financial Institution may set off against any amount it owes to Company, in order to obtain payment of Company's obligations under this Agreement.

16. **Account Reconciliation.** Entries transmitted by Financial Institution or credited to a Receiver's account maintained with Financial Institution will be available for online review daily and will be reflected on Company's periodic statement issued by Financial Institution with respect to the Account pursuant to the agreement between Financial Institution and company. It is the company's responsibility to monitor the account daily and notify the Financial Institution immediately of any discrepancy between Company's records and the information shown. Company agrees that Financial Institution shall not be liable for losses resulting from Company's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry. Company must notify the Financial Institution of any discrepancy within one day from entry posting, no later than 2:00 p.m. to enable compliance with the return deadline. Company shall be precluded from asserting such discrepancy against Financial Institution if these notification requirements are not met.
17. **Company Representations and Agreements; Indemnity.** With respect to each and every Entry initiated by Company, Company represents and warrants to Financial Institution and agrees that (a) each person shown as the Receiver on an Entry received by Financial Institution from Company has authorized the initiation of such Entry and the crediting of its account in the amount and on the Effective Entry Date shown on such Entry, (b) such authorization is operative at the time of transmittal or credited by Financial Institution as provided herein, (c) Entries transmitted to Financial Institution by Company are limited to those types of Credit Entries set forth in Section 1, (d) Company shall perform its obligations under this Agreement in accordance with all applicable laws and regulations, including the sanctions laws administered by OFAC; laws, regulations, and orders administered by FinCEN and any state laws, regulations, and orders applicable to the providers of ACH payment services and (e) Company shall be bound by and comply with the *ACH Rules* as in effect from time to time, including, without limitation, the provision making payment of an Entry by the Receiving Depository Financial Institution to the Receiver provisional until receipt by the Receiving Depository Financial Institution of final settlement for such Entry. Company specifically acknowledges that it has received notice of the Rule regarding provisional payment and of the fact that, if such settlement is not received, the Receiving Depository Financial Institution shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry. Company shall indemnify Financial Institution against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements.
18. **Liability Limitations on Liability; Indemnity.**
 - a. In the performance of the services required by this Agreement, Financial Institution shall be entitled to rely solely on the information, representations, and warranties provided by Company pursuant to this Agreement, and shall not be

responsible for the accuracy or completeness thereof. Financial Institution shall be responsible only for performing the services expressly provided for in the Agreement, and shall be liable only for its negligence or willful misconduct in performing those services. Financial Institution shall not be responsible for Company's acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal or authorization of any Entry received from Company) or those of any person, including without limitation any Federal Reserve Institution, Automated Clearing House or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed Financial Institution's agent. Company agrees to indemnify Financial Institution against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of claim of any person that Financial Institution is responsible for any act or omission of Company or any other person described in this Section 18(a).

- b. In no event shall Financial Institution be liable for any consequential, special punitive or indirect loss or damage that the Company may incur or suffer in connection with this Agreement, including losses or damage from subsequent wrongful dishonor resulting from Financial Institution's acts or omissions pursuant to this Agreement.
 - c. Financial Institution shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission, or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond Financial Institution's control. In addition, Financial Institution shall be excused from failing to transmit or delay in transmitting an entry if such transmittal would result in Financial Institution's having exceeded any limitation upon its intra-day net funds position established pursuant to Federal Reserve guidelines or if Financial Institution is otherwise violating any provision of any risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.
 - d. Financial Institution's liability for loss of interest resulting from its error or delay shall be calculated by using a rate equal to the average Federal Funds Rate at the Federal Reserve Bank of New York for the period involved. At Financial Institution's option, payment of such interest may be made by crediting the Account from any claim of any person that Financial Institution is responsible for any act or omission of the Company or any other person described in Section 17 (a).
19. **Inconsistency of Name and Account Number.** Company acknowledges and agrees that, if an entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by Financial Institution to the Receiving Depository Financial Institution may be made by the Receiving Depository Financial Institution (or by Financial Institution in the case of an On-Us Entry) on the basis of the account number supplied by the Company, even if it identifies a person different from the named

Receiver, and that Company's obligation to pay the amount of the Entry to Financial Institution is not excused in such circumstances.

20. **Notifications of Change.** Financial Institution shall notify Company of all notifications of change received by Financial Institution relating to Entries transmitted by Company by mail and/or electronic transmission no later than two banking days after receipt thereof. It is the responsibility of the Company to make the requested changes within six banking days or prior to the initiation of the next live entry, whichever is sooner
21. **Payment for Services.** Company shall pay Financial Institution the charges for the services provided in connection with this Agreement, as set forth in Schedule D attached hereto. All fees and services are subject to change upon 30 calendar days prior written notice from Financial Institution to Company. Such charges do not include, and Company shall be responsible for payment of, any sales, use, excise value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the agreement between Financial Institution and Company with respect to the Account Agreement.
22. **Amendments.** From time to time Financial Institution may amend any of the terms and conditions contained in this Agreement, including without limitation, any cut-off time, any business day, and any part of Schedules [A-G] attached hereto. Such amendments shall become effective upon receipt of notice by Company or such later date as may be stated in Financial Institution notice to Company.
23. **Notices, Instructions, Etc.**
 - a. Except as otherwise expressly provided herein, Financial Institution shall not be required to act upon any notice or instruction received from Company or any other person, or to provide any notice or advice to Company or any other person with respect to any matter.
 - b. Financial Institution shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by an Authorized Representative, and any such communication shall be deemed to have been signed by such person. The names and signatures of Authorized Representatives are set forth in Scheduled E attached hereto. Company may add or delete any Authorized Representatives by written notice to Financial Institution signed by at least two Authorized Representatives other than that being added or deleted. Such notices shall be effective on the (e.g. second business day) following the day of Financial Institution's receipt thereof.
 - c. Except as otherwise expressly provided herein, any written notice or other written communication required or permitted to be given under this Agreement shall be delivered, or sent by United States registered or certified mail, postage prepaid, or by express carrier, and, addressed to:

If sent to Financial Institution, send to the following address to the attention of:

Deposit Operations P.O. Box 1988, Alma, GA 30510

unless another address is substituted by notice delivered or sent as provided herein, except as otherwise expressly provided herein, any such notice shall be deemed given when received.

24. **Data Retention.** Company shall retain all data on file adequate to permit remaking of Entries for 90 days following the date of their transmittal by Financial Institution as provided herein, and shall provide such data to Financial Institution upon its request.

Company will implement and maintain security policies, procedures and systems related to the initiation, processing and storage of Entries and resulting Protected Information. Consumer level information should be protected at all times. Company will provide a copy of implemented policies and procedures upon request by the financial institution.
25. **Data Passing.** Company agrees not to disclose the Receiver's account number or routing number to any third-party for such third-party's use, directly or indirectly, in initiating a debit Entry that is not covered by the original authorization.
26. **Data Security.** Company agrees to establish, implement and, as appropriate, update security policies, procedures and systems related to the initiation, processing and storage of Entries and resulting Protected Information.
27. **Tapes and Records.** All magnetic tapes, Entries, security procedures and related records used by Financial Institution for transactions contemplated by this Agreement shall be and remain Financial Institution's property. Financial Institution may, at its sole discretion, make available such information upon Company's request. Company shall pay any expenses incurred by Financial Institution in making such information available to Company.
28. **Audit of Originator's Responsibilities and Evidence of Authorization.** The Financial Institution has the right to audit the Originator's compliance with this agreement and the *ACH Rules*. This includes all Originator obligations such as but not limited to: the company shall obtain all consents and authorizations required under the *ACH Rules* and shall retain such consents and authorizations for two years after they expire.
29. **Cooperation in Loss of Recovery Efforts.** In the event of any damages for which Financial Institution or Company may be liable to each other or to a third party pursuant to the services provided under this Agreement, Financial Institution and Company will undertake reasonable efforts to cooperate with each other, as permitted by applicable law, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party.
30. **Termination and Suspension.** Company may terminate and/or suspend this Agreement at any such time. Such termination shall be effective on the 30th day following the day of Financial Institution's receipt of written notice of such termination or such later date as is specified in that notice. Financial Institution reserves the right to terminate this

Agreement immediately upon providing written notice of such termination to Company. Any termination of this Agreement shall not affect any of Financial Institution's rights and Company's obligations with respect to Entries initiated by Company prior to such termination, or the payment obligations of Company with respect to services performed by Financial Institution prior to termination, or any other obligations that survive the termination of this Agreement. The Financial Institution has a right to terminate or suspend an Originator for breach of the *ACH Rules*.

31. **Entire Agreement.** This Agreement (including the Schedules attached hereto), together with the Account Agreement, is the complete and exclusive statement of the agreement between Financial Institution and Company with respect to the subject matter hereof and supersedes any prior agreement(s) between Financial Institution and Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement shall govern. In the event performance of the services provided herein in accordance with the terms of this Agreement would result in violation of any present or future statute, regulation or government policy to which Financial Institution is subject, and which governs or affects the transactions contemplated by this Agreement, this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and Financial Institution shall incur no liability to Company as a result of such violation or amendment. No course dealing between Financial Institution and Company will constitute a modification of this Agreement, the *ACH Rules* or the security procedures; or constitute an agreement between the Financial Institution and Company regardless of whatever practices and procedures Financial Institution and Company may use.
32. **Non-Assignment.** Company may not assign this Agreement or any of the rights or duties hereunder to any person without Financial Institution's prior written consent.
33. **Waiver.** Financial Institution may waive enforcement of any provision of this Agreement. Any such waiver shall not affect Financial Institution's rights with respect to any other transaction or modify the terms of this Agreement.
34. **Binding Agreement; Benefit.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against Financial Institution or Company.
35. **Headings.** Headings are used for reference purposes only and shall not be deemed a part of this Agreement.
36. **Severability.** In the event that any provision of this Agreement shall be determined to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.
37. **Governing Law.** This agreement shall be construed in accordance with and governed by the laws of the state of: *The state of New York as the choice of law.*

38. **Third Parties.** The Company shall assume full liability for any action made by any third-party processor used by the Company at its discretion to initiate entries on its behalf.
39. **Reversing Entries.** The Company shall notify the Receiver that a reversing entry have been transmitted to the Receiver's Account no later than the settlement date of the reversing entry. This notification may be made by the Company's method of choice (fax, telephone, etc.)
40. **Transmittal of Entries by Company.** The Company shall transmit **PPD** entries to Financial Institution in compliance with the formatting and other requirements set forth in the attached Schedule A. Company is allowed only to transmit the types of entries listed above. If Company initiates a file that contains entries other than that listed above, the file will not be sent by Financial Institution.
41. **Exposure Limits.** The total dollar amount of entries transmitted, frequency of origination and payment application (debits or credits) originated by Company to Financial Institution shall comply with limits set forth in the attached Schedule F of this Agreement.
42. **Prenotifications.** If the Company chooses to originate non-dollar prenotification entries to verify the accuracy of routing and account numbers, it agrees not to initiate live dollar entries until at least 6 banking days following the settlement date of the prenotification entry. After the Company has received notice that any such entry has been rejected by the RDFI, the Company will not initiate any entry to such customer prior to making necessary corrections.

In Witness whereof the parties hereto have caused this Agreement to be executed by their duly authorized officers.

Company: _____

By: _____

Title: _____

Financial Institution: _____

By: _____

Title: _____

Additional Information

If an Originator is initiating one of the Standard Entry Class Codes listed below there is additional information that must be added to this Agreement.

- ARC
- BOC
- IAT
- POP
- RCK
- TEL
- WEB

Please see Agreement Addendums for suggested additional information to include with this Agreement.

Schedule [A] Security Procedures

All files will be formatted in a NACHA or other pre-approved format; transmission specifications will be established by Financial Institution.

Personal Computer Transmissions

The Company will transmit files to Pineland Bank, with its main office at 501 W 12th St., Alma, Georgia, 31510.

Hand-Delivered Files

The Company will deliver files to Pineland Bank, with its main office at 501 W 12th St., Alma, Georgia, 31510.

Security Procedures

Financial Institution shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by the Authorized Representative, and any such communication shall be deemed to have been signed by such person.

Electronic/Personal Computer File Transmission

The Company's Authorized Representative will have access to the ACH system by utilizing the pre-arranged logon procedures, remote ID and file ID.

The Company's Authorized Representative will provide Financial Institution with verification of the totals contained in the transmission of files submitted via online banking or secure email by sending a facsimile transmission to Financial Institution's Contact. In the event that the Company's Authorized Representative is unable to fax the information, the Company's Authorized Representative will telephone Financial Institution's Contact with the verification.

Financial Institution will anticipate the receipt of an ACH file transmission from the Company on each schedule processing date identified by the Company in writing and agreed to by Financial Institution. The Company is responsible for ensuring that Financial Institution receives the transmission on each processing date indicated in the processing schedule. The Company's Authorized Representative will notify Financial Institution if a transmission will not take place on the prearranged scheduled processing date. If Financial Institution receives a transmission outside the scheduled processing date, the Financial Institution will call the specified Company Authorized Representative designated by an authorized signatory of the Company to verify the transmission.

Financial Institution will verify that the file totals agree with the Company information given by fax or phone. In the event of a discrepancy in the totals, Financial Institution will call the specified Company Authorized Representative designated by an authorized signatory of the Company. If an Authorized Representative is not available for notification, the file will not be processed until the Company's Authorized Representative can be contacted on the next business day.

The Company is solely responsible for the accurate creation, modification, and deletion of the account information maintained on the Company's personal computer and used for ACH money transfer. The Company agrees to comply with written procedures provided by the Financial Institution for the creation, maintenance, and initiation of ACH money transfers.

The Company is solely responsible for access by its employees of the data files maintained on the Company's computer. The Company is responsible for operator security procedures on the one personal computer licensed for use of the program.

Hand-Delivered Files

The Company's Authorized Representative will hand-deliver file(s) to the designated location. Each hand-delivered file will be accompanied by a transmittal register, signed by an authorized signatory of the account.

The Company's Authorized Representative will provide Financial Institution with verification of the totals contained in the hand-delivered file(s) by sending a facsimile transmission to Financial Institution's Contact. In the event that the Company or the Authorized Representative is unable to fax the information, the Company's Authorized Representative will telephone Financial Institution's Contact with the verification and also mail the information as backup on the same day transmitted. In no case will the transmittal register accompanying the file be construed as verification.

Financial Institution will anticipate the receipt of an ACH file from the Company on each scheduled processing date identified by the Company in writing and agreed to by Financial Institution. The Company is responsible for ensuring that Financial Institution receives the file in the ACH processing area on each processing date indicated in the processing schedule. The Company's Authorized Representative will notify Financial Institution if a file will not be delivered on the prearranged scheduled processing date.

Financial Institution will verify that the file totals agree with the Company information given by fax or phone. In the event of a discrepancy in the totals, Financial Institution will call the specified Company Authorized Representative designated by an authorized signatory of the Company. If an Authorized Representative is not available for notification, then the file will not be processed until the Company's Authorized Representative can be contacted on the next business day.

Schedule [B]**ODFI Processing Schedule****Debit Transactions**

Delivery Method	Deadline	Day of Delivery
Transmission	12:00 pm 2:00 pm	Same Day ACH 1 Business Days Prior to Effective Entry Date*
Diskette/CD	12:00 pm 2:00 pm	Same Day ACH 1 Business Days Prior to Effective Entry Date*

* Single entry reversals and corrections may be submitted for original entry effective date by 2:00 pm one business day prior to effective date.

Credit Transactions

Delivery Method	Deadline	Day of Delivery
Transmission	12:00 pm 2:00 pm	Same Day ACH 1 Business Days Prior to Effective Entry Date*
Diskette/CD	12:00 pm 2:00 pm	Same Day ACH 1 Business Days Prior to Effective Entry Date*

*Single entry reversals and corrections may be submitted for original entry effective date by 2:00 pm two business days prior to effective date.

Same Day ACH Transaction Eligibility

Files submitted for same day ACH processing must contain the current date as the effective date. File must not contain any single transaction over the amount of \$25,000. File must be submitted prior to 12:00 pm in order for settlement to occur at 5:00.

Schedule [C]
Account Agreement

This schedule identifies the Company Account to which settlement should be applied for origination of entries or settlement of return entries. In the case of Cash Concentration entries, this schedule may clearly define the accounts to be swept, the frequency of scheduled transfers or other information specific to the activity of the accounts.

Accounts

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Schedule [D]**ODFI Fee Schedule****Regular Monthly Fees**

Debit Entries Originated	\$ _____
Reversing/Correcting Debit Entries Originated	\$ _____
Standard Credit Entries Originated	\$ _____
Same Day Credit Entries Originated	\$ _____
Reversing/Correcting Credit Entries Originated	\$ _____
Per File Origination Fee	\$ <u>10.00</u>
Prenote Entries Originated	\$ _____
Addenda Records Originated	\$ _____
Return Entries	\$ <u>5.00</u>
Minimum Monthly Fee	\$ _____

Schedule [E]
ACH Authorized Representative Form

All ACH transaction files must be verified by authorized representative verbally and/or transmittal facsimile.

DATE _____

COMPANY NAME _____

ACCOUNT # _____

COMPANY ID NUMBER _____

The _____ signatures below are the signatures of employees authorized to sign transmittal registers or verbally verify totals in conjunction with the origination of ACH files. Number of signatures required or verbal verifications to submit a transaction file for processing is _____.

Name	Signature
1.	
2.	
3.	
4.	
5.	
6.	

AUTHORIZED SIGNATURE

TITLE

Schedule [F]
Exposure Limit and Allowed ACH Activity Disclosure

Company has been approved to initiate the following types of transactions assigned below: PPD Debits, PPD Credits, CCD Debits, CCD Credits. For SEC Codes not listed above the Originator/Third Party Sender has not been approved to initiate and initiation is restricted.

Credit Origination

Maximum File Value _____

Maximum Entry Value _____

Maximum Frequency _____

SEC Codes _____

Frequency _____

Debit Origination

Maximum File Value _____

Maximum Entry Value _____

Maximum Frequency _____

SEC Codes _____

Frequency _____

Overall

Maximum Net Settlement Limit _____

**Schedule [G]
ACH Company Calendar**

Company Name: _____ Company I.D. Number _____

Input Specification:

Date Expected _____ Day Expected _____ Time Expected _____

File Media:

Tape/ Disk: _____ Transmission: _____ Paper: _____

Pay Period	File Delivery Date	Effective Entry Date		Pay Period	File Delivery Date	Effective Entry Date
1				27		
2				28		
3				29		
4				30		
5				31		
6				32		
7				33		
8				34		
9				35		
10				36		
11				37		
12				38		
13				39		
14				40		
15				41		
16				42		
17				43		
18				44		
19				45		
20				46		
21				47		
22				48		
23				49		
24				50		
25				51		
26				52		

ACH Transmittal Register

Company Name: _____ File Name/ID: _____
Delivery Date: _____ Entry Effective Date: _____
Account Number: _____ Tax ID: _____

File Information:

Item Count (Debits) _____ Amount (Debits) \$ _____
Item Count (Credits) _____ Amount (Credits) \$ _____

Authorized Signature (Company) _____ Date _____

Bank Use Only

_____ Verified Signature
_____ Verified Register to File Totals
_____ Processed File via Centerstate
_____ Approved file via Centerstate

Please complete and fax with each ACH transmittal to Pineland Bank (912) 685-4521.

**PINELAND BANK
LOCKBOX SERVICES AGREEMENT**

This Agreement is made this ____ day of _____, 20__, between _____ the undersigned Company ("you" and "Company") and Pineland Bank ("us" and "Bank") with respect to the Bank's Lock-Box service ("Service").

1. **The Service.** We will establish a post office box address where persons may mail payments to us. We will process the payments we receive for you each business day and will credit such payments to the Company's account # _____ that night. The post office box will be located at the Centre Street Post Office in Fernandina Beach, FL and mail will be picked up once a day at approximately 9:30AM Monday through Friday, excluding Bank and/or US Postal Service holidays.
2. **Fees.** You agree to pay us the fees established for this Service. Service fees will be examined periodically and are subject to change at any time, with 30 days' notice to the Company. We may deduct our fees from account # _____ by the fifth business day of each month for the previous month's activity. Current service fees are described in Schedule A.
3. **Our Processing of Checks.** You authorize us to endorse all checks we receive on your behalf through this Service. We may accept checks for deposit to your account without endorsement and regardless of any difference between the name of the payee and the legal name of the Company. You will be deemed to warrant the endorsement of all items we receive through this Service, as well as your right to receive such items for deposit to your account.
4. **Irregular Items.** We will process irregular items as per the agreed upon irregular item processing procedures. See Schedule B, Irregular Item Processing Procedures.
5. **Images of Checks.** We will image the front and back of each check processed pursuant to this Service and will retain the record for 7 years. You acknowledge that imaging processing is subject to error on occasion and agree to hold us and any third-party processor we use harmless from all claims, actions, damages, attorney's fees and costs associated with our inability to produce copies of checks.
6. **Your Instructions to Payers.** You agree to instruct payers not to send cash, notices, communications or other materials with their payments to the address specified for this Service. We agree to forward all communication or other materials included with the payments to you either via the US Postal Service, electronic image or courier service.
7. **Limitation of Liability.** We will be liable to you only for damages arising directly from our intentional misconduct or gross negligence in the performance of this Service. We will not be responsible for any loss, delay, cost or liability which arises, directly or indirectly, in whole or in part, from: your actions or omissions, negligence or breach of any Agreement with us; any ambiguity, inaccuracy or omission in any instruction or information provided to us; accidents, strikes, labor disputes, civil unrest, fire, flood, water damage (e.g., from fire suppression systems), or acts of God; or the actions of others or causes that are beyond our reasonable control. We will not be responsible under any circumstances for special, indirect, or consequential damages which you incur as a result of our actions or omissions, even if we are aware of the possibility for such damages. Any claim, action or proceeding by you to enforce the terms of this Agreement or to recover for any Service-related loss must be commenced within one year from the date that the event giving rise to the claim, action or proceeding first occurs. You agree to cooperate with us in any loss recovery efforts we undertake to reduce any loss or liability that arises in connection with your Services. You acknowledge that our Service fees have been established in contemplation of: these limitations on our liability; your Agreement to review statements, confirmations, and notices promptly and to notify

us immediately of any discrepancies or problems; and your Agreement to assist us in any loss recovery effort.

8. **Indemnification.** You agree to indemnify, defend and hold us harmless from and against any claim, damage, loss, liability and cost (including, without limitation, attorney's fees) of any kind which results directly or indirectly, in whole or in part, from: (a) our actions or omissions, if they are in accordance with your instructions or the terms of this Agreement; or (b) the actions or omissions of you, your agents or employees.
9. **No Jury Trial.** We both agree to waive the right to request a jury trial in the event an action is brought by either of us with respect to our Service or this Agreement, its interpretation or enforcement. We agree to resolve such disputes through mediation.
10. **Termination.** Either party may terminate this Agreement, with or without cause, by giving 45 days' prior notice to the other party. We may terminate or suspend the Service immediately and without prior notice if: (a) you breach any Agreement with us; (b) we have reason to believe that an unauthorized transaction has taken or may take place involving any of your accounts or the Service; (c) you become insolvent or the subject of a bankruptcy, receivership, or dissolution proceeding; or (d) we are uncertain as to any person's authority to give us instructions regarding your account or the Service. The termination of this Agreement will not affect the rights or obligations of either party that arises prior to termination. We will be responsible for submitting a change of address request to the US Postal Service for any subsequent receipts sent to the lockbox upon termination of this Agreement. Upon termination of this Agreement, the Bank will transfer ownership of the US Postal Service lockbox to the Company and the Company will be responsible for all future rental fees.

11. Miscellaneous Terms.

Changes to the Agreement. Changes to this Agreement may be made by any signer on the checking account, the Company Business Office Manager, or the Company Controller.

Receipt of Information. Any person who reveals the lockbox access code assigned for the lockbox process, will be able to receive information pertaining to the lockbox items. If information is not received by the Company, they can also request that the Bank resend this information.

Amendments. We may amend (add to, delete or change) the terms of this Agreement by providing you with prior written notice.

Entire Agreement. This Agreement supplements (and supersedes where inconsistent) the terms of your deposit Agreement with us. Unless we provide otherwise in writing, this constitutes the entire Agreement between you and us with respect to the Service.

Governing Law/Compliance. This Agreement will be governed by and construed in accordance with the laws of the state where it was executed, without reference to its conflict of law provisions.

No Assignment. You may not assign any right or delegate any obligation under this Agreement without our prior written consent.

No Third-Party Beneficiaries. This Agreement is made for the exclusive benefit of you and us. No third party has any rights under this Agreement. Unless you have our prior written consent, you may not use the Service to collect payments owing to third parties.

Waivers/Validity. Any waiver by us must be in writing to be effective. Our waiver of any right will not be deemed a waiver of other rights or of the same right at another time. If any provision of this Agreement is found to be void or invalid, the remainder of this Agreement will remain in full force and effect.

By signing below, you confirm that you are authorized to execute this Agreement on behalf of the Company and that a resolution or similar action taken by the Company to approve this Agreement has been approved by its members or governing body.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first written.

Company _____

Accepted: **Pineland Bank**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Schedule A - Service Fees**Current Schedule of Service Fees**

(See Miscellaneous Fee Schedule for other fees related to your account)

Monthly Charge	\$125.00	This is a hard charge to cover the expenses associated with monthly maintenance and courier expenses and may not be offset with earnings credit.
Post Office Box Rental	\$20.00	This is a hard charge to cover the expense associated with renting one Post Office Box and may not be offset with earnings credit.
Per Transaction Fee	\$0.32	This is a hard charge to cover the processing of the transaction (check and coupons).
Email/Fax Fee	\$25.00	This is a hard charge to cover email and/or fax services related to lockbox correspondence.

Schedule B - Irregular Item Processing Procedures

1. Any item sent to the Bank via Overnight Courier or other form of hand delivery shall not be deemed to be received by the Bank until the Bank has processed the item for deposit according to its regular procedures.
2. Inspection of Payee: Each item that is not payable to a Company approved payee name, or a reasonable variation thereof, or completely missing the Company approved payee name, as designated below, will not be deposited and will be sent to the Company for disposition. Company represents and warrants that it has legal authority to accept for deposit and otherwise negotiate items payable to a payee different from the Company's legal name as designated below.

Company Approved Payee

Bank will process checks with the following payees:

- a. _____
- b. _____
- c. _____

3. Stale-Dated and Post-Dated Items: The Bank will deposit all items into the Account even if it is stale-dated, post-dated or does not bear a date. The Bank is under no obligation to discover such items and the Company agrees that neither will the Bank be held liable if any of the above-mentioned items are deposited into the Company's account.
4. Returned Items. Item(s) returned for insufficient funds will be re-deposited. Item(s) returned a second time will be charged back to the checking account. Item(s) and chargeback slip(s) will be sent to: _____. Item(s) returned for other reasons (ex. Stop Payment, Account Closed, etc.) will be charged back to the checking account. Item(s) and chargeback slip(s) will be sent to the above-mentioned address.
5. Differing Amounts: If the numeric and written amounts of an Item do not match, the Bank will use the written amount or the amount that matches the invoice. If the amount of the Item cannot be determined, or is missing altogether, then the Item will not be deposited into the Account and will be returned to the Company.
6. Unsigned Items: If the drawer's signature is missing, the Bank will process the check.
7. Legended Items: Items bearing restrictive legends or endorsements (e.g. "final payment", "paid in full" or words of similar meaning), will be deposited into the Account notwithstanding any such language. The Company hereby agrees that the Bank does not assume any responsibility or liability for the deposit of such items.
8. Foreign Items: Any item received at the Lockbox denominated in a foreign currency, other than Canadian, and drawn upon a foreign bank, other than Canadian, will be sent for collection, and an advice will be forwarded to the Company at that time. All collection fees apply. The check will be converted into U.S. dollars upon collection. The Bank assumes no responsibility for exchange rate fluctuations. The Company will bear all exchange rate risk.

Canadian item:

If drawn on a Canadian bank and in US funds, the item will be processed as a regular item.

If drawn on a Canadian bank and in Canadian funds, the current discount rate and fee will be applied.

9. Credit Card Processing: Invoices received for credit card payment will be imaged and sent to the Company for processing.

Overnight Sweep To Money Market

Currently, Pineland Bank will be giving an earnings credit of 1.00% on all balances, applied to offset Analysis fees. If desired, on a nightly basis, Pineland Bank can sweep excess funds to a Money Market Account that is currently paying 1.71% Annual Percentage Yield. Other investment options can be discussed such as CD's, bonds, etc., if allowed by the City's investment policy.

ATTACHMENT K

Overnight Sweep Facility and Basis Point Reduction:

Promontory Interfinancial Network Insured Cash Sweep (ICS) Product will be the facility for overnight sweep of funds and the basis point reduction will be 0.00%.

NAMES & VITAE RELATIONSHIP OF TREASURY MANAGEMENT
OFFICERS:

Carol Cason, VP/Branch Manager

Fernandina Beach, FL

Phone: (904) 261-8233, Ext. 8832

Email: ccason@pinelandbank.com

Mary Pitcher, Marketing & Service Manager

Fernandina Beach, FL

Phone: (904) 261-8233, Ext. 8827

Email: mpitcher@pinelandbank.com

Beth Boles, VP/Deposit Operations Officer

Fernandina Beach, FL

Phone: (904) 261-8233, Ext. 8829

Email: bboles@pinelandbank.com

Ashleigh Gillis, SVP/CFO

Alma, GA

Phone: (912) 632-1748

Email: agillis@pinelandbank.com

Rev. October 2016

FACTS**WHAT DOES PINELAND BANK
DO WITH YOUR PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- credit history and income
- payment history and transaction history

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons PINELAND BANK chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does PINELAND BANK share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes—information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes—information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Call 912-632-8631 or go to www.pineland.bank

PAGE 2

Who we are

Who is providing this notice?	PINELAND BANK
-------------------------------	---------------

What we do

How does PINELAND BANK protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does PINELAND BANK collect my personal information?	We collect your personal information, for example, when you • apply for a loan or open an account • pay your bills or use your credit or debit card • deposit money We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only • sharing for affiliates' everyday business purposes — information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- PINELAND BANK does not share with our affiliates.

- PINELAND BANK does not share with nonaffiliates so they can market to you.

- PINELAND BANK doesn't jointly market.

Other important information

The following information describes in summary the various prospective services that Pineland Bank offers and provides information about user requirements. Costs and comparisons are on a separate attachment.

Positive Pay is a check verification service that helps you take appropriate action to detect and prevent fraud. Our business customer sends us a daily file, via secure email, that lists all checks written against their account. Acceptable file formats are Fixed-Field-Length (.txt) or Comma-Delimited (.csv). We upload the "issued checks file" into our core processing system. When checks are presented for payment against our customer's account, the system verifies whether the checks include valid check numbers and amounts according to the information file the customer sends us. Pineland Bank provides our customer with a report of exceptions (if any) every morning and our customer responds before a designated deadline. We resolve the exceptions, per our customer's responses. Pineland Bank charges a monthly service fee, but there are no per item or per file fees. User requirements: None

Business Online Banking provides our business customers with real-time access to their accounts anywhere and at any time. Our provider, Cavion, uses multi-layered security, or secure authentication, to prohibit access by unauthorized individuals. The system is designed to deter both manual attempts at unauthorized access and automated attempts at unauthorized access (such as brute-force account harvesting, phishing, keystroke logging, etc.). Standard features include the following items: Balance, History, Calendar, Transfers and Scheduled Transfers, eStatements, and User Administration. ACH Origination for Business Online Banking allows our business customers to pay vendors and complete payroll through the Automated Clearing House. There is no charge for basic Business Online Banking. User requirements: Username, Password and User ID Verification

ACH Origination allows our business customers to either deposit funds into other institutions or to withdraw funds from other institutions. Common uses for this feature include paying employees with direct deposit, electronically collecting funds from customers on a scheduled basis, bill collection, and vendor payment or collection. ACH files are created within Pineland Bank's Business Online Banking system and are uploaded to Pineland Bank for processing with the Federal Reserve. After a standard approval process, our business customer is given access to set up users who will create and submit the ACH files for processing, in amounts up to previously established system limits. Pineland Bank charges a per file fee for this service, but there are no per item fees or monthly service charges. User requirements: Username, Password and User ID Verification

Outgoing Wire Transfers can be processed upon in-person customer request by an owner or authorized signer of a Pineland Bank account. Alternatively, with a signed wire transfer agreement, a business customer can initiate outgoing wire requests via telephone, secure email or fax. For business customers with whom we have an executed wire transfer agreement on file, Pineland Bank will accept a wire transfer request form by means other than "in person". We will assign a PIN to each Authorized Agent listed in the agreement and will perform callback verification as indicated in the agreement. Pineland Bank charges a per wire fee for this service, but there are no monthly service charges for this service. User requirements: None

Remote Deposit Capture (RDC) is a product that enables our business customers to convert the physical checks they receive from their customers into digital images that can be electronically deposited into their Pineland Bank account. Our business customer is responsible for balancing the deposit dollar amount to the checks before transmitting the deposit electronically and will receive an electronic acknowledgment of the deposit. Checks are retained by our business customer for destruction between 60 and 90 days later. Our RDC customers receive same business day credit for checks deposited before 4pm ET. Upon approval by our executive management team, Pineland Bank provides our customer with digital check scanner(s), performs installation and provides instruction and education to our customer. Pineland Bank charges a monthly service fee for this service, but there are no per item charges. User requirements: User ID and Password

Lock Box Services are handled in our Fernandina Beach, FL branch. Pineland Bank establishes unique post office box addresses for the receipt of mailed check payments. We process the payments received each business day and credits the appropriate accounts every evening. Pineland Bank images the front and back of each check and retains the electronic records for seven (7) years. All communication or other materials included with payments to our business customers are forwarded via US Mail, electronic image or courier service, depending on the contents. Check images and payment-related information is stored in an online portal. Pineland Bank charges a monthly service fee, per transaction fees, email/fax fees and post office box rental fee. User requirements: User ID and Password

City Of Ferandina - December

Pineland Attachment N

Earned income credit basis at 1.0% 150,000.00

Total Acc Balance 32,129,668

Earned Interest credit rate

Items	0.25%		1.00%	
	Synovus	Fees	Pineland	Fees
Remote Deposit Capture		80.00		70.00
Checks paid 389	0.18	70.02	0.15	58.35
Deposits 219	0.55	120.45	0.50	109.50
Deposit corrections 10	3.00	30.00		-
Other debits 32	0.17	5.44	0.20	6.40
Other credits 54	0.17	9.18		-
Returned Deposit 1	9.00	9.00	5.00	5.00
Re - Deposit 1	9.00	9.00		
Pre Auth credit 152	0.17	25.84		
Pre Auth Debits 30	0.17	5.10		
Maint Fee		102.00	20.00	20.00
Deposit on us 160	0.13	20.80		
Deposit CCH 3	0.13	0.39		
Item Dep Local fed city 69	0.13	8.97		
Item dep local fed RCPC 1,300	0.13	169.00		
Item dep non local fed city 203	0.13	26.39		
Item dep no local fed RCPC 228	0.13	29.64		
Stop payment	34.00	-	35.00	-
Check image dep fee		125.00		
Check Image mth transmission fee		35.00	35.00	35.00
Dep admin fee 307,999	0.0110	3,387.99		
ACH origination				
Ach per batch 7	7.50	52.50	10.00	70.00
ACH origination per item 945	0.135	127.58		-
ACH return item fee	6.00		5.00	
Coin and currency 43,409	0.0014	60.77	-	-
Recon services - Positive pay				
APNR per item file import 471	0.07	32.97		
APNR POS pay monthly 3	65.00	195.00	50.00	50.00
Statement services				
Analysis statement print 7	3.00	21.00		
Sweep Service		40.00	40.00	40.00
ZBA sub 4	20.00	80.00		
Wire Transfer				
Domestic in 3	18.00	54.00	25.00	75.00
Domestic Out 1	18.00	18.00	35.00	35.00
Lock box				
LBX WS checks processed 57	0.49	27.93	0.32	18.24
LBX WS non enclosures closp 43	0.33	14.19	0.32	13.76
LBX WS maint Fee		137.00	125.00	125.00
Lock box deposit 18	0.27	4.86		
LBX email/fax		45.00	25.00	25.00
LBX PO box rental		20.00	20.00	20.00
Business internet banking				
BIB level 3 add account fee		6.50		
BIB level fee monthly fee		100.00	100.00	100.00
Enhanced imaging service		125.00		
Total Costs		5,431.51		876.25
Interest		6,693.68		125.00
Interest paid/(fee)		1,262.17		(751.25)
Non reserve balance Swept to 1.7% Money Market monthly interest				45,304.53

City Of Ferandina - December
Pineland Attachment N

 Avg Balance **32,129,668**

Earned Interest credit rate

Earned Interest credit rate		0.25%		1.00%	
	Items	Synovus	Fees	Pineland	Fees
Remote Deposit Capture					
Checks paid	389	0.18	80.00		70.00
Deposits	219	0.55	70.02	0.15	58.35
Deposit corrections	10	3.00	120.45	0.50	109.50
Other debits	32	0.17	30.00		-
Other credits	54	0.17	5.44	0.20	6.40
Returned Deposit	1	0.17	9.18		-
Re - Deposit	1	9.00	9.00	5.00	5.00
Pre Auth credit	152	9.00	9.00		
Pre Auth Debits	30	0.17	25.84		
Maint Fee			5.10		
Deposit on us	160		102.00	20.00	20.00
Deposit CCH	3	0.13	20.80		
Item Dep Local fed city	69	0.13	0.39		
Item dep local fed RCPC	1,300	0.13	8.97		
Item dep non local fed city	203	0.13	169.00		
Item dep no local fed RCPC	228	0.13	26.39		
Stop payment		0.13	29.64		
		34.00	-	35.00	-
Check Image dep fee					
			125.00		
Check Image mth transmission fee			35.00	35.00	35.00
Dep admin fee	307,999	0.0110	3,387.99		
ACH origination					
Ach per batch	7	7.50	52.50	10.00	70.00
ACH origination per item	945	0.135	127.58		-
ACH return item fee		6.00		5.00	
Coin and currency					
	43,409	0.0014	60.77	-	-
Recon services - Positive pay					
APNR per item file import	471	0.07	32.97		
APNR POS pay monthly	3	65.00	195.00	50.00	50.00
Statement services					
Analysis statement print	7	3.00	21.00		
Sweep Service					
		40.00	40.00	40.00	40.00
ZBA sub	4	20.00	80.00		
Wire Transfer					
Domestic in	3	18.00	54.00	25.00	75.00
Domestic Out	1	18.00	18.00	35.00	35.00
Lock box					
LBX WS checks processed	57	0.49	27.93	0.32	18.24
LBX WS non enclosures closp	43	0.33	14.19	0.32	13.76
LBX WS maint Fee			137.00	125.00	125.00
Lock box deposit	18	0.27	4.86		
LBX email/fax			45.00	25.00	25.00
LBX PO box rental			20.00	20.00	20.00
Business internet banking					
BIB level 3 add account fee			6.50		
BIB level fee monthly fee			100.00	100.00	100.00
Enhanced Imaging service			125.00		
Total Costs			5,431.51		876.25
Interest			6,693.68		26,774.72
Interest paid/(fee)			1,262.17		25,898.47

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS
With
Independent Auditor's Report

DECEMBER 31, 2018 AND 2017

**SOUTH BANKING COMPANY AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
<u>CONSOLIDATED FINANCIAL STATEMENTS:</u>	
Consolidated Balance Sheets	2
Consolidated Statements of Income	3
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Changes in Stockholders' Equity	5
Consolidated Statements of Cash Flows	6-7
Notes to Consolidated Financial Statements	8-45



NICHOLS, CAULEY & ASSOCIATES, LLC

1300 Bellevue Avenue
 Dublin, Georgia 31021
 478-275-1163 FAX 478-275-1178
 dublin@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
 South Banking Company and Subsidiary
 Alma, Georgia

We have audited the accompanying consolidated financial statements of South Banking Company and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Banking Company and its subsidiary as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Nichols, Cauley & Associates, LLC

Dublin, Georgia
 February 8, 2019

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Consolidated Balance Sheets
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and due from banks	\$ 21,681,177	\$ 33,866,364
Federal funds sold	6,800,000	2,500,000
Interest-bearing deposits in banks	<u>12,432,000</u>	<u>17,703,000</u>
Cash and cash equivalents	40,913,177	54,069,364
Securities available for sale, at fair value	21,671,460	22,770,874
Federal Home Loan Bank (FHLB) stock	285,500	299,800
Loans, less allowance for loan losses of \$2,948,816 and \$2,769,811 respectively	198,740,743	176,190,483
Accrued interest receivable	1,776,873	1,476,403
Repossessioned assets	1,741,607	3,418,449
Premises and equipment, net	7,375,175	7,597,680
Other assets	<u>655,080</u>	<u>868,422</u>
Total assets	<u>\$ 273,159,615</u>	<u>\$ 266,691,475</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$ 70,867,122	\$ 66,517,753
Interest-bearing	<u>169,115,224</u>	<u>168,084,122</u>
	239,982,346	234,601,875
Borrowings	3,600,000	3,750,000
Accrued interest payable	310,838	198,768
Other liabilities	<u>1,314,520</u>	<u>1,488,988</u>
Total liabilities	<u>245,207,704</u>	<u>240,039,631</u>
Stockholders' equity:		
Common stock, par value \$50; 20,000 shares authorized; 5,951 shares issued and outstanding	297,550	297,550
Surplus	487,500	487,500
Undivided profits	27,336,137	25,998,858
Accumulated other comprehensive loss	<u>(169,276)</u>	<u>(132,064)</u>
Total stockholders' equity	<u>27,951,911</u>	<u>26,651,844</u>
Total liabilities and stockholders' equity	<u>\$ 273,159,615</u>	<u>\$ 266,691,475</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Consolidated Statements of Income
Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Interest and dividend income:		
Loans, including fees	\$ 12,197,267	\$ 11,649,152
Securities available for sale	360,970	290,453
Federal Home Loan Bank stock	17,012	14,590
Interest-bearing deposits in banks	703,919	639,381
Federal funds sold	84,930	28,750
Total interest income	<u>13,364,098</u>	<u>12,622,326</u>
Interest expense:		
Deposits	762,097	625,231
FHLB advances and other borrowings	207,656	183,837
Total interest expense	<u>969,753</u>	<u>809,068</u>
Net interest income	12,394,345	11,813,258
Provision for loan losses	200,000	800,000
Net income after provision for loan losses	<u>12,194,345</u>	<u>11,013,258</u>
Noninterest income:		
Service charges on deposit accounts	1,226,038	1,183,278
Other fees and commissions	800,925	1,054,443
Other operating income	110,964	73,732
Total noninterest income	<u>2,137,927</u>	<u>2,311,453</u>
Noninterest expense:		
Salaries and employee benefits	7,220,873	6,297,169
Occupancy and equipment expenses	1,477,571	1,388,588
Loss on sale and write-downs of repossessed assets	483,631	82,747
Other operating	3,391,417	3,578,337
Total noninterest expense	<u>12,573,492</u>	<u>11,346,841</u>
Income before provision for income taxes	1,758,780	1,977,870
Provision for income taxes	421,501	905,608
Net income	<u>\$ 1,337,279</u>	<u>\$ 1,072,262</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Consolidated Statements of Comprehensive Income
Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Net income	\$ 1,337,279	\$ 1,072,262
Other comprehensive income (loss):		
Securities available for sale:		
Unrealized holding losses arising during period	(4,647)	(70,743)
Reclassification adjustment for change in tax rates	(33,749)	--
Tax effect	<u>1,184</u>	<u>26,175</u>
Other comprehensive loss	<u>(37,212)</u>	<u>(44,568)</u>
Comprehensive income	<u>\$ 1,300,067</u>	<u>\$ 1,027,694</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2018 and 2017**

	Common Stock Par Value	Surplus	Undivided Profits	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2016	\$ 297,550	\$ 487,500	\$ 24,926,596	\$ (87,496)	\$ 25,624,150
Net income	--	--	1,072,262	--	1,072,262
Other comprehensive loss	--	--	--	(44,568)	(44,568)
Balance, December 31, 2017	297,550	487,500	25,998,858	(132,064)	26,651,844
Net income	--	--	1,337,279	--	1,337,279
Other comprehensive loss	--	--	--	(37,212)	(37,212)
Balance, December 31, 2018	<u>\$ 297,550</u>	<u>\$ 487,500</u>	<u>\$ 27,336,137</u>	<u>\$ (169,276)</u>	<u>\$ 27,951,911</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flow from operating activities:		
Net income	\$ 1,337,279	\$ 1,072,262
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and accretion	497,929	494,583
Provision for loan losses	200,000	800,000
Deferred income tax (benefit) expense	(141,457)	196,513
Gain on sale of repossessed assets	(41,371)	(107,253)
Write-downs on foreclosed real estate	525,002	190,000
Change in accrued interest receivable	(300,470)	97,252
Change in other assets	354,799	154,927
Change in accrued interest payable	112,070	(58,402)
Change in other liabilities	(174,468)	806,495
Net cash flow provided by operating activities	<u>2,369,313</u>	<u>3,646,377</u>
Cash flow from investing activities:		
Loan originations and payments, net	(23,722,584)	(342,930)
Purchase of securities available for sale	(5,039,877)	(6,995,750)
Redemptions (purchase) of FHLB stock	14,300	600
Proceeds from sale and maturities of securities available for sale	6,100,000	4,808,897
Proceeds from sale of repossessed assets	2,165,535	2,289,117
Purchases of premises and equipment	(273,345)	(370,658)
Net cash flow used by investing activities	<u>(20,755,971)</u>	<u>(610,724)</u>
Cash flow from financing activities:		
Principal payments on other borrowings	(150,000)	(150,000)
Net change in deposits	5,380,471	(17,853,524)
Net cash flow (used) provided by financing activities	<u>5,230,471</u>	<u>(18,003,524)</u>
Net decrease in cash and cash equivalents	(13,156,187)	(14,967,871)
Cash and cash equivalents at beginning of year	54,069,364	69,037,235
Cash and cash equivalents at end of year	<u>\$ 40,913,177</u>	<u>\$ 54,069,364</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Supplemental schedule of noncash investing and financing activities:		
Transfer of loan principal and accrued interest to repossessed assets, net of write-downs	<u>\$ 1,831,330</u>	<u>\$ 616,271</u>
Bank financed sales of foreclosed real estate	<u>\$ 859,006</u>	<u>\$ 400,579</u>
Supplemental disclosures of cash flow information -		
Cash paid during the year for:		
Interest	<u>\$ 857,683</u>	<u>\$ 867,470</u>
Income taxes	<u>\$ 500,000</u>	<u>\$ 29,000</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY****Notes to Consolidated Financial Statements
December 31, 2018 and 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting and reporting policies of South Banking Company and subsidiary (the "Company") conform to generally accepted accounting principles in the United States of America and with general practices within the banking industry. The following is a description of the more significant of those policies the Company follows in preparing and presenting its financial statements.

Reporting Entity and Nature of Operations

South Banking Company is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Pineland Bank (the "Bank"). The Bank is a State bank chartered under the laws of Georgia. The Bank operates in the cities of Alma, Georgia; Baxley, Georgia; Kingsland, Georgia; Metter, Georgia; St. Marys, Georgia; and Fernandina Beach, Florida and surrounding areas. The Bank's primary source of revenue is derived from providing loans to customers within its geographical area. The Bank has three wholly-owned subsidiaries: South Financial Products, Inc., which provides financial advisory services; SBA Grows, LLC, which supports lending functions in accordance with Small Business Administration programs; and Honey Ridge Estates, Inc., which manages the disposition of a repossessed asset.

The Company's earnings are primarily dependent upon its net interest income, which is determined by (i) the difference between yields earned on interest-earning assets and rates paid on interest-bearing liabilities ("interest rate spread") and (ii) the relative amounts of interest-earning assets and interest-bearing liabilities outstanding. The Company's interest rate spread is affected by regulatory, economic, and competitive factors that influence interest rates, loan demand and deposit flows.

Most of the Company's activities are with customers located within the middle and southeast region of Georgia and northeast Florida. Note 2 discusses types of securities in which the Company invests. Note 3 discusses the types of lending in which the Company engages. The Company does not have any significant concentrations to any one customer. The Company is subject to the regulations of federal and state banking agencies and is regularly examined by them.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates in the Preparation of Financial Statements

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans, estimated fair value of securities and financial instruments, valuation of impaired loans, realization of deferred tax assets, the valuation of repossessed assets acquired in connection with foreclosures or in satisfaction of loans, and the disclosure of contingent assets and liabilities. In connection with the determination of the allowances for losses on loans and repossessed assets, management obtains independent appraisals for significant properties.

Management believes the allowance for losses on loans and repossessed assets are adequate. While management uses available information to recognize losses on loans and repossessed assets, future additions to the allowance may be necessary based on changes in local economic conditions.

In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for losses on loans and repossessed assets. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible the allowance for losses on loans and repossessed assets may change materially in the near term, or that other fair value estimates may change materially in the near term.

Principles of Consolidation

The consolidated financial statements include the accounts of South Banking Company and its wholly owned subsidiary, Pineland Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents are defined as those amounts included in the balance-sheet caption "cash and due from banks", "Federal funds sold", and "interest bearing deposits in banks." Cash flows from demand deposits, savings deposits, time deposits, Federal funds purchased, and renewals and extensions of loans are reported net.

The Company is required to maintain reserve balances in cash and deposits to meet federal regulatory reserve requirements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY****Notes to Consolidated Financial Statements
December 31, 2018 and 2017****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:****Investment Securities**

Debt securities that management has the positive intent and the Company has the ability to hold to maturity are classified as securities held to maturity and are recorded at amortized cost. Securities not classified as securities held to maturity, including equity securities with readily determinable fair values, are securities available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss).

Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities. A decline in the market value of any available for sale or held to maturity security below cost that is deemed other than temporary results in a charge to earnings and the establishment of a new cost basis for the security. Realized gains and losses for securities classified as available for sale and held to maturity are included in earnings and are derived using the specific identification method for determining the amortized cost of securities sold.

Other-Than-Temporary Impairments (OTTI)

Periodically, all available-for-sale securities are evaluated for other-than-temporary impairment (OTTI) in accordance with U.S. generally accepted accounting principles, which specifies requirements for recognizing OTTI on debt securities, presentation of OTTI losses, and modifies and expands disclosures about OTTI for debt securities.

A debt security is considered to be other-than-temporarily impaired if the present value of cash flows expected to be collected are less than the security's amortized cost basis (the difference defined as the credit loss) or if the fair value of the security is less than the security's amortized cost basis and the investor intends, or more-likely-than-not will be required, to sell the security before recovery of the security's amortized cost basis, the charge to earnings is limited to the amount of the credit loss. Any remaining difference between fair value and amortized cost (the difference defined as the non-credit portion) is recognized in other comprehensive income. Otherwise, the entire difference between fair value and amortized cost basis is charged to earnings.

Federal Home Loan Bank Stock

The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses and any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest on loans is credited to income on a daily basis based upon the principal amount outstanding.

Certain loan origination fees are deferred and recognized as an adjustment of the yield of the related loan. Substantially all direct loan origination costs are expensed at the time of origination. The net effect on the financial condition and results of operations of not deferring the origination costs is not significant.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, unless the loan is well-secured and in the process of collection. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income, unless management believes that the accrued interest is recoverable through the liquidation of collateral. Interest income is subsequently recognized only to the extent cash payments are received. Loans are returned to accrual status when all the principal and interest amounts contractually due are reasonably assured of repayment within a reasonable time frame.

A loan is considered impaired when, based on current information and events, it is probable the Company will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays are payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the estimated fair value of the collateral if the loan is collateral dependent. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. The allowance for loan losses is increased by charges to expenses and decreased by charge-offs (net of recoveries). Loans are charged against the allowance for loan losses when management believes the collection of the principal is unlikely. The allowance for loan losses is maintained at a level believed adequate by management to absorb estimated probable inherent loan losses and estimated losses relating to specifically identified loans. Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of future payments), the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that are susceptible to significant change including the amounts and timing of future cash flows expected to be received on impaired loans.

This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in the local economic environment and market conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for losses on loans. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examinations.

Because of these factors, it is reasonably possible that the allowance for losses on loans may change materially in the near term. However, the amount of change that is reasonably possible cannot be estimated.

The allowance for loan losses related to impaired loans that are identified for evaluation is based on discounted cash flows using the loan's initial effective interest rate or the fair value, less selling costs, of the collateral for collateral dependent loans.

The allowance for loan losses may consist of specific, general, and unallocated components. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, an allowance is established when the collateral value or the observable market price of the impaired loan is lower than the carrying value of the loan. General allowances are established for non-impaired loans. These loans are assigned a risk rating, and the allocated allowance for loan losses is determined based upon the loss percentage factors that correspond to each risk rating. Loss percentage factors are based on historical loss experience adjusted for qualitative factors. The qualitative factors consider credit concentrations, recent levels and trends in delinquencies and nonaccrual loans, and growth in the loan portfolio. The occurrence of certain events could result in changes to the loss factors. Accordingly, these loss factors are reviewed periodically and modified as necessary.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Allowance for Loan Losses

General allowances are established for loans that can be grouped into pools based on similar characteristics. Loss percentage factors applied to these pools are based on an analysis of historical charge-off experience and expected losses given default derived from the Company's internal risk rating process. These factors are developed and applied to the portfolio in terms of loan type and line of business. Adjustments are also made to the allowance for the pools after an assessment of internal and external influences on credit quality that have not yet been reflected in the historical loss or risk rating data.

The general allowances are determined based on consideration of historic and peer loss data, the various risk characteristics of each loan segment, and whether the loans are within or outside the Company's general market area.

Unallocated allowances relate to inherent losses that are not otherwise evaluated in the specific and general allowances. The qualitative factors associated with unallocated allowances are subjective and require a high degree of management judgment. These factors include the inherent imprecision in mathematical models and credit quality statistics, recent economic uncertainty, losses incurred from recent events, lagging or incomplete data and the significant factors affecting the Company's general market area.

Risk characteristics relevant to each portfolio segment are as follows:

Construction and development

Loans in this segment include real estate development loans for which the source of repayment is the sale of the property as well as construction projects in which the property will ultimately be used by the borrower. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

Real estate – mortgage

Loans in this segment include loans for multifamily residential properties, 1-4 family residential properties and other residential property loans. The overall health of the economy, including unemployment rates will have an effect of the credit quality in the segment.

Commercial real estate

These loans are primarily income-producing properties and are dependent upon the borrower's cash flow. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, will have an effect on the credit quality in this segment.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Commercial and industrial

Loans in this segment are made to businesses and are generally secured by business assets.

Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

Farmland and agricultural

Loans in this segment are made to businesses and are generally secured by farms or agricultural real estate. Repayment is expected from cash flows from the sale of related farming yield. A weakened economy and sustained adverse weather conditions will have an effect on the credit quality in this segment.

Other

Loans in this segment are made to individuals and are secured by personal assets. Repayment is expected from personal income. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

Significant Group Concentrations of Credit Risk

A substantial portion of the Company's loan portfolio is to customers in Bacon, Appling, Candler, and Camden County, Georgia, Nassau County, Florida, and surrounding areas. A large portion of these loans are to finance blueberry farms. The ultimate collectability of a substantial portion of the portfolio is therefore susceptible to changes in the economic and market condition in and around these areas.

The nature of the Company's business requires that it maintain amounts due from banks, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts, and management works to mitigate risk associated with its correspondent institutions. Amounts due from banks are typically maintained in demand deposit accounts which are fully insured.

Reposessed Assets

Reposessed assets acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at the lesser of the investment in the property or fair value, less estimated selling costs, at the date of foreclosure establishing a new cost basis. Any write down at the time of foreclosure is charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of the cost basis amount or fair value less cost to sell. Costs of improvements are capitalized. Revenue and expenses from operations, including applicable holding costs, and changes in the valuation allowance are included in loss on reposessed assets.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation, computed principally on declining balance and straight-line methods over the estimated useful lives of the assets. Land is stated at cost. Maintenance and repairs that do not extend the useful life of the premises and equipment are charged to expense. The useful lives of premises and equipment are as follows:

	<u>Useful Life</u>
Buildings and improvements	5-50 years
Furniture, fixtures, and equipment	3-20 years

Transfer of Financial Assets

Transfers of financial assets are accounting for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtained the right (free of conditions that constrain it from taking advantage of the right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

A valuation allowance for deferred tax assets is required when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In assessing the realization of the deferred tax assets, management considers the scheduled reversals of deferred tax assets, projected future taxable income (in the near-term based on current projections), and tax planning strategies.

The Company's policy is to recognize interest and penalties associated with uncertain tax positions as components of other operating expenses and to disclose the recognized interest and penalties, if material. Management believes that the Company has appropriate support for any tax positions taken, and as such, does not have uncertain tax positions that are material to the financial statements. The Company's Federal Form 1120 and Georgia Form 600 are subject to examination, generally for three years after they are filed.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Comprehensive Income

Accounting principles generally require recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Financial Instruments

In the ordinary course of business the Company has entered into off balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments. Since no quoted market prices exist for a significant part of the Company's financial instruments, the fair values of such instruments have been derived based on management's assumptions, the estimated amount and timing of future cash flows and estimated discount rates.

The estimation methods for individual classifications of financial instruments are described more fully in Note 15. Different assumptions could significantly affect these estimates. Accordingly, net realizable values could be materially different from the estimates disclosed. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the Company.

Advertising

The Company expenses advertising costs as incurred. For the years ended December 31, 2018 and 2017, advertising costs were \$178,214 and \$162,898, respectively.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reclassifications

Certain reclassifications have been made to the December 31, 2017 financial statements and notes in order to conform to the December 31, 2018 presentation. Such reclassifications had no impact on previously reported net income or stockholders' equity.

2. SECURITIES AVAILABLE FOR SALE:

The amortized cost, gross unrealized gains and losses and estimated fair values of securities available for sale at December 31, 2018 and 2017 are summarized as follows:

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	\$ 19,774,094	\$ 329	\$ (231,125)	\$ 19,543,298
State and municipal securities	1,124,791	31,310	(20,080)	1,136,021
Mortgage-backed GSE residential	986,848	5,293	--	992,141
	<u>\$ 21,885,733</u>	<u>\$ 36,932</u>	<u>\$ (251,205)</u>	<u>\$ 21,671,460</u>

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	\$ 22,296,042	\$ --	\$ (222,071)	\$ 22,073,971
State and municipal securities	684,458	27,897	(15,452)	696,903
	<u>\$ 22,980,500</u>	<u>\$ 27,897</u>	<u>\$ (237,523)</u>	<u>\$ 22,770,874</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

2. SECURITIES AVAILABLE FOR SALE:

The amortized cost and estimated fair values of securities available for sale at December 31, 2018 by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 5,349,763	\$ 5,297,303
Due after one year but less than five years	13,928,744	13,754,414
Due after five years but less than ten years	2,062,889	2,065,771
Due in more than ten years	544,337	553,972
	<u>\$ 21,885,733</u>	<u>\$ 21,671,460</u>

Securities with a carrying value of \$16,951,527 at December 31, 2018 and \$12,318,713 at December 31, 2017, were pledged to secure public deposits and for other purposes required, or permitted by law.

Taxable interest income on securities was \$351,595 and \$279,278 for the years ended December 31, 2018 and 2017, respectively. Interest income exempt from Federal income tax was \$9,375 and \$11,175 for the years ended December 31, 2018 and 2017, respectively.

Information pertaining to securities with gross unrealized losses at December 31, 2018 and 2017, aggregated by investment category and length of time individual securities have been in a continuous loss position, follows:

	2018			
	Twelve Months or Less		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	\$ (6,846)	\$ 2,470,413	\$ (224,279)	\$ 16,072,565
State and municipal securities	--	--	(20,080)	310,374
Mortgage-backed GSE residential	--	--	--	--
	<u>\$ (6,846)</u>	<u>\$ 2,470,413</u>	<u>\$ (244,359)</u>	<u>\$ 16,382,939</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

2. SECURITIES AVAILABLE FOR SALE:

	2017			
	Twelve Months or Less		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities (GSEs)	\$ (90,419)	\$ 8,405,623	\$ (131,652)	\$ 13,168,348
State and municipal securities	--	--	(15,452)	319,017
	\$ (90,419)	\$ 8,405,623	\$ (147,104)	\$ 13,487,365

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2018, the twenty-eight debt securities with unrealized losses have depreciated 1.31% from the Company's amortized cost basis.

U.S. Government sponsored entities. The unrealized losses associated with U.S. Government sponsored entities' obligations are primarily driven by changes in interest rates and not due to the credit quality of the securities. These securities are issued by U.S. government agencies or government-sponsored entities and do not have any credit losses given the explicit or implicit government guarantee. There were twenty-seven securities of this type at December 31, 2018 with unrealized losses.

State and municipal securities. The Company's unrealized losses on one investment in municipal bonds relate to interest rate increases. Management currently does not believe it is probable that it will be unable to collect all amounts due according to the contractual terms of the investments. Because the Company does not plan to sell the investments, and because it is more likely than not that the Company will be required to sell the investments before recovery of their par value, which may be maturity, management does not consider these investments to be other-than-temporarily impaired at December 31, 2018.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The composition of loans as of December 31, 2018 and 2017 is summarized as follows:

	2018	2017
Construction and development	\$ 19,441,969	\$ 18,136,878
Real estate-mortgage	28,267,823	26,298,876
Commercial real estate	88,720,277	73,295,262
Commercial and industrial	16,255,902	14,576,525
Farmland and agricultural	40,788,697	39,625,928
Other	8,214,891	7,026,825
	<u>201,689,559</u>	<u>178,960,294</u>
Allowance for loan losses	(2,948,816)	(2,769,811)
Loans, net	<u>\$ 198,740,743</u>	<u>\$ 176,190,483</u>

For purposes of the disclosures required pursuant to the adoption of amendments to ASC 310, the loan portfolio was disaggregated into segments. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for loan losses. There are six loan portfolio segments that are as follows:

Construction and development

Loans in this segment include real estate development loans for which the source of repayment is the sale of the property as well as construction projects in which the property will ultimately be used by the borrower. Total construction and development loans as of December 31, 2018 were 9.64% of the total loan portfolio.

Real estate – mortgage

Loans in this segment include loans for 1-4 family residential properties and other residential property loans. Total real estate - mortgage loans as of December 31, 2018 were 14.02% of the total loan portfolio.

Commercial real estate

These loans are primarily income-producing properties and are dependent upon the borrower's cash flow. Total commercial real estate loans as of December 31, 2018 were 43.99% of the total loan portfolio.

Commercial and industrial

Loans in this segment are made to businesses and are generally secured by business assets. Total commercial and industrial loans as of December 31, 2018 were 8.06% of the total loan portfolio.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

Farmland and agricultural

Loans in this segment are made to businesses and are generally secured by farms or agricultural property. Total farmland and agricultural loans as of December 31, 2018 were 20.22% of the total loan portfolio.

Other

Loans in this segment are made to individuals and are secured by personal assets. Total other loans as of December 31, 2018 were 4.07% of the total loan portfolio.

In the normal course of business the Bank may sell and purchase loan participations to and from other financial institutions and related parties. Loan participations are typically sold to comply with legal lending limits per borrower as imposed by regulatory authorities. The participations are sold without recourse and the Bank imposes no transfer or ownership restrictions on the purchase. At December 31, 2018 and 2017, the Bank had loan participations sold of \$31,942,945 and \$28,268,786, respectively.

Included in loans at December 31, 2018 and 2017, were twenty-five and twenty-six, respectively, loan participations purchased from other financial service entities. The outstanding principal balances for these loan participations purchased amount to \$13,085,217 and \$9,706,770 or 6.49% and 5.42%, respectively, of gross loans.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The allowance for loan losses for the year ended December 31, 2018 and 2017, by portfolio segment, is as follows:

	Construction and Development	Real Estate- Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
<u>December 31, 2018</u>							
Allowance for Loan Losses:							
Beginning balance	\$ 159,573	\$ 460,936	\$ 1,358,712	\$ 400,197	\$ 216,843	\$ 173,550	\$ 2,769,811
Charge-offs	(19,386)	—	(29,108)	(27,729)	—	(38,034)	(114,257)
Recoveries	—	14,913	67,129	—	—	11,220	93,262
Provision	(7,692)	(387,935)	(633,924)	276,780	982,788	(30,017)	200,000
Ending balance	<u>\$ 132,495</u>	<u>\$ 87,914</u>	<u>\$ 762,809</u>	<u>\$ 649,248</u>	<u>\$ 1,199,631</u>	<u>\$ 116,719</u>	<u>\$ 2,948,816</u>
Ending balance: Individually evaluated for impairment	<u>\$ —</u>	<u>\$ 61,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,000</u>	<u>\$ —</u>	<u>\$ 136,000</u>
Ending balance: Collectively evaluated for impairment	<u>\$ 132,495</u>	<u>\$ 26,914</u>	<u>\$ 762,809</u>	<u>\$ 649,248</u>	<u>\$ 1,124,631</u>	<u>\$ 116,719</u>	<u>\$ 2,812,816</u>
Gross Loans:							
Ending balance	<u>\$ 19,441,969</u>	<u>\$ 28,267,823</u>	<u>\$ 88,720,277</u>	<u>\$ 16,255,902</u>	<u>\$ 40,788,697</u>	<u>\$ 8,214,891</u>	<u>\$ 201,689,559</u>
Ending balance: Individually evaluated for impairment	<u>\$ —</u>	<u>\$ 958,356</u>	<u>\$ 1,108,197</u>	<u>\$ 81,678</u>	<u>\$ 783,396</u>	<u>\$ 25,325</u>	<u>\$ 2,956,952</u>
Ending balance: Collectively evaluated for impairment	<u>\$ 19,441,969</u>	<u>\$ 27,309,467</u>	<u>\$ 87,612,080</u>	<u>\$ 16,174,224</u>	<u>\$ 40,005,301</u>	<u>\$ 8,189,566</u>	<u>\$ 198,732,607</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

	Construction and Development	Real Estate- Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
December 31, 2017							
Allowance for Loan Losses:							
Beginning balance	\$ 169,021	\$ 488,226	\$ 1,439,156	\$ 423,891	\$ 229,681	\$ 183,824	\$ 2,933,799
Charge-offs	(36,000)	(76,000)	(922,000)	(8,000)	(16,000)	(49,000)	(1,107,000)
Recoveries	—	1,000	108,000	3,000	16,000	15,012	143,012
Provision	26,552	47,710	733,556	(18,694)	(12,838)	23,714	800,000
Ending balance	<u>\$ 159,573</u>	<u>\$ 460,936</u>	<u>\$ 1,358,712</u>	<u>\$ 400,197</u>	<u>\$ 216,843</u>	<u>\$ 173,550</u>	<u>\$ 2,769,811</u>
Ending balance: Individually evaluated for impairment	<u>\$ 63,000</u>	<u>\$ 86,000</u>	<u>\$ 40,000</u>	<u>\$ 50,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 239,000</u>
Ending balance: Collectively evaluated for impairment	<u>\$ 96,573</u>	<u>\$ 374,936</u>	<u>\$ 1,318,712</u>	<u>\$ 350,197</u>	<u>\$ 216,843</u>	<u>\$ 173,550</u>	<u>\$ 2,530,811</u>
Gross Loans:							
Ending balance	<u>\$ 18,136,878</u>	<u>\$ 26,298,876</u>	<u>\$ 73,295,262</u>	<u>\$ 14,576,525</u>	<u>\$ 39,625,928</u>	<u>\$ 7,026,825</u>	<u>\$ 178,960,294</u>
Ending balance: Individually evaluated for impairment	<u>\$ 757,839</u>	<u>\$ 966,635</u>	<u>\$ 1,154,677</u>	<u>\$ 269,283</u>	<u>\$ 75,451</u>	<u>\$ 33,628</u>	<u>\$ 3,257,513</u>
Ending balance: Collectively evaluated for impairment	<u>\$ 17,379,039</u>	<u>\$ 25,332,241</u>	<u>\$ 72,140,585</u>	<u>\$ 14,307,242</u>	<u>\$ 39,550,477</u>	<u>\$ 6,993,197</u>	<u>\$ 175,702,781</u>

Impaired loans as of December 31, 2018 and 2017, by portfolio segment, are as follows:

	Unpaid Total Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
December 31, 2018						
Construction and development	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 378,920
Real estate - mortgage	978,356	814,121	316,878	1,130,999	61,000	1,048,817
Commercial real estate	1,108,197	274,996	—	274,996	—	714,837
Commercial and industrial	81,678	27,323	—	27,323	—	148,303
Farmland and agricultural	783,396	758,222	759,515	1,517,737	75,000	796,594
Other	25,325	25,325	—	25,325	—	29,477
	<u>\$ 2,976,952</u>	<u>\$ 1,899,987</u>	<u>\$ 1,076,393</u>	<u>\$ 2,976,380</u>	<u>\$ 136,000</u>	<u>\$ 3,116,948</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

December 31, 2017	Unpaid Total Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Construction and development	\$ 757,839	\$ 94,807	\$ 663,032	\$ 757,839	\$ 63,000	\$ 1,041,420
Real estate - mortgage	986,635	396,803	569,832	966,635	86,000	1,969,818
Commercial real estate	1,154,677	717,453	437,224	1,154,677	40,000	2,517,339
Commercial and industrial	269,283	92,001	177,282	269,283	50,000	314,642
Farmland and agricultural	75,451	75,451	--	75,451	--	868,726
Other	33,628	33,628	--	33,628	--	16,814
	<u>\$ 3,277,513</u>	<u>\$ 1,410,143</u>	<u>\$ 1,847,370</u>	<u>\$ 3,257,513</u>	<u>\$ 239,000</u>	<u>\$ 6,728,759</u>

A primary credit quality indicator for financial institutions is delinquent balances. Following are the delinquent amounts, by portfolio segment, as of December 31, 2018 and 2017.

December 31, 2018	Current	30-89 Days	Accruing Greater Than 90 Days	Total Accruing Past Due	Non-accrual	Total Financing Receivables
Construction and development	\$ 19,426,425	\$ 13,674	\$ --	\$ 13,674	\$ 1,870	\$ 19,441,969
Real estate-mortgage	27,827,464	215,964	--	215,964	224,395	28,267,823
Commercial real estate	87,655,539	815,967	138,759	954,726	110,012	88,720,277
Commercial and industrial	15,962,308	168,024	--	168,024	125,570	16,255,902
Farmland and agricultural	39,845,290	52,196	--	52,196	891,211	40,788,697
Other	8,117,272	48,780	4,267	53,047	44,572	8,214,891
Total	<u>\$ 198,834,298</u>	<u>\$ 1,314,605</u>	<u>\$ 143,026</u>	<u>\$ 1,457,631</u>	<u>\$ 1,397,630</u>	<u>\$ 201,689,559</u>

December 31, 2017	Current	30-89 Days	Accruing Greater Than 90 Days	Total Accruing Past Due	Non-accrual	Total Financing Receivables
Construction and development	\$ 17,168,294	\$ 204,759	\$ --	\$ 204,759	\$ 763,825	\$ 18,136,878
Real estate-mortgage	26,022,234	153,092	--	153,092	123,550	26,298,876
Commercial real estate	71,663,845	1,048,852	--	1,048,852	582,565	73,295,262
Commercial and industrial	14,179,257	353,584	--	353,584	43,684	14,576,525
Farmland and agricultural	39,360,821	88,041	--	88,041	177,066	39,625,928
Other	6,868,604	115,470	--	115,470	42,751	7,026,825
Total	<u>\$ 175,263,055</u>	<u>\$ 1,963,798</u>	<u>\$ --</u>	<u>\$ 1,963,798</u>	<u>\$ 1,733,441</u>	<u>\$ 178,960,294</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The Company utilizes a nine grade loan rating system for its loan portfolio as follows:

- Loans rated 1-4 (Pass) – Loans in these categories have low to average risk.
- Loans rated 5 (Watch) – Loans in this category, while acceptable, warrant continued and close following.
- Loans rated 6 (Special Mention) – Loans which represent an undue credit risk to potential weakness which will, if not corrected, inadequately protect the Bank at some future date.
- Loans rated 7 (Substandard) – Loans which are inadequately protected by the net worth and cash flow capacity of the borrower or of the collateral pledged.
- Loans rated 8 (Doubtful) – Loans which have a clear and defined weakness making the ultimate repayment of the loan, or portions thereof, highly improbable.
- Loans rated 9 (Loss) – Loans which are considered uncollectible and continuance as an acceptable asset is not warranted.

The following tables present the loan portfolio by risk grade as of December 31, 2018 and 2017:

December 31, 2018	Construction and Development	Real Estate- Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
Rating:							
1-4 (Pass)	\$ 19,243,325	\$ 26,690,058	\$ 85,899,807	\$ 15,677,031	\$ 39,031,206	\$ 8,102,001	\$ 194,643,428
5 (Watch List)	6,253	225,708	1,151,972	157,490	898,636	5,252	2,445,311
6 (Special Mention)	190,521	618,096	531,835	210,954	--	11,635	1,563,041
7 (Substandard)	1,870	733,961	1,136,663	210,427	858,855	96,003	3,037,779
8 (Doubtful)	--	--	--	--	--	--	--
9 (Loss)	--	--	--	--	--	--	--
Total	<u>\$ 19,441,969</u>	<u>\$ 28,267,823</u>	<u>\$ 88,720,277</u>	<u>\$ 16,255,902</u>	<u>\$ 40,788,697</u>	<u>\$ 8,214,891</u>	<u>\$ 201,689,559</u>
December 31, 2017	Construction and Development	Real Estate - Mortgage	Commercial Real Estate	Commercial and Industrial	Farmland and Agricultural	Other	Total
Rating:							
1-4 (Pass)	\$ 16,781,195	\$ 22,813,628	\$ 69,974,021	\$ 13,839,956	\$ 38,508,321	\$ 6,922,265	\$ 168,839,586
5 (Watch List)	377,635	1,875,919	2,035,269	101,420	911,268	11,499	5,313,010
6 (Special Mention)	214,040	824,351	22,860	303,119	--	20,233	1,384,603
7 (Substandard)	764,008	784,978	1,263,112	332,030	206,139	72,828	3,423,095
8 (Doubtful)	--	--	--	--	--	--	--
9 (Loss)	--	--	--	--	--	--	--
Total	<u>\$ 18,136,878</u>	<u>\$ 26,298,876</u>	<u>\$ 73,295,262</u>	<u>\$ 14,576,525</u>	<u>\$ 39,625,928</u>	<u>\$ 7,026,825</u>	<u>\$ 178,960,294</u>

Under certain circumstances, the Bank may elect to restructure or modify the terms of certain loans under certain conditions (i.e. troubled debt restructures or "TDRs"). In those circumstances it may be beneficial to restructure the terms of a loan and work with the borrower for the benefit of both parties, versus forcing the property into foreclosure and having to dispose of it in an unfavorable real estate market. When the Bank has modified the terms of a loan, the Bank usually either reduces or defers payments for a period of time. The Bank has not forgiven any material principal amounts on any loan modifications to date. The Bank has \$646,339 and \$2,289,304 of TDRs at December 31, 2018 and 2017, respectively.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT D

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Performing TDRs	\$ 618,683	\$ 1,059,401
Non-performing TDRs	<u>27,656</u>	<u>1,229,903</u>
Total	<u>\$ 646,339</u>	<u>\$ 2,289,304</u>

TDRs as of December 31, 2018 and 2017 quantified by loan type classified separately as performing loans and non-performing loans (past due or nonaccrual) are presented in the table below.

<u>December 31, 2018</u>	<u>Performing</u>	<u>Non-performing</u>	<u>Total</u>
Construction and development	\$ --	\$ --	\$ --
Real estate - mortgage	607,564	27,656	635,220
Commercial real estate	--	--	--
Commercial and industrial	11,119	--	11,119
Farmland and agricultural	--	--	--
Other	--	--	--
Total	<u>\$ 618,683</u>	<u>\$ 27,656</u>	<u>\$ 646,339</u>

<u>December 31, 2017</u>	<u>Performing</u>	<u>Non-performing</u>	<u>Total</u>
Construction and development	\$ --	\$ 757,839	\$ 757,839
Real estate - mortgage	868,098	34,840	902,938
Commercial real estate	--	437,224	437,224
Commercial and industrial	191,303	--	191,303
Farmland and agricultural	--	--	--
Other	--	--	--
Total	<u>\$ 1,059,401</u>	<u>\$ 1,229,903</u>	<u>\$ 2,289,304</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The Bank's policy is to return nonaccrual TDR loans to accrual status when all principal and interest amounts contractually due, pursuant to its modified terms, are brought current and future payments are reasonably assured. The Bank's policy also considers payment history of the borrower, but is not dependent upon a specific number of payments. The Bank recorded a specific reserve of \$11,000 and \$239,000 as of December 31, 2018 and 2017, respectively. The Bank recognized no partial charge offs on the TDR loans described above during the years ended December 31, 2018 and 2017.

Loans are modified to minimize loan losses when management believes the modification will improve the borrower's financial condition and ability to repay the loan. The Bank typically does not forgive principal. The Bank generally either defers, or decreases monthly payments for a temporary period of time. A summary of the types of concessions made are presented in the table below.

	<u>12/31/2018</u>	<u>12/31/2017</u>
Rate concession	\$ 296,120	\$ 1,925,148
Reduced payment amount	350,219	364,156
Total	<u>\$ 646,339</u>	<u>\$ 2,289,304</u>

The following table presents loans modified as TDRs by class and the related recorded investment, which includes accrued interest and fees, in those loans.

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Number of Loans</u>	<u>Recorded Investment</u>	<u>Number of Loans</u>	<u>Recorded Investment</u>
Construction and development	--	\$ --	2	\$ 757,839
Real estate - mortgage	6	635,220	6	902,938
Commercial real estate	--	--	1	437,224
Commercial and industrial	1	11,119	2	191,303
Farmland and agricultural	--	--	--	--
Other	--	--	--	--
Total	<u>7</u>	<u>\$ 646,339</u>	<u>11</u>	<u>\$ 2,289,304</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

4. REPOSSESSED ASSETS:

At December 31, 2018 and 2017, repossessed assets consists of \$1,738,107 and \$3,415,949 in foreclosed real estate and \$3,500 and \$2,500 in other repossessed assets, respectively. Repossessed asset activity was as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 3,418,449	\$ 5,574,621
Loans transferred to repossessed assets	1,831,330	616,271
Direct write-downs	(525,002)	(190,000)
Sales of repossessed assets	<u>(2,983,170)</u>	<u>(2,582,443)</u>
Balance, end of year	<u>\$ 1,741,607</u>	<u>\$ 3,418,449</u>

At December 31, 2018 and 2017, the Bank had \$257,657 and \$149,704 in residential foreclosed real estate. At December 31, 2018 and 2017, the Bank had no consumer mortgage loans secured by residential real estate for which formal foreclosure proceeds are in process.

Expenses related to foreclosed assets include:

	<u>2018</u>	<u>2017</u>
Net loss (gain) on sales	\$ (41,371)	\$ (107,253)
Write-downs	525,002	190,000
Operating expenses, net of rental income	<u>301,860</u>	<u>184,696</u>
	<u>\$ 785,491</u>	<u>\$ 267,443</u>

5. PREMISES AND EQUIPMENT:

The major classes of premises and equipment and the total accumulated depreciation at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,332,906	\$ 2,332,906
Buildings and improvements	8,986,444	8,986,444
Furniture, fixtures and equipment	<u>6,651,907</u>	<u>6,376,837</u>
	17,971,257	17,696,187
Accumulated depreciation	<u>(10,596,082)</u>	<u>(10,098,507)</u>
	<u>\$ 7,375,175</u>	<u>\$ 7,597,680</u>

Depreciation expense was \$495,850 and \$487,452 for the years ended December 31, 2018 and 2017, respectively.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

6. DEPOSITS:

Deposit account balances at December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Non - interest bearing demand deposits	\$ 70,867,122	\$ 66,517,753
Interest-bearing demand deposits	97,281,755	96,998,004
Time deposits - \$100,000 and over	31,653,909	28,622,255
Other time deposits	40,179,560	42,463,863
Total deposits	<u>\$ 239,982,346</u>	<u>\$ 234,601,875</u>

Times deposits that meet or exceed the Federal Depository Insurance Corporation (FDIC) insurance limit of \$250,000 at December 31, 2018 and 2017 were \$7,586,239 and \$7,442,800, respectively.

Schedule maturities of time deposits for the next five years are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 56,912,307
2020	11,886,973
2021	1,148,143
2022	803,065
2023	1,082,981
	<u>\$ 71,833,469</u>

At December 31, 2018 and 2017, overdraft demand deposits reclassified to loans totaled \$228,653 and \$141,742 respectively.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

7. BORROWINGS:

Borrowings at December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Note payable to a financial institution with interest payments due quarterly at an interest rate of the Wall Street Journal prime rate. Annual principal payments of \$150,000 are due beginning June 30, 2013 with a final balloon payment due at maturity on December 31, 2018. The loan is secured by subsidiary bank stock. The note was renewed on January 9, 2019, with maturity extended to December 31, 2025 and no other changes in terms.	\$ 1,000,000	\$ 1,150,000
 Note payable to shareholders payable upon demand with interest quarterly at an interest rate of the Wall Street Journal prime rate plus one percent. The loan is secured by subsidiary bank stock.	 <u>2,600,000</u>	 <u>2,600,000</u>
	 <u>\$ 3,600,000</u>	 <u>\$ 3,750,000</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

7. BORROWINGS:

Following are the anticipated maturities of long-term debt:

<u>Year Ending December 31,</u>	
2019	\$ 150,000
2020	150,000
2021	150,000
2022	150,000
2023	150,000
Thereafter	250,000
On demand	<u>2,600,000</u>
	<u><u>\$ 3,600,000</u></u>

8. INCOME TAXES

The total provision for income taxes in the statements of income is as follows:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Currently payable		
Federal	\$ 479,550	\$ 635,349
State	83,408	73,746
	<u>562,958</u>	<u>709,095</u>
Deferred income tax expense (benefit) (a)	(174,022)	196,513
	<u><u>\$ 388,936</u></u>	<u><u>\$ 905,608</u></u>

(a) 2017 includes a change related to the Tax Act of \$76,000 due to the remeasurement of certain federal net deferred tax assets to the lower federal tax rate of 21 percent.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

8. INCOME TAXES

The deferred tax provision (benefit) for the year ended December 31, 2018 and 2017 is applicable to the following items:

	December 31,	
	2018	2017
Difference between book allowance for loan losses and tax allowance for loan losses	\$ (241,381)	\$ 166,091
Difference between tax depreciation and book depreciation	(22,863)	113,816
Tax Cuts and Jobs Act	--	76,000
Change in other items	90,222	(159,394)
	<u>\$ (174,022)</u>	<u>\$ 196,513</u>

The Company's income tax provision differs from the amounts computed by applying the Federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

	December 31, 2018		December 31, 2017	
	Amount	Percent	Amount	Percent
Tax provision at Federal statutory rate	\$369,344	21.0%	\$672,476	34.0%
Tax provision at State statutory rate	105,527	6.0%	118,672	6.0%
Tax Cuts and Jobs Act	--	--%	76,000	3.8%
Difference resulting from:				
Other items, net	(53,370)	(3.0%)	38,460	1.9%
Provision for income taxes	<u>\$421,501</u>	<u>24.0%</u>	<u>\$905,608</u>	<u>45.8%</u>

The Company records a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect which such differences are expected to reverse. In particular, the 2017 balances were reduced to reflect the remeasurement of certain federal net deferred tax assets due to the enacted lower federal rate of 21 percent.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

8. INCOME TAXES

At December 31, 2018 and 2017, the Bank's deferred tax assets and liability consist of the following:

	December 31,	
	2018	2017
Net unrealized appreciation on securities available for sale	\$ 44,997	\$ 77,562
Reposessed asset write-downs	121,038	--
Allowance for loan losses in excess of tax allowance for loan losses	506,726	265,345
Nonaccrual loan interest	32,581	--
Net operating loss (NOL) carry forward	--	171,936
Amortization intangible	--	71,905
Gross deferred tax asset	<u>705,342</u>	<u>586,748</u>
Difference between book basis of premises and equipment and tax basis	<u>245,253</u>	<u>268,116</u>
Gross deferred tax liability	<u>245,253</u>	<u>268,116</u>
Deferred tax asset, net (included in other assets)	<u>\$ 460,089</u>	<u>\$ 318,632</u>

For the years ended December 31, 2018 and 2017, management believes there are no material amounts of uncertain tax position. Additionally, there were no material amounts of interest and penalties recognized in the balance sheet as of December 31, 2018 and 2017 or on the statements of income for the years ended December 31, 2018 and 2017.

On December 22, 2017, the "Tax Cuts and Jobs Act," was signed into law. Among other things, the Tax Cuts and Jobs Act makes broad and complex changes to the U.S. Tax Code and permanently lowers the corporate tax rate to 21% from the existing maximum rate of 35%, effective for tax years including or commencing January 1, 2018. As a result of the reduction of the corporate tax rate to 21%, U.S. generally accepted accounting principles require companies to revalue their deferred tax assets and liabilities as of the date of enactment, with resulting tax effects accounted for in the reporting period of enactment. As a result of the Act, the Company revalued its deferred tax asset according to the new tax rate and recognized a charge of \$76,000 in income tax expense for the year ended December 31, 2017.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

9. EMPLOYEE BENEFIT PLANS:

The Company sponsors a 401(k) plan effective January 1, 1993 which is available to substantially all employees subject to certain age and service requirements. To be eligible, an employee must have completed three months of continuous service and be at least 18 years old. Employees are 100% vested at all times in their deferral contributions account. Employees become vested in the Company's discretionary contributions in 20% yearly increments beginning after the first year of service. The vested percentage increases each year until employees are 100% vested after five years of service. At the Company's discretion and in accordance with the Plan document, it may match employee contributions or make additional discretionary contributions. There was no Company match for the years ended December 31, 2018 and 2017, respectively.

10. LEASES

The Bank leases 5.35 acres of land in Candler County for \$4,000 per year under an operating lease expiring December 31, 2054 with an option to lease the land for an additional 75 years. In June 1997, the parties amended the lease to allow Pineland Bank to sublet part of the property and in consideration, the landlord will receive 50% gross rental under the sublease in addition to the minimum amount above.

Beginning January 1, 2018, the Bank also entered into an operating lease for office space in Alma, Georgia. The lease is for a period of five years and payments total \$9,000 per year.

Minimum future payments under the non-cancelable operating lease are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 13,000
2020	13,000
2021	13,000
2022	13,000
2023	4,000
Thereafter	124,000
	<u>\$ 180,000</u>

11. RELATED PARTY TRANSACTIONS:

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

11. RELATED PARTY TRANSACTIONS:

Aggregate loan transactions with related parties for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Balance, beginning	\$ 716,436	\$ 425,258
New loans	217,285	592,900
Repayments	(205,053)	(301,722)
Balance, ending	<u>\$ 728,668</u>	<u>\$ 716,436</u>

The Company held related party deposits of approximately \$4,509,783 and \$3,306,052 at December 31, 2018 and 2017, respectively.

12. COMMITMENTS AND CONTINGENCIES:

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not reflected in the accompanying consolidated financial statements. These commitments and contingent liabilities include various guarantees, commitments to extend credit and standby letters of credit. The Company does not anticipate any material losses as a result of the commitments. Refer to Note 14 for additional disclosure for financial instruments with off-balance sheet risk.

In the normal course of business, the Bank enters into various contracts for data processing services, telephone banking, automated teller machine (ATM)/debit card processing and related network monitoring and support. These contracts generally expire after a term of sixty months and are cancelable by either party with a written notice subject to certain penalties.

The Company's nature of business is such that it ordinarily results in a certain amount of litigation. In the opinion of management, there is no litigation in which the outcome will have a material effect on the consolidated financial statements.

13. RISK FACTORS:

The Company's operations, profitability, cash flows, capital and liquidity are affected by various risk factors, including, but not necessarily limited to, interest-rate risk, credit risk and risk from geographic concentration of lending activities. Management attempts to manage interest rate risk through various asset/liability management techniques designed to match maturities and rate terms and structures of assets and liabilities. Loan policies and administration are designed to provide assurance that loans will only be granted to credit-worthy borrowers, although credit losses are expected to occur resulting from factors beyond the control of the Company.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

13. RISK FACTORS:

The Company's operations, profitability, cash flows, capital and liquidity are significantly dependent on economic conditions and related uncertainties. In addition, the Company is affected, directly and indirectly, by domestic and international economic and political conditions and by governmental monetary and fiscal policies.

The Company is particularly sensitive to changes in economic conditions and related uncertainties in Georgia and northeast Florida because the Company derives substantially all of its loans, deposits and other business from this area. The Company is a community bank and as such, is mandated by the Community Reinvestment Act and other regulations to conduct most of its lending activities within the geographic area where it is located. As a result, the Company and its borrowers may be especially vulnerable to the consequences of changes in the local economy.

The Company is subject to extensive federal and state governmental supervision and regulation, which are intended primarily for the protection of depositors. In addition, the Company is subject to changes in federal and state laws, as well as changes in regulations, governmental policies and accounting principles. The effects of any such potential changes cannot be predicted but could adversely affect the business, operations, profitability, cash flows, capital and liquidity of the Company in the future.

The Company is subject to vigorous competition in all aspects and areas of business from banks and other financial institutions, including savings and loan associations, savings banks, finance companies, credit unions and other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies and insurance companies. The Company also competes with non-financial institutions, including retail stores that maintain their own credit programs and governmental agencies that make available low cost or guaranteed loans to certain borrowers. Certain competitors are larger financial institutions with substantially greater resources, lending limits, larger branch systems and a wider array of commercial banking services.

In addition, the Company conducts business daily with correspondent banks. These banks are not immune to financial difficulties. Regulation F "Limitations on Interbank Liabilities" requires the Company to establish and maintain written policies and procedures to prevent excessive exposure to any individual correspondent banking relationship relative to the financial condition of such correspondent. The Company is vulnerable to the financial difficulties of any of its major correspondent banking relationships directly and indirectly.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

13. RISK FACTORS:

The Company's lending activities include loans secured by existing multi-family residential and commercial real estate. In addition, from time to time the Bank originates loans for the construction of multi-family residential real estate and land acquisition and development loans. Multi-family residential, commercial real estate and construction lending generally is considered to involve a higher degree of risk than single-family residential lending due to a variety of factors, including generally larger loan balances, the dependency on successful completion or operation of the project for repayment, the difficulties in estimating construction costs and loan terms which often do not require full amortization of the loan over its term and, instead, provide for a balloon payment at stated maturity. The lending activities also include commercial business loans and leases to small and medium sized businesses, which generally are secured by various equipment, machinery and other corporate assets, and a wide variety of consumer loans, including home improvement loans, home equity loans, education loans and loans secured by automobiles, boats, mobile homes, recreational vehicles and other personal property. Although commercial business loans and leases and consumer loans generally have shorter terms and higher interests rates than mortgage loans, they generally involve more risk than mortgage loans because of the nature of, or in certain cases the absence of, the collateral which secures such loans.

14. FINANCIAL INSTRUMENTS:

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. At December 31, 2018 and 2017 the Bank had outstanding the following:

	Contract Amount	
	2018	2017
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	\$ 26,635,865	\$ 28,877,903
Standby letters of credit	558,158	241,060
Unused credit card commitments	2,134,664	1,891,991

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

14. FINANCIAL INSTRUMENTS:

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan commitments to customers.

Unused credit card commitments are conditional commitments issued by the Company to lend a customer as long as there are no violation of any condition established in the credit card contract. The Company evaluates each customer's credit-worthiness on a case-by-case basis.

The Bank may have deposit accounts with various financial institutions which may be in excess of the insured limitation of the Federal Deposit Insurance Corporation. If the financial institutions were not to honor their contractual liability, the Bank could incur losses. Management is of the opinion that there is not material risk because of the financial strength of the institution.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of input that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

The Company used the following methods and significant assumptions to estimate fair value:

The Company carries at fair value investment securities available for sale. The fair values of the Company's securities available for sale are determined using Level 2 inputs. For securities available for sale, the Company obtains fair value measurements from an independent pricing service. The fair value measurements considered observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus payment spreads, credit information and the bond's terms and conditions, among other things. The investments in the Company's portfolio are generally not quoted on an exchange but are actively traded in the secondary institutional markets.

Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of cost or fair value. Fair value is measured based on the value of the collateral securing these loans and is classified at a level 3 in the fair value hierarchy. Collateral may include real estate, or business assets including equipment, inventory and accounts receivable. The value of real estate collateral is determined based on an appraisal by qualified licensed appraisers hired by the Company. The value of business equipment is based on an appraisal by qualified licensed appraisers hired by the Company if significant, or the equipment's net book value on the business' financial statements. Inventory and accounts receivable collateral are valued based on independent field examiner review or aging reports. Appraised and reported values may be discounted based on management's expertise and knowledge of the client and the client's business, which would result in classification as level 3. Impaired loans are evaluated at least on a quarterly basis for additional impairment and adjusted accordingly.

Reposessed assets are adjusted to fair value upon transfer of the loans to reposessed assets. Subsequently, reposessed assets are carried at the lower of carrying value or fair value less selling costs. Fair value is based upon independent market prices or appraised values of the property. When the fair value of the property is based on an observable market price or a current appraised value, the reposessed asset is recorded as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the property requires reduction for estimated selling costs, or is further impaired below the appraised value and there is no observable market price, the Company records the reposessed as a nonrecurring Level 3 measurement.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

The table below presents the Company's assets and liabilities measured at fair value as of December 31, 2018 and 2017, aggregated by the level in the fair value hierarchy within which those measurements fall.

December 31, 2018					
	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
Assets					
Recurring fair value measurements:					
Securities available for sale:					
U.S. Govt. agency notes/bonds	\$ 19,543,298	\$ --	\$ 19,543,298	\$ --	
State and municipal securities	1,136,021	--	1,136,021	--	
Mortgage-backed GSE residential	992,141	--	992,141	--	
Total securities available for sale	<u>\$ 21,671,460</u>	<u>\$ --</u>	<u>\$ 21,671,460</u>	<u>\$ --</u>	
Nonrecurring fair value measurements:					
Reposessed assets	<u>\$ 1,041,150</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,041,150</u>	<u>\$ (472,502)</u>
Total nonrecurring fair value measurements	<u>\$ 1,041,150</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,041,150</u>	<u>\$ (472,502)</u>
December 31, 2017					
	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
Assets					
Recurring fair value measurements:					
Securities available for sale:					
U.S. Govt. agency notes/bonds	\$ 22,073,971	\$ --	\$ 22,073,971	\$ --	
State and municipal securities	696,903	--	696,903	--	
Total securities available for sale	<u>\$ 22,770,874</u>	<u>\$ --</u>	<u>\$ 22,770,874</u>	<u>\$ --</u>	
Nonrecurring fair value measurements:					
Reposessed assets	<u>\$ 1,010,045</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,010,045</u>	<u>\$ (190,000)</u>
Total nonrecurring fair value measurements	<u>\$ 1,010,045</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,010,045</u>	<u>\$ (190,000)</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

16. REGULATORY MATTERS:

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in at the rate of 0.625% per year from 0.0% in 2015 to 2.50% on January 1, 2019. The capital conservation buffer for 2018 is 1.90% and for 2017 is 1.25%. The net unrealized gain or loss on available for sale securities, if any, is not included in computing regulatory capital. Management believes as of December 31, 2018 the Company and Bank meets all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2018 and 2017, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual capital amounts (in thousands) and ratios are also presented in the following table.

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount ≥	Ratio ≥	Amount ≥	Ratio ≥
<u>As of December 31, 2018</u>						
Total Capital (to Risk Weighted Assets)	\$ 32,971	15.36%	\$ 17,177	8.0%	\$ 21,472	10.0%
Tier I Capital (to Risk Weighted Assets)	\$ 30,284	14.10%	\$ 12,883	6.0%	\$ 17,177	8.0%
Common Tier 1 (CET1) (to Risk Weighted Assets)	\$ 30,284	14.10%	\$ 9,662	4.5%	\$ 13,957	6.5%
Tier I Capital (to Average Assets)	\$ 30,284	11.09%	\$ 10,924	4.0%	\$ 13,655	5.0%

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

16. REGULATORY MATTERS:

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount ≥	Ratio ≥	Amount ≥	Ratio ≥
<u>As of December 31, 2017</u>						
Total Capital (to Risk Weighted Assets)	\$ 30,979	15.08%	\$ 16,430	8.0%	\$ 20,537	10.0%
Tier I Capital (to Risk Weighted Assets)	\$ 28,409	13.83%	\$ 12,322	6.0%	\$ 16,430	8.0%
Common Tier 1 (CET1) (to Risk Weighted Assets)	\$ 28,409	13.83%	\$ 9,242	4.5%	\$ 13,349	6.5%
Tier I Capital (to Average Assets)	\$ 28,409	10.46%	\$ 10,865	4.0%	\$ 13,581	5.0%

17. LIMITATION ON DIVIDENDS:

The Board of Directors of any State-chartered bank in Georgia may declare and pay cash dividends on its outstanding capital stock without any request for approval of the bank's regulatory agency if the following conditions are met:

- 1) Total classified assets at the most recent examination of the bank, do not exceed eighty (80) percent of Tier 1 capital plus the allowance for loan losses as reflected at such examination; and
- 2) The aggregate amount of dividends declared or anticipated to be declared in the calendar year does not exceed fifty (50) percent of the net profits, after taxes but before dividends, for the previous calendar year provided, however, a bank that files federal income taxes as a Subchapter S-Corporation may pay an additional amount of dividends without Department approval equivalent to fifty (50) percent of the income taxes which the bank would have had to pay as a Subchapter C-Corporation; and
- 3) The ratio of Tier 1 Capital to Adjusted Total Assets shall not be less than six (6) percent.

As of January 1, 2019, the amount available for distributions from the Bank in 2019 without regulatory consent is approximately \$820,000.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

18. OPERATING EXPENSES:

Components of other operating expenses greater than 1% of total interest income and other income for the periods ended December 31, 2018 and 2017 are:

	<u>Years Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Data processing, software, licenses and fees	\$ 935,616	\$ 994,757
Professional fees	375,613	472,003
Other real estate owned (OREO) expense	301,860	184,696
Telephone expense	230,377	202,806
Advertising expense	178,214	162,898
Directors fees	154,125	166,458
Stationary and supplies	151,843	172,023

19. CONDENSED FINANCIAL STATEMENTS (PARENT ONLY):

Condensed Balance Sheets

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Assets:		
Cash in subsidiary Bank *	\$ 1,610,871	\$ 1,719,722
Investment in subsidiary	30,116,663	28,513,164
Other assets	174	293,906
Total assets	<u>\$ 31,727,708</u>	<u>\$ 30,526,792</u>
Liabilities:		
Notes payable	\$ 3,600,000	\$ 3,750,000
Other liabilities	175,797	124,948
Total liabilities	<u>3,775,797</u>	<u>3,874,948</u>
Stockholders' equity	<u>27,951,911</u>	<u>26,651,844</u>
Total liabilities and stockholders' equity	<u>\$ 31,727,708</u>	<u>\$ 30,526,792</u>

* Eliminated in consolidation.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

19. CONDENSED FINANCIAL STATEMENTS (PARENT ONLY):

Condensed Statements of Income

	For the Year Ended December 31,	
	2018	2017
Income:		
Dividends from subsidiary *	\$ --	\$ 550,000
Interest income	2,517	2,443
Total income	<u>2,517</u>	<u>552,443</u>
Expenses:		
Interest	207,656	183,837
Salaries	110,866	102,200
Other operating	60,926	68,402
Total expenses	<u>379,448</u>	<u>354,439</u>
Income before equity in undistributed income of subsidiary	(376,931)	198,004
Provision (credit) for income taxes	<u>73,499</u>	<u>(47,608)</u>
Income before equity in undistributed income in subsidiary	(303,432)	150,396
Equity in undistributed income of subsidiary *	<u>1,640,711</u>	<u>921,866</u>
Net income	<u>\$ 1,337,279</u>	<u>\$ 1,072,262</u>

* Eliminated in consolidation.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Notes to Consolidated Financial Statements
December 31, 2018 and 2017**

19. CONDENSED FINANCIAL STATEMENTS (PARENT ONLY):

Condensed Statements of Cash Flows

	For the Year Ended December 31,	
	2018	2017
Cash flow from operating activities:		
Net income from operations	\$ 1,337,279	\$ 1,072,262
Depreciation and amortization	--	1,083
Change in other assets	293,732	97,785
Change in other liabilities	50,849	--
Equity in undistributed income of subsidiary	(1,640,711)	(921,866)
Net cash flow provided by operating activities	<u>41,149</u>	<u>249,264</u>
Cash flow from financing activities:		
Payments on note payable	<u>(150,000)</u>	<u>(150,000)</u>
Net cash flow used by financing activities	<u>(150,000)</u>	<u>(150,000)</u>
Net change in cash and cash equivalents	(108,851)	99,264
Cash and cash equivalents at beginning of year	1,719,722	1,620,458
Cash and cash equivalents at end of year	<u>\$ 1,610,871</u>	<u>\$ 1,719,722</u>

20. SUBSEQUENT EVENTS:

The Company assessed events that have occurred subsequent to December 31, 2018 through February 8, 2019 for potential recognition and disclosure in the consolidated financial statements. Other than as identified in Note 7, no events have occurred that would require adjustment to or disclosure in the consolidated financial statements which were issued on February 8, 2019.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS
With
Independent Auditor's Report

DECEMBER 31, 2017 AND 2016

**SOUTH BANKING COMPANY AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
<u>CONSOLIDATED FINANCIAL STATEMENTS:</u>	
Consolidated Balance Sheets	2
Consolidated Statements of Income	3
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Changes in Stockholders' Equity	5
Consolidated Statements of Cash Flows	6-7
Notes to Consolidated Financial Statements	8-46



NICHOLS, CAULEY & ASSOCIATES, LLC

1300 Bellevue Avenue
 Dublin, Georgia 31021
 478-275-1163 FAX 478-275-1178
 dublin@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
 South Banking Company and Subsidiary
 Alma, Georgia

We have audited the accompanying consolidated financial statements of South Banking Company and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of income, comprehensive income, change in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Banking Company and its subsidiary as of December 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of South Banking Company for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on June 8, 2017.

Nichols, Cauley & Associates, LLC

Dublin, Georgia
 March 30, 2018

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Consolidated Balance Sheets
December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and due from banks	\$ 33,866,364	\$ 51,198,235
Federal funds sold	2,500,000	2,500,000
Interest-bearing deposits in banks	17,703,000	15,339,000
Securities available for sale, at fair value	22,770,874	20,661,895
Federal Home Loan Bank (FHLB) stock	299,800	300,400
Loans, less allowance for loan losses of \$2,769,811 and \$2,933,799 respectively	176,190,483	176,863,245
Accrued interest receivable	1,476,403	1,573,655
Foreclosed real estate	3,418,449	5,574,621
Premises and equipment, net	7,597,680	7,714,474
Other assets	868,422	1,193,687
Total assets	<u>\$ 266,691,475</u>	<u>\$ 282,919,212</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$ 66,517,753	\$ 69,369,715
Interest-bearing	168,084,122	183,085,684
	<u>234,601,875</u>	<u>252,455,399</u>
Borrowings	3,750,000	3,900,000
Accrued interest payable	198,768	257,170
Other liabilities	1,488,988	682,493
Total liabilities	<u>240,039,631</u>	<u>257,295,062</u>
Stockholders' equity:		
Common stock, par value \$50; 20,000 shares authorized; 5,951 shares issued and outstanding	297,550	297,550
Surplus	487,500	487,500
Undivided profits	25,998,858	24,926,596
Accumulated other comprehensive loss	(132,064)	(87,496)
Total stockholders' equity	<u>26,651,844</u>	<u>25,624,150</u>
Total liabilities and stockholders' equity	<u>\$ 266,691,475</u>	<u>\$ 282,919,212</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Consolidated Statements of Income
Years Ended December 31, 2017 and 2016**

	2017	2016
Interest and dividend income:		
Loans, including fees	\$ 11,649,152	\$ 11,017,923
Securities available for sale	290,453	295,356
Federal Home Loan Bank stock	14,590	13,936
Interest-bearing deposits in banks	639,381	376,350
Federal funds sold	28,750	10,711
Total interest income	<u>12,622,326</u>	<u>11,714,276</u>
Interest expense:		
Deposits	625,231	844,835
FHLB advances and other borrowings	183,837	162,822
Total interest expense	<u>809,068</u>	<u>1,007,657</u>
Net interest income	11,813,258	10,706,619
Provision for loan losses	800,000	265,000
Net income after provision for loan losses	<u>11,013,258</u>	<u>10,441,619</u>
Noninterest income:		
Service charges on deposit accounts	1,183,278	1,223,304
Other fees and commissions	1,054,443	1,711,864
Gain on sale of securities available for sale	--	194
Other operating income	73,732	58,153
Total noninterest income	<u>2,311,453</u>	<u>2,993,515</u>
Noninterest expense:		
Salaries and employee benefits	6,297,169	6,002,999
Occupancy and equipment expenses	1,388,588	1,592,438
Loss on sale and write-downs of foreclosed real estate	82,747	281,800
Other operating	3,578,337	4,370,949
Total noninterest expense	<u>11,346,841</u>	<u>12,248,186</u>
Income before provision for income taxes	1,977,870	1,186,948
Provision for income taxes	<u>905,608</u>	<u>312,138</u>
Net income	<u>\$ 1,072,262</u>	<u>\$ 874,810</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Consolidated Statements of Comprehensive Income
Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Net income	\$ 1,072,262	\$ 874,810
Other comprehensive income (loss):		
Securities available for sale:		
Unrealized holding losses arising during period	(70,743)	(148,929)
Reclassification adjustment for gains realized in income	--	(194)
Tax effect	<u>26,175</u>	<u>55,298</u>
Other comprehensive loss	<u>(44,568)</u>	<u>(93,825)</u>
Comprehensive income	<u><u>\$ 1,027,694</u></u>	<u><u>\$ 780,985</u></u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

**Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2017 and 2016**

	Common Stock Par Value	Surplus	Undivided Profits	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2015	\$ 297,550	\$ 487,500	\$ 24,051,786	\$ 6,329	\$ 24,843,165
Net income	--	--	874,810	--	874,810
Other comprehensive loss	--	--	--	(93,825)	(93,825)
Balance, December 31, 2016	297,550	487,500	24,926,596	(87,496)	25,624,150
Net income	--	--	1,072,262	--	1,072,262
Other comprehensive loss	--	--	--	(44,568)	(44,568)
Balance, December 31, 2017	<u>\$ 297,550</u>	<u>\$ 487,500</u>	<u>\$ 25,998,858</u>	<u>\$ (132,064)</u>	<u>\$ 26,651,844</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flow from operating activities:		
Net income	\$ 1,072,262	\$ 874,810
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and accretion	494,583	474,334
Provision for loan losses	800,000	265,000
Deferred income tax expense	196,513	(311,540)
Gain on sale of securities available for sale	--	(194)
(Gain) loss on sale of foreclosed real estate	(107,253)	114,096
Write-downs on foreclosed real estate	190,000	167,704
Loss on sale of premises and equipment	--	2,452
Change in accrued interest receivable	97,252	(124,416)
Change in other assets	154,927	934,236
Change in accrued interest payable	(58,402)	9,774
Change in other liabilities	806,495	(263,584)
Net cash flow provided by operating activities	<u>3,646,377</u>	<u>2,142,672</u>
Cash flow from investing activities:		
Loan originations and payments, net	(342,930)	(12,080,382)
Purchase of securities available for sale	(6,995,750)	(11,341,846)
Redemptions (purchase) of FHLB stock	600	(8,700)
Proceeds from sale and maturities of securities available for sale	4,808,897	15,910,462
Proceeds from sale of foreclosed real estate	2,289,117	2,245,609
Proceeds from sale of premises and equipment	--	21,600
Purchases of premises and equipment	(370,658)	(227,645)
Net cash flow used by investing activities	<u>(610,724)</u>	<u>(5,480,902)</u>
Cash flow from financing activities:		
Principal payments on other borrowings	(150,000)	--
Net change in deposits	(17,853,524)	1,261,099
Net cash flow (used) provided by financing activities	<u>(18,003,524)</u>	<u>1,261,099</u>
Net decrease in cash and cash equivalents	(14,967,871)	(2,077,131)
Cash and cash equivalents at beginning of year	69,037,235	71,114,366
Cash and cash equivalents at end of year	<u>\$ 54,069,364</u>	<u>\$ 69,037,235</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**

ATTACHMENT O

**Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Supplemental schedule of noncash investing and financing activities:		
Transfer of loan principal and accrued interest to other real estate, net of write-downs	<u>\$ 616,271</u>	<u>\$ 210,632</u>
Bank financed sales of other real estate	<u>\$ 400,579</u>	<u>\$ --</u>
Supplemental disclosures of cash flow information -		
Cash paid during the year for:		
Interest	<u>\$ 867,470</u>	<u>\$ 1,028,403</u>
Income taxes	<u>\$ 29,000</u>	<u>\$ 23,608</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of South Banking Company and subsidiary (the "Company") conform to generally accepted accounting principles in the United States of America and with general practices within the banking industry. The following is a description of the more significant of those policies the Company follows in preparing and presenting its financial statements.

Reporting Entity and Nature of Operations

South Banking Company is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Pineland Bank (the "Bank"). The Bank is a State bank chartered under the laws of Georgia. The Bank operates in the cities of Alma, Georgia, Baxley, Georgia, Kingsland, Georgia, Metter, Georgia, St. Marys, Georgia, and Fernandina Beach, Florida and surrounding areas. The Bank's subsidiaries Peoples State Bank, Citizens State Bank, and Pineland State Bank were merged into Alma Exchange Bank during 2016 and the name was changed to Pineland Bank. The Bank's primary source of revenue is derived from providing loans to customers within its geographical area. The Bank has a wholly owned subsidiary, South Financial Products, Inc., which manages investments for the Bank's customers.

The Company's earnings are primarily dependent upon its net interest income, which is determined by (i) the difference between yields earned on interest-earning assets and rates paid on interest-bearing liabilities ("interest rate spread") and (ii) the relative amounts of interest-earning assets and interest-bearing liabilities outstanding. The Company's interest rate spread is affected by regulatory, economic, and competitive factors that influence interest rates, loan demand and deposit flows.

Most of the Company's activities are with customers located within the middle and southeast region of Georgia and northeast Florida. Note 2 discusses types of securities in which the Company invests. Note 3 discusses the types of lending in which the Company engages. The Company does not have any significant concentrations to any one customer. The Company is subject to the regulations of federal and state banking agencies and is consistently examined by them.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates in the Preparation of Financial Statements

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans, estimated fair value of securities and financial instruments, valuation of impaired loans, realization of deferred tax assets, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, and the disclosure of contingent assets and liabilities. In connection with the determination of the allowances for losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties.

Management believes the allowance for losses on loans and foreclosed real estate are adequate. While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowance may be necessary based on changes in local economic conditions.

In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for losses on loans and foreclosed real estate. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible the allowance for losses on loans and foreclosed real estate may change materially in the near term, or that other fair value estimates may change materially in the near term.

Principles of Consolidation

The consolidated financial statements include the accounts of South Banking Company and its wholly owned subsidiary, Pineland Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents are defined as those amounts included in the balance-sheet caption "cash and due from banks", "Federal funds sold", and "interest bearing deposits in banks." Cash flows from demand deposits, savings deposits, time deposits, Federal funds purchased, and renewals and extensions of loans are reported net.

The Company is required to maintain reserve balances in cash and deposits to meet federal regulatory reserve requirements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Investment Securities

Debt securities that management has the positive intent and the Company has the ability to hold to maturity are classified as securities held to maturity and are recorded at amortized cost. Securities not classified as securities held to maturity, including equity securities with readily determinable fair values, are securities available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss).

Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities. A decline in the market value of any available for sale or held to maturity security below cost that is deemed other than temporary results in a charge to earnings and the establishment of a new cost basis for the security. The general standards of accounting for other than temporary impairment (OTTI) losses requires the recognition of an OTTI loss in earnings only when an entity (1) intends to sell the debt security; (2) more likely than not will be required to sell the security before recovery of its amortized cost basis or (3) does not expect to recover the entire amortized cost basis of the security. Realized gains and losses for securities classified as available for sale and held to maturity are included in earnings and are derived using the specific identification method for determining the amortized cost of securities sold.

Other-Than-Temporary Impairments (OTTI)

Periodically, all available-for-sale securities are evaluated for other-than-temporary impairment (OTTI) in accordance with U.S. generally accepted accounting principles, which specifies requirements for recognizing OTTI on debt securities, presentation of OTTI losses, and modifies and expands disclosures about OTTI for debt securities.

A debt security is considered to be other-than-temporarily impaired if the present value of cash flows expected to be collected are less than the security's amortized cost basis (the difference defined as the credit loss) or if the fair value of the security is less than the security's amortized cost basis and the investor intends, or more-likely-than-not will be required, to sell the security before recovery of the security's amortized cost basis, the charge to earnings is limited to the amount of the credit loss. Any remaining difference between fair value and amortized cost (the difference defined as the non-credit portion) is recognized in other comprehensive income. Otherwise, the entire difference between fair value and amortized cost basis is charged to earnings.

Federal Home Loan Bank Stock

Federal Home Loan Bank (FHLB) stock represents an equity interest in a FHLB. It does not have a readily determinable fair value because its ownership is restricted and it lacks a market. The amount of FHLB stock held by the Bank is required by the FHLB to be maintained and is based on membership requirements and terms of advance agreements. Such restricted equity securities without a readily determinable fair value are recorded at cost.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Federal Home Loan Bank Stock

The Bank periodically evaluates its FHLB investment for possible impairment based on, among other things, the capital adequacy of the FHLB and its overall financial condition. The Federal Housing Finance Agency, the regulator of the FHLB, requires it to maintain a total capital-to-asset ratio of at least 4%. At September 30, 2017, the FHLB's capital ratio of 5.11%, combined or 4.90% for the Atlanta region, exceeded the regulatory requirement.

The Bank believes its holdings in the stock is ultimately recoverable at par value and therefore determined that FHLB stock was not other-than-temporarily impaired. In addition, the Bank has ample liquidity and does not require redemption of its FHLB stock in the foreseeable future.

Loans Receivable

Loans receivables that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses and any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest on loans is credited to income on a daily basis based upon the principal amount outstanding.

Certain loan origination fees are deferred and recognized as an adjustment of the yield of the related loan. Substantially all direct loan origination costs are expensed at the time of origination. The net effect on the financial condition and results of operations of not deferring the origination costs is not significant.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, unless the loan is well-secured and in the process of collection. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income, unless management believes that the accrued interest is recoverable through the liquidation of collateral. Interest income is subsequently recognized only to the extent cash payments are received. Loans are returned to accrual status when all the principal and interest amounts contractually due are reasonably assured of repayment within a reasonable time frame.

A loan is considered impaired when, based on current information and events, it is probable the Company will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays are payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Loans Receivable

Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the estimated fair value of the collateral if the loan is collateral dependent. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. The allowance for loan losses is increased by charges to expenses and decreased by charge-offs (net of recoveries). Loans are charged against the allowance for loan losses when management believes the collection of the principal is unlikely. The allowance for loan losses is maintained at a level believed adequate by management to absorb estimated probable inherent loan losses and estimated losses relating to specifically identified loans. Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of future payments), the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that are susceptible to significant change including the amounts and timing of future cash flows expected to be received on impaired loans.

This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in the local economic environment and market conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for losses on loans. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examinations.

Because of these factors, it is reasonably possible that the allowance for losses on loans may change materially in the near term. However, the amount of change that is reasonably possible cannot be estimated.

The allowance for loan losses related to impaired loans that are identified for evaluation is based on discounted cash flows using the loan's initial effective interest rate or the fair value, less selling costs, of the collateral for collateral dependent loans.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Allowance for Loan Losses

The allowance for loan losses may consist of specific, general, and unallocated components. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, an allowance is established when the collateral value or the observable market price of the impaired loan is lower than the carrying value of the loan. General allowances are established for non-impaired loans. These loans are assigned a risk rating, and the allocated allowance for loan losses is determined based upon the loss percentage factors that correspond to each risk rating. Loss percentage factors are based on historical loss experience adjusted for qualitative factors. The qualitative factors consider credit concentrations, recent levels and trends in delinquencies and nonaccrual loans, and growth in the loan portfolio. The occurrence of certain events could result in changes to the loss factors. Accordingly, these loss factors are reviewed periodically and modified as necessary.

General allowances are established for loans that can be grouped into pools based on similar characteristics. Loss percentage factors applied to these pools are based on an analysis of historical charge-off experience and expected losses given default derived from the Company's internal risk rating process. These factors are developed and applied to the portfolio in terms of loan type and line of business. Adjustments are also made to the allowance for the pools after an assessment of internal and external influences on credit quality that have not yet been reflected in the historical loss or risk rating data.

The general allowances are determined based on consideration of historic and peer loss data, the various risk characteristics of each loan segment, and whether the loans are within or outside the Company's general market area.

Unallocated allowances relate to inherent losses that are not otherwise evaluated in the specific and general allowances. The qualitative factors associated with unallocated allowances are subjective and require a high degree of management judgment. These factors include the inherent imprecision in mathematical models and credit quality statistics, recent economic uncertainty, losses incurred from recent events, lagging or incomplete data and the significant factors affecting the Company's general market area.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Allowance for Loan Losses

Risk characteristics relevant to each portfolio segment are as follows:

Commercial, industrial and agricultural – Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, commodity prices, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

Real estate – mortgage - Loans in this segment are secured by real estate mortgages. Loans in this segment are dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates will have an effect on the credit quality in this segment.

Real estate – construction - Loans in this segment primarily include real estate development loans for which payment is derived from sale of the property as well as construction projects in which the property will ultimately be used by the borrower. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

Installment and consumer – Loans in this segment are made to individuals and are secured by personal assets. Loans in this segment are dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates will have an effect on the credit quality in the segment.

Significant Group Concentrations of Credit Risk

A substantial portion of the Company's loan portfolio is to customers in Bacon, Appling, Candler, and Camden County, Georgia, Nassau County, Florida, and surrounding areas. The ultimate collectability of a substantial portion of the portfolio is therefore susceptible to changes in the economic and market condition in and around these areas.

The nature of the Company's business requires that it maintain amounts due from banks, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts, and management works to mitigate risk associated with its correspondent institutions. Amounts due from banks are typically maintained in demand deposit accounts which are fully insured.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Foreclosed Real Estate

Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at the lesser of the investment in the property or fair value at the date of foreclosure establishing a new cost basis. Any write down at the time of foreclosure is charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of the cost basis amount or fair value less cost to sell. Costs of improvements are capitalized. Revenue and expenses from operations, including applicable holding costs, and changes in the valuation allowance are included in loss on foreclosed real estate.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation, computed principally on declining balance and straight-line methods over the estimated useful lives of the assets. Land is stated at cost. Maintenance and repairs that do not extend the useful life of the premises and equipment are charged to expense. The useful lives of premises and equipment are as follows:

	<u>Useful Life</u>
Buildings and improvements	5-50 years
Furniture, fixtures, and equipment	3-20 years
Automobiles	5-10 years

Transfer of Financial Assets

Transfers of financial assets are accounting for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtained the right (free of conditions that constrain it from taking advantage of the right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Income Taxes

A valuation allowance for deferred tax assets is required when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In assessing the realization of the deferred tax assets, management considers the scheduled reversals of deferred tax assets, projected future taxable income (in the near-term based on current projections), and tax planning strategies.

The Company's policy is to recognize interest and penalties associated with uncertain tax positions as components of other operating expenses and to disclose the recognized interest and penalties, if material. Management believes that the Company has appropriate support for any tax positions taken, and as such, does not have uncertain tax positions that are material to the financial statements. The Company's Federal Form 1120 and Georgia Form 600 are subject to examination, generally for three years after they are filed.

Comprehensive Income

Accounting principles generally require recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Financial Instruments

In the ordinary course of business the Company has entered into off balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments. Since no quoted market prices exist for a significant part of the Company's financial instruments, the fair values of such instruments have been derived based on management's assumptions, the estimated amount and timing of future cash flows and estimated discount rates.

The estimation methods for individual classifications of financial instruments are described more fully in Note 15. Different assumptions could significantly affect these estimates. Accordingly, net realizable values could be materially different from the estimates disclosed. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the Company.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Advertising

The Company expenses advertising costs as incurred. For the years ended December 31, 2017 and 2016, advertising costs were \$162,648 and \$176,384, respectively.

Reclassifications

Certain reclassifications have been made to the December 31, 2016 financial statements in order to conform to the December 31, 2017 presentation. Such reclassifications had no impact on previously reported net income or stockholders' equity.

Impact of Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and in August 2015 issued ASU 2015-14 *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. In 2016, the FASB issued ASU 2016-08 *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10 *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, ASU 2016-11 *Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting*, and ASU 2016-12 *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*. These amended existing guidance related to revenue from contracts with customers. These amendments supersede and replace nearly all existing revenue recognition guidance, including industry-specific guidance, establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. In addition, these amendments specify the accounting for some costs to obtain or fulfill a contract with a customer. These amendments are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted only as of annual reporting periods beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the guidance of ASU 2014-09. These amendments should be applied retrospectively to all periods presented or retrospectively with the cumulative effect recognized at the date of initial application. The Bank is currently evaluating the impact of these new accounting standards on the financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Impact of Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which amended existing guidance that requires lessees recognize the following for all leases (with the exception of short-term leases) at the commencement date (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and *Topic 606, Revenue from Contracts with Customers*. This amendment is effective for nonpublic business entities for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The adoption of this standard is not expected to have a material effect on the Bank's operating results or financial condition.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* to replace the incurred loss model with an expected loss model, which is referred to as the current expected credit loss (CECL) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables, held-to-maturity debt securities, and reinsurance receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and similar instruments) and net investments in leases recognized by a lessor. For debt securities with other-than-temporary impairment (OTTI), the guidance will be applied prospectively. Existing purchased credit impaired (PCI) assets will be grandfathered and classified as purchased credit deteriorated (PCD) assets at the date of adoption. The assets will be grossed up for the allowance of expected credit losses for all PCD assets at the date of adoption and will continue to recognize the noncredit discount in interest income based on the yield of such assets as of the adoption date. Subsequent changes in expected credit losses will be recorded through the allowance. This amendment is effective for nonpublic entities for fiscal years beginning after December 15, 2020, and interim periods within the fiscal years beginning after December 15, 2021. All entities may early adopt for fiscal years beginning after December 15, 2018, including interim periods in those fiscal years. The Bank is currently evaluating the impact of this new accounting standard on the financial statements.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

2. SECURITIES AVAILABLE FOR SALE:

The amortized cost, gross unrealized gains and losses and estimated fair values of securities available for sale at December 31, 2017 and 2016 are summarized as follows:

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government agencies	\$ 22,296,042	\$ --	\$ (222,071)	\$ 22,073,971
State and municipal securities	684,458	27,897	(15,452)	696,903
	<u>\$ 22,980,500</u>	<u>\$ 27,897</u>	<u>\$ (237,523)</u>	<u>\$ 22,770,874</u>
	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government agencies	\$ 20,053,146	\$ 11,838	\$ (159,212)	\$ 19,905,772
State and municipal securities	728,616	37,440	(29,317)	736,739
Mortgage-backed GSE residential	19,016	368	--	19,384
	<u>\$ 20,800,778</u>	<u>\$ 49,646</u>	<u>\$ (188,529)</u>	<u>\$ 20,661,895</u>

The amortized cost and estimated fair values of securities available for sale at December 31, 2017 by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 6,099,089	\$ 6,076,151
Due after one year but less than five years	15,296,942	15,106,997
Due after five years but less than ten years	1,584,469	1,587,726
	<u>\$ 22,980,500</u>	<u>\$ 22,770,874</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

2. SECURITIES AVAILABLE FOR SALE:

Securities with a carrying value of \$12,318,713 at December 31, 2017 and \$11,425,006 at December 31, 2016, were pledged to secure public deposits and for other purposes required, or permitted by law.

Taxable interest income on securities was \$279,278 and \$271,726 for the years ended December 31, 2017 and 2016, respectively. Interest income exempt from Federal income tax was \$11,175 and \$23,630 for the years ended December 31, 2017 and 2016, respectively.

Information pertaining to securities with gross unrealized losses at December 31, 2017 and 2016, aggregated by investment category and length of time individual securities have been in a continuous loss position, follows:

	2017			
	Twelve Months or Less		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Government agencies	\$ (90,419)	\$ 8,405,623	\$ (131,652)	\$ 13,168,348
State and municipal securities	--	--	(15,452)	319,017
	<u>\$ (90,419)</u>	<u>\$ 8,405,623</u>	<u>\$ (147,104)</u>	<u>\$ 13,487,365</u>
	2016			
	Twelve Months or Less		Over Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Government agencies	\$ (156,443)	\$ 16,394,785	\$ (2,769)	\$ 497,230
State and municipal securities	(29,317)	309,168	--	--
	<u>\$ (185,760)</u>	<u>\$ 16,703,953</u>	<u>\$ (2,769)</u>	<u>\$ 497,230</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

2. SECURITIES AVAILABLE FOR SALE:

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2017, the thirty-three debt securities with unrealized losses have depreciated 1.08% from the Company's amortized cost basis.

U.S. Treasury securities and obligations of U.S. Government corporations and agencies. The unrealized losses associated with U.S. Treasury securities and obligations of U.S. Government corporations and agencies obligations are primarily driven by changes in interest rates and not due to the credit quality of the securities. These securities are issued by U.S. government agencies or government-sponsored entities and do not have any credit losses given the explicit or implicit government guarantee. There were thirty-two securities of this type at December 31, 2017 with unrealized losses.

State and municipal securities. The Company's unrealized losses on one investment in municipal bonds relate to interest rate increases. Management currently does not believe it is probable that it will be unable to collect all amounts due according to the contractual terms of the investments. Because the Company does not plan to sell the investments, and because it is more likely than not that the Company will be required to sell the investments before recovery of their par value, which may be maturity, management does not consider these investments to be other-than-temporarily impaired at December 31, 2017.

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The composition of loans (in thousands) as of December 31, 2017 and 2016 is summarized as follows:

	2017	2016
Commercial, industrial and agricultural	\$ 18,594	\$ 19,562
Real estate - mortgage	135,202	129,876
Real estate - construction	18,137	21,536
Installment and consumer	7,027	9,122
	<u>178,960</u>	<u>180,096</u>
Unearned income	--	(299)
Allowance for loan losses	(2,770)	(2,934)
Loans, net	<u>\$ 176,190</u>	<u>\$ 176,863</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

For purposes of the disclosures required pursuant to the adoption of amendments to ASC 310, the loan portfolio was disaggregated into segments. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for loan losses. There are four loan portfolio segments that include commercial, industrial and agricultural, real estate – mortgage, real estate – construction, and installment and consumer.

Commercial, industrial and agricultural

Loans in this segment are made to businesses and are generally secured by assets of the business. Total commercial, industrial and agricultural loans as of December 31, 2017 were 10.39% of the total loan portfolio.

Real estate – mortgage

The real estate – mortgage portfolio represents the largest category of the Company's loan portfolio. Loans in this segment are secured by real estate mortgages. Total real estate - mortgage loans as of December 31, 2017 were 75.55% of the total loan portfolio.

Real estate – construction

Loans in this segment primarily include real estate development loans for which payment is derived from sale of the property as well as construction projects in which the property will ultimately be used by the borrower. Total construction loans as of December 31, 2017 were 10.13% of the total loan portfolio.

Installment and consumer

Loans in this segment are made to individuals secured by personal assets. Total consumer loans as of December 31, 2017 were 3.93% of the total loan portfolio.

In the normal course of business the Bank may sell and purchase loan participations to and from other financial institutions and related parties. Loan participations are typically sold to comply with legal lending limits per borrower as imposed by regulatory authorities. The participations are sold without recourse and the Bank imposes no transfer or ownership restrictions on the purchase. At December 31, 2017, the Bank had loan participations sold of \$28,268,786, respectively.

Included in loans at December 31, 2017, were twenty-six loan participations purchased from other financial service entities. The outstanding principal balances for these loan participations purchased amount to \$9,706,770 or 5.42% of gross loans.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The allowance for loan losses (in thousands) for the year ended December 31, 2017 and 2016, by portfolio segment, is as follows.

<u>December 31, 2017</u>	<u>Beginning Balance</u>	<u>Charge-offs</u>	<u>Recoveries</u> <i>(In thousands)</i>	<u>Provision</u>	<u>Ending Balance</u>
Commercial, industrial and agricultural	\$ 280	\$ (8)	\$ 3	\$ 136	\$ 411
Real estate - mortgage					
Farmland	169	(16)	16	37	206
1-4 family residential	545	(76)	1	(9)	461
Multifamily residential	2	--	--	4	6
Nonfarm, nonresidential	1,033	(922)	108	1,133	1,352
Real estate - construction	213	(36)	--	(17)	160
Installment and consumer	35	(49)	15	173	174
Unallocated	657	--	--	(657)	--
	<u>\$ 2,934</u>	<u>\$ (1,107)</u>	<u>\$ 143</u>	<u>\$ 800</u>	<u>\$ 2,770</u>
<u>December 31, 2016</u>	<u>Beginning Balance</u>	<u>Charge-offs</u>	<u>Recoveries</u> <i>(In thousands)</i>	<u>Provision</u>	<u>Ending Balance</u>
Commercial, industrial and agricultural	\$ 185	\$ --	\$ 3	\$ 92	\$ 280
Real estate - mortgage					
Farmland	132	--	--	37	169
1-4 family residential	402	(61)	4	200	545
Multifamily residential	4	--	--	(2)	2
Nonfarm, nonresidential	604	(3)	69	363	1,033
Real estate - construction	152	--	--	61	213
Installment and consumer	50	(90)	17	58	35
Unallocated	1,201	--	--	(544)	657
	<u>\$ 2,730</u>	<u>\$ (154)</u>	<u>\$ 93</u>	<u>\$ 265</u>	<u>\$ 2,934</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

Impaired loans (in thousands) as of December 31, 2017 and 2016, by portfolio segment, are as follows:

December 31, 2017	Unpaid Total Principal Balance	Investment With No Allowance	Investment With Allowance <i>(In thousands)</i>	Total Recorded Investment	Related Allowance
Commercial, industrial and agricultural	\$ 269	\$ 92	\$ 177	\$ 269	\$ 50
Real estate - mortgage					
Farmland	75	75	--	75	--
1-4 family residential	987	397	570	967	86
Multifamily residential	--	--	--	--	--
Nonfarm, nonresidential	1,154	717	437	1,154	40
Real estate - construction	758	95	663	758	63
Installment and consumer	34	34	--	34	--
	<u>\$ 3,277</u>	<u>\$ 1,410</u>	<u>\$ 1,847</u>	<u>\$ 3,257</u>	<u>\$ 239</u>
December 31, 2016	Unpaid Total Principal Balance	Recorded Investment With No	Recorded Investment With <i>(In thousands)</i>	Total Recorded Investment	Related Allowance
Commercial, industrial and agricultural	\$ 360	\$ 146	\$ 214	\$ 360	\$ 60
Real estate - mortgage					
Farmland	1,662	1,582	80	1,662	30
1-4 family residential	2,973	252	2,721	2,973	360
Multifamily residential	--	--	--	--	--
Nonfarm, nonresidential	4,152	2,415	1,465	3,880	548
Real estate - construction	1,325	116	1,209	1,325	168
Installment and consumer	--	--	--	--	--
	<u>\$ 10,472</u>	<u>\$ 4,511</u>	<u>\$ 5,689</u>	<u>\$ 10,200</u>	<u>\$ 1,166</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

A primary credit quality indicator for financial institutions is delinquent balances. Following are the delinquent amounts (in thousands), by portfolio segment, as of December 31, 2017 and 2016.

December 31, 2017	Current	30-89 Days	Accruing Greater Than 90 Days <i>(In thousands)</i>	Total Accruing Past Due	Non-accrual	Total Financing Receivables
Commercial, industrial and agricultural	\$ 18,157	\$ 393	\$ --	\$ 393	\$ 44	\$ 18,594
Real estate - mortgage						
Farmland	35,383	48	--	48	177	35,608
1-4 family residential	26,024	153	--	153	122	26,299
Multifamily residential	2,129	--	--	--	--	2,129
Nonfarm, nonresidential	69,534	1,049	--	1,049	583	71,166
Real estate - construction	17,168	205	--	205	764	18,137
Installment and consumer	6,869	115	--	115	43	7,027
	<u>\$ 175,264</u>	<u>\$ 1,963</u>	<u>\$ --</u>	<u>\$ 1,963</u>	<u>\$ 1,733</u>	<u>\$ 178,960</u>
December 31, 2016	Current	30-89 Days	Accruing Greater Than 90 Days <i>(In thousands)</i>	Total Accruing Past Due	Non-accrual	Total Financing Receivables
Commercial, industrial and agricultural	\$ 19,326	\$ 212	\$ --	\$ 212	\$ 24	\$ 19,562
Real estate - mortgage						
Farmland	34,868	--	--	--	190	35,058
1-4 family residential	25,352	324	--	324	334	26,010
Multifamily residential	1,081	--	--	--	--	1,081
Nonfarm, nonresidential	64,880	1,178	--	1,178	1,669	67,727
Real estate - construction	20,310	436	--	436	790	21,536
Installment and consumer	8,974	98	17	115	33	9,122
	<u>\$ 174,791</u>	<u>\$ 2,248</u>	<u>\$ 17</u>	<u>\$ 2,265</u>	<u>\$ 3,040</u>	<u>\$ 180,096</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The Company utilizes a nine grade loan rating system for its loan portfolio as follows:

- Loans rated 1-5 (Pass) – Loans in these categories have low to average risk.
- Loans rated 6 (Special Mention) – Loans which represent an undue credit risk to potential weakness which will, if not corrected, inadequately protect the Bank at some future date.
- Loans rated 7 (Substandard) – Loans which are inadequately protected by the net worth and cash flow capacity of the borrower or of the collateral pledged.
- Loans rated 8 (Doubtful) – Loans which have a clear and defined weakness making the ultimate repayment of the loan, or portions thereof, highly improbable.
- Loans rated 9 (Loss) – Loans which are considered uncollectible and continuance as an acceptable asset is not warranted.

The following tables present the loan portfolio (in thousands) by risk grade as of December 31, 2017 and 2016:

December 31, 2017	Pass	Special Mention	Substandard (In thousands)	Doubtful/ Loss	Total Loans
Commercial, industrial and agricultural	\$ 17,930	\$ 303	\$ 361	\$ --	\$ 18,594
Real estate - mortgage					
Farmland	35,431	--	177	--	35,608
1-4 family residential	24,690	824	785	--	26,299
Multifamily residential	2,129	--	-	--	2,129
Nonfarm, nonresidential	69,880	23	1,263	--	71,166
Real estate - construction	17,159	214	764	--	18,137
Installment and consumer	6,934	20	73	--	7,027
	<u>\$ 174,153</u>	<u>\$ 1,384</u>	<u>\$ 3,423</u>	<u>\$ --</u>	<u>\$ 178,960</u>
December 31, 2016	Pass	Special Mention	Substandard (In thousands)	Doubtful/ Loss	Total Loans
Commercial, industrial and agricultural	\$ 19,514	\$ 48	\$ --	\$ --	\$ 19,562
Real estate - mortgage					
Farmland	33,503	1,285	270	--	35,058
1-4 family residential	23,037	682	2,291	--	26,010
Multifamily residential	1,081	--	--	--	1,081
Nonfarm, nonresidential	64,041	741	2,945	--	67,727
Real estate - construction	20,096	552	888	--	21,536
Installment and consumer	8,908	--	214	--	9,122
	<u>\$ 170,180</u>	<u>\$ 3,308</u>	<u>\$ 6,608</u>	<u>\$ --</u>	<u>\$ 180,096</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

Under certain circumstances, the Bank may elect to restructure or modify the terms of certain loans under certain conditions (i.e. troubled debt restructures or "TDRs"). In those circumstances it may be beneficial to restructure the terms of a loan and work with the borrower for the benefit of both parties, versus forcing the property into foreclosure and having to dispose of it in an unfavorable real estate market. When the Bank has modified the terms of a loan, the Bank usually either reduces or defers payments for a period of time. The Bank has not forgiven any material principal amounts on any loan modifications to date. The Bank has \$2,289,304 and \$6,127,366 of TDRs at December 31, 2017 and 2016, respectively.

	<u>12/31/2017</u>	<u>12/31/2016</u>
	<i>(in thousands)</i>	
Performing TDRs	\$ 1,059	\$ 6,127
Non-performing TDRs	1,230	--
Total	<u>\$ 2,289</u>	<u>\$ 6,127</u>

TDRs as of December 31, 2017 and 2016 quantified by loan type classified separately as performing loans and non-performing loans (past due or nonaccrual) are presented in the table below.

<u>December 31, 2017</u>	<u>Performing</u>	<u>Non-performing</u>	<u>Total</u>
		<i>(in thousands)</i>	
Commercial, industrial and agricultural	\$ 191	\$ --	\$ 191
Real estate - mortgage	868	472	1,340
Real estate - construction	--	758	758
Installment and consumer	--	--	--
Total	<u>\$ 1,059</u>	<u>\$ 1,230</u>	<u>\$ 2,289</u>

<u>December 31, 2016</u>	<u>Performing</u>	<u>Non-performing</u>	<u>Total</u>
		<i>(in thousands)</i>	
Commercial, industrial and agricultural	\$ 496	\$ --	\$ 496
Real estate - mortgage	5,408	--	5,408
Real estate - construction	223	--	223
Installment and consumer	--	--	--
Total	<u>\$ 6,127</u>	<u>\$ --</u>	<u>\$ 6,127</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. LOANS AND ALLOWANCE FOR LOAN LOSSES:

The Bank's policy is to return nonaccrual TDR loans to accrual status when all principal and interest amounts contractually due, pursuant to its modified terms, are brought current and future payments are reasonably assured. The Bank's policy also considers payment history of the borrower, but is not dependent upon a specific number of payments. The Bank recorded a specific reserve of \$239,000 as of December 31, 2017. The Bank recognized no partial charge offs on the TDR loans described above during the years ended December 31, 2017.

Loans are modified to minimize loan losses when management believes the modification will improve the borrower's financial condition and ability to repay the loan. The Bank typically does not forgive principal. The Bank generally either defers, or decreases monthly payments for a temporary period of time. A summary of the types of concessions made are presented in the table below.

	<u>12/31/2017</u>	<u>12/31/2016</u>
	<i>(in thousands)</i>	
Rate concession	\$ 1,925	\$ 3,320
Reduced payment amount	364	2,807
Total	<u>\$ 2,289</u>	<u>\$ 6,127</u>

The following table presents loans modified as TDRs by class and the related recorded investment, which includes accrued interest and fees, in those loans.

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
		<i>(\$ in thousands)</i>		
Commercial, industrial and agricultural	2	\$ 191	4	\$ 496
Real estate - mortgage	7	1,340	20	5,408
Real estate - construction	2	758	2	223
Installment and consumer	--	--	--	--
Total	<u>11</u>	<u>\$ 2,289</u>	<u>26</u>	<u>\$ 6,127</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

4. FORECLOSED REAL ESTATE:

At December 31, 2017 and 2016, the Bank reported \$3,418,449 and \$5,574,621 respectively, as foreclosed real estate. At December 31, 2017 and 2016, the Bank had \$149,704 and \$142,568 in residential foreclosed real estate. At December 31, 2017, the Bank had no consumer mortgage loans secured by residential real estate for which formal foreclosure proceeds are in process.

5. PREMISES AND EQUIPMENT:

The major classes of premises and equipment and the total accumulated depreciation at December 31, 2017 and 2016 are as follows:

	2017	2016
Land	\$ 2,332,906	\$ 2,332,906
Buildings and improvements	8,986,444	8,890,970
Furniture, fixtures and equipment	6,376,837	6,130,135
	17,696,187	17,354,011
Accumulated depreciation	(10,098,507)	(9,639,537)
	<u>\$ 7,597,680</u>	<u>\$ 7,714,474</u>

Depreciation expense was \$482,229 and \$462,363 for the years ended December 31, 2017 and 2016, respectively.

6. DEPOSITS:

Deposit account balances at December 31, 2017 and 2016 are summarized as follows:

	2017	2016
Non - interest bearing demand deposits	\$ 66,517,753	\$ 69,369,715
Interest-bearing demand deposits	96,998,004	93,352,708
Time deposits - \$100,000 and over	28,622,255	42,367,548
Other time deposits	42,463,863	47,365,428
Total deposits	<u>\$ 234,601,875</u>	<u>\$ 252,455,399</u>

Times deposits that meet or exceed the Federal Depository Insurance Corporation (FDIC) insurance limit of \$250,000 at December 31, 2017 and 2016 were \$7,442,800.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

6. DEPOSITS:

Schedule maturities of time deposits for the next five years are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 65,131,389
2019	4,257,823
2020	1,165,179
2021	211,248
2022	320,479
	<u>\$ 71,086,118</u>

At December 31, 2017 and 2016, overdraft demand deposits reclassified to loans totaled \$141,742 and \$186,382 respectively.

7. BORROWINGS:

Borrowings at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Note payable with interest payments due quarterly at an interest rate of the Wall Street Journal prime rate. Annual principal payments of \$150,000 are due beginning June 30, 2013 with a final balloon payment due at maturity on December 31, 2018. The loan is secured by subsidiary bank stock.	\$ 1,150,000	\$ 1,300,000
Note payable to shareholders payable upon demand with interest quarterly at an interest rate of the Wall Street Journal prime rate plus one percent. The loan is secured by subsidiary bank stock.	<u>2,600,000</u>	<u>2,600,000</u>
	<u>\$ 3,750,000</u>	<u>\$ 3,900,000</u>

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

7. BORROWINGS:

Following are the anticipated maturities of long-term debt:

Year Ending December 31,	
2018	\$ 1,150,000
On demand	<u>2,600,000</u>
	<u>\$ 3,750,000</u>

8. INCOME TAXES

On December 22, 2017, the "Tax Cuts and Jobs Act," was signed into law. Among other things, the Tax Cuts and Jobs Act makes broad and complex changes to the U.S. Tax Code and permanently lowers the corporate tax rate to 21% from the existing maximum rate of 35%, effective for tax years including or commencing January 1, 2018. As a result of the reduction of the corporate tax rate to 21%, U.S. generally accepted accounting principles require companies to revalue their deferred tax assets and liabilities as of the date of enactment, with resulting tax effects accounted for in the reporting period of enactment. As a result of the Act, the Company revalued its deferred tax asset according to the new tax rate and recognized a charge of \$76,000 in income tax expense for the year ended December 31, 2017.

The total provision for income taxes in the statements of income is as follows:

	December 31,	
	2017	2016
Currently payable		
Federal	\$ 635,349	\$ 620,935
State	73,746	2,743
	<u>709,095</u>	<u>623,678</u>
Deferred income tax expense (benefit) (a)	196,513	(311,540)
	<u>\$ 905,608</u>	<u>\$ 312,138</u>

- (a) 2017 includes a change related to the Tax Act of \$76,000 due to the remeasurement of certain federal net deferred tax assets to the lower federal tax rate of 21 percent.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

8. INCOME TAXES

The deferred tax provision for the year ended December 31, 2017 and 2016 is applicable to the following items:

	December 31,	
	2017	2016
Difference between book allowance for loan losses and tax allowance for loan losses	\$ 166,091	\$ (100,009)
Difference between tax depreciation and book depreciation	113,816	13,097
Tax Cuts and Jobs Act	76,000	--
Change in other items	(159,394)	(224,628)
	<u>\$ 196,513</u>	<u>\$ (311,540)</u>

The Company's income tax benefit differs from the amounts computed by applying the Federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

	December 31, 2017		December 31, 2016	
	Amount	Percent	Amount	Percent
Tax provision at Federal statutory rate	\$ 672,476	34.0%	\$ 403,562	34.0%
Tax provision at State statutory rate	78,324	6.0%	47,003	6.0%
Tax Cuts and Jobs Act	76,000	3.8%	--	--%
Difference resulting from:				
Other items, net	78,808	4.0%	(138,427)	(11.7%)
Provision for income taxes	<u>\$ 905,608</u>	<u>47.8%</u>	<u>\$ 312,138</u>	<u>28.3%</u>

The Company records a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect which such differences are expected to reverse. In particular, the 2017 balances were reduced to reflect the remeasurement of certain federal net deferred tax assets due to the enacted lower federal rate of 21 percent.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

8. INCOME TAXES

At December 31, 2017 and 2016, the Bank's deferred tax assets and liability consist of the following:

	December 31,	
	2017	2016
Net unrealized appreciation on securities available for sale	\$ 77,562	\$ 51,387
Deferred loan fees	--	112,702
Allowance for loan losses in excess of tax allowance for loan losses	265,345	431,436
Net operating loss (NOL) carry forward	171,936	171,936
Amortization intangible	71,905	129,616
Gross deferred tax asset	<u>586,748</u>	<u>897,077</u>
Difference between book basis of premises and equipment and tax basis	<u>268,116</u>	<u>381,932</u>
Gross deferred tax liability	<u>268,116</u>	<u>381,932</u>
Deferred tax asset, net (included in other assets)	<u>\$ 318,632</u>	<u>\$ 515,145</u>

For the years ended December 31, 2017 and 2016, management believes there are no material amounts of uncertain tax position. Additionally, there were no material amounts of interest and penalties recognized in the balance sheet as of December 31, 2017 and 2016 or on the statements of income for the years ended December 31, 2017 and 2016.

9. EMPLOYEE BENEFIT PLANS:

The Company sponsors a 401(k) plan effective January 1, 1993 which is available to substantially all employees subject to certain age and service requirements. To be eligible, an employee must have completed three months of continuous service and be at least 18 years old. Employees are 100% vested at all times in their deferral contributions account. Employees become vested in the Company's discretionary contributions in 20% yearly increments beginning after the first year of service. The vested percentage increases each year until employees are 100% vested after five years of service. At the Company's discretion and in accordance with the Plan document, it may match employee contributions or make additional discretionary contributions. There was no Company match for the years ended December 31, 2017 and 2016, respectively.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

10. LEASES

The Bank leases 5.35 acres of land in Candler County under an operating lease expiring December 31, 2054 with an option to lease the land for an additional 75 years.

Minimum future payments under non-cancelable operating lease having remaining term in excess of 1 year as of December 31, 2017 for each of the next 5 years and in aggregate is:

<u>Year Ending December 31,</u>	
2018	\$ 4,000
2019	4,000
2020	4,000
2021	4,000
2022	4,000
Subsequent to 2022	128,000
	<u>\$ 148,000</u>

In June 1997, the parties amended the lease to allow Pineland State Bank to sublet part of the property and in consideration, the landlord will receive 50% gross rental under the sublease in addition to the minimum amount above.

11. RELATED PARTY TRANSACTIONS:

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

Aggregate loan transactions with related parties for the year ended December 31, 2017 were as follows:

Balance, beginning	\$ 425,258
New loans	592,900
Repayments	(301,722)
Balance, ending	<u>\$ 716,436</u>

The Company held related party deposits of approximately \$3,306,052 at December 31, 2017.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

12. COMMITMENTS AND CONTINGENCIES:

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not reflected in the accompanying consolidated financial statements. These commitments and contingent liabilities include various guarantees, commitments to extend credit and standby letters of credit. The Company does not anticipate any material losses as a result of the commitments. Refer to Note 14 for additional disclosure for financial instruments with off-balance sheet risk.

In the normal course of business, the Bank enters into various contracts for data processing services, telephone banking, automated teller machine (ATM)/debit card processing and related network monitoring and support. These contracts generally expire after a term of sixty months and are cancelable by either party with a written notice subject to certain penalties.

The Company's nature of business is such that it ordinarily results in a certain amount of litigation. In the opinion of management, there is no litigation in which the outcome will have a material effect on the consolidated financial statements.

13. RISK FACTORS:

The Company's operations, profitability, cash flows, capital and liquidity are affected by various risk factors, including, but not necessarily limited to, interest-rate risk, credit risk and risk from geographic concentration of lending activities. Management attempts to manage interest rate risk through various asset/liability management techniques designed to match maturities and rate terms and structures of assets and liabilities. Loan policies and administration are designed to provide assurance that loans will only be granted to credit-worthy borrowers, although credit losses are expected to occur resulting from factors beyond the control of the Company.

The Company's operations, profitability, cash flows, capital and liquidity are significantly dependent on economic conditions and related uncertainties. In addition, the Company is affected, directly and indirectly, by domestic and international economic and political conditions and by governmental monetary and fiscal policies.

The Company is particularly sensitive to changes in economic conditions and related uncertainties in Georgia and northeast Florida because the Company derives substantially all of its loans, deposits and other business from this area. The Company is a community bank and as such, is mandated by the Community Reinvestment Act and other regulations to conduct most of its lending activities within the geographic area where it is located. As a result, the Company and its borrowers may be especially vulnerable to the consequences of changes in the local economy.

The Company is subject to extensive federal and state governmental supervision and regulation, which are intended primarily for the protection of depositors. In addition, the Company is subject to changes in federal and state laws, as well as changes in regulations, governmental policies and accounting principles. The effects of any such potential changes cannot be predicted but could adversely affect the business, operations, profitability, cash flows, capital and liquidity of the Company in the future.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

13. RISK FACTORS:

The Company is subject to vigorous competition in all aspects and areas of business from banks and other financial institutions, including savings and loan associations, savings banks, finance companies, credit unions and other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies and insurance companies. The Company also competes with non-financial institutions, including retail stores that maintain their own credit programs and governmental agencies that make available low cost or guaranteed loans to certain borrowers. Certain competitors are larger financial institutions with substantially greater resources, lending limits, larger branch systems and a wider array of commercial banking services.

In addition, the Company conducts business daily with correspondent banks. These banks are not immune to financial difficulties. Regulation F "Limitations on Interbank Liabilities" requires the Company to establish and maintain written policies and procedures to prevent excessive exposure to any individual correspondent banking relationship relative to the financial condition of such correspondent. The Company is vulnerable to the financial difficulties of any of its major correspondent banking relationships directly and indirectly.

The Company's lending activities include loans secured by existing multi-family residential and commercial real estate. In addition, from time to time the Bank originates loans for the construction of multi-family residential real estate and land acquisition and development loans. Multi-family residential, commercial real estate and construction lending generally is considered to involve a higher degree of risk than single-family residential lending due to a variety of factors, including generally larger loan balances, the dependency on successful completion or operation of the project for repayment, the difficulties in estimating construction costs and loan terms which often do not require full amortization of the loan over its term and, instead, provide for a balloon payment at stated maturity. The lending activities also include commercial business loans and leases to small and medium sized businesses, which generally are secured by various equipment, machinery and other corporate assets, and a wide variety of consumer loans, including home improvement loans, home equity loans, education loans and loans secured by automobiles, boats, mobile homes, recreational vehicles and other personal property. Although commercial business loans and leases and consumer loans generally have shorter terms and higher interests rates than mortgage loans, they generally involve more risk than mortgage loans because of the nature of, or in certain cases the absence of, the collateral which secures such loans.

14. FINANCIAL INSTRUMENTS:

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

14. FINANCIAL INSTRUMENTS:

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. At December 31, 2017 and 2016 the Bank had outstanding the following:

	Contract amount	
	2017	2016
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	\$ 28,877,903	\$ 26,702,000
Standby letters of credit	241,060	577,000
Unused credit card commitments	1,891,991	1,548,022

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan commitments to customers.

Unused credit card commitments are conditional commitments issued by the Company to lend a customer as long as there are no violation of any condition established in the credit card contract. The Company evaluates each customer's credit-worthiness on a case-by-case basis.

The Bank may have deposit accounts with various financial institutions which may be in excess of the insured limitation of the Federal Deposit Insurance Corporation. If the financial institutions were not to honor their contractual liability, the Bank could incur losses. Management is of the opinion that there is not material risk because of the financial strength of the institution.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Financial Instruments Measured at Fair Value

The Bank follows ASC 820, *Fair Value Measurement and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, ASC 820 does not require any new fair value measurements of reported balances.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Financial Instruments Measured at Fair Value

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Fair value is used on a recurring basis for assets and liabilities in which fair value is the primary basis of accounting. Examples of these include available for sale and trading securities and loans held for sale. Additionally, fair value is used on a non-recurring basis to evaluate assets or liabilities for impairment or for disclosure purposes. Examples of these non-recurring uses of fair value include certain loans held for sale accounted for on a lower of cost or market basis, foreclosed real estate, collateral dependent impaired loans and long-lived assets. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating fair value, which are in accordance with ASC 820.

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Financial Instruments Measured at Fair Value

The table below presents the Company's assets and liabilities measured at fair value as of December 31, 2017 and 2016, aggregated by the level in the fair value hierarchy within which those measurements fall.

		December 31, 2017				
		Total	Level 1	Level 2	Level 3	Total Gains (Losses)
<u>Assets</u>						
Recurring fair value measurements:						
Securities available for sale:						
U.S. Govt. agency notes/bonds	\$ 22,073,971	\$ --	\$ 22,073,971	\$ --		
State and municipal securities	696,903	--	696,903	--		
Total securities available for sale	<u>\$ 22,770,874</u>	<u>\$ --</u>	<u>\$ 22,770,874</u>	<u>\$ --</u>		
Nonrecurring fair value measurements:						
Impaired loans	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Foreclosed real estate	1,010,045	--	--	1,010,045		(190,000)
Total nonrecurring fair value measurements	<u>\$ 1,010,045</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,010,045</u>		<u>\$ (190,000)</u>
		December 31, 2016				
		Total	Level 1	Level 2	Level 3	Total Gains (Losses)
<u>Assets</u>						
Recurring fair value measurements:						
Securities available for sale:						
U.S. Govt. agency notes/bonds	\$ 19,905,772	\$ --	\$ 19,905,772	\$ --		
State and municipal securities	736,739	--	736,739	--		
Mortgage-backed GSE residential	19,384	--	19,384	--		
Total securities available for sale	<u>\$ 20,661,895</u>	<u>\$ --</u>	<u>\$ 20,661,895</u>	<u>\$ --</u>		
Nonrecurring fair value measurements:						
Impaired loans	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Foreclosed real estate	2,230,670	--	--	2,230,670		(167,704)
Total nonrecurring fair value measurements	<u>\$ 2,230,670</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,230,670</u>		<u>\$ (167,704)</u>

The Company carries at fair value investment securities available for sale. The fair values of the Company's securities available for sale are determined using Level 2 inputs. For securities available for sale, the Company obtains fair value measurements from an independent pricing service. The fair value measurements considered observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus payment spreads, credit information, and the bond's terms and conditions, among other things. The investment in the Company's portfolio are generally not quoted on an exchange but are actively traded in the secondary institutional markets.

**SOUTH BANKING COMPANY
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Financial Instruments Measured at Fair Value

Under certain circumstances we make adjustment to fair value for our assets and liabilities although they are measured at fair value on an ongoing basis.

Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of cost or fair value. Fair value is measured based on the value of the collateral securing these loans and is classified at a Level 3 in the fair value hierarchy. Collateral may include real estate, or business assets including equipment, inventory and accounts receivable. The value of real estate collateral is determined based on an appraisal by qualified licensed appraisers hired by the Bank. The value of business equipment is based on an appraisal by qualified licensed appraisers hired by the Bank if significant, or the equipment's net book value on the business' financial statements. Inventory and accounts receivable collateral are valued based on independent field examiner review or aging reports. Appraised and reported values may be discounted based on management's expertise and knowledge of the client and the client's business, which would result in classification as Level 3. Impaired loans are evaluated at least an annual basis for additional impairment and adjusted accordingly.

Foreclosed real estate is adjusted to fair value upon transfer of the loans to other real estate. Subsequently, foreclosed real estate is carried at the lower of carrying value or fair value. Fair value is based upon independent market prices or appraised values of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the foreclosed real estate is recorded as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Bank records the foreclosed real estate as nonrecurring Level 3.

Fair Value of Financial Instruments

The methods and assumptions used in the estimation of the fair value of the Bank's financial instruments are detailed below:

Cash, federal funds sold and purchased, and short-term instruments. The carrying amounts of cash and short-term instruments approximate their fair value due to the relatively short period to maturity of instruments.

Investment securities available-for-sale. Fair values for securities, excluding restricted equity securities, are based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices for similar instruments.

Federal Home Loan Bank stock. The carrying value of these restricted equity securities approximate fair value.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

15. FAIR VALUES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

Loans receivable. For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. Fair values for fixed rate real estate, commercial and other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposit liabilities. The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money-market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Other borrowings. The carrying amounts of borrowings under repurchase agreements, and other short-term borrowings maturing within 90 days approximate their fair values. Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued interest. The carrying amounts of accrued interest approximate their fair values.

The carrying value and estimated fair value of the Company's financial instruments at December 31, 2017 and 2016 are as follows:

	(In Thousands)			
	December 31, 2017		December 31, 2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and due from banks	\$ 33,866	\$ 33,866	\$ 51,198	\$ 51,198
Federal funds sold	2,500	2,500	2,500	2,500
Interest-bearing deposits in banks	17,703	17,703	15,339	15,339
Securities available for sale	22,771	22,771	20,662	20,662
FHLB Stock	300	300	300	300
Loans receivable	176,190	165,659	176,863	166,292
Accrued interest receivable	1,476	1,476	1,574	1,574
Financial liabilities:				
Deposit liabilities	234,602	234,755	252,455	252,290
Borrowings	3,750	3,750	3,900	3,900
Accrued interest payable	199	199	257	257

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

ATTACHMENT 0

16. REGULATORY MATTERS:

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in at the rate of 0.625% per year from 0.0% in 2015 to 2.50% on January 1, 2019. The capital conservation buffer for 2017 is 1.25% and for 2016 is 0.625%. The net unrealized gain or loss on available for sale securities, if any, is not included in computing regulatory capital. Management believes as of December 31, 2017 the Company and Bank meets all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2017 and 2016, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual capital amounts (in thousands) and ratios are also presented in the following table.

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount ≥	Ratio ≥	Amount ≥	Ratio ≥
<u>As of December 31, 2017</u>						
Total Capital (to Risk Weighted Assets)	\$ 30,979	15.08%	\$ 16,430	8.0%	\$ 20,537	10.0%
Tier I Capital (to Risk Weighted Assets)	\$ 28,409	13.83%	\$ 12,322	6.0%	\$ 16,430	8.0%
Common Tier 1 (CET1) (to Risk Weighted Assets)	\$ 28,409	13.83%	\$ 9,242	4.5%	\$ 13,349	6.5%
Tier I Capital (to Average Assets)	\$ 28,409	10.46%	\$ 10,865	4.0%	\$ 13,581	5.0%

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

16. REGULATORY MATTERS:

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount ≥	Ratio ≥	Amount ≥	Ratio ≥
<u>As of December 31, 2016</u>						
Total Capital (to Risk Weighted Assets)	\$ 30,258	14.95%	\$ 16,195	8.0%	\$ 20,243	10.0%
Tier I Capital (to Risk Weighted Assets)	\$ 27,723	13.69%	\$ 12,146	6.0%	\$ 16,195	8.0%
Common Tier 1 (CET1) (to Risk Weighted Assets)	\$ 27,723	13.69%	\$ 9,110	4.5%	\$ 13,158	6.5%
Tier I Capital (to Average Assets)	\$ 27,723	9.64%	\$ 11,509	4.0%	\$ 14,387	5.0%

17. LIMITATION ON DIVIDENDS:

The Board of Directors of any State-chartered bank in Georgia may declare and pay cash dividends on its outstanding capital stock without any request for approval of the bank's regulatory agency if the following conditions are met:

- 1) Total classified assets at the most recent examination of the bank, do not exceed eighty (80) percent of Tier 1 capital plus the allowance for loan losses as reflected at such examination; and
- 2) The aggregate amount of dividends declared or anticipated to be declared in the calendar year does not exceed fifty (50) percent of the net profits, after taxes but before dividends, for the previous calendar year provided, however, a bank that files federal income taxes as a Subchapter S-Corporation may pay an additional amount of dividends without Department approval equivalent to fifty (50) percent of the income taxes which the bank would have had to pay as a Subchapter C-Corporation; and
- 3) The ratio of Tier 1 Capital to Adjusted Total Assets shall not be less than six (6) percent.

During the year ended December 31, 2017, the Bank paid \$550,000 distributions to the Holding Company and the Holding Company paid no dividends.

As of January 1, 2018, the amount available for distributions from the Bank in 2018 without regulatory consent is approximately \$736,000.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

18. OPERATING EXPENSES:

Components of other operating expenses greater than 1% of total interest income and other income for the periods ended December 31, 2017 and 2016 are:

	Years Ended December 31,	
	2017	2016
Data processing, software, licenses and fees	\$ 994,757	\$ 943,235
Professional fees	472,003	1,176,689
Telephone expense	202,806	172,499
Advertising expense	162,898	176,384
Other real estate owned (OREO) expense	184,696	448,077
Stationary and supplies	172,023	123,242
Directors fees	166,458	126,233
FDIC premiums	133,185	244,567

19. CONDENSED FINANCIAL STATEMENTS (PARENT ONLY):

Condensed Balance Sheets

	December 31,	
	2017	2016
Assets:		
Cash in subsidiary Bank *	\$ 1,719,722	\$ 1,620,458
Investment in subsidiary	28,513,164	27,635,866
Other assets	293,906	392,774
Total assets	<u>\$ 30,526,792</u>	<u>\$ 29,649,098</u>
Liabilities:		
Notes payable	\$ 3,750,000	\$ 3,900,000
Other liabilities	124,948	124,948
Total liabilities	<u>3,874,948</u>	<u>4,024,948</u>
Stockholders' equity	<u>26,651,844</u>	<u>25,624,150</u>
Total liabilities and stockholders' equity	<u>\$ 30,526,792</u>	<u>\$ 29,649,098</u>

* Eliminated in consolidation.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

19. CONDENSED FINANCIAL STATEMENTS (PARENT ONLY):

Condensed Statements of Operations

	For the Year Ended December 31,	
	2017	2016
Income:		
Dividends from subsidiary *	\$ 550,000	\$ 669,113
Interest income	2,443	6,598
Miscellaneous income	--	27,847
Total income	<u>552,443</u>	<u>703,558</u>
Expenses:		
Interest	183,837	162,822
Salaries	102,200	102,200
Other operating	68,402	105,623
Total expenses	<u>354,439</u>	<u>370,645</u>
Income before equity in undistributed income of subsidiary	198,004	332,913
Provision (credit) for income taxes	<u>(47,608)</u>	<u>99,800</u>
Income before equity in undistributed income in subsidiary	<u>150,396</u>	<u>432,713</u>
Equity in undistributed income of subsidiary *	<u>921,866</u>	<u>442,097</u>
Net income	<u>\$ 1,072,262</u>	<u>\$ 874,810</u>

* Eliminated in consolidation.

**SOUTH BANKING COMPANY
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

19. CONDENSED FINANCIAL STATEMENTS (PARENT ONLY):

Condensed Statements of Cash Flows

	For the Year Ended December 31,	
	2017	2016
Cash flow from operating activities:		
Net income from operations	\$ 1,072,262	\$ 874,810
Depreciation and amortization	1,083	2,096
Change in other assets	97,785	(148,371)
Change in due from subsidiary	--	(1,373,415)
Equity in undistributed income of subsidiary	(921,866)	(442,097)
Net cash flow provided (used) by operating activities	<u>249,264</u>	<u>(1,086,977)</u>
Cash flow from financing activities:		
Payments on note payable	<u>(150,000)</u>	<u>--</u>
Net cash flow used by financing activities	<u>(150,000)</u>	<u>--</u>
Net change in cash and cash equivalents	99,264	(1,086,977)
Cash and cash equivalents at beginning of year	1,620,458	2,707,435
Cash and cash equivalents at end of year	<u>\$ 1,719,722</u>	<u>\$ 1,620,458</u>

20. SUBSEQUENT EVENTS:

The Company assessed events that have occurred subsequent to December 31, 2017 through March 30, 2018 for potential recognition and disclosure in the consolidated financial statements. No events have occurred that would require adjustment to or disclosure in the consolidated financial statements which were issued on March 30, 2018.

History of Pineland Bank

Pineland Bank began as Alma Exchange Bank & Trust and was chartered on September 13, 1939 in Alma GA when directors Valene Bennett, Nathan Cohen, M E Jones, John Mullis and J F Ramsey received permission to convert Alma Exchange Credit Union to a state chartered financial institution. Alma Exchange Credit Union had been organized in 1930, when eight incorporators invested \$5.00 each to establish an organization for the purpose of making change and cashing checks. This was the first credit union in the region.



In 1981, South Banking Company was organized as a multi-bank holding company and acquired 100% of the outstanding stock of Alma Exchange Bank & Trust, and Citizens State Bank.

In 1990, South Banking Company acquired 100% of the outstanding stock of Peoples State Bank & Trust, Baxley, Georgia. Early in 1996, South Banking Company acquired 100% of the shares of Pineland State Bank, Metter, Georgia.

South Banking Company has grown over the years to reach an asset size of roughly \$280 million. There has been a lot of hard work to get the bank from its original investment of \$40 to its current size. In 2016 the parent company decided to merge the subsidiaries into a single bank, Pineland Bank. The footprint of the newly formed bank is in southeast Georgia and Northeast Florida. Pineland Bank has 8 locations, 6 of which are full service branches. Today South Banking Company is the one-bank holding company, and its only bank is Pineland Bank. The audited financials all reflect South Banking Company.

References: Local Government Entities Banking with Pineland Bank

<i>Government Entity</i>	<i>Telephone</i>	<i>Contact Person(s)</i>	
City of Alma 502 West 12th Street #104 Alma, GA 31510	912-632-5917	James Crace Peggy Murphy Yvonne Staten	Customer since 1983
City of Baxley 282 East Parker Street Baxley, GA 31515	912-367-8330	Reba Cash Esco Hall, Jr. Timothy Varnadore	Customer since 1975
City of Cobbtown GA Highway 23 Cobbtown, GA 30420	912-684-3448	James R. Collins Marilyn Cannon Danny R. Collins	Customer since 2011
City of Kingsland 107 South Lee Street Kingsland, GA 31548	912-729-5613	Kathryn L. Green Linda F. Morrow Charles G. Day, Jr.	Customer since 1995
City of Metter 49 South Rountree Street P.O. Box 74 Metter, GA 30439	912-685-2527	Angela Conner Mandi Cody Chyrileen Kilcrease Edwin Boyd	Customer since 1986
City of Nicholls 707 Van Streat Highway Nicholls, GA 31554	912-345-2421	Dewayne Streat Helen Gilliard	Customer since 2004
Camden County Clerk of Court 210 East 4th Street Woodbine, GA 31569	912-576-3785	Joy Lynn Turner Charlene W. Carter	Customer since 1979
Camden County BOCC 210 East 4th Street Woodbine, GA 31569	912-510-0464	Nancy C. Gonzalez Michael J. Fender	Customer since 1979
Camden Co. Joint Develop. Auth. 531 North Lee Street Kingsland, GA 31548	912-729-7201	Jeffrey Barker Alexander Blount William Fowler	Customer since 2015
Bacon County BOCC 502 West 12th Street #101 Alma, GA 31510	912-632-5214	Anthony W. Hutto Tasha L. Hill Mary L. Sweat	Customer since 1991
Bacon Co. Development Authority 504 North Pierce Street #102 Alma, GA 31510	912-632-5859	Kevin L. Ellis James E. Crapps Mary L. Sweat	Customer since 1982

ATTACHMENT P

Bacon County Tax Commissioner 502 West 12th Street #101 Alma, GA 31510	912-632-5614	William B. Johnson Sharon M. Hayes	Customer since 1997
Bacon County Sheriff 307 South Dixon Street Alma, GA 31510	912-632-2473	Chandra Jarrard John S. Livingston Mark Cothren	Customer since 2006
Bacon County State Court 502 West 12th Street #304 Alma, GA 31510	912-632-4915	Anthony W. Hutto Tasha L. Hill	Customer since 1999
Bacon County Jail 307 South Dixon Street Alma, GA 31510	912-632-2473	Cindy D. Hall Chandra Jarrard	Customer since 1978
Bacon County Superior Court 502 West 12th Street Alma, GA 31510	912-632-7661	Sherry L. Tillman	Customer since 1978
Appling County BOCC 69 Tippins Street #201 Baxley, GA 31513	912-367-8100	Jasper C. Tomberlin Robert L. Lewis Sarah Boatright	Customer since 1975
Appling County Clerk of Court 69 Tippins Street #103 Baxley, GA 31513	912-367-8126	Marsha R. Thomas	Customer since 1993
Appling County Board of Education 249 Blackshear Highway Baxley, GA 31513	912-367-8600	Priscilla C McDanie Scarlett M. Copeland	Customer since 1987
Appling County Sheriff 560 Barnes Street #B Baxley, GA 31513	912-367-8120	Mark W. Melton Terry E. Davis Gail Dixon	Customer since 1993
Appling County Tax Assessor 69 Tippins Street #101 Baxley, GA 31513	912-367-8108	Myrna Taylor Pamela L. Statum	Customer since 2009
Candler County BOCC 1075 East Hiawatha Street Metter, GA 30439	912-685-5247	Wanda Finnerty Patricia C Sikes	Customer since 1993
Candler County Board of Education 34905 GA Highway 129 S Metter, GA 30439	912-685-2134	Fred J. Longgear Ellis M. Strobridge Ronnie L. Doolittle Jr.	Customer since 2003

ATTACHMENT Q

Exceptions:

1. Stop Payment & Date Legend: Agreement reflects a six (6) month Stop Payment order which can be reinitiated in six-month increments.

DEPOSIT ACCOUNT AGREEMENT AND DISCLOSURE

Depositor: (Customer Name & Address)

Financial Institution: Pineland Bank

INTRODUCTION. In this Deposit Account Agreement and Disclosure, each and all of the depositors are referred to as "you" and "your." The Financial Institution is referred to as "we," "our," and "us." This Deposit Account Agreement contains the terms and conditions governing certain of your deposit accounts with us. As used in this document, the term "Agreement" means this document, the signature card, a rate and fee schedule (which may be in the form of a Rate and Fee Schedule, Time Certificate of Deposit, or Confirmation of Time Deposit, hereinafter called the "Schedule"), Truth in Savings disclosures, a Funds Availability Policy Disclosure, and an Electronic Funds Transfer Agreement and Disclosure, if applicable. Each of you signing the signature card for a deposit account acknowledges receipt of this Agreement, and agrees to the terms set forth in the Agreement, as amended from time to time. You agree that we may waive, in our sole discretion, any fee, charge, term, or condition set forth in this Agreement at the time the Account is opened or subsequent thereto, on a one-time basis or for any period or duration, without changing the terms of the Agreement or your obligation to be bound by the Agreement, and we are not obligated to provide similar waivers in the future or waive our rights to enforce the terms of this Agreement.

DEPOSIT ACCOUNTS. From time to time, we may offer or you may open a variety of deposit accounts. Each such account (the "Account") is subject to the general terms and conditions and any specific terms and conditions relating to that type of account that may be set forth in this Agreement. If you open multiple Accounts, you may receive Schedule information for each Account, but this Agreement will cover all your Accounts with us. Each of you will be jointly and severally liable to us for debit balances in the Account, including without limitation overdrafts and Account charges, and jointly and severally promise to pay, upon demand, any and all debit balances, all fees and charges, and our reasonable attorneys' fees and costs and expenses of collection, including but not limited to those incurred at trial and on any appeal.

INTEREST. If your Account earns interest, the following information applies: (A) **Payment of Interest.** We will pay interest at the annual rate specified on the Schedule, which does not reflect compounding ("Interest Rate"). The Schedule also sets forth the frequency of interest payments, the frequency of any compounding and crediting, the interest accrual basis, the balance on which interest will be paid, and any minimum balance requirements. (B) **Minimum Balance Requirements.** The Schedule may specify a minimum balance that you are required to maintain in your Account. If the minimum balance is not maintained during a specified period, we, at our option, may not pay interest on your Account and/or may charge a fee for that period. You should review any minimum balance requirements on the Schedule. (C) **Initial Interest Rate.** The initial interest rate is the current annual rate of interest that we will pay on the specified balance in your Account. We may pay interest at different rates, depending on the amount deposited and the type of depositor (individual, business, non-profit organization, etc.). (D) **Interest Compounding and Crediting.** The Schedule will indicate the interest compounding and crediting frequency for your Account (if any). Compounding generally means that interest is being accrued on earned interest. Interest may be compounded more frequently than interest is credited to your Account. (E) **Interest Accrual.** We may accrue interest on your Account more frequently than we pay or credit interest. The interest that has been calculated, but not paid to the Account, is called accrued unpaid interest. (F) **Changes.** We have the right to change the rates and fees in accordance with the terms of the Schedule. We also reserve the right to change any other term of this Agreement at our sole discretion.

FEES AND CHARGES. Subject to applicable law, you agree to pay us the fees and charges shown in the Schedules as are applicable to your Account or for other services performed by us. You agree the fees and charges may be changed by us from time to time and authorize us to charge your account for their payment whether or not each charge results in an overdraft of your account. Existing and future charges may be based upon the overall costs of providing account services and may or may not be based upon the direct cost or expense associated with providing the particular service involved. The charges may be based on consideration of profit, competitive position, deterrence of misuse of account privileges by customers, and the safety and soundness of the financial institution. We will notify you of the changes, to the extent required by law.

BALANCE METHODS. As used in this Agreement, the "average daily balance" method means "the application of a periodic rate to the average daily balance in the account for the period, determined by adding the full amount of principal in the account for each day of the period and dividing that figure by the number of days in the period." The "daily balance" method means "the application of a daily periodic rate to the full amount of principal in the account each day."

DEPOSIT RULES. The following terms apply to deposits made to your Account: (A) **Endorsements.** You authorize us to accept transfers, checks, and other items for deposit to your Account if they are made payable to, or to the order of, any one or more of you, whether or not they are endorsed by you. You authorize us to supply missing endorsements, and you warrant that all endorsements are genuine. All checks and other items deposited to your Account should be endorsed payable to the order of us for deposit only, followed by your signature and Account number. We may permit you to deposit an electronic image or other electronic information related to a paper check through a service we provide that allows you to use a device, such as a mobile phone, to create and send to us such electronic image or information electronically. Before capturing an electronic image or electronic information of a paper check, you must endorse the check payable to the order of us "for mobile deposit only", followed by your signature and Account number, or any alternative restrictive endorsement we may allow and communicate to you. All endorsements must appear on the back of the check or other item within the first 1-1/2 inches from the left side of the item when looking at it from the front. Endorsements should be in black ink. While we may accept non-conforming endorsements, you will be responsible for any loss incurred by us due to the delay in processing or returning the item for payment. (B) **Final Payment.** All non-cash items (for example, checks) deposited to your Account are posted subject to our receipt of final payment by the payor bank. Upon receipt of final payment, the item becomes a collected item. If final payment is not received or if any item you have deposited or cashed is charged back to us for any reason, you authorize us to charge any of your Accounts, without prior notice and at any time, for the amount of the returned item, our returned item fee, any interest paid on that item, and any other fee we pay or incur. If an item to be charged back is lost in the process of collection or unavailable for return, we may rely upon a photocopy of the item or upon any other generally accepted notification of return of the item, in charging you or any of your Accounts for the amount of the returned item. We reserve the right to refuse any item for deposit into your Account. (C) **Direct Deposits.** If we offer direct deposit services for automatic preauthorized deposits to your Account of Social Security payments or automatic transfers from your other accounts with us, you must notify us at least 30 days prior to the next scheduled direct deposit or preauthorized transfer if you wish to cancel the direct deposit or transfer service. If any amount deposited must be returned to the government for any reason, you authorize us to deduct the amount from your Account as provided in the Final Payment paragraph above. (D) **Crediting of Deposits.** The Funds Availability Policy Disclosure provided to you reflects our policies relating to the availability of deposited funds. (E) **Substitute Checks and Electronic Files Pertaining to Original Checks.** If you deposit a "substitute check" (as defined in Regulation CC § Section 229.2(aaa)) or a purported substitute check into your Account, you agree to reimburse us for losses, costs and expenses we may pay or incur associated with the item not meeting applicable substitute check standards and/or from duplicate payments associated with the item. If you provide us with an electronic representation of a substitute check for deposit into your account instead of an original check, you agree to reimburse us for losses, costs and expenses we may pay or incur associated with the substitute check resulting from the electronic representation not meeting applicable substitute check standards and/or from duplicate payments associated with the item. If you provide us with an electronic image or electronic information related to a paper check for deposit into your Account, you agree to reimburse us for losses, costs, and expenses we may pay or incur associated with the electronic image or information not meeting applicable

DEPOSIT ACCOUNT AGREEMENT AND DISCLOSURE (Continued)

standards for such images and/or from duplicate payment associated with the check. (F) **Deposit Discrepancies.** When you make a deposit to your account, we will credit your account for the amount stated on your deposit slip and we may provide you with a deposit receipt. We reserve the right to review the deposit and confirm the amount of funds you deposited but are not required to do so. If after any review we determine that the amount credited to your account is incorrect, we may adjust your account for the amount of the discrepancy but reserve the right not to do so if the discrepancy would not be a disadvantage to you. This may be the case, for example, if the amount credited to your account was more than the amount actually deposited by you. Notwithstanding the foregoing, we are not required to adjust your account unless within one year of the date of your account statement that shows the deposit either you notify us of the discrepancy or we discover it on our own. If you do not notify us of the error or we do not discover it on our own during this notice period, the amount credited to the account will be considered final.

WITHDRAWAL RULES. The following terms apply to withdrawals from your Account: (A) **Manner of Withdrawal.** You may make withdrawals from your Account in any manner that is permitted by us for the type of Account that you have opened. Withdrawals by mail will be posted to your Account as of the day the transaction is processed by us. We may refuse to accept any check other than standard checks provided by us, or approved by us in advance. Withdrawals and transfers from your Account may be restricted as provided in the Agreement, or in the Schedule, or by applicable law. (B) **Withdrawal Restrictions and Overdrafts.** We do not have to allow you to make a withdrawal from your Account if you don't have sufficient available funds in the Account to cover the full amount of the withdrawal. **If there are available funds to cover some, but not all, of the withdrawals or other debits to your Account on a single business day, we will post the checks for which there are sufficient available funds in the order in which the checks are received by us.** We may pay other withdrawals or debit items (such as charges) prior to paying any checks, and we may post those other withdrawals or debit items in any order we may choose at our sole discretion. If there are insufficient funds available in your Account to cover a withdrawal or debit presented against your Account, this is called an "overdraft". We will handle each overdraft in accordance with our Standard Overdraft Policy (described below) or in accordance with any other agreement you may have with us (such as an overdraft protection agreement). Even if we choose to pay one or more overdrafts, we are not obligated to cover any future overdrafts. When we determine whether payment of an item will create an overdraft, we may determine the balance of your account at any time between the time we receive the item and the deadline for us to take action on the item. We are not required to determine your account balance more than one (1) time during this period. (C) **Standard Overdraft Policy.** Unless we have agreed to a separate overdraft protection agreement with you, the following rules apply. We are not obligated to pay any overdraft. Subject to the special rules discussed below for transactions at an ATM and one-time debit card transactions, we may assess a service charge on any withdrawal created by check, in-person withdrawal, ATM withdrawal, or other electronic means that results in an overdraft, whether we pay the overdraft or not. If we pay the overdraft, you agree, immediately upon notice from us, to deposit funds sufficient to cover the overdraft plus any service charge we impose. We may not impose a service charge in connection with an overdraft that results from a transaction at an ATM or a one-time debit card transaction unless you have given us your consent to pay service charges in connection with overdrafts that result from these transactions and we have sent written confirmation of that consent to you. You may revoke that consent at any time. (D) **Notice Requirements.** Federal regulations require us to retain the right to require you to give at least seven (7) days notice in writing prior to any intended withdrawal from a savings, negotiable order of withdrawal ("NOW"), or money market account. Although we usually pay withdrawals or checks without notice on these accounts, doing so does not mean that we give up this right. (E) **Postdated Items.** You agree that when you write a check, you will not date the check in the future. If you do and the check is presented for payment before the date of the check, we may pay it or return it unpaid. You agree that if we pay the check, the check will be posted to your Account on the date we pay the check, even though the posting date is prior to the date of the check. You further agree that we are not responsible for any loss to you in doing so. If we are required by state law not to honor a postdated check after advance notice from you, you agree to give us advance notice early enough for us to act on it, to do so in writing, and to specify the date, exact amount, and number of the check, along with the name of the payee. You agree that we may return a postdated check to the presenter. (F) **Power of Attorney.** The person executing a power of attorney will be referred to as the principal and the person acting for the principal as the agent. We may refuse to comply with a power of attorney for reasonable cause, or until we receive an affidavit from the agent stating that the Power of Attorney presented is a true copy and that, to the best of the agent's knowledge, the principal is alive and that the relevant powers of the agent have not been altered or terminated. (G) **Signatures.** You recognize that we have adopted automated collection and payment procedures so that we can process the greatest volume of items at the lowest possible cost to our customers. In light of this, you agree that we do not fail to exercise ordinary care in paying an item solely because our procedures do not provide for the sight examination of items with a face amount below an amount specified by us from time to time. You authorize us to store and use Signature Card information in any reasonable form we deem necessary, including any digitized signature capture process. If you use a facsimile signature or other form of mechanically reproduced signature (such as, but not limited to, desktop publishing, digitized, or computer software generated signature), you agree you shall have the sole responsibility for maintaining security of the facsimile or mechanically reproduced signature and the device by which the facsimile or mechanically reproduced signature is affixed and you shall bear the entire risk for unauthorized use thereof whether or not you are negligent. You agree that no facsimile or mechanically reproduced signature we have been authorized to honor may be considered a forgery or an unauthorized signature, but that such facsimile or mechanically reproduced signature shall be effective as your signature or endorsement whether or not you have been negligent. You further agree to indemnify and hold us harmless from and against any and all loss, costs, damage, liability, or exposure (including reasonable attorney's fees) we or you may suffer or incur as a result of the unlawful use, unauthorized use, or misuse by any person of any such facsimile or mechanically reproduced signature or the device by which it is affixed. If you use any form of facsimile or mechanically reproduced signature device, you agree to deliver a sample to us if we request it. (H) **Preauthorized Drafts.** If we are unable to enforce presentment and transfer warranties on remotely created checks under Regulation CC, then if you voluntarily give information about your Account (such as our routing number and your account number) to a party who is seeking to sell you goods or services, and you do not physically deliver a check to the party, any debit to your account initiated by the party to whom you gave the information is deemed authorized by you. (I) **Electronic Check Conversion.** You may authorize a merchant or other payee to make a one-time electronic payment from your account using information from your check to pay for purchases or pay bills. The merchant or other payee uses the check information, along with the transaction amount, to initiate an ACH debit transaction. The transaction is electronically transferred through the ACH system and the funds will be debited directly from your account and deposited automatically into the merchant or payee's account. When information from your check is used to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment. A description of the transaction will appear on your statement from us. Checks used in these types of transactions will not be returned with your statement. This type of electronic funds transfer from a consumer account is governed by the Electronic Funds Transfer Act and subject to the Electronic Funds Transfer Agreement and Disclosure(s). (J) **Re-presented Checks.** If a merchant electronically re-presents a check returned due to insufficient or uncollected funds, that transaction is not covered by the Electronic Funds Transfer Act. Checks involved in this type of transaction will not be included with your statement. You may authorize a merchant to electronically collect a fee associated with the re-presentation of a check. If a merchant electronically collects a fee associated with the re-presentation of a check, the fee transaction is covered by the Electronic Funds Transfer Act and subject to the Electronic Funds Transfer Agreement and Disclosures if the fee is debited as an electronic funds transfer from a consumer account. A description of the transaction will appear on your statement. (K) **Check Legends.** We may disregard information on any check or item other than the signature of the drawer, the identification of the drawee financial institution and payee, the amount, the endorsements, and any other information that appears on the MICR line. In addition, we are not responsible to take action on, or for failure to notify you of restrictive language placed on checks or other items, including but not limited to terms such as, "Void after 90 Days," "Paid in Full," "Two Signatures Required," "Void Over \$100" or similar statements. In accordance with reasonable banking standards, most checks and other items are processed through automated processing and, except in limited circumstances and in our discretion, most items are not

DEPOSIT ACCOUNT AGREEMENT AND DISCLOSURE (Continued)

individually examined. You agree that we act within reasonable banking standards by processing most checks and other items through automated processing systems. We may agree to adhere to extraneous legends if you notify us of such legends and we have agreed in writing to honor such legends.

STALE CHECKS. We reserve the right to pay or dishonor a check more than six (6) months old without prior notice to you.

CHECKING ACCOUNTS. If your account is a checking account, the following terms may apply. If we offer NOW accounts, the account must consist solely of funds in which the entire beneficial interest is held by one or more individuals in an individual capacity, a sole proprietor, or a governmental unit, but not professional corporations or business partnerships. A NOW account may also be held by a for profit organization serving in a fiduciary or trustee capacity for an entity that is itself permitted to hold a NOW account. Otherwise, an organization may hold a NOW account only if it is operated primarily for religious, philanthropic, charitable, educational, or other similar purpose.

SAVINGS ACCOUNTS. If your account is an interest bearing account and is not a NOW account or time deposit, the following terms may apply. **(A) Transfers and Withdrawals.** If your Account is a savings or money market deposit account, federal law requires that an Account Holder may make no more than six (6) transfers and/or withdrawals during any one (1) calendar month or statement cycle (the period from one statement to the next) or similar period of at least four weeks, to another of your accounts with us or to a third party by means of a preauthorized or automatic transfer, or telephonic (including data transmission) agreement, order or instruction or by check, draft, debit card, or similar order made by you and payable to third parties. A "preauthorized transfer" includes any arrangement by us to pay a third party from your account upon written or oral instruction (including an order received through an automated clearing house (ACH) or any arrangement by us to pay a third party from your account at a predetermined time or on a fixed schedule.) **(B) Excess Transactions.** In accordance with federal law, if you have more than the allowable preauthorized transfers or preauthorized checks or drafts (for money market accounts) in any one period, your Account may be subject to closure by us and the funds placed in another account that you are eligible to maintain, or we may take away the transfer and draft capabilities of the account. In addition to the above preauthorized transfers, you may make unlimited withdrawals (payments directly to you or transfers of funds from your Account to any of your other deposit accounts or loan accounts with us), either in person at our locations, by mail, messenger, telephone (via check mailed to you), or use of an ATM card (if applicable).

TIME DEPOSITS. If your Account is a time deposit, you have agreed to keep the funds on deposit until the maturity of your Account. If your Account has not matured, any withdrawal of all or part of the funds from your Account may result in an early withdrawal penalty. We will consider requests for early withdrawal and, if granted, the penalty provided in the Schedule will apply. **(A) Penalty.** The early withdrawal penalty is calculated as a forfeiture of part of the accrued interest that has or would be earned on the Account. If your Account has not yet earned enough interest so that the penalty can be deducted from earned interest, or if the interest already has been paid, the difference will be deducted from the principal amount of your Account. For fixed rate Accounts, we will use the rate in effect for your deposit. **(B) Exceptions.** We may let you withdraw money from your Account before the maturity date without an early withdrawal penalty: (1) when one or more of you dies or is determined legally incompetent by a court or other administrative body of competent jurisdiction; or (2) when the Account is an Individual Retirement Account (IRA) established in accordance with 26 USC 408 and the money is paid within seven (7) days after the Account is opened; or (3) when the Account is a Keogh Plan (Keogh), if you forfeit at least the interest earned on the withdrawn funds; or (4) if the time deposit is an IRA or Keogh Plan established pursuant to 26 USC 408 or 26 USC 401, when you reach age 59 1/2 or become disabled; or (5) within an applicable grace period (if any).

STOP PAYMENT ORDERS. Subject to certain limitations, you may order us to stop payment on any check, automated clearing house/pre-authorized electronic funds transfer ("ACH/EFT"), or other item payable from your Account, whether drawn or authorized by you or any other account holder, as follows:

Stop Payment Against a Check or Other Item. A stop payment request against a check or other item payable from your Account will be effective if we receive the order at such time and in such manner as to afford us a reasonable opportunity to act upon the order. Stop payment orders must be received in writing to be effective. A stop payment order against a check or other item payable from your Account is effective for six (6) months. A stop payment order against a check or other item payable from your Account may be renewed for additional six (6) month periods if renewed during a period within which the stop payment order is effective.

Stop Payment Against an ACH/EFT. A stop payment order against an ACH/EFT may be honored if received at least three (3) banking days before the scheduled date of the transfer. Stop payment orders must be received in writing to be effective. If we honor a stop payment request against an ACH/EFT received on or within three (3) banking days of the scheduled transfer, we do so without any liability or responsibility to any party having any interest in the entry. A stop payment order against an ACH/EFT is effective until the earlier of: (i) you withdraw the stop payment order, or (ii) the debit entry is returned, or, where a stop payment order is applied to more than one debit entry under a specific authorization involving a specific party, all such debit entries are returned. Additionally, if you request us to stop all future payments pursuant to a specific ACH/EFT authorization involving a particular party, we may require you to confirm in writing that you have revoked such authorization.

All stop payment order requests will require you to provide the date, the amount, and the number of the item or authorization, together with the name of the payee. If you give us incorrect information, we will not be liable for failing to stop payment on the item or authorization. Our acceptance of a stop payment order will not constitute a representation that the item or authorization has not already been paid or that we have a reasonable opportunity to act upon the order. You may not stop payment on an official, certified, cashier's, or teller's check issued by us, or request us to stop payment if we have otherwise become accountable for the item or authorization. In addition, you may not stop payment on checks governed by a separate agreement, such as a check guaranty agreement. Further you may not stop payment on an item or authorization after acceptance of the same by us.

Based upon the type of account ownership that you have designated, the following terms and conditions apply.

INDIVIDUAL ACCOUNTS. An Individual Account is an account in the name of one depositor only. Only that person may write checks against the Account or withdraw money, regardless of who actually owns the funds.

MULTIPLE-PARTY ACCOUNTS. This section pertains to multiple party accounts:

(A) Joint Account Ownership. An account with two or more Account Holders is a joint account. Unless you designate otherwise on the Signature Card, joint Account Holders will be considered joint tenants with right of survivorship.

(1) Joint Tenants With Right of Survivorship. If your Account is a joint account with right of survivorship, upon the death of one of the joint Account Holders, that person's ownership interest in the Account will immediately pass to the other joint Account Holder(s).

(2) Joint With No Right of Survivorship. If your Account is a joint account with no right of survivorship (Joint as Tenants in Common), upon the death of one of the joint Account Holders, that person's proportionate ownership interest will pass to the estate of the deceased Account Holder.

Each joint Account Holder, without the consent of any other Account Holder, may, and hereby is authorized by every other joint Account Holder, to make any transaction permitted under the Agreement, including without limitation: to withdraw all or any part of the account funds; to pledge the account funds as collateral to us for any obligation, whether that of one or more Account Holders or of a third party; to endorse and

DEPOSIT ACCOUNT AGREEMENT AND DISCLOSURE (Continued)

deposit checks and other items payable to any joint Account Holder; to give stop payment orders on any check or item, whether drawn by that Account Holder or not; to consent to or revoke consent to payment of service charges on overdrafts that result from ATM transactions or one-time debit card transactions under the Standard Overdraft Policy; and, to close the account, with the disbursement of account proceeds as instructed by the joint Account Holder. Each joint Account Holder is authorized to act for the other Account Holder(s) and we may accept orders and instructions regarding the account from any joint Account Holder. If we believe there to be a dispute between joint Account Holders or we receive inconsistent instructions from the Account Holders, we may suspend or close the account, require a court order to act, and/or require that all joint Account Holders agree in writing to any transaction concerning the account.

Your obligations under the Agreement are joint and several. This means that each joint Account Holder is fully and personally obligated under the terms of the Agreement, including liability for overdrafts and debit balances as set forth above, irrespective of which joint Account Holder benefited from the withdrawal. If you establish a joint account without the signature of the other joint Account Holder(s), you agree to hold us harmless for our reliance upon your designation of the other joint Account Holder(s) listed on our documents. Further, the Account is subject to the right of setoff as set forth below.

(B) Totten Trust Account. A Totten Trust Account is an informal trust account, reflected on our records, but without a written trust agreement, where the Account is owned by the trustee. The beneficiaries have no right to any funds in the Account during the trustee's lifetime. As the owner of the Account, the trustee may withdraw money from the Account and may, by written direction to us, change the beneficiary under the Account. When the trustee dies, the Account is owned by the named beneficiary or beneficiaries. If the Totten Trust Account is held by more than one trustee, the trustees will be subject to the rules pertaining to joint account ownership as set forth above. If there is no surviving beneficiary upon the death of the last trustee, state law will determine ownership of the funds in the Account.

(C) P.O.D. Account. A Payable on Death (P.O.D.) Account is an account payable to the Account Holder during his or her lifetime. As the owner of the Account, you may withdraw money from the Account and may, by written direction to us, change the P.O.D. payee(s) under the Account. When the Account Holder dies, the Account is owned by the P.O.D. payee(s). If the P.O.D. Account is held by more than one person, each Account Holder will be subject to the rules pertaining to joint account ownership as set forth above. If there is more than one surviving P.O.D. payee, the respective interest of each shall be deemed to be in equal shares, unless otherwise stated in the Financial Institution's deposit account records and as allowed by applicable state law. If there is no surviving P.O.D. payee upon the death of the last owner, state law will determine ownership of the funds in the Account.

ADDITIONAL ACCOUNT TYPES. This section applies to other deposit account types:

(A) Formal Trust Account. A Formal Trust Account is an account held by one or more trustees for the benefit of one or more beneficiaries according to a written trust agreement. Upon our request, the trustee(s) will supply to us a copy of any trust agreement covering the account. We act only as custodian of the trust funds and are under no obligation to act as a trustee or to inquire as to the powers or duties of the trustee(s). The trustee(s) and/or any person opening the Account, in their individual capacity and jointly and severally, agree to indemnify and hold us harmless from and against any and all loss, costs, damage, liability, or exposure, including reasonable attorney's fees, we may suffer or incur arising out of any action or claim by any beneficiary or other trustee with respect to the authority or actions taken by the trustee(s) in handling or dealing with the Account.

(B) Uniform Transfer to Minors. If you have established the account as a custodian for a minor beneficiary under our state version of the Uniform Transfers to Minors Act or the Uniform Gifts to Minors Act, your rights and duties are governed by the Act. You will not be allowed to pledge the account as collateral for any loan to you. Deposits in the account will be held by us for the exclusive right and benefit of the minor. The custodian and/or any person opening the Account, in their individual capacity, agree to indemnify and hold us harmless from and against any and all loss, costs, damage, liability, or exposure, including reasonable attorney's fees, we may suffer or incur arising out of any action or claim by any beneficiary or other custodian with respect to the authority or actions taken by the custodian in handling or dealing with the Account.

(C) Representative Payee Accounts. Subject to applicable law, a Representative Payee Account is a type of fiduciary account in which a representative payee (appointed by the Social Security Administration) manages Social Security and Supplemental Security funds received on behalf of a beneficiary. Upon our request, the representative payee will provide sufficient documentation from the Social Security Administration indicating his or her appointment as a representative payee for the Account Holder. We may require additional documentation from the representative payee indicating his or her authority to act on behalf of the Account Holder. The representative payee does not have an ownership interest in funds in the Account. The representative payee does not have a right of survivorship in the Account on the death of the Account Holder. We act only as custodian of the funds and are under no obligation to act as a trustee or to inquire as to the powers or duties of the representative payee. The representative payee agrees to indemnify, and hold us harmless from and against any and all loss, cost, damage, liability, or exposure, including reasonable attorneys' fees, we may suffer or incur arising out of any action or claim by the beneficiary, a government entity or by any other party regarding the authority or actions taken by the representative payee in handling or dealing with the Account.

(D) Agency Account. An Agency Account is an account to which funds may be deposited and withdrawals made by an Agent designated by the owner of the funds. An Agent has full authority with regard to the Account but does not have an ownership interest in the account. An Agency Account is revocable at any time by notifying us in writing. An Agency designation may be combined with one of the other forms of account ownership.

(E) Business Accounts. If the Account is not owned by a natural person (for example, it is owned by a corporation, partnership, limited liability company, sole proprietorship, unincorporated association, etc.), then the Account Holder must provide us with evidence to our satisfaction of the authority of the individuals who sign the signature card to act on behalf of the Account Holder. On any transactions involving the Account, we may act on the instructions of the person(s) authorized in the resolutions, banking agreement, or certificate of authority to act on behalf of the Account Holder. You agree to notify us in writing of any changes in the person(s) authorized or the form of ownership. If we receive conflicting instructions or a dispute arises as to authorization with regard to the handling of the Account, you agree we may place a hold on the Account until such conflict or dispute is resolved to our satisfaction and we will not be liable for dishonored items as a result of such hold.

(F) Fiduciary Accounts. With respect to all fiduciary accounts, including but not limited to estate accounts, guardianship accounts, representative payee accounts, and conservatorship accounts, and any Formal Trust Account, Uniform Transfers to Minors Act Account, or Agency Account, we reserve the right to require such documents and authorizations as we may deem necessary or appropriate to satisfy that the person(s) requesting or directing the withdrawal of funds held in the Account have the authority to withdraw such funds. This applies at the time of account opening and at all times thereafter.

(G) Attorney Client Trust. Subject to applicable law, an Attorney Client Trust or IOTA Trust Account is an account set up by an attorney or law firm to hold client or third party funds in trust, separate from the attorney's or law firm's funds. Upon our request, the authorized signers for an Attorney Client Trust or IOTA Trust Account will provide documentation required by applicable state law and applicable bar association (or similar entity) rules. We act only as custodian of the trust funds and are under no obligation to act as a trustee or to inquire as to the powers or duties of the attorney or law firm as trustee(s). The attorney, law firm, or any authorized individual on the account agrees to indemnify and hold us harmless from and against any and all loss, costs, damage, liability, or exposure, including reasonable attorney's fees, we may suffer or incur

DEPOSIT ACCOUNT AGREEMENT AND DISCLOSURE (Continued)

arising out of any action or claim by any beneficiary or third party with respect to the authority, actions, or inaction taken by the trustee(s) or authorized individuals in handling or dealing with the account. Additional account terms are governed by a separate agreement. If this is an IOTA Trust Account, we will not permit the lawyer or law firm to receive the interest. The interest (minus applicable fees) on an IOTA Trust Account will be remitted to the The Florida Bar Foundation, pursuant to your instructions and at your request. IOTA Trust Accounts are used to hold an attorney's or law firm's client funds that are nominal in amount or held for short periods of time.

(H) Real Estate Broker Client Trust Accounts Subject to applicable law, a real estate broker may open account(s) to hold client or third party funds in trust, separate from the broker's funds. We act only as custodian of the funds. We are under no obligation to act as a trustee or to inquire as to the powers or duties of the broker or other authorized signer(s) as trustee(s). The broker and any authorized individual on the account in their individual capacity and jointly and severally, agree to indemnify and hold us harmless from and against any and all loss, costs, damage, liability, or exposure, including reasonable attorney's fees, we may suffer or incur arising out of any action or claim by any client or third party with respect to the authority, actions or inaction taken by the broker or authorized signer(s) in handling or dealing with the Account. Upon our request, the authorized signer(s) for this type of account will provide to us any documents required by applicable law and /or real estate professional rules.

(I) Government/Municipal/Public Funds Accounts. This type of account is owned by a government or public entity. For this type of account, you agree to provide us with authorization document(s) (in a form acceptable to us) stating that we are designated as a depository for the funds of the government or public entity and such documentation shall state the individual(s) authorized to act on behalf of the government or public entity and the extent of their authority. We may rely upon such documentation until we receive written notice of a change and new authorization documents. We are not responsible for any transaction conducted by a previously authorized individual until we actually receive written notice that the authorized individual's authority has been revoked. Unless specifically stated otherwise in the authorization document(s), we can rely on one authorization for all accounts owned by the government or public entity. If required by law, you agree to enter into a Collateral Security Agreement regarding this type of account.

ASSIGNABILITY. The account established under this Agreement is not assignable or transferable except with our consent. We must approve any pledge of the Account and any such pledge remains subject to any right we have under the Agreement and applicable state and federal law. If ownership is proposed to be transferred, we may require the Account be closed and a new account opened in the name of the transferee or pledgee.

FINANCIAL INSTITUTION LIABILITY. You agree that if we do not properly complete a transaction according to the Agreement, we will not be liable in any event for losses or damages in excess of the amount of the transaction, and we will not be liable if circumstances beyond our control prevent the transaction, or the funds in your Account are or may be subject to legal process or other claim. In no event will we be liable for consequential damages. In receiving items from you for withdrawal or deposit, we act only as your agent. You are responsible for the condition of a check or item when you issue it. If a check or item is returned or payment is delayed as a result of any writing or marking that you or a prior endorser placed on the front or back of the check or item, you will be responsible for any cost and liabilities associated with such return or delay. We reserve the right to refuse any item for deposit or to reverse credit for any deposited items or to charge your Account for items should they become lost in the collection process.

RIGHT OF SETOFF. Subject to applicable law, we may exercise our right of setoff or security interest against any and all of your Accounts (except IRA, HSA, Keogh plan and Trust Accounts) without notice, for any liability or debt of any of you, whether joint or individual, whether direct or contingent, whether now or hereafter existing, and whether arising from overdrafts, endorsements, guarantees, loans, attachments, garnishments, levies, attorneys' fees, or other obligations. If the Account is a joint or multiple-party account, each joint or multiple-party account holder authorizes us to exercise our right of setoff against any and all Accounts of each Account Holder. We may not exercise our right of setoff or security interest if prohibited by the Military Lending Act.

DORMANT ACCOUNTS. If you have not made a withdrawal from, or a deposit to, your Account for an extended period of time and we have been unable to contact you, your Account may be classified by us as dormant. Subject to applicable law, we may charge a dormant account fee on the Account, and the Account will be presumed to be abandoned. In accordance with state law, funds in abandoned accounts will be remitted to the custody of the applicable state agency, and we will have no further liability to you for such funds. We reserve the right not to send statements on accounts we consider dormant, subject to applicable law.

ACCOUNT STATEMENTS. You are responsible for promptly examining your statement each statement period and reporting any irregularities to us. Each account statement will be considered to correctly reflect your transactions, such as deposits, withdrawals, credits, refunds, imposition of fees, interest or dividends, and other additions and subtractions to your Account, unless you notify us in writing within certain time limits after the statement that incorrectly reflects your transactions is made available to you. We will not be liable for any check that is altered or any signature that is forged unless you notify us within Thirty (30) calendar days after the statement and the altered or forged item(s) are made available. Also, we will not be liable for any subsequent items paid, in good faith, containing an unauthorized signature or alteration by the same wrongdoer unless you notify us within Thirty (30) calendar days after the statement and first altered or forged items were made available. You must report any other Account problem including encoding errors, and errors involving additions or subtractions (debits and credits) not otherwise covered herein, including electronic transactions not covered by the Electronic Fund Transfer Act, within Sixty (60) calendar days. If the suspected account problem involves a substitute check that you receive, you may (under some circumstances) be entitled to make a claim for an expedited refund. Such a claim may be subject to different notification timeframes. See the Substitute Check Policy Disclosure (if applicable) for further information. If you have requested us to hold your Account statements, we have the right to mail your statements if you have not claimed them within Three Hundred Sixty-five (365) calendar days. If we truncate your checks, you understand that your original checks will not be returned to you with your statement. You agree that our retention of checks does not alter or waive your responsibility to examine your statements or change the time limits for notifying us of any errors.

WHOLESALE WIRE AND ACH TRANSACTIONS. With respect to wire transfers or other transfers of funds not governed by the Electronic Funds Transfer Act, you agree to enter into and comply with our wire transfer (if applicable) agreement and to comply with our security procedures and this section. We advise you that any receiving financial institution (including us) is entitled to rely on any account or bank number you have provided even though that account or bank number may identify a party different from the person or entity you have described by name in any transfer order.

(A) Provisional Payment. Credit given by us to you with respect to an ACH credit or wholesale (wire) funds transfer entry is provisional until we receive final settlement for such entry through a Federal Reserve Bank. If we do not receive final settlement, you are hereby notified and agree that we are entitled to a refund of the amount credited to your Account in connection with such entry, and the party (the originator of the entry) making payment to you via such entry shall not be deemed to have paid you the amount of such entry.

(B) Notice of Receipt. We will notify you of the receipt of payments in the periodic account statements we provide to you. You acknowledge that we will not give next day notice to you of receipt of an ACH or wholesale (wire) funds transfer item.

UNLAWFUL INTERNET GAMBLING TRANSACTIONS PROHIBITED. If you are a commercial customer, you certify that you are not now engaged in, and during the life of this Agreement will not engage in, any activity or business that is unlawful under the Unlawful Internet Gambling Enforcement Act of 2006, 31 USC 5361, et seq., (the "UIGEA"). You may not use your Account or any other service we offer to receive any

DEPOSIT ACCOUNT AGREEMENT AND DISCLOSURE (Continued)

funds, transfer, credit, instrument or proceeds that arise out of a business that is unlawful under the UIGEA. You agree that if anyone asks us to process a transaction that we believe is restricted under the UIGEA, we may block the transaction and take any other action we deem to be reasonable under the UIGEA and this Agreement.

NOTICES. The following terms apply to notices relating to your Account. (A) **Notice of Amendments.** You agree that the terms and conditions of the Agreement, including without limitation all rates, fees, and charges, may be amended by us from time to time. We will notify you of amendments as required by applicable law. Your continued use of the Account evidences your agreement to any amendment. Notices will be sent to the most recent address shown on our records for your Account. Only one notice will be given in the case of joint account holders. (B) **Account Changes.** Any account holder or person authorized to sign on an account is required to notify us in writing if any account holder or other person authorized to sign on an account dies or is declared incompetent by a court. It is your responsibility to notify us of any change in your address or name. We are required to honor items drawn only on the listed Account name. Further, we are required to attempt to communicate with you only at the most recent address provided to us.

ACCOUNT TERMINATION. You and we agree that either of us may close your Account and terminate this Agreement at any time with or without cause. We will provide written notice to you in advance if we decide to terminate your Account relationship for any reason other than abuse of the account relationship or to prevent a loss. You agree that advance written notice from us will be reasonable if it is mailed to your statement mailing address immediately upon account closure. You agree that in instances of account abuse or to prevent a loss, notice is reasonably given by us if mailed immediately upon account closure. You may close any of your accounts by notifying us in writing. When an interest bearing account is closed, there may be accrued interest that has not been credited to the account. In that case, we will pay you the interest UNLESS we have told you otherwise. Further, for security reasons, we may require you to close your Account and to open a new account if: there is a change in authorized signers; there has been a forgery or fraud reported or committed involving your Account; any Account checks are lost or stolen; you have too many transfers from your Account; or, any other provision of our Agreement with you is violated. After the Account is closed, we have no obligation to accept deposits or pay any outstanding checks. You agree to hold us harmless for refusing to honor any check drawn on a closed account. In the event that we close your Account, we may mail you a Cashier's Check for the applicable remaining Account balance. The termination of this Agreement and closing of an account will not release you from any fees or other obligations incurred prior to the date upon which this Agreement is terminated and an account closed, any fees assessed by us in the process of closing an account, or from your responsibility to maintain sufficient funds in an account to cover any outstanding checks or other debit items.

GOVERNING LAW. This Agreement shall be governed by and construed in accordance with all applicable federal laws and all applicable substantive laws of the State of Florida in which we are located and where you opened your account. In addition, we are subject to certain federal and state regulations and local clearing house rules governing the subject matter of the Agreement. You understand that we must comply with these laws, regulations, and rules. You agree that if there is any inconsistency between the terms of the Agreement and any applicable law, regulation, or rule, the terms of the Agreement will prevail to the extent any such law, regulation, or rule may be modified by agreement.

SYSTEMS AND SOFTWARE. We shall not be responsible to you for any loss or damages suffered by you as a result of the failure of systems and software used by you to interface with our systems or systems and software utilized by you to initiate or process banking transactions whether such transactions are initiated or processed directly with our systems or through a third party service provider. You acknowledge that you are solely responsible for the adequacy of systems and software utilized by you to process banking transactions and the ability of such systems and software to do so accurately.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

CREDIT VERIFICATION. You authorize us to request and obtain one or more credit reports about you from one or more credit reporting agencies for the purposes of considering your application for the Account, reviewing or collecting any Account opened for you, or for any other legitimate business purpose. You authorize us to disclose information about your account to a credit reporting agency if your Account was closed because you have abused it.

MISCELLANEOUS PROVISIONS. If you or your Account becomes involved in any legal proceedings, your use of the Account may be restricted. You agree not to use the Account in any illegal activity. We shall be entitled to act upon any legal process served upon us which we reasonably believe to be binding, with no liability to you for doing so. You understand that supervisory personnel may randomly monitor customer service telephone conversations to ensure that you receive accurate, courteous, and fair treatment. If you ask us to follow instructions that we believe might expose us to any claim, liability, or damages, we may refuse to follow your instructions or may require a bond or other protection, including your agreement to indemnify us. You agree to be liable to us, to the extent permitted by law, for any loss, costs, or expenses that we may incur as a result of any dispute or legal proceeding involving your Account. You authorize us to deduct any such loss, costs, or expenses from your Account without prior notice to you or to bill you separately. This obligation includes disputes between you and us involving your Account and situations where we become involved in disputes between you and an authorized signer, a joint owner, or a third party claiming an interest in your Account. It also includes situations where any action taken on your Account by you, an authorized signer, a joint owner, or a third party causes us to seek the advice of an attorney, whether or not we actually become involved in a dispute. Any action by us for reimbursement from you for any costs or expenses may also be made against your estate, heirs and legal representatives, who shall be liable for any claims made against and expenses incurred by us. If a court finds any provision of the Agreement to be invalid or unenforceable, such finding shall not make the rest of the Agreement invalid or unenforceable. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of the Agreement in all other respects shall remain valid and enforceable.

Member
FDIC

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBITS

EXHIBIT "A"	Contact Sheet
EXHIBIT "B"	Public Entity Crimes
EXHIBIT "C"	Drug-Free Workplace Certification
EXHIBIT "D"	E-Verify Statement
EXHIBIT "E"	Proposer Acknowledgements and Agreements
EXHIBIT "F"	Conflict of Interest
EXHIBIT "G"	Non-Collusion Affidavit
EXHIBIT "H"	Disputes Disclosure

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "A"
CONTACT SHEET

Name: Pineland Bank

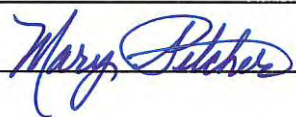
Federal Taxpayer ID: 58-0137310

Mailing Address: 715 Centre Street

City, State, & Zip Code: Fernandina Beach, FL 32034

Telephone: 904-261-8233 Fax: 904-261-8244

Email: mpitcher@pinelandbank.com

Submitted By: Mary Pitcher 

Title: Marketing & Service Manager

FIRM Accepts Credit Cards*: Yes ☒ No

Accounting Contact:

Name: Ashleigh Gillis Title: Chief Financial Officer

Email Address: agillis@pinelandbank.com Phone: 912-632-8631

***See preferred method of payment under "Prompt Payment Act" section of the General Conditions**

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "B"

SWORN STATEMENT UNDER F.S. SECTION 287.133(3) (A), ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICER AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted with Bid, Proposal or Contract for RFP 2019-01.
2. This sworn statement is submitted by (entity) Pineland Bank whose business address is 715 Centre St, Fernandina Beach, FL 32034 and (if applicable) Federal Employer Identification Number (FEIN) is 58-0137310 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: _____.)
3. My name is Mary Pitcher and my relationship to the entity named above is Employee/Manager.
4. I understand that a "public entity crime" as defined in Paragraph 287.133(a) (g). Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any proposal or contract for goods or services to be provided to any public entity or any agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
5. I understand that "convicted" or "conviction" as defined in paragraph 287.133(a) (b), Florida Statutes, means finding of guilt or a conviction of a public entity crime with or without an adjudication of guilt, in any federal or state trial court of records relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.
6. I understand that an "affiliate" as defined in Paragraph 287.133(1) (a), Florida Statutes, means:
 1. A predecessor or successor of a person convicted of a public entity crime; or
 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The City of Fernandina Beach, Florida ownership by one of shares constituting a controlling income among persons when not for fair interest in another person, or a pooling of equipment or income among persons when not for fair market value under a length agreement, shall be a prima facie case that one person controls another person. A person who was knowingly convicted of a public entity crime, in Florida during the preceding 36 months shall be considered an affiliate.

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

7. I understand that a "person" as defined in Paragraph 287.133(1) (e), Florida Statutes, means any natural person or entity organized under the laws of the state or of the United States with the legal power to enter into a binding contract for provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
8. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Please indicate which statement applies)

- X Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, nor affiliate of the entity have been charged with and convicted of a public entity crime subsequent to July 1, 1989.
- _____ The entity submitting this sworn statement, or one or more of the officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. (Please attach a copy of the final order.)
- _____ The person or affiliate was placed on the convicted FIRM list. There has been a subsequent proceeding before a hearing officer of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer determined that it was in public interest to remove the person or affiliate from the convicted FIRM list. (Please attach a copy of the final order.)
- _____ The person or affiliate has not been placed on the convicted FIRM list. (Please describe any action taken by, or pending with, the Department of General Services.)

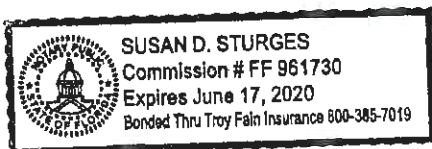
Mary Pitcher 3-12-19
Signature Date:

STATE OF FLORIDA
COUNTY OF DUSSAN

PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this 12 day of MARCH, 2019, and is personally known to me, or has provided ID/A as identification.

Susan D. Sturges
Notary Public
SUSAN D. STURGES

My Commission expires: 6-17-2020



THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "C"

DRUG-FREE WORKPLACE CERTIFICATION

The below-signed INDIVIDUAL/FIRM certifies that it has implemented a drug-free workplace program. In order to have a drug-free workplace prepare, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violation of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or services a copy of the statement specified in paragraph 1.
4. In the statement in paragraph 1., notify the employees that, as a condition of working on the commodities or contractual services that are under proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of nolo contendere to, any violation occurring in the workplace no later than five (5) working days after such conviction.
5. Impose a sanction on, or require fine satisfactory participation in drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign this statement, I Certify that this firm complies fully with the above drug-free workplace requirements.

COMPANY: Pineland Bank

CITY: Fernandina Beach STATE: FL ZIP CODE: 32034

SIGNATURE:  PHONE: 904-261-8233

NAME (TYPED OR PRINTED): Mary Pitcher TITLE: Marketing & Service Manager

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "D"
E-VERIFY STATEMENT

Bid/Proposal Number: _____

Project Description: RFP #2019-01 Comprehensive Banking & Treasury Management Services

I/FIRM acknowledges and agrees to the following:

I/FIRM shall utilize the U.S. Department of Homeland Security's E-Verify system, in accordance with the terms governing use of the system, to confirm the employment eligibility of:

1. All persons employed by the FIRM during the term of the Contract to perform employment duties within Florida; and
2. All persons assigned by the FIRM to perform work pursuant to the contract with the Department.

Individual/Company/Firm: Mary Pitcher

Authorized Signature: 

Title: Marketing & Service Manager

Date: 3-12-19

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "E"

PROPOSER ACKNOWLEDGEMENTS AND AGREEMENTS

The undersigned, as an employee or agent of the Proposer, having the authority to sign a binding agreement on behalf of the corporation, company, or firm presenting this submittal, confirms understanding and/or agreement and/or takes exception with any statement in the following sections of this RFP document.

1. INTRODUCTION AND GENERAL INFORMATION
Understands and agrees to all terms.
2. PROPOSAL INSTRUCTIONS, TERMS AND CONDITIONS
Understands and agrees to all terms.
3. EVALUATION AND CONTRACT OVERVIEW
Understands and agrees to all terms.
4. PROPOSER'S RESPONSE: SUBMITTAL INFORMATION
Understands and agrees to all terms.
5. PROPOSER'S RESPONSE: PROPOSED TEAM
Understands and agrees to all terms.
6. PROPOSER'S RESPONSE: PROPOSED COMPENSATION
Understands and agrees to all terms.

Name: Mary Pitcher Title: Marketing & Service Manager

Signature:  Date: 3-12-19

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "F"

CONFLICT OF INTEREST STATEMENT

This sworn statement is submitted with Bid, Proposal or Contract for RFP #2019-01.

This sworn statement is submitted by (entity) Pineland Bank whose business address is 715 Centre St, Fernandina Beach, FL 32034 and (if applicable) Federal Employer Identification Number (FEIN) is 58-0137310 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: _____.)

My name is Mary Pitcher and my relationship to the entity named above is Employee/Manager.

1. The above named entity is submitting a Proposal for the City of Fernandina Beach.
2. The Affiant has made diligent inquiry and provides the information contained in the Affidavit based upon his/her own knowledge.
3. The Affiant states that only one submittal for the above proposal is being submitted and that the above named entity has no financial interest in other entities submitting proposals for the same project.
4. Neither the Affiant nor the above named entity has directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraints of free competitive pricing in connection with the entity's submittal for the above proposal. This statement restricts the discussion of pricing data until the completion of negotiations if necessary and execution of the Contract for this project.
5. Neither the entity nor its affiliates, nor anyone associated with them, is presently suspended or otherwise ineligible from participation in contract letting by any local, State, or Federal Agency.
6. Neither the entity nor its affiliates, nor anyone associated with them have any potential conflict of interest due to any other clients, contracts, or property interests for this project.
7. I certify that no member of the entity's ownership or management is presently applying for an employee position or actively seeking an elected position with the City of Fernandina Beach.
8. I certify that no member of the entity's ownership or management, or staff has a vested interest in any aspect of the City of Fernandina Beach.
9. In the event that a conflict of interest is identified in the provision of services, I, on behalf of the above named entity, will immediately notify the City of Fernandina Beach.

Signature

Date:

STATE OF FLORIDA

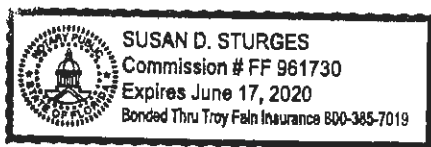
COUNTY OF NASSAU

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this 12 day of MARCH, 2019, and is personally known to me, or has provided N/A as identification.

Susan D. Sturges
Notary Signature
Susan D. Sturges

My Commission expires: 6-17-2020



THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "G"

NON-COLLUSION AFFIDAVIT

This sworn statement is submitted with Bid, Proposal or Contract for RFP #2019-01.

This sworn statement is submitted by (entity) Pineland Bank whose business address is 715 Centre St, Fernandina Beach, FL 32034 and (if applicable) Federal Employer Identification Number (FEIN) is 58-0137310 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: _____.)

My name is Mary Pitcher and my relationship to the entity named above is Employee/Manager.

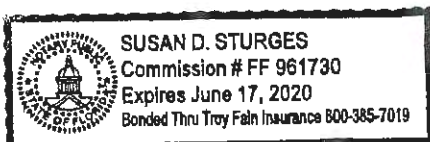
1. The above named is fully informed respecting the preparation and contents of the attached proposal and of all pertinent circumstances respecting such proposal;
2. Such Proposal is genuine and is not a collusive or sham proposal;
3. Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this affiant, has in any way colluded, connived, or agreed, directly or indirectly, with any other Bidder/Proposer, firm or person to submit a collusive or sham Proposal in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder/Proposer, firm, or person to fix the price or prices in the attached proposal or any other Bidder/Proposer, or to fix any overhead, profit or cost element of the proposal price or the proposal price of any other Bidder/Proposer, or to secure through any collusion, connivance, or unlawful agreement any advantage against the City of Fernandina Beach, Florida or any person interested in the proposed Contract; and
4. The price or prices quoted in the attached proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder/Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

Mary Pitcher 3-12-19
Signature Date:

STATE OF FLORIDA
COUNTY OF DADE

PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this 12 day of March, 2019, and is personally known to me, or has provided N/A as identification.

Susan D. Sturges My Commission expires: 6-17-2020
Notary Signature SUSAN D. STURGES



THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

**CITY OF FERNANDINA BEACH
REQUEST FOR PROPOSAL RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT SERVICES**

EXHIBIT "H"

DISPUTES DISCLOSURE FORM

Answer the following questions by placing an "X" after "YES" or "NO". If you answer "YES", please explain in the space provided, or via attachment.

Has your firm or any of its officers, received a reprimand of any nature or been suspended by the Department of Professional Regulations or any other regulatory agency or professional association within the last five (5) years?

YES___ NO X

Has your firm, or any member of your firm, been declared in default, terminated or removed from a contract or job related to the services your firm provides in the regular course of business within the last five (5) years?

YES___ NO X

Has your firm had against it or filed any request for equitable adjustment, contract claims, bid protest, or litigation in the past five (5) years that is related to the services your firm provides in the regular course of business?

YES___ NO X

If yes, state the nature of the request for equitable adjustment, contract claim, litigation, or protest, and state a brief description of the case, the outcome or status of the suit and the monetary amounts or extended contract time involved.

I hereby certify that all statements made are true and agree and understand that any misstatement or misrepresentation or falsification of facts shall be cause for forfeiture of rights for further consideration of this proposal for the City of Fernandina Beach.

Pineland Bank

3-12-19

Firm

Date

Authorized Signature

Mary Pitcher

Printed or Typed Name and Title

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

City of Fernandina Beach, Florida
Addendum No. 1
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

ADDENDUM No. 1

The following changes are applicable to the original **RFP** documents and specifications of **RFP 2019-01**. This **Addendum No.1** now becomes part of the original Request for Proposal and shall be acknowledged by attaching a copy of this Addendum, signed by an authorized representative of the person or company submitting bids. Failure to do so may disqualify the submittal.

Respondents shall thoroughly familiarize themselves with the contents of this Addendum before submitting their response.

NAME: Mary Pitcher **TITLE:** Marketing & Service Manager

ADDRESS: 715 Centre Street

CITY: Fernandina Beach **STATE:** FL

AUTHORIZED SIGNATURE:  **DATE:** 3-12-19

City of Fernandina Beach, Florida
Addendum No. 1
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

1. Does the City want agreements included from Synovus since the services are already in place? *The City would like the documentation requested in the RFP, but there is an option to attach any other documents.*
2. Is the Pro-forma Account Analysis Response Form what you want completed with Dec 2018 info as referenced in account analysis request? There isn't anywhere to show ECR, compensating balances, so would you like a separate form completed. *The City would like the Unit Cost and Annual Cost using an Average Daily Balance.*
3. Monthly Account statements – requesting on thumb drives – these are available on Business Internet Banking. Is this sufficient? *Yes. The City currently uses the online Imaging Service.*
4. What are you looking for in the bank exceptions section? *How your institution would handle a banking exception such as; stop payment, check out of sequence, stale date etc.*
5. What do we need to show to prove that we are a qualified public depository? *Proof of the QPD Status is usually in the form of an adopted resolution*
6. Can we email an electronic version of the proposal versus providing it on a flash drive? *No, The electronic version must be with the sealed bid package.*
7. Can you give us some guidance as to what portion of your deposits you are anticipating would earn interest? *Currently the fees are offset by the interest earned.*
8. Are we required to use only that amount in our response or do we have the option to prepare the proforma illustrating the balances that are needed to cover all service charges? *You are not required to use only that amount. You can use the balances needed to cover all service charges.*
9. Please advise on the current total card limit *The City has a total credit card limit of \$150,000. Only \$90,000 is spread among 33 credit cards.*
10. Please advise on the average total monthly (or annual) spend *The average monthly spent is approximately \$26,000*

End of Addendum No. 1

City of Fernandina Beach, Florida
Addendum No. 2
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

ADDENDUM No. 2

The following changes are applicable to the original **RFP** documents and specifications of **RFP 2019-01**. This **Addendum No.2** now becomes part of the original Request for Proposal and shall be acknowledged by attaching a copy of this Addendum, signed by an authorized representative of the person or company submitting bids. Failure to do so may disqualify the submittal.

Respondents shall thoroughly familiarize themselves with the contents of this Addendum before submitting their response.

NAME: Mary Pitcher **TITLE:** Marketing & Service Manager

ADDRESS: 715 Centre Street

CITY: Fernandina Beach **STATE:** FL

AUTHORIZED SIGNATURE:  **DATE:** 3-12-19

City of Fernandina Beach, Florida
Addendum No. 2
For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

1. Would you still like other City government references from us even though you are already banking with us? **Yes**
2. What information are you looking for regarding investments when you ask for “a short and long term investment advantage”? ***What you offer with regards to overnight investments and interest rates***
3. On the Pro Forma Account Analysis Response Form, “Recon tape output – partial” is listed. Would this be a transmission file? ***This might have be a file sent in the past. We currently do not receive a file***

End of Addendum No. 2



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

03/08/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Advantage South LLC 134 GA Hwy 32 Bypass Alma GA 31510		CONTACT NAME: Mariela Delgado PHONE (A/C, No, Ext): (912) 632-3276 E-MAIL ADDRESS: mariela@advantagesouth.net FAX (A/C, No): (912) 632-4103	
INSURED South Banking Company Inc P.O. BOX 1988 501 W 12th Street Alma GA 31510		INSURER(S) AFFORDING COVERAGE INSURER A: AMGUARD INS CO INSURER B: Owners Ins Co (AUTO-OWNERS) INSURER C: Owners Ins Co (AUTO-OWNERS) INSURER D: INSURER E: INSURER F:	
		NAIC # 42390 32700 32700	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PROJECT ☐ LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
B	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ OWNED AUTOS ONLY ☐ HIRED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS ONLY			45-044035-00	05/16/2018	05/16/2019	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
C	☒ UMBRELLA LIAB ☐ EXCESS LIAB DED ☒ RETENTION \$ 5,000			45-089777-00	06/24/2018	06/24/2019	EACH OCCURRENCE AGGREGATE
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	SOWC966748	12/01/2018	12/01/2019	PER STATUTE OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

03/08/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0E67768 Insurance Office of America, Inc. 1 Sleiman Parkway Suite 130 Jacksonville, FL 32216	CONTACT NAME: Diana Carrion	
	PHONE (A/C, No, Ext): (904) 394-3964 22120	FAX (A/C, No): (904) 261-9960
	E-MAIL ADDRESS: Diana.Carrion@ioausa.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Southern-Owners Insurance Company	10190
INSURED Pineland Bank P. O. Box 1355 Kingsland, GA 31548	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES	CERTIFICATE NUMBER:	REVISION NUMBER:
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.		

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC ☒ OTHER: 2x Agg limit=12 months			78263945	08/01/2018	08/01/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☐ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER	CANCELLATION
City of Fernandina Beach 204 Ash Street Fernandina Beach, FL 32034	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>A. H. B. II</i>



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

03/08/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER H H Burnet & Company, Inc. P.O. Box 1787 210 Tebeau Street Waycross GA 31502-1787		CONTACT NAME: Henry Clarke PHONE (A/C, No, Ext): (912) 282-3628 E-MAIL ADDRESS: burnetins@gmail.com FAX (A/C, No): (912) 283-3550
INSURED Pineland Bank 501 West 12th Street Alma, GA 31510		INSURER(S) AFFORDING COVERAGE INSURER A: Travelers Casualty and Surety Company of America INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADD'L SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC ☐ OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N ☐ N/A					PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Bankers Professional Liability-		106088676	05/30/2018	05/30/2019	Professional Services Aggregate \$3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Commercial Banking

\$75,000 Retention

CERTIFICATE HOLDER

CANCELLATION

City of Fernandina Beach Fernandina Beach FL	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>T. Henry Clarke</i>
--	---

© 1988-2015 ACORD CORPORATION. All rights reserved.

12-0286-00
INSURANCE OFFICE OF AMERICA INC
1 SLEIMAN PKWY STE 130
JACKSONVILLE FL 32216-8045

Auto-Owners **INSURANCE**

LIFE • HOME • CAR • BUSINESS

P.O. BOX 30660 • LANSING, MICHIGAN 48909-8160

Southern-Owners Insurance Company

06-18-2018

PINELAND BANK
PO BOX 1355
KINGSLAND GA 31548-1355

Remember, you can view your policy, pay your bill or change your paperless options any time online, at **www.auto-owners.com**. If you have not already enrolled your policy, you may do so using policy number **082322-78263945-18** and Personal ID Code (PID) **74P 9K4 R4C**.

Your agency's phone number is 904-448-9777.

RE: Policy 082322-78263945-18

Thank you for selecting Auto-Owners Insurance Group to serve your insurance needs! Feel free to contact your independent Auto-Owners agent with questions you may have.

Auto-Owners and its affiliate companies offer a variety of programs, each of which has its own eligibility requirements, coverages and rates. In addition, Auto-Owners also offers many billing options. Please take this opportunity to review your insurance needs with your Auto-Owners agent, and discuss which company, program, and billing option may be most appropriate for you.

Auto-Owners Insurance Company was formed in 1916. The Auto-Owners Insurance Group is comprised of five property and casualty companies and a life insurance company. Our A++ (Superior) rating by A.M. Best Company signifies that we have the financial strength to provide the insurance protection you need.

~ Serving Our Policyholders and Agents Since 1916 ~

Florida
POLICYHOLDER INFORMATION AND ASSISTANCE

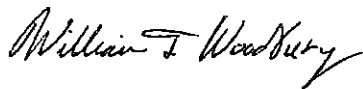
We are here to serve you and as our policyholder your satisfaction is very important to us. Should you have any questions or a complaint regarding your policy that cannot be resolved by your agent, you may contact our Tallahassee Regional Office for information and assistance by calling 850-216-3180.

Auto-Owners Insurance Company
Owners Insurance Company
Southern-Owners Insurance Company

***Tailored Protection
Insurance Policy***

Southern-Owners Insurance Company

In witness whereof, we, the Southern-Owners Insurance Company, have caused this policy to be issued and to be duly signed by our President and Secretary.

Handwritten signature of William T. Woodbury in cursive script.

Secretary

Handwritten signature of Daniel G. Thelen in cursive script.

President

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

AGENCY INSURANCE OFFICE OF AMERICA INC
12-0286-00 MKT TERR 123 904-448-9777

Renewal Effective 08-01-2018

POLICY NUMBER 082322-78263945-18

INSURED PINELAND BANK

Company Use 78-23-GA-0808

ADDRESS PO BOX 1355

Agency
Bill

Policy Term	
12:01 a.m.	12:01 a.m.
08-01-2018	to 08-01-2019

KINGSLAND GA 31548-1355

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

55039 (11-87)

COMMON POLICY INFORMATION

Business Description: Community Bank

Entity: Corporation

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S):	PREMIUM
COMMERCIAL GENERAL LIABILITY COVERAGE	\$1,945.00
TOTAL	\$1,945.00

THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Forms that apply to all coverage part(s) shown above (except garage liability, dealer's blanket, commercial automobile, if applicable):
55156 (07-12)

Countersigned By: INSURANCE OFFICE OF AMERICA INC

Southern-Owners Ins. Co.

Issued 06-18-2018

AGENCY INSURANCE OFFICE OF AMERICA INC
12-0286-00 MKT TERR 123Agency POLICY NUMBER 082322-78263945-18
Bill 78-23-GA-0808

INSURED PINELAND BANK

Term 08-01-2018 to 08-01-2019

55040 (11-87)

COMMERCIAL GENERAL LIABILITY COVERAGE

COVERAGE	LIMITS OF INSURANCE
General Aggregate	\$2,000,000
(Other Than Products-Completed Operations)	
Products-Completed Operations Aggregate	\$1,000,000
Personal Injury and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Damage to Premises Rented to You (Fire Damage)	\$50,000 Any One Premises
Medical Payments	\$5,000 Any One Person

Twice the "General Aggregate Limit", shown above, is provided at no additional charge for each 12 month period in accordance with form 55300.

AUDIT TYPE: Non-Audited

Forms that apply to this coverage:

CG2238 (07-98)	59351 (01-15)	55146 (06-04)	55300 (07-05)	IL0017 (11-85)
55296 (09-09)	CG0220 (03-12)	55481 (02-11)	IL0021 (07-02)	55513 (11-11)
55592 (02-14)	55637 (09-14)	55719 (11-15)	55718 (11-15)	

LOCATION 0001 - BUILDING 0001

Location: 715 Centre St, Fernandina Beach, FL 32034-3940

Territory: 006

County: Nassau

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Buildings Or Premises - Bank Or Other Financial Institutions	61223	Prem/Op Prod/Comp Op	Area 5,000 5,000	Each 1000 386.213 2.885	\$1,931.00 \$14.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0001 SUMMARY

	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59351	EXCLUDED
LOCATION 0001	\$1,945.00

55296 (9-09)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. The following exclusion is added to **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions:**

Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

2. The following exclusion is added to **SECTION I - COVERAGES, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY, 2. Exclusions:**

Recording And Distribution Of Material Or Information In Violation Of Law

"Personal injury" or "advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

All other policy terms and conditions apply.

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

**COMMERCIAL GENERAL LIABILITY
55481 (2-11)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - FINANCIAL SERVICES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., **Exclusions of SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and Paragraph 2., **Exclusions of SECTION I - COVERAGES, B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY**:

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" resulting from the rendering of or the failure to render financial services by any insured to others. For the purpose of this exclusion, financial services include but are not limited to:

1. Planning, administering or advising on:

a. Any:

- (1)** Investment;
- (2)** Pension;
- (3)** Annuity;
- (4)** Savings;
- (5)** Checking; or
- (6)** Individual retirement plan, fund or account;

b. The issuance or withdrawal of any bond, debenture, stock or other securities;

- c. The trading of securities, commodities or currencies; or**
- d. Any acquisitions or mergers;**
- 2. Acting as a dividend disbursing agent, exchange agent, redemption or subscription agent, warrant or scrip agent, fiscal or paying agent, tax withholding agent, escrow agent, clearing agent, or electronic funds transfer agent;**
- 3. Lending, or arranging for the lending of, money, including credit card, debit card, leasing or mortgage operations or activities or interbank transfers;**
- 4. Repossessing of real or personal property from a borrower or acting as an assignee for the benefit of creditors;**
- 5. Checking or reporting of credit;**
- 6. Maintaining of financial accounts or records;**
- 7. Tax planning, tax advising or the preparation of tax returns; or**
- 8. Selling or issuing travelers checks, letters of credit, certified checks, bank checks or money orders.**

All other policy terms and conditions apply.

55592 (2-14)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY - WITH LIMITED BODILY INJURY EXCEPTION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following is added to Paragraph 2. Exclusion
Section I - Coverage A - Bodily Injury And
Property Damage Liability:**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or
Personal Information And Data-related
Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of non-public information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above. However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), hard or floppy disks,

CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**B. The following is added to Paragraph 2. Exclusions
of Section I - Coverage B - Personal Injury And
Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or
Personal Information**

"Personal injury" and "advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRODUCTS-COMPLETED OPERATIONS HAZARD AMENDATORY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Under **SECTION V- DEFINITIONS, 17.**

"Products-completed operations hazard" is deleted and replaced by the following.

17. "Products-completed operations hazard":

- a.** Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1)** Products that are still in your physical possession; or
 - (2)** Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a)** When all of the work called for in your contract has been completed.
 - (b)** When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

- (c)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b.** Does not include "bodily injury" or "property damage" arising out of:
 - (1)** The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2)** The existence of tools, uninstalled equipment or abandoned or unused materials.

All other policy terms and conditions apply.

55719 (11-15)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA AMENDATORY ENDORSEMENT SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Under **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B, 5.** is deleted and replaced by the following.

- 5.** All costs taxed against the insured in the “suit” we defend. However, such costs shall not include attorneys’ fees or attorneys’ expenses taxed against

the insured unless the attorneys’ fees or attorneys’ expenses were taxed against the insured as a result of our rejection of an offer of judgment at or below the applicable limit of insurance while providing a defense for that insured.

All other policy terms and conditions apply.

**COMMERCIAL GENERAL LIABILITY
55146 (6-04)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UPSET AND OVERSPRAY COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed the coverage for "property damage" liability with respect to your operations is extended as follows:

1. COVERAGE

We will pay those sums which you become legally obligated to pay for "property damage" caused directly by immediate, abrupt and accidental:

- a. Upset, overturn or collision of your "mobile equipment" while transporting; or
- b. "Overspray" during your application or dispersal of

"pollutants" which are intended for and normally used in your operations. The operations must be in compliance with local, state, and federal ordinances and laws.

This is not an additional amount of insurance and does not increase the Limits of Insurance stated in the Declarations.

2. EXCLUSIONS

- a. With regard only to the coverage provided by this endorsement, Exclusion f. of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is deleted and replaced by the following:

f. Pollution

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

However, this paragraph does not apply to liability for damages because of covered "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

- b. The following exclusion is added to Paragraph 2., **Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability**:

This coverage does not apply to "overspray" resulting from aerial application or dispersal of "pollutants".

3. DEDUCTIBLE

Any deductible provision of the policy which is applicable to Property Damage Liability coverage applies to this coverage extension.

4. DEFINITIONS

The following definition applies in addition to those in the policy.

"Overspray" means spray, from a device specifically designed for spray application or dispersal, that goes beyond the entire area of intended application or dispersal.

All other policy terms and conditions apply.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may at our discretion investigate any claim or "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "bodily injury" or "property damage" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".

(2) That the insured would have in the absence of the contract or agreement.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers Compensation And Similar Laws

Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of employment by the insured; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
- (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible;
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of covered "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading and unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, occupy or use, including any cost or expense incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Property that any of your:

- (a)** "Employees";
- (b)** "Volunteer workers";
- (c)** Partners or members (if you are a partnership or joint venture); or
- (d)** Members (if you are a limited liability company)

own, rent, occupy or use. However, this exclusion **j.(2)**, shall not apply to your liability for damage to such property;

- (3)** Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (4)** Property loaned to you;
- (5)** Personal property in the care, custody or control of, or over which physical control is being exercised for any purpose by any insured;
- (6)** That particular part of real property on which any insured or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (7)** That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs **(1)**, **(2)**, **(4)** and **(5)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section **III - Limits Of Insurance**.

Paragraph **(3)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(4)**, **(5)**, **(6)** and **(7)** of this exclusion do not apply to liability assumed under a side-track agreement.

Paragraph **(7)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1)** A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2)** A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1)** "Your product";
- (2)** "Your work"; or
- (3)** "Impaired property"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal Injury And Advertising Injury

"Bodily injury" arising out of "personal injury" or "advertising injury".

p. Employment-Related Practices

"Bodily injury" to:

(1) A person arising out of any:

- (a) Refusal to employ a person;
- (b) Termination of a person's employment;
- (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, re-assignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
- (d) Criminal or civil action brought against a person by or at the direction of the insured directly or indirectly related to any offense described in (a), (b), or (c) above; or

(2) Anyone as a consequence of "bodily injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

q. Asbestos

Any claim, "suit", action or proceeding against any insured arising out of the discharge,

dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

r. Communicable Disease

"Bodily Injury" arising out of or resulting from the transmission of any communicable disease by any insured.

s. Silica Or Silica-Related Dust

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY**1. Insuring Agreement**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may at our discretion investigate any claim or offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

b. This insurance applies to "personal injury" and "advertising injury" only if:

- (1) The "personal injury" or "advertising injury" is caused by an offense arising out of your business; and
- (2) The offense causing the "personal injury" or "advertising injury" was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to "personal injury" or "advertising injury":

a. Knowing Violation Of Rights Of Another Or Expected Or Intended Injury

- (1) Caused by or at the direction of any insured with the knowledge that the act would violate the rights of another and would inflict "personal injury" or "advertising injury"; or
- (2) Expected or intended by any insured. This exclusion a.(2), does not apply to "personal injury".

b. Material Published With Knowledge Of Falsity

Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

Arising out of a criminal act or violation of a penal statute or ordinance committed by or at the direction of the insured.

e. Contractual Liability

For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach of Contract

Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods - Failure To Conform To Statements Or Representations

Arising out of the failure of goods, products or services to conform with any statement or representation of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

Arising out of the wrong description of the price of goods, products or services.

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

Arising out of the infringement of copyright, patent, "trademark", trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement" of copyright, "trade dress" or slogan.

j. Insureds In Media And Internet Type Businesses

Committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 15. a., b. and c. of "personal injury" under Section V - Definitions.

For the purposes of j.(1) of this exclusion, the placing of frames, borders, links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

Arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control for any purpose.

l. Unauthorized Use Of Another's Name Or Product

Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

- (1) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) For any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

n. Employment-Related Practices

- (1) Arising out of any:
 - (a) Refusal to employ a person;
 - (b) Termination of a person's employment;
 - (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
 - (d) Criminal or civil action brought against a person by or at the direction of the

insured directly or indirectly related to any offense described in (a), (b), or (c) above; or

- (2) To anyone as a consequence of "personal injury" or "advertising injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

o. Asbestos

For any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

p. Communicable Disease

Arising out of or resulting from the transmission of any communicable disease by any insured.

q. War

However, caused, arising directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

r. Silica Or Silica-Related Dust

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;

provided that:

 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefit law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletics contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. Asbestos

For any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos related particle, dust, irritant, contaminant, pollutant, toxic element or material.

i. Communicable Disease

Arising out of or resulting from the transmission of any communicable disease by any insured.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

If Coverage A or B apply, we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$2000 for premiums on bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We have no obligation to apply for or furnish these bonds.
3. Premiums on appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We have no obligation to apply for or furnish these bonds.
4. All reasonable expenses incurred by the insured at our request including actual loss of earnings up to \$250 a day because of time off from work.
5. All costs taxed against the insured in the "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your

managers are insureds, but only with respect to their duties as your managers.

- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business, or your "volunteer workers" only while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for "bodily injury", "personal injury" or "advertising injury":

- (1) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (2) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) above;
 - (3) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1) or (2) above; or
 - (4) Arising out of his or her providing or failing to provide professional health care services.
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products completed operations hazard"; and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal Injury and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. The Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises,

while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.
8. Beginning with the effective date of this policy, we will provide twice the General Aggregate Limit (other than Products-Completed Operations), shown in the Declarations.

If this policy is written for more than one 12 month period, the General Aggregate Limit for each 12 month period shall never exceed twice the General Aggregate Limit shown in the Declarations. The General Aggregate Limit applies separately to each 12 month period starting with the beginning of the policy period shown in the Declarations.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
- (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If any claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of any claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of any claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any correspondence, demands, notices, summonses or papers in connection with any claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of any claim or defense of any "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against

an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverage A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

- (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
- (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
- (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** - Coverage **A** - Bodily Injury And Property Damage Liability.

- (2) Any other primary insurance available to an insured, other than an additional insured, covering liability for damages arising out of the premises or operations, or the products

and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverage **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send

notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. Motor Vehicle Laws

We will provide coverage:

- a. Up to the minimum required limits; and

- b. Subject to all the terms and conditions of the policy

to comply with any motor vehicle insurance law to the extent such law applies to the "mobile equipment" covered by this Coverage Part.

However, this coverage only applies in the absence of any other applicable insurance.

SECTION V - DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purpose of attracting customers or supporters is considered an advertisement.

- 2. "Advertising injury" means injury arising out of one or more of the following offenses:

- a. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services in your "advertisement";
- b. Oral or written publication, in any manner, of material that violates a person's right of privacy in your "advertisement";
- c. The use of another's advertising idea in your "advertisement"; or
- d. Infringing upon another's copyright, "trade dress" or slogan in your "advertisement".

- 3. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

- 4. "Bodily injury" means bodily injury, bodily sickness or bodily disease sustained by a person, including death resulting from any of these at any time.

5. "Coverage territory" means:

- a.** The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b.** International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above; or
- c.** All other parts of the world if the injury or damage arises out of:
 - (1)** Goods or products made or sold by you in the territory described in **a.** above;
 - (2)** The activities of a person whose home is in the territory described in **a.** above, but is away for a short time on your business; or
 - (3)** "Personal injury" or "advertising injury" offenses that take place through the Internet or similar electronic means of communication

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in **a.** above or in a settlement we agree to.

6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".**7. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.****8. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.****9. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:**

- a.** It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b.** You have failed to fulfill the terms of a contract or agreement

if such property can be restored to use by:

- a.** The repair, replacement, adjustment or removal of "your product" or "your work"; or
- b.** Your fulfilling the terms of the contract or agreement.

10. "Insured contract" means:

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement; or
- f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings,

opinions, reports, surveys, field orders, change orders or drawings and specifications; or

- (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

12. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

13. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;

- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

- (1) Power cranes, shovels, loaders, diggers or drills; or
- (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
- (2) Cherry pickers and similar devices used to raise or lower workers; or

- f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:

- (a) Snow removal;
- (b) Road maintenance, but not construction or resurfacing; or
- (c) Street cleaning;

- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; or

- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

14. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

15. "Personal injury" means other than "bodily injury" arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy.

16. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

17. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, shown in the Declarations, states that products-completed operations are included.

18. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs; tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

19. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

20. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

- 21.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:
- An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- 22.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- 23.** "Trademark" means any registered or unregistered word, name, symbol, sign, device or any combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or source of such goods, products or services, even if the origin or source is unknown. "Trademark" includes registered "trade dress" and "trade dress" which is used with or incorporates any "trademark".
- 24.** "Trade dress" means the unregistered and non-functional distinctive packaging, appearance, image, design, color scheme or shape or combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or source of such goods, products or services, even if the source is unknown. "Trade dress" does not include:
- Registered "trade dress";
 - "Trademark"; or
 - "Trade dress" which is used with or incorporates any "trademark".
- 25.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

26. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2) The providing of or failure to provide warnings or instructions.

- c.** Does not include vending machines or other property rented to or located for the use of others but not sold.

27. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

**COMMERCIAL GENERAL LIABILITY
55513 (11-11)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYER'S LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. **SECTION I - COVERAGES** is amended as follows. Under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, 2. **EXCLUSIONS**, exclusion **e. Employer's Liability** is deleted and replaced by the following exclusion.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of any insured arising out of and in the course of employment by any insured; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether any insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by any insured under an "insured contract".

2. **SECTION II - WHO IS AN INSURED** is amended as follows.

Paragraph 1. is deleted and replaced by the following.

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business.

- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

However, with respect to paragraphs 1.a. through 1.e. above, no person is an insured for "bodily injury", "personal injury" or "advertising injury":

- a. To:

- (1) You and your spouse if the Named Insured is an individual;
 - (2) Your members, your partners and their spouses if the Named Insured is a partnership or joint venture;
 - (3) Your members if the Named Insured is a Limited Liability Company;
 - (4) Your "executive officers" and directors if the Named Insured is other than a partnership, joint venture or limited liability company; or
 - (5) Your trustees if the Named Insured is a trust.
- b. To an "employee" of any insured while in the course of his or her employment or performing duties related to the conduct of any insured's business.
 - c. To any insured's "volunteer workers" while performing duties related to the conduct of any insured's business;
 - d. To the spouse, child, parent, brother or sister of any "employee" or "volunteer worker" as a consequence of Paragraphs b. or c. immediately above.

- e. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs a., b. and c. immediately above.

- f. Arising out of his or her providing or failing to provide professional health care services.

All other policy terms and conditions apply.

55718 (11-15)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - UNMANNED AIRCRAFT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.g. Aircraft, Auto Or Watercraft under SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY is deleted and replaced by the following.**

2. Exclusions

This insurance does not apply to:

g. Aircraft, Auto Or Watercraft

(1) Unmanned Aircraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance,

use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a)** A watercraft while ashore on premises you own or rent;
- (b)** A watercraft you do not own that is:
 - (i)** Less than 26 feet long; and
 - (ii)** Not being used to carry persons or property for a charge;
- (c)** Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (d)** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (e)** "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

- B. The following exclusion is added to Paragraph 2. Exclusions of COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY.**

2. Exclusions

This insurance does not apply to:

Unmanned Aircraft

"Personal injury" or "advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal injury"

or "advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

- a. The use of another's advertising idea in your "advertisement"; or
- b. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

C. The following definition is added to **SECTION V - DEFINITIONS**.

"Unmanned aircraft" means an aircraft that is not:

- 1. Designed;
 - 2. Manufactured; or
 - 3. Modified after manufacture
- to be controlled directly by a person from within or on the aircraft.

All other policy terms and conditions apply.

COMMERCIAL GENERAL LIABILITY
CG 02 20 03 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART

- A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. **Cancellation Of Policies In Effect:**

a. **For 90 Days Or Less**

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
- (2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
 - (a) A material misstatement or misrepresentation; or
 - (b) A failure to comply with the underwriting requirements established by the insurer.

b. **For More Than 90 Days**

If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;
- (3) Failure to comply with underwriting requirements established by the insurer within 90 days of the effective date of coverage;
- (4) A substantial change in the risk covered by the policy; or

- (5) The cancellation is for all insureds under such policies for a given class of insureds.

If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

- (a) 10 days before the effective date of cancellation if we cancel for non-payment of premium;
- (b) 45 days before the effective date of cancellation if we cancel for any of the other reasons stated in paragraph 2.b.

- B. Paragraph 3. of the **Cancellation** Common Policy Condition is replaced by the following:

3. We will mail or deliver our notice to the first Named Insured at the last mailing address known to us.

- C. Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any pre-

mium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.

- D.** The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the reason for nonrenewal, at least 45 days prior to the expiration of this policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

COMMERCIAL GENERAL LIABILITY
CG 22 38 07 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - FIDUCIARY OR REPRESENTATIVE LIABILITY OF FINANCIAL INSTITUTIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- | | |
|--|---|
| <p>A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:
This insurance does not apply to "bodily injury" or "property damage" arising out of the ownership, maintenance or use, including all related operations, of property for which you are acting in a fiduciary or representative capacity.</p> | <p>B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:
This insurance does not apply to "personal and advertising injury" arising out of the ownership, maintenance or use, including all related operations, of property for which you are acting in a fiduciary or representative capacity.</p> |
|--|---|

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM
and
IMPORTANT INFORMATION REGARDING TERRORISM RISK
INSURANCE COVERAGE**

It is agreed:

1. The following definition applies:

Certified act of terrorism means any act certified by the Secretary of the Treasury, in consultation with:

- a. the Secretary of Homeland Security; and
- b. the Attorney General of the United States

to be an act of terrorism as defined and in accordance with the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).

Under the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act) a terrorist act may be certified:

- a. if the aggregate covered commercial property and casualty insurance losses resulting from the terrorist act exceed \$5 million; and
- b. **(1)** if the act of terrorism is:
 - a) a violent act; or
 - b) an act that is dangerous to human life, property or infrastructure; and
- (2)** if the act is committed:
 - a) by an individual or individuals as part of an effort to coerce the civilian population of the United States; or
 - b) to influence the policy or affect the conduct of the United States government by coercion.

2. The following exclusion is added:

We shall not pay:

- a. for any loss caused directly or indirectly by a **certified act of terrorism**, whether or not any other cause or event contributed concurrently or in any sequence to the loss.
- b. sums any insured becomes legally obligated to pay because of or arising out of bodily injury, property damage, personal injury or advertising injury, if covered by this insurance, caused by a **certified act of terrorism**.

All other policy terms and conditions apply.

IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE

The Terrorism Risk Insurance Act of 2002 was signed into law on November 26, 2002. The Act (including ensuing Congressional actions pursuant to the Act) defines an act of terrorism, to mean any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States to be (i) an act of terrorism; (ii) to be a violent act or an act that is dangerous to human life, property or infrastructure; (iii) to have resulted in damage within the United States or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

At your request, this policy does not provide insurance coverage for certified acts of terrorism as defined in the Act. "Excluded" is shown on the Declarations page under this coverage. In the event of a certified act of terrorism, future policies also may include a government assessed terrorism loss risk-spreading premium in accordance with the provisions of the Act.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATIONS OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

**F. TRANSFER OF YOUR RIGHTS AND DUTIES
UNDER THIS POLICY**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located

within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" include radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.



Request for Proposals Response:
RFP #2019-01
COMPREHENSIVE BANKING AND
TREASURY MANAGEMENT SERVICES
Due: 10:00 a.m. ET; March 13, 2019

City of Fernandina Beach

Pauline Testagrose
Comptroller
ptestagrose@fbfl.org
204 Ash Street
Fernandina Beach, FL 32034

Proposal Contacts:

Antionette Richter
Retail Market Manager
1750 South 14th Street
Fernandina Beach, FL 32304
antionetterichter@synovus.com

Kerry Huettner
Treasury Management
Relationship Manager
255 Scranton Connector
Brunswick, GA 31525
kerryhuettner@synovus.com

The following pages offer information in response to your Corporate Banking Services & Corporate Credit Card Program Request. Our team of commercial banking experts will work with you to quickly identify additional services and implement customized solutions to ensure success now and in the future. The following pages include:

TABLE OF CONTENTS

TRANSMITTAL LETTER	3
A. Bank Information Response Form	4
B. Objectives and Scope of Services Response Form	5
C. Proforma Account Analysis Response Form.....	7
D. Proposer's Warranty.....	10
E. Implementation Schedule	11
F. Evidence of the status as a qualified public depository	12
G. Evidence of the status of rank with the Federal Reserve.....	16
H. Deposit deadline schedules.....	17
I. Funds availability schedule, and methodology for computing deposit float	18
J. Proforma Agreements & Prospectus.....	19
K. Overnight Sweep Facility	28
L. Relationship Management	29
M. Bank Privacy Policy	30
N. Scope of Services	32
O. Audited financial statements for each of the two (2) most recent years	39
P. Bank References	40
Q. Bank exceptions.....	41
R. Sample copy of Bank's Agreement document	42
S. Contact Sheet/RFP Proposal Form	43
T. Public Entity Crimes.....	44
U. Drug-Free Workplace Certification.....	46
V. E-Verify Statement	47
W. Proposer Acknowledgements and Agreements.....	48
X. Conflict of Interest.....	49
Y. Non-Collusion Affidavit.....	50
Z. Disputes Disclosure Form	51
ADDENDUM No. 1	52
ADDENDUM No. 2	54
Attachment I - Merchant Services.....	56
Attachment II – Loomis Service Agreement.....	58



TRANSMITTAL LETTER

March 13, 2019

Pauline Testagrose, Comptroller
City of Fernandina Beach
204 Ash Street
Fernandina Beach, FL 32034
ptestagrose@fbfl.org

Re: RFP #2019-01 Request for Proposal Response

Thank you for the opportunity to continue our banking partnership with City of Fernandina Beach. As the City's current banking services provider, Synovus Bank understands the unique, as well as complex needs that are required to effectively run a city government. Having an experienced team that understands your banking needs, coupled with the approach of local community relationships, is key in providing you with solutions to solve for all possible banking requirements.

Like you, we believe in this community, and we consider it an honor to serve as your bank of here. As your bank, we're are privileged to partner with you to grow our local economy and continue making this community a great place to live and work.

Upon our thorough review of your request, Synovus Bank continues to meet all minimum qualifications for this request for proposal. We will continue to work to provide the City of Fernandina Beach with the best value of banking services. Should your needs change, we will meet with you to make recommendations, suggestions and assist with the implementation of new services.

Included in this is proposal you will find details about the dedicated team that is committed to delivering exceptional customer service as well as innovative banking solutions. Your banking team is located at 1750 South 14th Street in Fernandina Beach.

I will serve as your primary contact for all the City's financial service needs and requests outlined in this proposal. I will continue to strive to deliver a high level of service as well as be a source of guidance for solutions for banking needs and services as they present themselves.

Again, thank you for allowing us to be your banking partner. If you have any questions about the information contained in this response, please feel free to contact me by phone or email.

Sincerely,

Antoinette Richter
Primary Relationship Contact
Retail Market Manager
1750 South 14th Street
Fernandina Beach, FL 32034
(904) 321 - 2839
antoinetterichter@synovus.com

A. Bank Information Response Form

ATTACHMENT "A"
B A N K I N F O R M A T I O N
R E S P O N S E F O R M

Bank Name: Synovus Bank

Federal Taxpayer ID: 58-1134883

Authorized Representative Signature: _____

Printed Name: Antoinette Richter **Title:** Retail Market Manager

Email Address: antoinetterichter@synovus.com

Mailing Address: 1750 South 14th Street

City, State, & Zip Code: Fernandina Beach, FL 32034

Telephone: (904) 321-2839 **Fax:** (904) 491-7643

B. Objectives and Scope of Services Response Form

ATTACHMENT "B" OBJECTIVES AND SCOPE OF SERVICES RESPONSE FORM

Proposing Bank: Synovus Bank

RFP Section	Affirm	Exception
Objectives:		
Objectives	X	
Contract Period:		
Contract period	X	
Bank Qualifications:		
Qualified Public Depository	X	
Bank Financial Strength	X	
Geographic Proximity	X	
Contract Structure:		
Contract structure	X	
Collection and Deposit Services:		
Funds Availability	X	
Deposit Deadline	X	
Ledger Cutoff Time	X	
Collected Balances	X	
ACH and Wire Transfers In	X	
Returned items	X	
Deposit Reconciliation	X	
Lock Box	X	
Remote Deposit	X	
Concentration and Disbursement Services:		
Positive Pay Services	X	
Check Reconciliation	X	
Stop Payment and Date Legend	X	
ACH and Wire Transfers Out	X	
Account Maintenance:		
Electronic Banking	X	
Account Analysis	X	
Earnings Credit and Earnings Credit Rate	X	
Overdrafts	X	
Monthly Account Statements, Debit and Credit Memos	X	
Investment Services:		
Investment services	X	

RFP Section	Affirm	Exception
Other Services:		
Commercial Credit Cards	X	
Workplace Banking	X	
Imaging Services	X	
Team Profile	X	
Courier Service	X	

C. Proforma Account Analysis Response Form

ATTACHMENT "C" PRO FORMA ACCOUNT ANALYSIS RESPONSE FORM

Proposing bank: Synovus Bank

Service Rendered	Unit Cost	Annual Cost
Balance Services:		
Overdraft charge	\$36.00	
FDIC expense	\$0.0125	
Average monthly ledger balance	N/A	
Average monthly collected balance	N/A	
Demand Deposit Services:		
Account maintenance	\$19.00	
Deposits credited	\$0.065	
Deposited item rejects	\$3.00	
Items paid	\$0.13	
ACH items received-debit	\$0.17	
ACH items received-credit	\$0.17	
On-us items	\$0.13	
Clearinghouse items	\$0.13	
Local Fed/In state Fed items	\$0.13	
Out of state items	\$0.13	
On-us items pre-encoded	\$0.13	
Clearinghouse items pre-encoded	\$0.13	
Local Fed/In state Fed items pre-encoded	\$0.13	
Out of state items pre-encoded	\$0.13	
Uncollected funds items	\$0.00	
Overdrafts per occurrence	\$36.00	
Insufficient funds items	\$36.00	
Stop payments - manual	\$34.00	
Stop payments - electronic	\$34.00	
Returned Check Services:		
Return items - phone call	\$9.00	
Return items - special address	\$9.00	
Return items - represented	\$9.00	
Returned items	\$9.00	
Branch/Night Deposit Services:		
Branch cash OTC deposit/\$1000	\$0.0014	
Branch curr order/partial strap	\$0.25	
Branch coin order/roll	\$0.10	

Controlled Disbursement: Services:

Checks paid

Unit Cost	Annual Cost
\$0.18	

Zero Balance Services:

Master account

\$40.00	
---------	--

Sub account(Payroll)

\$20.00	
---------	--

Wire Transfer Services:

Wire transfer maintenance

\$0.00	
--------	--

W/T out rep/semi – PC

\$18.00	
---------	--

W/T out non-rep – PC

\$18.00	
---------	--

W/T internal rep/semi – PC

\$18.00	
---------	--

W/T internal non-rep – PC

\$18.00	
---------	--

W/T incoming

\$18.00	
---------	--

W/T tracer/reversal

\$0.00	
--------	--

W/T mailed notification

\$0.00	
--------	--

Internal wire transfer credit

\$18.00	
---------	--

ACH Services:

ACH monthly maintenance

\$0.00	
--------	--

ACH return item

\$6.00	
--------	--

ACH reversals

\$35.00	
---------	--

ACH collection application maintenance

\$0.00	
--------	--

ACH collection application process

\$0.00	
--------	--

ACH debits originated

\$0.135	
---------	--

ACH credits originated

\$0.135	
---------	--

ACH maintenance - PC

\$0.00	
--------	--

ACH files transmitted – PC

\$9.00	
--------	--

ACH debits originated – PC

\$0.135	
---------	--

Electronic Payment:

\$0.135	
---------	--

Monthly maintenance/account

\$0.00	
--------	--

Account Reconciliation:

Recon check sort items

\$0.08	
--------	--

Recon items – partial

\$0.08	
--------	--

Recon tape output – partial

\$0.00	
--------	--

Information Reporting:

Info report - ACH current day

\$0.00	
--------	--

PC maintenance local

\$100.00	
----------	--

PC Stop module

\$0.00	
--------	--

PC Wire module

\$0.00	
--------	--

Info report detail credits

\$0.00	
--------	--

Info report summary fields

\$0.00	
--------	--

Info report special reports

\$0.00	
--------	--

Info report - statement to date 1st

\$0.00	
--------	--

Info report - statement to date 2nd

\$0.00	
--------	--

Service Rendered:

Info report - today detail 1st
 Info report - today detail to date 2nd
 Info report access terminal logon
 Info report BAI
 Info report previous day
 Info report disbursement report current day
 Info report debits

Unit Cost	Annual Cost
\$0.00	
\$0.00	
\$0.00	
\$0.00	
\$0.00	
\$0.00	
\$0.00	

EDI Services:

EDI report/transaction

\$0.00	
--------	--

Sweep Services:

Automated sweep account

\$150.00	
----------	--

Merchant Services:

Discount rate

*	
---	--

Merchant fees/account

*	
---	--

**See Attachment I for information*

Other Services:

Deposit Corrections	\$3.00	
Remote Express Deposit	\$80.00	
Check Image Deposit	\$125.00	
Check Image Dep Mo Transmission Fee	\$35.00	
Positive Pay Monthly Fee	\$65.00	
Positive Pay Per Item	\$0.08	
Enhanced Imaging	\$125.00	
Lockbox Services Monthly Fee	\$137.00	
Lockbox Checks Processed	\$0.49	
Lockbox Non-Enclosures Corresp Only	\$0.33	
Lockbox Deposit	\$0.28	
Lockbox Email/Fax Notification	\$45.00	
Lockbox PO Box Rental Monthly	\$20.00	
Lockbox Web Archive Fee	\$90.00	
Same Day ACH Monthly	\$25.00	
Same Day ACH Monthly Per Company ID	\$10.00	
Same Day ACH Per Batch Fee	\$9.00	
Same Day ACH Per Item	\$0.85	
Same Day ACH Unauthorized Batch Fee	\$10.00	

D. Proposer's Warranty

ATTACHMENT "D" PROPOSER'S WARRANTY

The proposer warrants that the responsible officer has fully read and understands the RFP. The proposer warrants that the responsible officer has full knowledge of the scope, nature, quantity and quality of work to be performed; full knowledge of the detailed requirements of the services to be provided; and full knowledge of the conditions under which services are to be performed. The proposer warrants the unit costs, extended costs, and total estimated annual costs are complete and accurate.

Each proposer guarantees in writing that the Comptroller and the City Commission will receive the services specified and at the unit costs or prices quoted for the entire term of the agreement, including the optional one-year renewal.

Bank Name: Synovus Bank

Federal Taxpayer ID: 58-1134883

Authorized Representative Signature: _____

Printed Name: Antoinette Richter Title: Retail Market Manager

Email Address: antoinetterichter@synovus.com

Mailing Address: 1750 South 14th Street

City, State, & Zip Code: Fernandina Beach, FL 32034

Telephone: (904) 321-2839 Fax: (904) 491-7643

The foregoing instrument was acknowledged before me this _____ by
(Date)

_____, who is personally known to me or who has produced
(Name of person acknowledged)

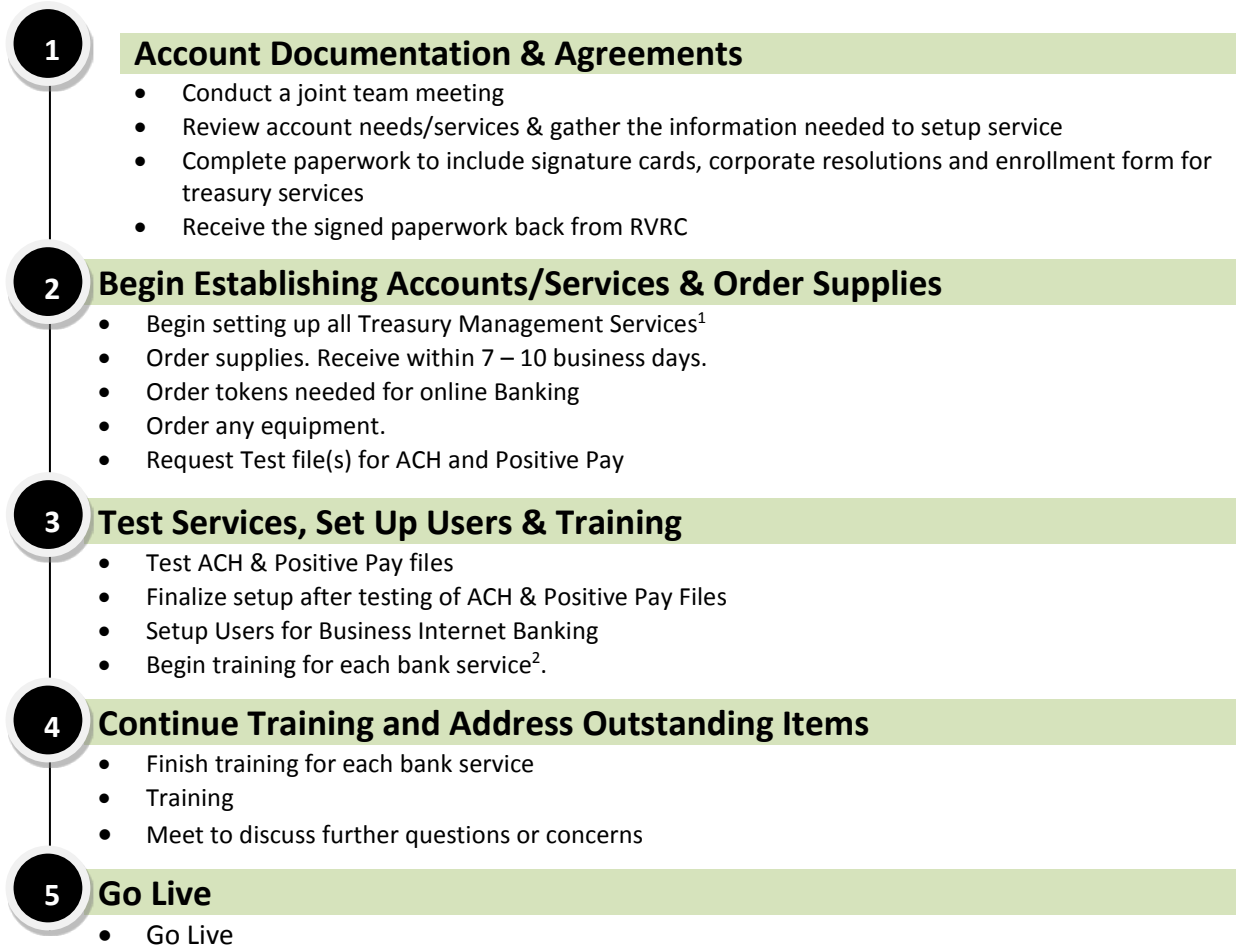
_____ an identification and who did (did not) take an oath.
(Type of identification)

(Signature of Notary)

(Name of Notary, typed, printed or stamped)

E. Implementation Schedule

Since the City is a current Synovus customer, only implementation of new services would apply. The following is a typical implementation timeline that may vary depending on the service you select:



Ongoing

- Provide refresher training as needed after going live.
- Hold quarterly, semi-annual or as often as needed meetings regarding accounts and relationship

*Timeline assumes “best case scenario”. All service implementation timelines assume that all forms, contracts, agreements, etc. are complete, signed, and delivered to the Bank. ¹ Includes: Business Internet Banking, ACH Origination, Positive Pay, ACH Positive Pay, Repurchase Agreement, Zero Balance Account, Remote Express Deposit, Full Reconciliation, Online Wire Transfers and Enhanced Imaging. ² Includes: Business Internet Banking, ACH Origination, Positive Pay, ACH Positive Pay, Remote Express Deposit, Full Reconciliation, Online Wire Transfers and Enhanced Imaging.) We recognize that each service may have a different set of users and training may need to be scheduled on a per service basis.

F. Evidence of the status as a qualified public depository

The following is a list of active Qualified Public Depositories as reported online at:

<https://www.myfloridacfo.com/division/treasury/collateralmanagement/documents/ListofActiveQPDs.pdf>

ACTIVE QUALIFIED PUBLIC DEPOSITORY LIST

The following Qualified Public Depositories (QPDs) are authorized to hold public deposits. The cities and states listed are the home office locations. QPDs marked with an asterisk have limited the amount of public deposits they will administer. QPDs having a date beside their name are in the process of withdrawing from the program and shall not receive or retain public deposits after the date shown. They may, however, have certain obligations to the program after that date with which they must comply before concluding the withdrawal process.

FEIN	INSTITUTION	HOME OFFICE LOCATION
591846933	AMERANT BANK, N.A.	CORAL GABLES, FL
161764661	AMERICAN MOMENTUM BANK	COLLEGE STATION, TX
592430369	AMERICAN NATIONAL BANK	OAKLAND PARK, FL
581111076	AMERIS BANK	MOULTRIE, GA
720218544	ANTHEM BANK & TRUST	PLAQUEMINE, LA
651066544	APOLLO BANK	MIAMI, FL
591008568	AXIOM BANK, N.A.	MAITLAND, FL
591485307	BAC FLORIDA BANK	CORAL GABLES, FL
640117230	BANCORPSOUTH BANK	TUPELO, MS
202768792	BANESCO USA	CORAL GABLES, FL
132614394	BANK LEUMI USA	NEW YORK, NY
941687665	BANK OF AMERICA, N.A.	CHARLOTTE, NC
591024375	BANK OF BELLE GLADE	BELLE GLADE, FL
208376899	BANK OF CENTRAL FLORIDA	LAKELAND, FL
591447189	BANK OF TAMPA, THE	TAMPA, FL
591050700	BANK OF THE SOUTH	PENSACOLA, FL
270217289	BANKUNITED, N.A.	MIAMI LAKES, FL
593672784	BEACH COMMUNITY BANK	FORT WALTON BEACH, FL
362085229	BMO HARRIS BANK, N.A.	CHICAGO, IL
561074313	BRANCH BANKING AND TRUST COMPANY	WINSTON-SALEM, NC
590153930	BRANNEN BANK	INVERNESS, FL
591479450	BRICKELL BANK	MIAMI, FL
370613731	BUSEY BANK	CHAMPAIGN, IL
640156695	CADENCE BANK, N.A.	BIRMINGHAM, AL
593277398	CAPITAL CITY BANK	TALLAHASSEE, FL
630258819	CCB COMMUNITY BANK	ANDALUSIA, AL
710009885	CENTENNIAL BANK	CONWAY, AR
592979916	CENTERSTATE BANK, N.A.	WINTER HAVEN, FL
205909064	CENTRAL BANK	TAMPA, FL
592664950	CHARLOTTE STATE BANK & TRUST	PORT CHARLOTTE, FL
135266470	CITIBANK, N.A.	SIOUX FALLS, SD
590193780	CITIZENS BANK AND TRUST	FROSTPROOF, FL
590557762	CITIZENS BANK OF FLORIDA	OVIEDO, FL

593018034	CITIZENS FIRST BANK	THE VILLAGES, FL
590828474	CITIZENS STATE BANK	PERRY, FL
591297458	CITY NATIONAL BANK OF FLORIDA	MIAMI, FL
590201970	COLUMBIA BANK	LAKE CITY, FL
593472696	COMMUNITY BANK & TRUST OF FLORIDA	OCALA, FL
640154830	COMMUNITY BANK OF MISSISSIPPI	FOREST, MS
593611444	COMMUNITY BANK OF THE SOUTH	MERRITT ISLAND, FL
590795359	COMMUNITY STATE BANK	STARKE, FL
630476286	COMPASS BANK	BIRMINGHAM, AL
591521267	CONTINENTAL NATIONAL BANK	MIAMI, FL
591451065	CREWS BANK & TRUST	ARCADIA, FL
592976493	DRUMMOND COMMUNITY BANK	CHIEFLAND, FL
591259357	EASTERN NATIONAL BANK	MIAMI, FL
650765849	EDISON NATIONAL BANK	FORT MYERS, FL
611433431	ENGLEWOOD BANK & TRUST	ENGLEWOOD, FL
591387466	EXECUTIVE NATIONAL BANK	MIAMI, FL
581174938	FIDELITY BANK	ATLANTA, GA
593001999	FIDELITY BANK OF FLORIDA, N.A.	MERRITT ISLAND, FL
310676865	FIFTH THIRD BANK	CINCINNATI, OH
208075599	FINEMARK NATIONAL BANK & TRUST	FORT MYERS, FL
421174407	FIRST AMERICAN BANK	FORT DODGE, IA
590242465	FIRST BANK	CLEWISTON, FL
202945754	FIRST BANK OF THE PALM BEACHES	WEST PALM BEACH, FL
593528089	FIRST CITRUS BANK	TAMPA, FL
590612190	FIRST CITY BANK OF FLORIDA *	FORT WALTON BEACH, FL
261462549	FIRST COLONY BANK OF FLORIDA	MAITLAND, FL
590969721	FIRST FEDERAL BANK	LAKE CITY, FL
202951094	FIRST FLORIDA BANK	DESTIN, FL
208397856	FIRST FLORIDA INTEGRITY BANK	NAPLES, FL
593526917	FIRST HOME BANK	SEMINOLE, FL
592312147	FIRST NATIONAL BANK NORTHWEST FLORIDA	PANAMA CITY, FL
590242830	FIRST NATIONAL BANK OF MOUNT DORA, THE	MOUNT DORA, FL
592648115	FIRST NATIONAL BANK OF PASCO	DADE CITY, FL
590675658	FIRST NATIONAL BANK OF SOUTH MIAMI	SOUTH MIAMI, FL
590877517	FIRST NATIONAL BANK OF WAUCHULA	WAUCHULA, FL
650790413	FIRST STATE BANK OF THE FLORIDA KEYS	KEY WEST, FL
620201385	FIRST TENNESSEE BANK N.A.	MEMPHIS, TN
660183103	FIRSTBANK PUERTO RICO	SAN JUAN, PR
650980079	FLAGLER BANK	WEST PALM BEACH, FL
592475686	FLORIDA CAPITAL BANK, N.A.	JACKSONVILLE, FL
590788761	FNBT BANK	FORT WALTON BEACH, FL
590199400	GROVE BANK & TRUST	MIAMI, FL
640169065	HANCOCK WHITNEY BANK	GULFPORT, MS
593584666	HEARTLAND NATIONAL BANK	SEBRING, FL
720218470	IBERIABANK	LAFAYETTE, LA

261783674	INTRACOASTAL BANK	PALM COAST, FL
134994650	JPMORGAN CHASE BANK, N.A.	COLUMBUS, OH
590549169	LAFAYETTE STATE BANK *	MAYO, FL
204694103	LEGACY BANK OF FLORIDA	BOCA RATON, FL
593559141	MADISON COUNTY COMMUNITY BANK	MADISON, FL
200235207	MAINSTREET COMMUNITY BANK OF FLORIDA	DELAND, FL
650644585	MARINE BANK & TRUST COMPANY	VERO BEACH, FL
420335350	MIDWESTONE BANK	IOWA CITY, IA
562447439	NATIONAL BANK OF COMMERCE	BIRMINGHAM, AL
361561860	NORTHERN TRUST COMPANY, THE	CHICAGO, IL
592237280	OCEAN BANK	MIAMI, FL
412124729	OCULINA BANK, THE	VERO BEACH, FL
10914314	ONE FLORIDA BANK	CHIPLEY, FL
42764211	ONEUNITED BANK *	BOSTON, MA
592437764	PACIFIC NATIONAL BANK	MIAMI, FL
203037095	PARADISE BANK	BOCA RATON, FL
591510993	PEOPLES BANK OF GRACEVILLE	GRACEVILLE, FL
581171935	PEOPLESSOUTH BANK	COLQUITT, GA
592689717	PILOT BANK	TAMPA, FL
592648364	PNB COMMUNITY BANK	NICEVILLE, FL
221146430	PNC BANK, N.A.	WILMINGTON, DE
522126008	POPULAR BANK	NEW YORK, NY
260474086	PRIME MERIDIAN BANK	TALLAHASSEE, FL
262155465	PROFESSIONAL BANK	CORAL GABLES, FL
261740755	PROGRESS BANK AND TRUST	HUNTSVILLE, AL
593244348	RAYMOND JAMES BANK, N.A.	ST. PETERSBURG, FL
630371391	REGIONS BANK	BIRMINGHAM, AL
640220550	RENASANT BANK	TUPELO, MS
610197400	REPUBLIC BANK & TRUST COMPANY	LOUISVILLE, KY
590193820	SEACOAST NATIONAL BANK	STUART, FL
203341252	SEASIDE NATIONAL BANK & TRUST	ORLANDO, FL
202451671	SERVISFIRST BANK	BIRMINGHAM, AL
204091629	SMARTBANK	PIGEON FORGE, TN
580214350	SOUTHEASTERN BANK	DARIEN, GA
262000576	SUMMIT BANK, N.A	PANAMA CITY, FL
650878433	SUNSTATE BANK	MIAMI, FL
580466330	SUNTRUST BANK	ATLANTA, GA
590580845	SURETY BANK	DELAND, FL
580201800	SYNOVUS BANK	COLUMBUS, GA
10137770	TD BANK, N.A.	WILMINGTON, DE
640878155	THE FIRST, A NATIONAL BANKING ASSOCIATION	HATTIESBURG, MS
580288090	THE HERITAGE BANK	HINESVILLE, GA
593531592	TIAA, FSB DBA EVERBANK	JACKSONVILLE, FL
140578631	TRUSTCO BANK	GLENVILLE, NY
640180810	TRUSTMARK NATIONAL BANK	JACKSON, MS

310841368	U.S. BANK N.A.	CINCINNATI, OH
522371258	U.S. CENTRUTY BANK	DORAL, FL
630838750	UNITED BANK	ATMORE, AL
590489540	UNITED SOUTHERN BANK	UMATILLA, FL
221186387	VALLEY NATIONAL BANK	PASSAIC, NJ
590500870	WAUCHULA STATE BANK	WAUCHULA, FL
941347393	WELLS FARGO BANK, N.A.	SIOUX FALLS, SD
Updated March 6, 2019		

G. Evidence of the status of rank with the Federal Reserve

Of the insured U.S.-chartered commercial banks that have consolidated assets of \$300 million or more, ranked by consolidated assets as of December 31, 2018 Synovus Bank is ranked at 50 by the Federal Reserve. <https://www.federalreserve.gov/releases/lbr/current/>

INSURED U.S.-CHARTERED COMMERCIAL BANKS THAT HAVE CONSOLIDATED ASSETS
of \$300 MILLION or MORE, RANKED by CONSOLIDATED ASSETS
As of December 31, 2018

Bank Name Holding Company Name	Natl Rank	Bank Id	Bank Location	Chtr	Consol. Assets (Mil \$)	Domestic Assets (Mil \$)	Dom As % Cons	Cuml As % Cons	Number of Branches Dom	Fgn	I B F	% Fgn Own
SYNOVUS BK SYNOVUS FC	50	395238	COLUMBUS, GA	SMB	32,581	32,581	100	80	247	0	N	0

H. Deposit deadline schedules

Deposits made at branch locations will receive same day credit on all deposits made during banking hours. Cutoff times for same day credit are extended to 6:00pm (EST) for deposits made with Remote Express Deposit (RED). Over the counter deposits for the following locations will be accepted for the following times:

Main Office
1750 South 14th Street
Fernandina Beach, FL 32034

Amelia Concourse
463719 East State Road 200
Yulee, FL 32097

Monday-Thursday:
Drive Thru: 7:30am – 4:00 pm (ET)
Lobby: 9:00 am - 4:00pm (ET)

Friday:
Drive Thru: 7:30am – 5:00 pm (ET)
Lobby: 9:00 am - 5:00pm (ET)

I. Funds availability schedule, and methodology for computing deposit float

Availability of funds policy/schedule

Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use them to pay checks that you have written.

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 5:00 P.M. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 5:00 P.M. or on a day that we are not open, we will consider that the deposit was made on the next business day we are open.

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us.

Longer Delays May Apply

Case-by-case delays. In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. The first \$200 of your deposits, however, will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

If you need the funds from a deposit right away, you should ask us when the funds will be available.

Safeguard exceptions. In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,000 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

J. Proforma Agreements & Prospectus

The following is a sample of Synovus agreements based on the current and/or proposed services.

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

Bank Name:	Synovus Bank	Bank Number:	165
Account Officer Name:	Antoinette Richter	Phone Number:	(904) 321-2839
TM Sales Officer Name:	Kerry Huettner	Phone Number:	(904) 997-7669
Account to Charge:	Select One	Cost Center:	
Company Name (Customer):	City of Fernandina	Tax ID No.:	
☐ New Business Banking Center Customer	☐ Existing Business Banking Center Customer	CUID:	
Contact:	Pauline Testagrose	Contact Phone:	(904) 310-3334
Physical Address:	204 Ash Street		
City:	Fernandina Beach	State:	FL
		Zip Code:	32034
Mailing Address (if different from above):	same		
City:	same	State:	FL
		Zip Code:	32034
Contact Email Address:	ptestagrose@fbfl.org	Loan Risk Rating (if applicable):	
Type of Business:	Government - City - Executive and Legislative Offices	NAICS Code:	921140
Technical Contact:	same	Email:	same
		Phone:	(904) 310-3334

Master Services Agreement

The Treasury Management Services Agreement is comprised of the Master Services Agreement (herein so called) together with all of the Addenda for services chosen by Customer below (the "Services") and this Master Service Agreement and all of the addenda for Services (the "Services Addenda") which are made a part hereof by this reference.

You acknowledge that you have received the Master Services Agreement v. 2018.08.

Customer requests the Services designated below (as used herein means a Service, term, or provision applicable to the agreement between Customer and Bank) and acknowledges and agrees to the terms and conditions of each Services Addendum selected below, which have been provided to Customer and which are made a part hereof by this reference.

The authorization for your business to enter into these services is evidenced by (check one only)

- ☒ Certified Corporate Resolutions for Corporate Treasury Management Services Agreement
☐ Certificate of Authority for Corporate Treasury Management Services Agreement

Customer hereby designates the following individual as its Administrator for the Services to act on behalf of Customer as its agent for purposes of the Services, including, without limitation, to enter into one or more addendum(a) or amendments to this Master Services Agreement and send notices and other communications to and receive notices and other communications from Bank regarding the Services, and designate Authorized Representatives and/or Authorized Users from time to time, and authorizes Bank to rely on the notices, instructions, information, and other communications provided by the Administrator.

Administrator:		Title:	
Administrator Email:			
Administrator User ID:*			

*Must be 8-20 characters, contain at least one letter, no special characters (e.g. !, #, .) or spaces

Customer Instructions and Requirements

ACH Origination Services

The agreement for your ACH Origination Services (the "ACH Origination Services") is comprised of the Master Services Agreement together with the ACH Origination Addendum. You acknowledge that you have received a copy of the ACH Origination Addendum.

Bank # 165
 Customer City of Fernandina
 Customer TIN

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

☐ Add ACH Origination Service ☐ Change ACH Origination Service ☐ Delete ACH Origination Service

Daily ACH Origination Limit \$0			Delivery Method: Select One		
Third Party Sender	Yes	No	Prefunding	Yes	No

Implementation/Change:	Company Name	Company ID	Same Day ACH
Select One			Select One
Select One			Select One
Select One			Select One
Select One			Select One

Company ID	Offset Account	Account Description	Billing Acct for Origination	Billing Acct for Return Fees	Account to Post Return Fees
0					
0					
0					
0					

Company ID	Credit/Debit	Type (See Key)	Risk Level (See Key)	Daily File Amount ¹	Variance ²	Daily Limit ³	Frequency ⁴ (3 or 1)	Exposure Amount
0					\$ -	\$ -		\$ -
0					\$ -	\$ -		\$ -
0					\$ -	\$ -		\$ -
0					\$ -	\$ -		\$ -
Total Exposure Limit Requested								\$ -

¹Expected dollar value for transactions of this type for any single day

²The variance provides a cushion for normal fluctuations in transaction totals, but cannot exceed 20% without approval.

³Maximum total amount that may be submitted for settlement on any Business Day for the applicable type, rounded to thousands.

⁴Frequency files will be submitted. Enter "3" for daily and "1" for all others (weekly, monthly, etc.). Daily submissions increase exposure factor of 3.

Purpose of PPD Debits: (ex. Dues, rent, tithes, etc.)			Authorization form utilized: Select One		
Approximate highest/lowest dollar transaction per entry within a file:					
File transmission frequency:	Monthly	Weekly	Other:		

Key to Transaction Type (Risk Level)					
PPD	(1,4)	Payments to/from Consumers	CTX	(2)	Payments to/from Corporate Accounts/Vendor payments
CCD	(2)	Payments to/from Corporate Accounts	ACH		
CCD	(2)	Child Support	SWP		
CCD	(2)	Cash Concentration and Disbursement	ARC*	(3)	Accts Receivable Conversion Entries
CCD	(2)	Cash Disbursement	RCK*	(2,4)	Returned Check Conversion Entries
CCD+	(2)	Payments to/from Corporate Accounts, including Vendor payments, with 1 addenda record	BOC*	(3)	Back Office Conversion
CCD+	(2)	Tax Federal/State	WEB*	(5)	Internet Initiated
			TEL*	(5)	Telephone Initiated
			IAT*	(5)	International ACH Entries
*Prior approval required to originate these transaction types					

Bank # 165
Customer City of Fernandina
Customer TIN

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

Bank cutoff time for receiving ACH Origination debit and credit entries is 4:00 PM CT/5:00 PM EST and Same Day ACH Origination is 11:00 AM CT/12:00 PM ET on any business day.

	Name	Signature	Date	Lending Limit
Treasury Mgmt Rep	Kerry Huettnr			
Lender/Relationship Mgr	Antoinette Richter			
Senior Lender/CEO				
Regional Credit Officer				
SNV LN CMMT				
Synovus TMS				

Account Protection and Reconciliation

The agreement for your Account Protection and Reconciliation Services (the "AP&R Services") is comprised of the Master Services Agreement together with the Account Protection and Reconciliation Services Addendum. You acknowledge that you have received a copy of the Account Protection and Reconciliation Services Addendum.

AP&R Billing: Select One	
Account Number:	Account Name:
Implementation/Change: Select One	
Select Service: Select One	

Check Issue Items/Files (sample file and file import definition required for setup):	
☐ Single Check Issue Entry	☐ File Import via Account Protection & Reconciliation Online
☐ Transmit Check Issue File via FTP	
Exception Auto Decision: ☐ Pay (Default) ☒ Return	

Account Number:	Account Name:	Implementation/Change: Select One
Select Service: ACH Positive Pay		

ACH transactions are compared against payment rules which determines if the items are paid or blocked from your account. If a transaction matches the payment rules the item will be paid. All other ACH transactions are displayed on the Exceptions Manager page where you will make decisions during the ACH exceptions decision window. If a decision is not made during the decision window the item will be returned.

ACH Description:	ACH Description:
ACH ID:	ACH ID:

Account Number:	Account Name:	Implementation/Change: Select One
Select Service: Select One		

Deposit Reconciliation Location/Serial Numbers	
Reports ☐ Standard within online services ☐ Automate file delivery via FTP	
Frequency of Reports (if automated) ☐ Daily ☐ Weekly ☐ 15th and last day of month ☐ Monthly ☐ Custom Cycle	

Business Internet Banking (BIB) Services

Bank # 165
Customer City of Fernandina
Customer TIN

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

The agreement for your Business Internet Banking Services (the "BIB Services") is comprised of the Master Services Agreement together with the Business Internet Banking Addendum. You acknowledge that you have received a copy of the Business Internet Banking Addendum.

of Tokens Required:

Select Service(s):	
Level I Service Account Activity (Summary & Detail) ☐ Account Transfers ☐ Bill Payment and Presentment ☐ Online Statements (if enrolled) ☐ Export Options - Quicken, Quick Books - Microsoft Money, Comma and Tab, BAI2	Level II Service Stop Payments ☐ ACH* ☐ - Same Day Level III Service Special Reports ☐ - EDI ☐ - Controlled Disbursement ☐ Wire Transfer Services ☐

*Requires additional Credit Approval

Account Services							
	Account Transfers (Checking and/or Loan)	Stop Payments	ACH Origination (complete ACH Origination Section)	Same Day ACH	Wires	EDI Report	Controlled Disbursement Report
Account Number:							
Account Name (or Nickname):							
Tax ID:							
Implementation/Change: Select One							

Imaging Services

The agreement for your Enhanced Imaging Services (the "Enhanced Imaging Services") is comprised of the Master Services Agreement together with the Enhanced Imaging Services Addendum. You acknowledge that you have received a copy of the Enhanced Imaging Services Addendum.

Enhanced Imaging: Includes the ability to view, research, and print images of checks, debits, deposits, credits, returned deposited items, and re-deposited items via Business Banking Center.
CD Rom Imaging: Includes statements and checks burned on a CD Rom. Paper statements and checks will be discontinued. Will be effective on the first business day of the month following receipt of this request.

Enhanced Imaging	CD Rom Imaging	
Account Number:	Account Number:	
Bank Number:	Optional Images: ☐ Deposit Slips ☐ Deposit Items Number of CD's: ☐ 1 ☐ 2 ☐ 3	Implementation/Change: Select One

Bank # 165
 Customer City of Fernandina
 Customer TIN

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

Mailing address for CD Rom if different from above			
Address:	City:	State:	Zip Code:

Lockbox Services

The agreement for your Lockbox Services (the "Lockbox Services") is comprised of the Master Services Agreement together with the Lockbox Addendum. You acknowledge that you have received a copy of the Lockbox Addendum.

Account Number:	Account Name:	Implementation/Change: ☐ Change Account
Estimated Mo Volume:		

Processing Site:	☐ Columbus, GA	☐ Atlanta, GA	PO Box #:
------------------	---------------------------------------	--------------------------------------	-----------

Payee Listing: Maximum of 10 Payees

Restricted Payments:
If an item bears a restrictive legend or is accompanied by correspondence purporting to restrict the amount or nature of payment, Bank ☐ is authorized ☐ is not authorized to process the item for payment. Notwithstanding the foregoing, we assume no responsibility or liability for any failure to discover any such restriction or limitation.

Data Capture Reporting:								
Remitter/Payor	☐ Yes	☐ No	Check Number	☐ Yes	☐ No	Net Amount	☐ Yes	☐ No
Check Amount	☐ Yes	☐ No	Check Date	☐ Yes	☐ No	Discount Amount	☐ Yes	☐ No
ABA Number	☐ Yes	☐ No	Invoice Number	☐ Yes	☐ No	Post Mark Date	☐ Yes	☐ No
			Gross Amount	☐ Yes	☐ No			

Daily Reporting to Customer:	
☐ None	☐ Same Day Summary Only (Deposit totals updated at intervals throughout the day)
☐ Reporting Via Lockbox Image Archive	
☐ Data Transmission for customer reporting via FTP (complete FTP section below)	☐ Fax: ☐ Email:

FTP Information (Data transmission used for custom reporting):		
FTP Site (select one):	File Delivery (select one):	File Name: _____
☐ New FTP Site	☐ Manual/Web FTP Retrieval	
☐ Add to Existing FTP Site	☐ Push FTP option to customer's site	
Customers, Bank or Service Provider may transmit data using File Transfer Protocol (FTP). FTP is a standard network		

Check Copies:
☐ None - Access available via Lockbox Image Archive as batches are completed
☐ Print and enclose in Return Package
☐ Special Handling - Enclose in Return Package
Specific Instruction for Special Handling:

Delivery Method for Daily Return Package:
Attention:
☐ U.S. Mail (standard delivery)

Bank # 165
Customer City of Fernandina
Customer TIN

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

☐ Standard Overnight Service

Lockbox Image Archive Access:

This section must be used to request access to Lockbox Image Archive via the Business Banking Center. The customer must be set up in the Business Banking Center before they can access the Lockbox Image Archive Link – the LIA User ID should be the same as the Business Banking Center User ID.

LIA Admin Name _____ LIA User ID: _____
Email Address: _____ Phone Number: _____

Remote Deposit Capture Services

The agreement for your Remote Express Deposit Services (the "RED Services") and/or Check Image Deposit Services (the "CID Services") is comprised of the Master Services Agreement together with the Remote Express Deposit Addendum and/or the Check Image Deposit Addendum. You acknowledge that you have received a copy of the Remote Express Deposit Addendum and/or the Check Image Deposit Addendum.

Remote Express Deposit (RED)

Account Name: _____ Implementation/Change: Select One
Account Number: _____
Email for RDC Deposit Confirmations: _____
Recon Codes: ☐ Yes ☐ No If yes, please list: _____
RED Billing Plan: Select One Billing Type: Select one Bill to _____

Approved RED Scanner Information

Scanner Location Name: _____ Street Address: _____
City: _____ State: _____ Zip: _____ Number of Scanners for this location: Select One
Scanner Model: Select One
Payment Term: ☐ One-time ☐ 3 months-available for analyzed accounts only Warranty: Select One
Bank Use Only:
Implementation /Change Date: _____ RED Level: Select One
Special Instructions: _____

Check Image Deposit X9.37 (CID)

Account Number: _____ Bank Number: _____ Implementation/Change: Select One
Account Name: _____
Scanner Make/Manufacturer: _____ Scanner Model: _____ Standard Image Format-X9.37 TIFF/G4:
☐ 200 DPI ☐ 240 DPI ☐ other: _____
Software: _____ Duplicate Detection: ☐ Yes ☐ No Creates Balanced Files: ☐ Yes ☐ No
FTP Site (select one): ☐ New FTP Site ☐ Add to Existing FTP Site
If an FTP Site already exists, we will add an additional folder for CID. Select one of the following: ☐ A new user will access the CID folder ☐ The same user will access the CID folder
Customers, Bank or Service Provider may transmit data using File Transfer Protocol (FTP). FTP is a standard network protocol and is used to transfer files over a network. FTP uses separate controls and data connections between the customer and the server. Transmission methods, set-up and procedures will be provided by bank or service provider.

Master Repurchase Agreement

The agreement for your Master Repurchase Agreement (the "Master Repurchase Agreement") is comprised of the Master

Bank # 165
Customer City of Fernandina
Customer TIN

Page 6 of 9

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

Services Agreement together with the Master Repurchase Agreement. You acknowledge that you have received a copy of the Master Repurchase Agreement.

Account Number:	Implementation/Change: Select One	
Contact person(s):		
Name:	Email:	Phone Number:

Premium Yield Sweep Services

The agreement for your Premium Yield Sweep (the "Premium Yield Sweep Services") is comprised of the Master Services Agreement together with the Premium Yield Sweep Addendum. You acknowledge that you have received a copy of the Premium Yield Sweep Addendum.

Master Account Number:	Master Account Name:	Implementation/Change: Select One
Premium Yield Acct Number:	Premium Yield Account Name:	

When the balance of available funds in the Master Account exceeds the Target Balance for the Master Account after the posting of all items, transfers, and other debits to be paid from or posted to the Master Account on any Business Day, Bank is hereby authorized and directed to withdraw the amount of the excess funds and to transfer the excess funds to the Premium Yield Account.

Withdrawals from the Master Account that exceed the Target Balance will occur in increments of \$1,000. All funds within the Premium Yield Sweep Account plus interest are automatically transferred back to the Master Account on the next business day.

Wire Transfer Services (BIB Initiated Only)

The agreement for your Wire Transfer Services (the "Wire Services") is comprised of the Master Services Agreement together with the Wire Transfer Services Addendum. You acknowledge that you have received a copy of the Wire Transfer Services Addendum.

Daily Wire Transfer Limit: \$

Customer hereby designates the following Account(s) for the Wire Transfer Service:		
Account Number:	ABA Routing Number:	Implementation/Change: Select One
Account Name:		
☐ Fax Notification	Fax Number:	☐ Email Notification Email:

Additional Email Notification Addresses (max of 5 per account)		
Account Number	Email Address	Implementation/Change: Select One

Customer hereby designates the following individuals as its Authorized Representative(s):			
Account Number:		Account Name:	
Name (Print or Type):		Title:	
Telephone:		E-mail Address:	

Bank # 165
Customer City of Fernandina
Customer TIN

Page 7 of 9

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

Zero Balance Account (ZBA) Services

The agreement for your Zero Balance Accounts Services (the "Zero Balance Services") is comprised of the Master Services Agreement together with the Zero Balance Accounts Addendum. You acknowledge that you have received a copy of the Zero Balance Accounts Addendum.

Master Account	Subsidiary Account(s)	
Account Number:	Account Number:	
Account Name:	Account Name:	Implementation/Change: Select One
	Target:	

Customer hereby affirms that it has read and agrees to all of the terms of this Enrollment Form, including, without limitation, the Master Services Agreement, all Services Addenda, the security procedures applicable to certain Services, the arbitration agreement, and all indemnities, disclaimers and liability limits made in connection with the Master Service Agreement and all Service Addenda, and acknowledges that delivery of Services is conditioned on such agreements and pricing of Services was negotiated in reliance thereon. Customer may designate Accounts and make such other designations as provided in the Service Addenda and hereby affirms the designations it has made in this Enrollment Form by signing below. If Customer has an existing Treasury Management relationship with Bank, this Enrollment Form and related documentation amend, replaces and supersede all previous agreements relating to the Services except to the extent any obligations arising under the previous agreements by their terms or nature do or should survive. Services may be terminated as provided in the Master Services Agreement or any Services Addenda, but any such termination shall have prospective effect only and shall not affect the Master Services Agreement or any Services Addenda. Customer authorizes and directs Bank to note any termination hereon or on its records, and agrees that such notation will be binding on Customer. Services Addenda may be added from time to time, subject to Bank approval, by written agreement in form satisfactory to Bank. Customer represents and warrants to Bank that all information furnished to Bank in connection herewith is true, correct and complete.

Backup Withholding Certificates

By signing the Customer Acceptance on the last page of this Enrollment Form you certify under penalty of perjury that the following statements are true: The Taxpayer Identification Number (TIN) shown on this form is my correct TIN (or I am waiting for a number to be issued to me); and I am not subject to backup withholding either because I am exempt from backup withholding, I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding; and I am a U.S. citizen or other U.S. person (as defined for purposes of IRS form W-9); and The FATCA code(s) (enter if any) _____ entered on this form indicating that I am exempt from FATCA reporting is correct.

Further, the undersigned certifies the accuracy of the information he/she has provided and acknowledges receipt of a completed copy of this form. The undersigned authorizes the financial institution to verify credit and employment history and/or have a credit reporting agency prepare a credit report on the undersigned, as individuals. The undersigned also acknowledge(s) the receipt of a copy, and agree(s) to the terms, of the following agreements and/or disclosures located in the Understanding Your Deposit Account booklet: Terms and Conditions of Your Account, Arbitration Clause, Privacy Policy, Substitute Checks and Your Rights, Your Availability to Withdraw Funds, and Notice of ATM/Night Deposit Facility User Precautions.

The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to avoid backup withholding.

Bank # 165
Customer City of Fernandina
Customer TIN

Page 8 of 9

SYNOVUS TREASURY MANAGEMENT ENROLLMENT FORM

Customer Acceptance:

Company Authorized Signer (Please Print)

Bank Representative (Please Print)

Company Authorized Signer (Signature)

Bank Representative (Signature)

Date

Date

Prepared by:

STMEF FINAL

SAMPLE

Bank # 165
Customer City of Fernandina
Customer TIN

Page 9 of 9

K. Overnight Sweep Facility

Synovus will provide a sweep between the General Fund and a NOW account. Government funds are pledged to the State Treasurer and are collateralized through those pooled funds. As such, they are invested in Fannie Mae and Freddie Mac securities. Just as The City receives today, you will receive an annual confirmation in October that details the collateral information.

L. Relationship Management

Synovus will provide The City with a dedicated team of experienced employees to support your banking needs:

Antoinette Richter
Retail Market Manager
(904) 321-2839
Antoinetterichter@synovus.com

Antoinette began her banking career after graduating from Georgia State school of Business. She was a branch manager in South Atlanta for 5 years with Wachovia. After starting a family, she got her Master's Degree in Education and taught Engineering for 4 years at a local middle school. She moved to Fernandina Beach almost 3 years ago to return to banking as the Vice President, Retail Market Manager for Synovus.

She currently volunteers on several non-profit boards such as Rotary Club of Fernandina Beach, Mainstreet Economic Vitality Council and Boys & Girls Club Gala & Golf Committees. She is an ambassador for the Chamber of Commerce and a Graduate of Leadership Nassau.

Kerry Huettner
Treasury Management Relationship Manager
(912) 262-4845
Kerryhuettner@synovus.com

Kerry has worked with Synovus for 33 years and currently serves as the Regional Treasury Management Officer covering Jacksonville, Fernandina Beach, St. Marys and Brunswick. He graduated with honors from Georgia Banking School in 2002. Kerry is also a graduate of Synovus' Leadership Institute and Leadership Glynn.

He served multiple terms as board member of the Brunswick Kiwanis Club and volunteers with the American Cancer Society.

M. Bank Privacy Policy

Rev. September 2017

FACTS	WHAT DOES SYNOVUS FINANCIAL CORP. (SYNOVUS) DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: - Social Security Number - Income - Account balances - Payment history - Transaction history - Account transactions	
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Synovus chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does Synovus share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes - information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes - information about your creditworthiness	Yes	Yes
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	No	We don't share
To limit our sharing	• Call 1-800-695-0987 - our menu will prompt you through your choice(s) Please note: If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.	
Questions?	Call toll-free 1-800-695-0987 or go to www.synovus.com/privacy	

Who We Are	
Who is providing this notice?	Synovus Bank; Synovus Securities, Inc.; Creative Financial Group, a division of Synovus Securities, Inc.; Synovus Mortgage Corp.; Athena Service Corporation; Synovus Title, LLC; Synovus Title II, LLC.
What We Do	
How does Synovus protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Synovus collect my personal information?	We collect your personal information, for example, when you - Open an account - Deposit money - Apply for a loan - Seek advice about your investments - Tell us about your investment or retirement portfolio We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only - sharing for affiliates' everyday business purposes - information about your creditworthiness - affiliates from using your information to market to you - sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. • <i>Our affiliates include companies with a Synovus name; Creative Financial Group, a division of Synovus Securities, Inc. and GLOBALT.</i>
Nonaffiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. • <i>Synovus does not share with nonaffiliates so they can market to you.</i>
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • <i>Synovus doesn't jointly market.</i>
Other Important Information	
For California Customers only. We will not share information we collect about you with nonaffiliated third parties, except as permitted by California law, such as to process your transactions or to maintain your account. For Vermont Customers only. We will not share information we collect about you with nonaffiliated third parties, except as permitted by Vermont law, such as to process your transactions or to maintain your account. In addition, we will not share information about your creditworthiness with our affiliates without your authorization.	

N. Scope of Services

The section includes descriptions, comparisons, user requirements, bank capabilities, and costs for each of the Prospective Services described. ***Costs are also included in Section C - Pro Forma Account Analysis form.***

▪ Deposit & Investment Services

To demonstrate our desire to continue our banking relationship with the City, Synovus is proposing the following:

Synovus will provide a sweep to a NOW account that will allow the City to earn interest on the balances above those needed to offset service charges. The interest rate offered to The City will be 1.00% on funds swept to the NOW account. Based on The City's average monthly account activity volumes for 2018, along with our new proposed Earnings Credit Rate of 0.55%, the City will need to maintain an average collected balance of approximately \$10,000,000 to offset fees. Excess funds can be invested into a sweep in order to generate interest.

- a. **Earnings Credit Rate of 0.55%.** The rate of 0.55% will be paid on investable balances, in the City's account, and will assist in offsetting services charges. Rates are guaranteed for the first year and reviewed annually, thereafter.

The standard earnings credit rate is based on current market conditions and set by management. The following calculation is used to determine the monthly earnings credit allowance:

$$\frac{\text{Average Available Balance} \times \text{Earnings Credit Rate}}{\text{Days in the Month} \times \text{Days in the Year}}$$

The earnings credit rate is then converted into a dollar factor. With the dollar factor, the balance necessary to offset monthly service charges is determined. Balances in excess of this amount, can earn an interest rate of 1.00% if the City chooses the interest checking sweep option. We will be glad to work with the City to determine the most beneficial target balance for compensation of bank fees.

- b. **Interest Rate of 1.00 %** on any excess account balances that are swept into an interest-bearing checking account.

Interest on this account is accrued daily and paid monthly. Funds in excess of allowable FDIC insurance amounts are secured by the pooled pledging method:

- Securities are pledged to a state authorized entity and secures all the depositors in that states pool.
- The pooled method is considered a more cost effective and efficient method to pledge, substitute, and release collateral through one source. Costs incurred are lower under the pooled method due to the lower volume of receipts and releases required to be issued.
- Florida's pool pledging guidelines require a minimum pool pledged at 25% of the MTD average balance

▪ Branch/Night Deposit

Secure, zip locking, canvas bags with key or secure-lock disposable bags are available to The City for the use of facilitating after hours deposits at Synovus Branch Locations.

The cost for Night Drop bags to be processed is \$5.00 per bag.

- **Zero Balance Account**

Zero Balance Accounts allow businesses to concentrate cash. The ZBA maintains a balance of zero. At the end of the day, the master account, or source account, is automatically debited/credited and the ZBA sub-account is credit/debited for the total net amount of checks and/or deposits presented for that day. This allows a customer to segregate disbursements for whatever reason, i.e., payroll, payables, geographical areas.

The cost is \$40.00 for the main account and \$20.00 for each sub account.

- **Wire Transfer**

The Synovus Wire Department will post incoming Domestic Wire Transfers until 5:30 p.m. (ET). Outgoing wire requests begin processing at 9:00 a.m. (ET) each business day and domestic wires can be originated until 5:00 p.m. (ET).

Online Wire Transfer allows you to originate money transfers from the convenience of your office. Token authentication is required at the time of wire release with a system prompted one-time password (token code) for greater security.

An audit reporting feature allows authorized administrators to generate audit reports detailing user activity.

Templates with stored information can be used to send recurring wires to the same beneficiary, or semi-recurring wires with additional reference information. Individual wires can also be entered easily without the use of a template.

Access can be customized by user to include entering and editing wires, release wires or approval only. Templates can be used to further customize user workflows by entering and pre-filling only the information required for their transaction type.

The cost for a domestic incoming or outgoing wire transfer is \$18.00.

- **ACH Origination**

The ACH Service is an electronic funds transfer system using the Federal Reserve's Automated Clearinghouse (ACH). This cost-effective system is designed to transfer funds between banks. The ACH system will assist a company with creating a database of the client/customer bank information. A funds transfer file can then be generated and transmitted to the bank, by the company, to settle on a desired date for a specified amount. ACH Origination is also a good tool for consolidating all funds into your Synovus account by offering an easy, cost-effective solution for cash concentration. Additionally, ACH items can be received throughout the day and are posted as they are received by the bank.

The cost for the service is included with the Business Internet Banking Service. ACH batches are \$9.00, ACH Items are \$0.135.

- **Account Reconciliation**

Full Account Reconciliation provides a complete report of all check/debit and deposit/credit transactions entered against your account during a specified period. Your statement will list paid checks in serial number sequence, any mismatched items (exceptions), miscellaneous debits/credits and registers, outstanding checks, voids, and stop payments.

Partial Account Reconciliation reports all checks paid against your account during the reconciliation period. The activity report includes the check numbers, posted dates, and posted amounts for the reporting period.

Full and Partial Reconciliation services can also be automated for direct import into your accounting system, streamlining your reconciliation process. There are multiple file layouts available as well as custom formats. Synovus will work with the City to determine the proper format for your system.

The cost for Full Reconciliation is \$85.00 per month per account. The cost for Partial Reconciliation is \$57.00 per month.

Deposit Reconciliation provides control over a high volume of deposits from different locations. A location code embedded on the MICR line of deposit tickets is used to track and subtotal deposits. We will provide a recap report listing each deposit made to the account sorted by the assigned location code. Additionally, a report can be exported from Business Internet Banking that can be manually manipulated.

The cost for Deposit Reconciliation is \$65.00 per month, \$0.08 per item.

▪ **Information Reporting**

Business Internet Banking offers a wide array of services from viewing account activity and balances to initiating wire transfers and paying bills online. The City will have convenient 24/7 access to your accounts. Business Internet Banking offers time saving tools that can help you work more efficiently and reduces administrative time. There is no software to install, and a variety of service options allows you to choose access depending on your business's needs.

Business Internet Banking Benefits & Features

- View deposit and loan account balances and activity
- Leverage information-reporting capabilities, including previous-day reporting and up to three standard reports
- Perform check research and maintenance
- Transfer funds between eligible accounts (both one-time and recurring transfers)
- Make loan and line of credit payments with account transfers
- Create account alerts to notify you of account activity such as checks posting or changes in balance.

Additional online features include:

- Pay bills online with Bill Pay
- View images of deposited items
- Place or cancel a stop payment on a check or range of checks
- Create special reports
- BAI2 Export
- Electronic Data Interchange (EDI for addenda)
- ACH Origination
- Wire Transfers
- Positive Pay and Reconciliation services

Stop payments can be loaded through Business Internet Banking (BIB) and will be loaded to the system that evening, blocking payment of an item that may be in the process of posting that day. Stop Payments can be entered in BIB 24 hours per day. For a stop payment to be effective for the current day's processing, it should be entered through BIB no later than 9:00 p.m. (ET). Online stop payments expiration can be extended to 24 months. If The City would like an unlimited expiration time frame, that can be accommodated by the branch placing the stop payment and manually requesting an unlimited

expiration date. Additionally, if checks that require a stop payment are included in the issue file for Positive Pay and are indicated as having a stop payment in place, the Positive Pay system will flag those items and present them as an exception. This is an additional way to ensure and unlimited expiration.

The cost for Business Internet Banking is \$100 per month, \$7.00 per additional account per month.

- **EDI Services**

Electronic Data Interchange (EDI) is the electronic interchange of business information using a standardized format; a process which allows one company to send information to another company electronically rather than with paper. Synovus can provide EDI services through Business Internet Banking.

The cost for the service is included in the level of Business Internet Banking the City utilizes.
Response

- **Sweep Services**

Synovus will offer a sweep account that allows the City to sweep excess funds overnight into a NOW account. Government funds are pledged to the State Treasurer and are collateralized through those pooled funds. As such, they are invested in Fannie Mae and Freddie Mac securities. Just as The City receives today, you will receive and annual confirmation in October that details the collateral information.

The cost for the service is \$150.00 per month.

- **Other Services**

- ✓ **Remote Express Deposit**

With the advancements in banking technology and the implementation of Check 21, institutions are now able to offer broad image-based services to customers. Synovus' Remote Express Deposit takes advantage of the benefits of Check 21 by providing businesses with the ability scan and electronically deposits checks into their bank accounts without ever leaving the office. Create new opportunities to consolidate, reduce costs, save time and improve cash flow with Remote Express Deposit.

Searches for deposits and deposited items can be conducted up to 90 days and there is a wide array of reports available. The deadline for Remote Express Deposit is 6:00 p.m. (ET). Synovus recommends securely retaining the original checks for 30 days after they have been deposited via Remote Express Deposit.

The cost for Remote Express Deposit is \$80.00 per month. The cost for Check Image Deposit is \$125.00 per month, \$35.00 per month transmission fee.

- ✓ **Check Image Deposit**

Check Image Deposit allows checks to be deposited remotely via one image file that is sent to the bank. The City scans the checks into a designated file format and transmits that file securely to the bank. This option does not require checks to be scanned through a Remote Express Deposit scanner.

The cost for this service is \$125 per month.

- ✓ **Lockbox Services**

Lockbox Services provide an effective method for processing and depositing payments using the bank's remittance processing centers. Lockbox Services are designed for customers that wish to benefit from the earliest possible collection of payments and to assist with the management of collecting receivables.

Payments made by your customers are directed to a special post office box. We retrieve those payments, process them and deposit the funds directly into your account.

With image archive, you can access images of the deposited checks and remittance information through the Business Banking Center and search by date, batch number, check number, check amount and unique client ID. You can also print or download a single payment or the entire daily image file. Lockbox image items are available the same-day images are processed after the batch process completes.

The cost for Lockbox is \$137.00 per month, \$0.49 per check processed, \$0.33 for correspondence only items, \$0.28 per deposit, \$45 per month email notification, \$20 per month for PO Box rental.

✓ **Same Day ACH**

Same Day ACH is a new service that now allows payments to be processed within 1 business day rather than future dated processing with traditional ACH Origination. This is an enhanced feature that will allow for expedited payments such as payroll, urgent payments or refunds, or the ability to take advantage of supplier discounts. This service can improve liquidity, reduce reliance on checks and wires and also allows flexibility to make unexpected payments.

The maximum dollar amount for a single payment is \$25,000. Synovus offers 2 time frames each business day for file pickup to be processed via Same Day ACH, which include 10:15 ET and 12:30 ET. The cost for Same DAY ACH is \$35.00 per month, \$.85 per item.

✓ **Positive Pay**

Positive Pay Service will allow the City to provide Synovus with a list of checks issued along with the serial number and payee. As checks are presented for payment, they are compared to the issue files. Any mismatches are first reviewed internally to ensure against encoding errors and misreads. Any remaining exceptions are then made available to you for decisioning.

Exception information, along with images of each item, is available by 10:00 a.m. (ET) each day and you will have until 2:00 p.m. (ET) to make a pay/no pay decision. Our standard default is to return the item if we have not heard from you by the deadline but the default can be changed to "pay" upon request by the City.

Our positive pay service extends out to the teller line thus protecting against fraudulent items being presented over-the-counter for cash.

In addition to file uploads via our Business Internet Banking Commercial Portal, additional methods for the exchange of files are available and manual entry is also available. Submissions are accepted throughout the day and updates to outstanding files are in real time.

ACH positive pay is also available to further protect your accounts. The exception deadline for ACH positive pay is 3:00 p.m. (ET).

The cost for Positive Pay is \$65.00 per month per account, \$0.10 per item. ACH Positive Pay is \$60.00 per month per account.

✓ **Imaging Services –**

Enhanced Imaging Services will allow The City to receive images through Business Internet Banking the day after a transaction is posted rather than waiting until the close of the business cycle. Images of paper items, including checks paid, deposit slips, items deposited and returned items, are

available with enhanced image visibility. Images are available for up to 7 years. The following functions are available through Enhanced imaging:

- **Save Image** – The image is saved to a selected directory.
- **Print Image** – Image can be printed via standard Microsoft print options.
- **Rotate Image Clockwise** – Image is rotated 90 degrees clockwise.
- **Rotate Image Counter Clockwise** – Image is rotated 90 degrees counter clockwise.
- **Zoom In** – Image is magnified up to four times the original size.
- **Zoom Out** – Image is de-magnified to a size no smaller than the original size.
- **Invert** – Image is inverted (i.e. dark colors are displayed as light; light colors are displayed as dark).
- **View Front** – Front side of the image is displayed.
- **View Back** – Back side of the image is displayed.
- **View Front and Back** – Front and back sides of the image are displayed.
- **Increase Contrast** – Image contrast is increased.
- **Decrease Contrast** – Image contrast is decreased.
- **Return to Original View** – Image is returned to the original view.

The cost for Imaging Services is \$125.00 per month.

✓ **Commercial Cards**

Synovus offers commercial cards that will accommodate The City's needs for any type of payment that needs to be facilitated including T&E expenses, vendor payments and any other payables. The online card management system supports all your card needs in one interface with one sign-on. Fleet, T&E, Purchase Cards, and ePayables are supported within the card management system. Program Administrators and Cardholders use the same system which support real time card management, expense management, and a custom reporting interface.

✓ **Workplace Banking**

Synovus Free Checking is a simple, no-cost way for your employees to manage their money.

No monthly service fee - Your employees can save money. No matter how much their account balance fluctuates, there's no monthly service fee.

Easy and convenient - With our digital banking capabilities¹, your employees can make deposits, check balances, transfer funds and pay bills anytime and anywhere.

Make in-store and online shopping fast and simple - They can enjoy a Visa® check card² with no annual fee and no monthly usage fee.

Experience the "personal" in personal banking - Friendly account specialists are available by phone or at hundreds of branches across the Southeast.

IMPORTANT INFORMATION ABOUT SYNOVUS FREE CHECKING FOR YOUR EMPLOYEES

Additional terms and miscellaneous fees may apply. Please refer to Schedule of Fees and Charges for pricing information. All accounts are subject to approval. The service marks and trademarks used herein belong to their respective owners. ¹ Synovus digital banking includes online and mobile banking services. Use of Synovus digital banking may require your mobile service provider's data and/or text plan, and charges may apply. ² When a check card, credit card, or other credit product is applied for, we will base the approval on a review of the applicants' credit report and score.

✓ **Courier Service**

The following services are in place to help customers make banking transactions without ever leaving your business location. This is not only convenient, for use at any of your locations, but also offers a secure, timesaving alternative to delivering deposits to the bank.

Cash Processing Services¹

- Commercial Pickup and Deposit Processing - Scheduled cash deposits are picked up by an armored car service, transported securely to a processing site and deposited into your Synovus Bank account.
- Commercial Change Order Services - Coin and currency, in any denomination and quantity are ordered conveniently through the Internet Order Fulfillment System, which enables a managed process to control and approve orders.

**See Attachment II – Loomis Service Agreement for pricing and contract terms.*

Remote Vault Service¹

Remote Vault Deposit² offers a safe and secure means of managing large volumes of cash. Through a relationship with a third-party vendor, Synovus offers a safe service where a physical vault is installed on location to accept coin and currency. Deposits into the vault are picked up by an armored guard and transported to a processing site for verification of provisional credit³ to your Synovus Bank account. Our vendor will contact you to create a customized cash management solution.

- Manage large volumes of coin and currency securely by depositing into a vault installed on location.
- The vault will sort, count and store cash until an armored guard comes onsite to remove the contents and transport it securely to a processing site for credit to your Synovus Bank account.
- Cash deposits placed in the vault are 100% guaranteed⁴

¹ Fees apply.

² Subject to approval.

³ When end of day processing is completed by 4:30 p.m. ET, provisional credit is given the following business day.

⁴ The armored car service provides 100% guarantee of funds deposited in the vault.

O. Audited financial statements for each of the two (2) most recent years

Please refer to the separate documents that are included in the RFP package.

P. Bank References

Columbus Consolidated Government

Angelica Alexander, Finance Director
100 10th Street
Columbus, Georgia 31901
(706) 225-3063
aaalexander@columbusga.org

The City of Albany Georgia

Shanan R. Heppard, Senior Accounting Manager
Finance Department
222 Pine Avenue, Suite 460
Albany, Georgia 31701
(229) 431.3224
www.albanyga.gov

Richland County Treasurer's Office

Kendra L. Dove, Deputy Treasurer
2020 Hampton Street
Columbia, SC 29204
(803) 576-2285
Dove.kendra@richlandcountysc.gov

Q. Bank exceptions

At Synovus we feel exceptions are best handled on a case-by-case basis. Monitoring our customers' exception requests gives us a better understanding of your growing needs and how we can better serve you.

If a need for exception arises, we will work with the City to accommodate your exception requests, keeping in mind our policies and system capabilities.

R. Sample copy of Bank's Agreement document

Sample copy can be found in Section J - Proforma Agreements & Prospectus above.

S. Contact Sheet/RFP Proposal Form

CONTACT SHEET

Name Synovus Bank

Federal Taxpayer ID 58-1134883

Mailing Address 1750 South 14th Street

City, State, & Zip Code Fernandina Beach, FL 32034

Telephone (904) 321-2839 Fax: (904) 491-7643

Email antoINETterichter@synovus.com

Submitted By Antoinette Richter

Title Retail Market Manager

FIRM Accepts Credit Cards* X Yes No

Accounting Contact:

Name Antoinette Richter Title: Retail Market Manager

Email Address AntoinetteRichter@synovus.com Phone: (904) 321-2839

*See preferred method of payment under "Prompt Payment Act" section of the General Conditions

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

T. Public Entity Crimes

SWORN STATEMENT UNDER F.S. SECTION 287.133(3) (A), ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICER AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted with Bid, Proposal or Contract for The City of Fernandina banking services.
2. This sworn statement is submitted by (entity) Synovus Bank whose business address is 1750 South 14th Street, Fernandina Beach, FL 32034 and (if applicable) Federal Employer Identification Number (FEIN) is 58-1134883 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: N/A.)
3. My name is Antoinette Richter and my relationship to the entity named above is Retail Market Manager.
4. I understand that a "public entity crime" as defined in Paragraph 287.133(a) (g). Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any proposal or contract for goods or services to be provided to any public entity or any agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
5. I understand that "convicted" or "conviction" as defined in paragraph 287.133(a) (b), Florida Statutes, means finding of guilt or a conviction of a public entity crime with or without an adjudication of guilt, in any federal or state trial court of records relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.
6. I understand that an "affiliate" as defined in Paragraph 287.133(1) (a), Florida Statutes, means:
 1. A predecessor or successor of a person convicted of a public entity crime; or
 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The City of Fernandina Beach, Florida ownership by one of shares constituting a controlling income among persons when not for fair interest in another person, or a pooling of equipment or income among persons when not for fair market value under a length agreement, shall be a prima facie case that one person controls another person. A person who was knowingly convicted of a public entity crime, in Florida during the preceding 36 months shall be considered an affiliate.

7. I understand that a "person" as defined in Paragraph 287.133(1) (e), Florida Statutes, means any natural person or entity organized under the laws of the state or of the United States with the legal power to enter into a binding contract for provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

8. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Please indicate which statement applies)

X Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, nor affiliate of the entity have been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of the officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. (Please attach a copy of the final order.)

_____ The person or affiliate was placed on the convicted FIRM list. There has been a subsequent proceeding before a hearing officer of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer determined that it was in public interest to remove the person or affiliate from the convicted FIRM list. (Please attach a copy of the final order.)

_____ The person or affiliate has not been placed on the convicted FIRM list. (Please describe any action taken by, or pending with, the Department of General Services.)

Signature: _____

Date: _____

STATE OF FLORIDA
COUNTY OF Nassau

Antoinette Richter PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this _____ day of _____, 20____, and is personally known to me, or has provided _____ as identification.

Notary Public:

My Commission
expires:

U. Drug-Free Workplace Certification

DRUG-FREE WORKPLACE CERTIFICATION

The below-signed INDIVIDUAL/FIRM certifies that it has implemented a drug-free workplace program. In order to have a drug-free workplace prepare, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violation of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or services a copy of the statement specified in paragraph 1.
4. In the statement in paragraph 1., notify the employees that, as a condition of working on the commodities or contractual services that are under proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of nolo contendere to, any violation occurring in the workplace no later than five (5) working days after such conviction.
5. Impose a sanction on, or require fine satisfactory participation in drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign this statement, I Certify that this firm complies fully with the above drug-free workplace requirements.

COMPANY: Synovus Bank CITY: Fernandina Beach STATE: FL ZIP CODE: 32034

SIGNATURE: _____

PHONE: (904) 321-2839

NAME (TYPED OR PRINTED): Antoinette Richter

TITLE: Retail Market Manager

V. E-Verify Statement

E-VERIFY STATEMENT

Bid/Proposal Number: #2019-01

Project Description: Banking & Treasury Management Services Proposal

I/FIRM acknowledges and agrees to the following:

I/FIRM shall utilize the U.S. Department of Homeland Security's E-Verify system, in accordance with the terms governing use of the system, to confirm the employment eligibility of:

1. All persons employed by the FIRM during the term of the Contract to perform employment duties within Florida; and
2. All persons assigned by the FIRM to perform work pursuant to the contract with the Department.

Individual/Company/Firm: Synovus Bank

Authorized Signature: _____

Title: Retail Market Manager

Date: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

W. Proposer Acknowledgements and Agreements

PROPOSER ACKNOWLEDGEMENTS AND AGREEMENTS

The undersigned, as an employee or agent of the Proposer, having the authority to sign a binding agreement on behalf of the corporation, company, or firm presenting this submittal, confirms understanding and/or agreement and/or takes exception with any statement in the following sections of this RFP document.

1. INTRODUCTION AND GENERAL INFORMATION
Understands and agrees to all terms.
2. PROPOSAL INSTRUCTIONS, TERMS AND CONDITIONS
Understands and agrees to all terms.
3. EVALUATION AND CONTRACT OVERVIEW
Understands and agrees to all terms.
4. PROPOSER'S RESPONSE: SUBMITTAL INFORMATION
Understands and agrees to all terms.
5. PROPOSER'S RESPONSE: PROPOSED TEAM
Understands and agrees to all terms.
6. PROPOSER'S RESPONSE: PROPOSED COMPENSATION
Understands and agrees to all terms.

Name: Antoinette Richter

Title: Retail Market Manager

Signature: _____

Date: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

X. Conflict of Interest

CONFLICT OF INTEREST STATEMENT

This sworn statement is submitted with Bid, Proposal or Contract for The City of Fernandina Banking Services.

This sworn statement is submitted by(entity) Synovus Bank whose business address is 1750 South 14th Street, Fernandina Beach, FL 32034 and (if applicable) Federal Employer Identification Number (FEIN) is 58-1134883 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: N/A.)

My name is Antoinette Richter and my relationship to the entity named above is Retail Market Manager.

1. The above named entity is submitting a Proposal for the City of Fernandina Beach.
2. The Affiant has made diligent inquiry and provides the information contained in the Affidavit based upon his/her own knowledge.
3. The Affiant states that only one submittal for the above proposal is being submitted and that the above named entity has no financial interest in other entities submitting proposals for the same project.
4. Neither the Affiant nor the above named entity has directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraints of free competitive pricing in connection with the entity's submittal for the above proposal. This statement restricts the discussion of pricing data until the completion of negotiations if necessary and execution of the Contract for this project.
5. Neither the entity nor its affiliates, nor anyone associated with them, is presently suspended or otherwise ineligible from participation in contract letting by any local, State, or Federal Agency.
6. Neither the entity nor its affiliates, nor anyone associated with them have any potential conflict of interest due to any other clients, contracts, or property interests for this project.
7. I certify that no member of the entity's ownership or management is presently applying for an employee position or actively seeking an elected position with the City of Fernandina Beach.
8. I certify that no member of the entity's ownership or management, or staff has a vested interest in any aspect of the City of Fernandina Beach.
9. In the event that a conflict of interest is identified in the provision of services, I, on behalf of the above named entity, will immediately notify the City of Fernandina Beach.

STATE OF FLORIDA COUNTY OF Nassau

Signature:_____

Date:_____

Antoinette Richter PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me,affixed his/her signature at the space provided above on this _____ day of _____, 2019,and is personally known to me, or has provided _____ as identification.

Notary Signature: _____

My Commission expires:_____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

Y. Non-Collusion Affidavit

NON-COLLUSION AFFIDAVIT

This sworn statement is submitted with Bid, Proposal or Contract for The City of Fernandina Banking Proposal

This sworn statement is submitted by (entity) Synovus Bank whose business address is 1750 South 14th Street, Fernandina Beach, FL 32034 and (if applicable) Federal Employer Identification Number (FEIN) is 58-1134883 (If a Sole Proprietor and you have no FEIN, include the last four (4) digits of your Social Security Number: N/A.)

My name is Antoinette Richter and my relationship to the entity named above is Retail Market Manager.

1. The above named is fully informed respecting the preparation and contents of the attached proposal and of all pertinent circumstances respecting such proposal;
2. Such Proposal is genuine and is not a collusive or sham proposal;
3. Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this affiant, has in any way colluded, connived, or agreed, directly or indirectly, with any other Bidder/Proposer, firm or person to submit a collusive or sham Proposal in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder/Proposer, firm, or person to fix the price or prices in the attached proposal or any other Bidder/Proposer, or to fix any overhead, profit or cost element of the proposal price or the proposal price of any other Bidder/Proposer, or to secure through any collusion, connivance, or unlawful agreement any advantage against the City of Fernandina Beach, Florida or any person interested in the proposed Contract; and
4. The price or prices quoted in the attached proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder/Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

Signature: _____

Date: _____

STATE OF FLORIDA
COUNTY OF Nassau

Antoinette Richter PERSONALLY APPEARED BEFORE ME, the undersigned authority, who, after first being sworn by me, affixed his/her signature at the space provided above on this ____ day of _____, 2019 and is personally known to me, or has provided _____ as identification.

Notary Signature: _____

My Commission Expires: _____

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

Z. Disputes Disclosure Form

DISPUTES DISCLOSURE FORM

Answer the following questions by placing an "X" after "YES" or "NO". If you answer "YES", please explain in the space provided, or via attachment.

Has your firm or any of its officers, received a reprimand of any nature or been suspended by the Department of Professional Regulations or any other regulatory agency or professional association within the last five (5) years?

YES NO X

Has your firm, or any member of your firm, been declared in default, terminated or removed from a contract or job related to the services your firm provides in the regular course of business within the last five (5) years?

YES__NO X

Has your firm had against it or filed any request for equitable adjustment, contract claims, bid protest, or litigation in the past five (5) years that is related to the services your firm provides in the regular course of business?

YES__NO X

If yes, state the nature of the request for equitable adjustment, contract claim, litigation, or protest, and state a brief description of the case, the outcome or status of the suit and the monetary amounts or extended contract time involved.

I hereby certify that all statements made are true and agree and understand that any misstatement or misrepresentation or falsification of facts shall be cause for forfeiture of rights for further consideration of this proposal for the City of Fernandina Beach.

Firm: Synovus Bank

Date: _____

Authorized Signature: _____

Printed or Typed Name and Title: Antoinette Richter, Retail Market Manager

THIS FORM MUST BE INCLUDED WITH BID/PROPOSAL

ADDENDUM No. 1

**City of Fernandina Beach, Florida
Addendum No. 1 For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT**

The following changes are applicable to the original **RFP** documents and specifications of **RFP 2019-01**. This **Addendum No.1** now becomes part of the original Request for Proposal and shall be acknowledged by attaching a copy of this Addendum, signed by an authorized representative of the person or company submitting bids. Failure to do so may disqualify the submittal.

Respondents shall thoroughly familiarize themselves with the contents of this Addendum before submitting their response.

NAME: Antoinette Richter TITLE: Retail Market Manager

ADDRESS: 1750 South 14th Street

CITY: Fernandina Beach STATE: Florida

AUTHORIZED SIGNATURE: _____ DATE: _____

City of Fernandina Beach, Florida
Addendum No. 1 For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

1. Does the City want agreements included from Synovus since the services are already in place? *The City would like the documentation requested in the RFP, but there is an option to attach any other documents.*
2. Is the Pro-forma Account Analysis Response Form what you want completed with Dec 2018 info as referenced in account analysis request? There isn't anywhere to show ECR, compensating balances, so would you like a separate form completed. *The City would like the Unit Cost and Annual Cost using an Average Daily Balance.*
3. Monthly Account statements – requesting on thumb drives – these are available on Business Internet Banking. Is this sufficient? *Yes. The City currently uses the online Imaging Service.*
4. What are you looking for in the bank exceptions section? *How your institution would handle a banking exception such as; stop payment, check out of sequence, stale date etc.*
5. What do we need to show to prove that we are a qualified public depository? *Proof of the QPD Status is usually in the form of an adopted resolution*
6. Can we email an electronic version of the proposal versus providing it on a flash drive? *No, The electronic version must be with the sealed bid package.*
7. Can you give us some guidance as to what portion of your deposits you are anticipating would earn interest? *Currently the fees are offset by the interest earned.*
8. Are we required to use only that amount in our response or do we have the option to prepare the proforma illustrating the balances that are needed to cover all service charges? *You are not required to use only that amount. You can use the balances needed to cover all service charges.*
9. Please advise on the current total card limit *The City has a total credit card limit of \$150,000. Only \$90,000 is spread among 33 credit cards.*
10. Please advise on the average total monthly (or annual) spend *The average monthly spent is approximately \$26,000*

End of Addendum No. 1

ADDENDUM No. 2

**City of Fernandina Beach, Florida
Addendum No. 2 For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT**

The following changes are applicable to the original RFP documents and specifications of **RFP 2019-01**. This **Addendum No.2** now becomes part of the original Request for Proposal and shall be acknowledged by attaching a copy of this Addendum, signed by an authorized representative of the person or company submitting bids. Failure to do so may disqualify the submittal.

Respondents shall thoroughly familiarize themselves with the contents of this Addendum before submitting their response.

NAME: Antoinette Richter **TITLE:** Retail Market Manager

ADDRESS: 1750 South 14th Street

CITY: Fernandina Beach **STATE:** Florida

AUTHORIZED SIGNATURE: _____ **DATE:** _____

City of Fernandina Beach, Florida
Addendum No. 2 For
RFP 2019-01
COMPREHENSIVE BANKING AND TREASURY MANAGEMENT

1. Would you still like other City government references from us even though you are already banking with us?
Yes
2. What information are you looking for regarding investments when you ask for “a short and long term investment advantage”? *What you offer with regards to overnight investments and interest rates*
3. On the Pro Forma Account Analysis Response Form, “Recon tape output – partial” is listed. Would this be a transmission file? *This might have be a file sent in the past. We currently do not receive a file*

End of Addendum No. 2

Attachment I - Merchant Services



Executive Summary

Thank you for your interest in Merchant e-Solutions. We are proud to have the opportunity to win your processing business now and for years to come. Merchant e-Solutions is a U.S.-based company headquartered in Atlanta, GA. Both a merchant acquirer and global processor, Merchant e-Solutions processes over \$17 billion in annual transaction volume and supports 150 global currencies. Our processing platform offers merchants a unique set of payment solutions. By leveraging our comprehensive catalog of processing products and services, you gain a competitive edge for your business. We will help you create a program specific to your business goals, sales objectives, and the needs of your customer base — so you can focus on growth.

Merchant e-Solutions is owned by Cielo S.A., headquartered in Brazil, and is a leader for electronic payment solutions in Latin America. Cielo S.A. is a publicly traded company that serves more than 1.3 million active merchants and covers 99% of Brazilian territory.

Merchant e-Solutions Highlights

- Tier 1, full-service payment processor with direct connections to Visa, MasterCard, and American Express
- Proprietary platform and payment gateway
- PCI-DSS and PCI-PIN validated
- Level II and III processing
- US-based Customer Care available 24x7, 365 days a year
- Over 50 authorization codes for maximum authorization recycling capabilities
- Single interface processes all major payment types in over 150 currencies
- Online PIN debit offers lower costs and reduced chargebacks
- Tokenization service removes cardholder data from your system, improving and simplifying PCI
- Account updater increases recurring payment acceptance, reduces outbound service costs, and potential lost sales
- MasterCard Secure Code and Verified by Visa to lower chargebacks, fraud & Interchange costs

Merchants looking to gain payment acceptance and interchange optimization, industry leading report access, competitive pricing with the benefit of fast and friendly service, choose to process with Merchant e-Solutions. We look forward to improving your merchant services and payment processing experience.

Sincerely,

Diane Spooner



City of Fernandina Beach

Visa/MC/Discover Credit/Debit Cards – 0.05% (charged on processing volume) American

Express Opt-Blue – 0.10% (charged on processing volume) Authorization Fee - \$0.10

Batch Fee - \$0.25

Monthly Fee - \$5.00

PCI Monthly - \$15.95 a month for PCI compliance

Visa/MC/Discover/American Express Interchange Assessments/Sponsorship Fees – merchant pays interchange, assessment and sponsorship fees charged by Visa/MC/Discover/American Express

Merchant e-Solutions
Diane Spooner - Account Executive
904.463.3864 (cell)
dspooner@merchante-solutions.com

Attachment II – Loomis Service Agreement



SERVICE AGREEMENT

The following paragraphs of this Service Agreement (the "Agreement") outline the agreements and understandings by and between

LOOMIS ARMORED US, LLC
("LOOMIS")
a Texas Limited Liability Company
with offices at:
2500 CityWest Blvd. Ste. 2300,
Houston, TX 77042.

and

CITY OF FERNANDINA
("CUSTOMER")
a corporation, located at,
204 Ash Street,
Fernandina, FL 32034.

This Agreement expresses and outlines the services, roles, and responsibilities of the parties. If additional locations are added to the scope of this Agreement, consistent terms and services will be maintained. These promises for such services and their related payments form the basis of this Agreement, made this 28th day of March, 2019 (the "Effective Date").

Term: Service will begin on the 1th day of March, 2019 and shall continue for a period of two (2) year(s). At the expiration of the initial term, this Agreement shall automatically be extended for successive like term periods unless either party provides written notice of non-renewal at least sixty (60) days prior to the end of the then current term. CUSTOMER agrees that LOOMIS is the exclusive provider for these services for the facilities contained herein. Except as expressly stated herein, CUSTOMER understands and agrees that this Agreement contains no provision for early termination in whole or part. Either party may terminate this Agreement with five (5) days written notice in the event of bankruptcy, or insolvency of the other party. LOOMIS may terminate this Agreement with thirty (30) days written notice in the event of a material reduction or cancellation of LOOMIS' insurance.

CUSTOMER and LOOMIS agree to the following:

Schedule for Services: Conjunctive, sequential, on route pickup and delivery of items at the following location(s) to/from CUSTOMER's designated, mutually agreed-upon location(s):

LOOMIS BRANCH	UNIT # / LOCATION	MAXIMUM LIABILITY AMOUNT	SERVICE FREQUENCY	FEE for SERVICE
<u>3335 Jacksonville</u>	<u>Pick up- delivery City of Fernandina next day delivery to Synovus Bank</u>	<u>\$75,000.00</u> per shipment	<u>6X/ per week</u>	<u>\$591.11 per month</u>
<u>3335 Jacksonville</u>	<u>Pick up- delivery City of Fernandina next day delivery to Synovus Bank</u>	<u>\$75,000.00</u> per shipment	<u>5X/ per week</u>	<u>\$489.90 per month</u>
<u>3335 Jacksonville</u>	<u>Pick up- delivery City of Fernandina next day delivery to Synovus Bank</u>	<u>\$75,000.00</u> per shipment	<u>4X/ per week</u>	<u>\$415.68 per month</u>
<u>3335 Jacksonville</u>	<u>Pick up- delivery City of Fernandina next day delivery to Synovus Bank</u>	<u>\$75,000.00</u> per shipment	<u>3X/ per week</u>	<u>\$325.00 per month</u>

Premise Time: Each service location under this Agreement (regardless of the pickup/delivery points) is allotted seven (7) minutes of service time. Over seven (7) minutes, a fee of \$2.50 per one (1) minute shall be assessed. Over fifteen (15) minutes, LOOMIS may elect to depart from the CUSTOMER'S location. Should LOOMIS be requested to return, the pick-up will be rescheduled as a Special Pick-up and will be charged at an agreed upon fee prior to rendering service.

Research and Supply Fee: A fee of \$65.00 per hour plus supplies will be charged for research of LOOMIS' documents or receipts that have aged over sixty (60) days, unless it is determined to be solely an error of LOOMIS.

Excess Item Handling: A fee of \$1.50 per Item is assessed when the number of items or containers exceeds ten (10) items per shipment. An "Item" refers to the number of containers, sealed bags or other vessels LOOMIS is required to transport.

Non-Scheduled/Off-Day Service: \$45.00 per trip, per location in Urban areas. Additional fees apply for off-route and remote locations.

Holiday Service Fee: A fee of \$100.00 will be charged for the service provided on those Holidays as listed in Section 11.

Excess Liability: A fee of \$0.40 per \$1,000 or fraction thereof for any amounts which exceed the Liability Coverage per Shipment Amount.

Insurance Fee: A fee of 7% will be assessed to all services provided within this Agreement.

CUSTOMER does not desire this Excess Liability Coverage, CUSTOMER must decline Excess Liability Coverage by initialing the box below:

☐

Decline

Reconstruction Obligations:

As explained in Section 7(c), of the Terms and Conditions, CUSTOMER has certain obligations regarding reconstruction of lost, damaged, destroyed checks or items that provide an audit trail. If CUSTOMER prefers to opt-out of these reconstruction obligations, CUSTOMER must decline by initialing the box below.

☐

Decline

If CUSTOMER does NOT agree to reconstruction obligations or cannot meet its reconstruction obligations contained within Section 7(c), LOOMIS' liability for all checks contained within the shipment is limited to Ten Thousand Dollars (\$10,000.00) regardless of the face value of the checks in shipment.

TERMS AND CONDITIONS

1. **Service(s):** LOOMIS agrees to pick up, receive from, and/or deliver to CUSTOMER, or any designated agent, securely sealed or locked shipments which may contain any or all of the following: currency, coin, checks, securities, or other valuables. If the shipment container(s) does not appear to be securely locked or sealed, LOOMIS has the right to refuse to accept such container(s) and will not receive said container(s) from the CUSTOMER or its designated agent. If LOOMIS accepts the sealed container(s), LOOMIS will give CUSTOMER a receipt for said sealed container(s), and transport and deliver such sealed container(s) to the consignee designated by the CUSTOMER. CUSTOMER agrees that it will not conceal or misrepresent any material fact or circumstances concerning the property delivered to LOOMIS pursuant to this Agreement. The fee payable by CUSTOMER to LOOMIS is based upon the Maximum Liability Amount(s) and level(s) of service provided by LOOMIS as stated in this Agreement. All additional or special services must be evidenced and agreed to in a signed amendment to this Agreement.

2. **Billing and Payment:** CUSTOMER agrees to pay LOOMIS within fifteen (15) days of receipt of invoices which shall include any applicable federal, state or local taxes. In addition, LOOMIS may, at its discretion, impose a service charge of one and one-half percent (1.5%) per month or eighteen percent (18%) per annum or such lesser rate as may be required by law, of the amount unpaid by CUSTOMER, as is due and payable to LOOMIS on all invoices not paid in full by invoice due date. CUSTOMER further agrees that undisputed portions of any invoice shall be remitted to LOOMIS in accordance with normal payment terms. However, should CUSTOMER fail to pay any undisputed amounts within thirty (30) days of the invoice date, LOOMIS may, in its sole discretion, terminate this Agreement upon ten (10) days written notice to CUSTOMER. CUSTOMER agrees to notify LOOMIS of dispute(s) arising from any invoice within thirty (30) days after such invoice has been presented to CUSTOMER, or else such claim shall be deemed waived. All amounts due hereunder shall be paid by cash, check or ACH unless otherwise agreed on the signature page of this Agreement.

3. **Rate Adjustment:** LOOMIS shall annually increase the service fee(s) based upon the year to year changes in the Consumer Price Index (CPI) or other applicable economic factor(s).

To account for future movements in the price of diesel fuel LOOMIS will henceforth adjust the monthly fuel fee based on U.S. average diesel prices as measured and published by the Department of Energy (WWW.EIA.DOE.GOV). The monthly fuel fee shall equal the product of the applicable percentage (based on the chart below) multiplied by the aggregate monthly service fee (including any applicable Ancillary Item). LOOMIS' established baseline is \$1.31. Any cost above the \$1.31 baseline cost will be adjusted on a monthly basis by 0.5% on price movements of 10 cents per gallon (i.e. if diesel prices rise to \$1.41, the corresponding fuel fee is increased by 0.5%). The applicable fuel fee percentage will be based on the national average of diesel fuel prices published on the Department of Energy Website averaged over the first four Mondays of the month rounded to the next cent. The table is for reference only and does not reflect the maximum rate which may be assessed.

Minimum	Maximum	Per Gallon	Fee (%)
\$4.91	\$5.00	\$.10	18.00%
\$4.81	\$4.90	\$.10	17.50%
\$4.71	\$4.80	\$.10	17.00%
\$4.61	\$4.70	\$.10	16.50%
\$4.51	\$4.60	\$.10	16.00%
\$4.41	\$4.50	\$.10	15.50%
\$4.31	\$4.40	\$.10	15.00%
\$4.21	\$4.30	\$.10	14.50%
\$4.11	\$4.20	\$.10	14.00%
\$4.01	\$4.10	\$.10	13.50%
\$3.91	\$4.00	\$.10	13.00%
\$3.81	\$3.90	\$.10	12.50%
\$3.71	\$3.80	\$.10	12.00%
\$3.61	\$3.70	\$.10	11.50%
\$3.51	\$3.60	\$.10	11.00%

\$3.41	\$3.50	\$.10	10.50%
\$3.31	\$3.40	\$.10	10.00%
\$3.21	\$3.30	\$.10	9.50%
\$3.11	\$3.20	\$.10	9.00%
\$3.01	\$3.10	\$.10	8.50%
\$2.91	\$3.00	\$.10	8.00%
\$2.81	\$2.90	\$.10	7.50%
\$2.71	\$2.80	\$.10	7.00%
\$2.61	\$2.70	\$.10	6.50%
\$2.51	\$2.60	\$.10	6.00%
\$2.41	\$2.50	\$.10	5.50%
\$2.31	\$2.40	\$.10	5.00%
\$2.21	\$2.30	\$.10	4.50%
\$2.11	\$2.20	\$.10	4.00%
\$2.01	\$2.10	\$.10	3.50%
\$1.91	\$2.00	\$.10	3.00%
\$1.81	\$1.90	\$.10	2.50%
\$1.71	\$1.80	\$.10	2.00%
\$1.61	\$1.70	\$.10	1.50%
\$1.51	\$1.60	\$.10	1.00%
\$1.41	\$1.50	\$.10	.50%
\$1.31	\$1.40	\$.10	.00%

a) LOOMIS reserves the right in times of global economic downturn or due to changes in regulatory obligations, including but not limited to changes in minimum wage, to renegotiate rates and fees in good faith with CUSTOMER. In the event that CUSTOMER refuses to consent to such adjustment(s) or fee(s), LOOMIS shall have the right to terminate this Agreement upon thirty (30) days written notice to CUSTOMER.

4. **Liability:** LOOMIS agrees to assume the liability for any Cargo Loss, according to the terms of this Agreement of the securely sealed container(s) from the time LOOMIS signs for and receives physical custody of the sealed container(s). The term "Cargo Loss" shall mean any loss or destruction of currency ("Cargo") that occurs while the Cargo is under Loomis' sole care, custody and control. LOOMIS' responsibility terminates when the CUSTOMER or its designated consignee takes physical possession of the sealed container(s) and signs LOOMIS' receipt. If it is impossible to complete the delivery, LOOMIS shall be responsible for any Cargo Loss until the sealed container(s) is returned to the CUSTOMER or its designated agent and a signed receipt obtained. While the sealed container(s) is stored in the CUSTOMER'S premises, LOOMIS does not assume the liability for any loss. If CUSTOMER conceals or misrepresents any material fact or circumstance concerning the property or container, or the contents thereof, LOOMIS will have no liability for any loss in any way related to such fact or circumstance. CUSTOMER agrees that LOOMIS does not undertake the obligation of an absolute insurer in the performance of this Agreement. LOOMIS reserves the right to take any and all action as may be reasonably necessary to prevent money laundering to the extent permitted under applicable law or regulation or as may be required by any regulatory body that may exert a right of control over LOOMIS.

UNDER NO CIRCUMSTANCES WILL LOOMIS BE LIABLE TO THE OTHER PARTY FOR LOST PROFITS OR FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING FROM THE SUBJECT MATTER OR SERVICES OF THIS AGREEMENT, REGARDLESS OF THE TYPE OF CLAIM AND EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; SUCH AS, BUT NOT LIMITED TO LOSS OF REVENUE, LOSS OF INTEREST, LOST DATA, DATA TRANSPORTATION OR TRANSMISSION ERROR OR ANTICIPATED PROFITS OR LOST BUSINESS. EXCEPT FOR ANY CARGO LOSS (WHICH SHALL BE SUBJECT TO THE MAXIMUM LIABILITY AMOUNT), IN NO EVENT SHALL LOOMIS' LIABILITY TO CUSTOMER EXCEED THE SERVICE FEE PAID BY CUSTOMER TO LOOMIS FOR THE SERVICE OUT OF WHICH THE ALLEGED LIABILITY AROSE.

5. **Excess Liability:** The following terms will apply if CUSTOMER did not decline excess liability coverage. If LOOMIS accepts tender of a shipment in excess of the Maximum Liability Amount, CUSTOMER agrees to pay LOOMIS the excess liability fee set forth herein. **CUSTOMER, by paying this additional fee, will obtain full dollar coverage of any or all losses, subject to the other provisions of this Agreement. If CUSTOMER declines Excess Liability Coverage, liabilities covered under this Agreement are limited to the Maximum Liability Amount.**

6. **Indemnity:** To the maximum extent permitted by applicable law, CUSTOMER shall release, indemnify, defend and hold harmless LOOMIS from all claims, costs or expenses arising out of any third party's or government's threatened or actual claim, suit, demand, garnishment or seizure of any funds or property provided by CUSTOMER hereunder that is in LOOMIS' custody. LOOMIS agrees to give CUSTOMER prompt notice of any such claim, suit, demand or seizure and to provide CUSTOMER reasonable cooperation on the defense.

7. **Claim Procedures:** The following provisions shall control in the event of any Cargo Loss, notwithstanding anything to the contrary contained in this Agreement:

a) In the event of a Cargo Loss, CUSTOMER agrees to notify LOOMIS in writing within four (4) calendar days after the loss is discovered or should have been discovered in the exercise of due care, and in no event later than forty-five (45) days after the pick-up by LOOMIS of the securely sealed container in connection with which the Cargo Loss is asserted. If notice of the Cargo Loss is not received by LOOMIS within this forty-five (45) day period, the claim for the Cargo Loss shall be deemed waived and released by the CUSTOMER. All claim notices must be signed and received on company letterhead and contain a brief description of the loss to include: date of service/date of loss, claim amount, Loomis branch performing service, ATM number if applicable, customer contact information with payment instructions and supporting documentation if available at the time of notice. **All claims must be sent to the Loomis Centralized Claim Unit via email at claims2@us.loomis.com.** It is agreed that both parties will work together to determine the extent of the Cargo Loss, and if possible, the cause of Cargo Loss.

b) Notwithstanding anything set forth in this Agreement to the contrary, the sole liability of LOOMIS in the event of a Cargo Loss, from whatever cause, shall be subject to the Maximum Liability Amount or the Excess Liability Coverage, if not declined by CUSTOMER.

c) CUSTOMER shall retain sufficient information to allow reconstruction of item(s) in the event of a Cargo Loss. CUSTOMER agrees it will cooperate and assist in reconstructing lost, damaged, or destroyed items constituting a part of any loss. In no event shall LOOMIS' liability for any Cargo Loss, irrespective of the Maximum Liability Coverage amount, include the face value of any lost or destroyed check. LOOMIS' liability, unless otherwise stated in this Agreement, shall be limited to the payment to the CUSTOMER for the reasonable costs necessary to reconstruct the checks, but never to exceed ten thousand dollars (\$10,000.00) per shipment. "Reconstruction" shall mean the identification of the face amount, the identity of the maker or endorser of the check, identification of the payee and identification of the financial institution upon which the check is drawn. CUSTOMER agrees in the event of a loss, that any liability of LOOMIS shall be reduced by the face value of reconstructed or recovered item(s).

d) Upon the request of LOOMIS, CUSTOMER will furnish a proof of loss to LOOMIS or its insurance carrier. Once reimbursement has been made to CUSTOMER, LOOMIS and its insurer shall receive any and all of the CUSTOMER'S rights and remedies of recovery.

8. **Limitations & Force Majeure:**

a) The CUSTOMER agrees that LOOMIS will not be liable for any loss caused by or resulting from Shortages claimed in the contents of the sealed or locked shipment(s), for non-performance or delays, or for the breakage of statuary, marble, glassware, bric-a-brac, porcelains and similar fragile articles. A "Shortage" shall mean any difference between the stated value on the Deposit Ticket and the actual value of the contents of any sealed shipment container. Likewise, LOOMIS shall not be liable to CUSTOMER for failure to render service if LOOMIS in its sole discretion, determines the same may endanger the safety of CUSTOMER'S property or personnel or LOOMIS' vehicles or employees.

b) It is further agreed that LOOMIS shall not be held accountable or liable for any damages or losses, caused by or resulting from illegal or fraudulent acts of CUSTOMER's employees, agents, representatives, or third-party contractors.

c) CUSTOMER agrees that LOOMIS shall not have any liability for losses of any documentation carried by LOOMIS at CUSTOMER's request without compensation.

d) CUSTOMER expressly understands and accepts that ownership (title) to cash transported or stored by LOOMIS shall never transfer to LOOMIS.

e) It is further agreed LOOMIS shall not be held accountable or liable for any damages or losses, whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) for which liability is assumed by LOOMIS, resulting from:

(i) Hostile or warlike action in time of peace or war, including action hindering, combating or defending against an actual, impending or expected attack; (1) by any government or sovereign power (de jure or de facto) or

- by any authority maintaining or using military, naval or air forces; or (2) by military, naval or air forces; or (3) by any agent of any such government, power authority or forces.
- (ii) Nuclear reaction, nuclear radiation, radioactive contamination or any weapon of war employing atomic fission or radioactive force whether in time of peace or war.
- (iii) Insurrection, rebellion, revolution, terrorist act, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or customs regulations; confiscation by order of any governmental or public authority; or risks of contraband or illegal transportation or trade.
- (iv) Acts of God, strikes, labor disturbances, impostor pick-up or deliveries, or other conditions or circumstances beyond LOOMIS' reasonable control.

9. **Disputes:** CUSTOMER and LOOMIS agree that except for disputes regarding over-payment or non-payment of fees for services under this Agreement, any controversy or claim, including any claim of misrepresentation, arising out of or related to this Agreement, or the furnishing of any service by LOOMIS to CUSTOMER, shall be settled by arbitration under the then current rules of the American Arbitration Association. The arbitrator shall be chosen from a panel of persons knowledgeable in the fields of financial institution security operations and armored car services. CUSTOMER and LOOMIS agree to equally share in the cost and fees of this resolution process. The decision and award of the arbitrator shall be final and binding. Judgment upon the award so rendered may be entered in any court having jurisdiction thereof. Any arbitration hereunder shall be held in Houston, Texas.

10. **Container Value Limitation:** CUSTOMER acknowledges and agrees that the maximum value which LOOMIS will transport in any individual container will not exceed two hundred & fifty thousand dollars (\$250,000). If the total value of a shipment which CUSTOMER seeks to tender to LOOMIS exceeds two hundred & fifty thousand dollars (\$250,000), such shipment must be broken down into separate shipment containers of two hundred & fifty thousand dollars (\$250,000) or less.

11. **Holiday Service:** LOOMIS agrees to provide service as stated in the Agreement with the following holiday exceptions: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Columbus Day, Thanksgiving Day, Christmas Day, federal banking and any local applicable observed holiday. Charges for service on such days will be as stated upon page 2 of this Agreement, excluding Christmas Day. LOOMIS will not provide Christmas Day service.

12. **Specials:** Unscheduled pickups or deliveries are available under the same conditions and provisions of this Agreement. Prices are quoted upon request.

13. **Excess Liability Coverage:** LOOMIS reserves the right to refuse tender of any shipment in excess of the Maximum Liability Amount.

14. **Confidentiality:** Each party receiving information (each being a "Receiving Party" and a "Disclosing Party") undertakes to retain in confidence the terms of this Agreement and all other non-public information, technology, materials and know-how of the other party disclosed or acquired by the Receiving Party pursuant to or in connection with this Agreement which is either designated as proprietary and/or confidential or, by the nature of the circumstances surrounding disclosure, ought in good faith to be treated as proprietary and/or confidential ("Confidential Information"). Neither party shall use any Confidential Information for any purpose other than to carry out the activities contemplated by this Agreement. Each party agrees to use commercially reasonable efforts to protect Confidential Information of the other party, and in any event, to take precautions at least as great as those taken to protect its own confidential information of a similar nature. Each party shall also notify the other promptly in writing in the event such party learns of any unauthorized use or disclosure of any Confidential Information that it has received from the other party, and will cooperate in good faith to remedy such occurrence to the extent reasonably possible. Confidential Information shall not include:

- (1) information which was already known by, or already in the possession of, Receiving Party prior to receipt from Disclosing Party;
- (2) information which is obtained by Receiving Party from a third person who, to the actual knowledge of Receiving Party is not in violation of any agreement to a third party not to disclose such information
- (3) information which is or becomes publically available other than through breach by the Receiving Party of this Agreement; and,
- (4) information which is independently developed by or on behalf of Receiving Party.

15. **Entire Agreement:** This Agreement: (a) shall be governed by and construed in accordance with the laws of the State of Texas without reference to conflict of laws principles; (b) constitutes the entire agreement and understanding of the parties with respect to its subject matter, and supersedes all prior agreements and understandings, except that the terms of any agreement regarding confidential information of the parties shall be deemed to be a part of this Agreement and each party hereto acknowledges that in entering this Agreement it has not relied on any representation or warranty not contained herein; (c) and the terms and conditions including fees set forth in it shall be treated as confidential information; (d) is not for the benefit of any third party; (e) may not be amended except by a written instrument signed by both CUSTOMER and LOOMIS; (f) may not be assigned by CUSTOMER without LOOMIS prior written consent; (g) may be assigned by LOOMIS, provided that LOOMIS shall furnish written notice of such assignment to CUSTOMER; (h) shall be binding upon any assignees, and defined terms used in this Agreement to apply to either party shall be construed to refer to such party's assignee; (i) is the product of negotiation; (j) is subject to a contractually agreed one (1) year statute of limitations on all claims or the minimum allowable by applicable law; (k) shall not be deemed to have been drafted by either party; (l) contains article and section headings which are for convenience of reference only and which shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement; (m) does not make either party the agent, fiduciary or partner of the other; (n) does not grant either party any authority to bind the other to any legal obligation; (o) does not intend to nor grant any rights to any third party and (p) shall remain valid and enforceable despite the holding of any specific provision to be invalid or unenforceable, except for such specific provision. The waiver by either party of any rights arising out of this Agreement shall not cause a waiver of any other rights under this Agreement, at law or in equity. Any and all correspondence regarding this Agreement shall be delivered via certified mail (return receipt requested) or verifiable third-party courier (return receipt requested).

This Agreement may be executed in two or more identical counterparts, each of which shall be deemed to be an original and all of which taken together will be deemed to constitute one and the same agreement when a duly authorized representative of each party has signed a counterpart. The parties may sign and deliver this Agreement by facsimile or electronic (i.e., .pdf) transmission. Each party acknowledges that the delivery hereof by facsimile or electronic transmission will have the same force and effect as delivery of original signatures.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

CUSTOMER

By _____
Printed Name _____
Title _____
Date _____

LOOMIS

By _____
Printed Name _____
Title _____
Date _____

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Resolution 2019-71
Equipment Purchase Approval / Budget Amendment - Stormwater

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-71

SYNOPSIS: Land purchase for a Stormwater facility was budgeted, but no reasonable agreement could be reached with the landowner.

The Stormwater Department has been utilizing rented excavation equipment in order to complete scheduled improvement and maintenance work. The frequency and cost of equipment rental justifies the purchase of a Caterpillar 305.5 mini-excavator or equivalent through the Florida Sheriff's Association Vehicle Bid Award # FSA18-VEH16.0.

Staff recommends an increase to the Stormwater Machinery/ Equipment account for the purchase of a Mini-excavator needed for Stormwater maintenance and improvement projects in the amount of \$70,000 for the balance of Fiscal Year 2018/2019 by transferring this amount from the Stormwater Land account to the Stormwater Mach/Equip account.

The attached Resolution approves the transfer of funds from the Stormwater Land account to the Stormwater Mach/ Equip account as well as the purchase of a Mini-excavator or equivalent in an amount not to exceed \$70,000.

FISCAL IMPACT: Funds in the amount of \$70,000 are available in the Stormwater Land account, 470 56100, for transferring to the Stormwater Machine/Equip account, 470 56400.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-71.

Jeremiah Glisson, Fleet & Facilities Maintenance Director	4/24/2019
Pauline Testagrose, Comptroller	4/24/2019
Nicole Bednar, Administrative Services Manager	4/24/2019
Dale Martin, City Manager	4/25/2019
Tammi E. Bach, City Attorney	4/25/2019
Katie Newton, Legal Assistant	4/25/2019

Date: April 18, 2019

Submitted By: Andre Desilet, Stormwater Manager

COMMISSION ACTION: Adopt

RESOLUTION 2019-71

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, APPROVING AN AMENDMENT TO THE STORMWATER FUND BUDGET FOR FISCAL YEAR 2018/2019; APPROVING THE PURCHASE OF A CATERPILLAR 305.5 MINI-EXCAVATOR OR EQUIVALENT; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City adopts and operates under a budget for the fiscal year and the City Charter requires that the City Commission approve any budget amendment over \$7,500; and

WHEREAS, the Stormwater Department has been utilizing rented excavation equipment in order to complete scheduled improvement and maintenance work; and

WHEREAS, the frequency and cost of equipment rental justifies the purchase of a Caterpillar 305.5 mini-excavator or equivalent through the Florida Sheriff's Association Vehicle Bid Award # FSA18-VEH16.0; and

WHEREAS, staff recommends an increase to the Stormwater Machinery/ Equipment account for the purchase of a mini-excavator for Stormwater maintenance improvements in the amount of \$70,000 for the balance of Fiscal Year 2018/2019 by transferring this amount from the Stormwater Land account, 470 56100, to the Mach/ Equip account, 470 56400.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby authorizes the City Manager and City Clerk to execute all documentation pertaining to this purchase of a Caterpillar 305.5 mini-excavator or equivalent in an amount not to exceed \$70,000, upon review and approval of the City Attorney.

SECTION 2. The City Commission hereby approves the transfer of \$70,000 to the Stormwater Mach/ Equip account, 470 56400, from the Stormwater Land account, 470 56100.

SECTION 3. This Resolution shall be effective immediately upon passage.

ADOPTED this 7th day of May, 2019.

ATTEST:

CITY OF FERNANDINA BEACH

Caroline Best
City Clerk

John A. Miller
Commissioner-Mayor

APPROVED AS TO FORM AND LEGALITY:



Tammi E. Bach
City Attorney

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Resolution 2019-72
Budget Amendment - Capital Expansion Fund

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-72

SYNOPSIS: Current signage in the downtown area is cluttered and no longer depicts the period of significance. Fernandina Beach Main Street and the City of Fernandina Beach have partnered together to place new signage in the downtown area.

Dawson Associates LLC was the selected vendor for this project in the amount of \$182,000 for the implementation of wayfinding signage in the downtown area.

This Resolution approves the budget transfer from the Capital Expansion Fund, Reserve account, 3101000 59990, to the Capital Expansion Fund, Main Street Improvements account, 3101000 56368.

FISCAL IMPACT: Funds are available for this transfer in the Capital Expansion Fund, Public Facilities Reserve account, 3101000 59990.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-72.

Pauline Testagrose, Comptroller	4/22/2019
Dale Martin, City Manager	4/25/2019
Tammi E. Bach, City Attorney	4/25/2019
Katie Newton, Legal Assistant	4/25/2019

Submitted By:	<u>Nicole Bednar, Administrative Services Manager</u>	Date: April 17, 2019
---------------	---	----------------------

COMMISSION ACTION: Adopt

RESOLUTION 2019-72

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, APPROVING AN AMENDMENT TO THE BUDGET FOR FISCAL YEAR 2018/2019; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, according to Code Sec 2-412 and Charter section 74, the City Commission must approve any budget transfers over \$7,500; and

WHEREAS, the City Commission approved the proposal submitted by Dawson Associates LLC for the implementation of the wayfinding signage in the downtown; and

WHEREAS, an amendment to the budget is needed to reallocate the expenses associated with the Main Street Improvement; and

WHEREAS, staff recommends a budget transfer of \$182,000 from the Capital Expansion Fund (310), Public Facilities Reserve account, 3101000 59990, to the Capital Expansion Fund, Main Street Improvements account, 3101000 56368.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves a budget transfer of \$182,000 from the Capital Expansion Fund (310), Public Facilities Reserve account, 3101000 59990, to the Capital Expansion Fund, Main Street Improvements account, 3101000 56368.

SECTION 2. This Resolution shall become effective immediately upon passage.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Mayor - Commissioner

ATTEST:

APPROVED AS TO FORM AND LEGALITY:



Caroline Best
City Clerk

Tammi E. Bach
City Attorney

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Resolution 2019-73
Mutual Aid Agreement Amendment - Nassau County Sheriff's Office

ITEM TYPE: Resolution (w/o fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-73

SYNOPSIS: This item is a First Amendment to the Mutual Aid Agreement for Combined Operational Assistance and Voluntary Cooperation between the Nassau County Sheriff's Office (NCSO) and the Fernandina Beach Police Department (FBPD).

The NCSO and the FBPD have, for many years, agreed by a Mutual Aid Agreement to assist and cooperate with each other during intense situations, including but not limited to emergencies, and for multi-jurisdictional routine law enforcement purposes, so as to protect the public peace, while preserving the safety, lives and property of the people of Nassau County.

The NCSO now desires to establish a multi-agency narcotics task force and the FBPD intends to formally include the participation of its police officers on the NCSO multi-agency task force. By this amendment to our existing MOU both the NCSO and the FBPD desire to establish a clear understanding of the authority, limitations, and responsibilities of the FBPD officers participating on the NCSO multi-agency narcotics task force.

FISCAL IMPACT: No fiscal impact.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-73.

James Hurley, Chief of Police	4/22/2019
Dale Martin, City Manager	4/25/2019
Tammi E. Bach, City Attorney	4/25/2019

Date: April 17, 2019

Submitted By: Katie Newton, Legal Assistant

COMMISSION ACTION: Adopt

RESOLUTION 2019-73

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AUTHORIZING AN AMENDMENT TO THE COMBINED VOLUNTARY COOPERATION AND OPERATIONAL ASSISTANCE MUTUAL AID AGREEMENT WITH THE NASSAU COUNTY SHERIFF'S OFFICE; AUTHORIZING EXECUTION; PROVIDING FOR FILING OF THE AGREEMENT WITH THE FLORIDA DEPARTMENT OF LAW ENFORCEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, law enforcement agencies have the authority under Section 23.12, Florida Statutes, (The Florida Mutual Aid Act) to enter into a combined mutual aid agreement for law enforcement services which permits voluntary cooperation and assistance of a routine law enforcement nature across jurisdictional lines, and provides for rendering of assistance in a law enforcement emergency; and

WHEREAS, the City of Fernandina Beach Police Department and the Nassau County Sheriff's Office entered into a Combined Mutual Aid/Cooperative Agreement approved by the City Commission on August 20, 2013, and approved automatic renewal of said agreement on October 7, 2014; and

WHEREAS, the Fernandina Beach Police Department and Nassau County Sheriff's Office wish to amend the agreement to include the establishment of a multi-agency narcotics task force; and

WHEREAS, the City Commission of the City of Fernandina Beach has deemed it to be in the best interest of the citizens of Fernandina Beach, Florida, to amend the Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves the First Amendment to the Mutual Aid Agreement, attached hereto as Exhibit "A," between the City of Fernandina Beach Police Department and the Nassau County Sheriff's Office.

SECTION 2. The City Manager and City Clerk are hereby authorized to execute all documentation pertaining to the agreement, upon review and approval by the City Attorney.

SECTION 3. The City Clerk is hereby directed to file a copy of the agreement with the Florida Department of Law Enforcement within 14 days of execution, pursuant to Section 23.1225(4).

SECTION 4. This Resolution shall take effect immediately upon passage.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Mayor-Commissioner

ATTEST:

APPROVED AS TO FORM AND LEGALITY:



Caroline Best
City Clerk

Tammi E. Bach
City Attorney

**FIRST AMENDMENT TO MUTUAL AID AGREEMENT
FOR COMBINED OPERATIONAL ASSISTANCE
AND VOLUNTARY COOPERATION**

The Mutual Aid Agreement for Combined Operational Assistance and Voluntary Cooperation ("Agreement") previously entered into on the 7th day of October, 2014 is hereby amended by execution of this First Amendment to Mutual Aid Agreement for Combined Operational Assistance and Voluntary Cooperation ("First Amendment"), and becomes effective on the _____ day of _____, 2019 ("Effective Date"). This First Amendment is made and entered into, by and between the **SHERIFF OF NASSAU COUNTY, FLORIDA**, a constitutional officer of the State of Florida, located at 77151 Citizens Circle, Yulee, Florida 32097 ("NCSO"), and the **FERNANDINA BEACH POLICE DEPARTMENT**, a municipal police department, located at 1525 Lime Street, Fernandina Beach, FL 32034 ("FBPD").

RECITALS

WHEREAS, the NCSO and the FBPD previously agreed to assist and cooperate with each other in intensive situations, including but not limited to emergencies, and for multi-jurisdictional routine law enforcement, so as to protect the public peace and safety, and preserve the lives and property of the people;

WHEREAS, the NCSO desires to establish a multi-agency drug and narcotics task force;

WHEREAS, the FBPD desires to formally include the participation of its police officers on an NCSO multi-agency drug and narcotics task force; and

WHEREAS, the NCSO and the FBPD desire to establish a clear understanding of the authority, limitations, and responsibilities of FBPD officers participating on an NCSO multi-agency drug and narcotics task force;

NOW, THEREFORE, the NCSO and the FBPD agree and intend to be bound as follows:

A. Paragraph 4. of the original Agreement is replaced and superseded in its entirety as follows:

4. Requesting Assistance; Interagency Incident Command, Jurisdiction and Authority. It is understood by all parties that NCSO enjoys jurisdiction throughout Nassau County and Fernandina Beach and that NCSO's jurisdiction is not contingent upon or pursuant to this agreement. It is understood by all parties that the purpose of this Agreement is not to extend the territorial jurisdiction of FBPD unconditionally or without limits, but to expressly provide for interagency combined operational assistance and voluntary cooperation upon request.

a. In the event that a party to this Agreement needs or desires cooperation or assistance as set forth herein, the requesting Law Enforcement Agency shall

notify the Law Enforcement Agency head, or designee, of the cooperating or assisting agency. The Law Enforcement Agency head, or designee, of the agency whose assistance is requested shall evaluate the situation or incident and will respond to the requesting Law Enforcement Agency as to any cooperation or assistance that can be provided. The decision as to whether any cooperation or assistance can be provided, and to what extent, shall be in the sole discretion of the Law Enforcement Agency head of the agency whose assistance is requested, or designee.

- b. For operational assistance or voluntary cooperation not related to a multi-agency task force created or organized by the Nassau County Sheriff's Office or for an multi-agency Special Response Team, all personnel, resources, support, supplies, or facilities that are assigned by the assisting Law Enforcement Agency shall be under the immediate command of a supervising officer designated by the Assisting Law Enforcement Agency (i.e. an assisting patrol squad of the FBPD would report to a FBPD Sergeant). Such designated supervising officer of the assisting agency shall be under the direct supervision and command of the Law Enforcement Agency head of the Law Enforcement Agency requesting assistance, or his designee (i.e. the FBPD Sergeant would report to the NCSO Lieutenant/Watch Commander). In the event the assistance of NCSO is requested by FBPD, the assisting officers shall remain under the command of an NCSO supervisor, as NCSO has jurisdiction throughout Nassau County.
 - c. For any multi-agency task force created or organized by the Nassau County Sheriff's Office or for an interagency Special Response Team established pursuant to Paragraph 3 of the Agreement, including but not limited to a multi-agency drug and narcotics task force, all operations are under the command and supervision of the respective NCSO chain of command (i.e. for a Nassau County Sheriff's Office – Fernandina Beach Police Multi-Agency Drug Task Force, all members report to the NCSO Narcotics Sergeant, and the NCSO Criminal Investigations chain of command).
- B. Sub-paragraph 5.a. of the original Agreement is amended as follows (note for clarification: the remaining subparagraphs of Paragraph 5 remain in full force and affect and are not amended by this First Amendment):
- a. For operational assistance or voluntary cooperation in routine law enforcement matters not related to an multi-gency task force, members of FBPD actually engaging in mutual cooperation and assistance outside of the jurisdictional limits of their Law Enforcement Agency, under the terms of this Agreement, shall, pursuant to the provisions of Section 23.127, Florida Statutes, have the same powers, duties, rights, responsibilities, privileges and immunities as if they were performing their duties in the political subdivision in which they are normally employed.

FBPD members assigned to any NCSO multi-agency task force shall enjoy full jurisdictional authority anywhere within Nassau County, Florida, with full power to enforce Florida laws and avail themselves of the provisions of this Agreement and First Amendment to Agreement when engaged in task force operations that have been approved by, and involve, NCSO as contemplated by the original Agreement and this First Amendment.

Any FBPD task force members operating outside the city of Fernandina Beach, Florida shall not enjoy extra-jurisdictional authority as a law enforcement officers unless engaged in an approved task force activity as stated in the Agreement or this First Amendment and subject to the supervision and approval limitations of the Agreement and this First Amendment. Task force activities shall be considered authorized only when approved and actually directed and supervised by the NCSO task force supervisor. No extension of jurisdiction or authority is granted by Agreement or this First Amendment for law enforcement activities unless they are approved and supervised as provided herein and are related to task force operations or have been encountered directly incident to an approved and supervised task force operation.

C. Paragraph 6. of the original Agreement is replaced and superseded in its entirety as follows:

6. **Insurance, Liability, Sovereign Immunity.** Each party shall provide satisfactory proof of liability insurance by one or more of the means specified in Section 768.28(16), Florida Statutes, in an amount which is, in the judgment of the governing body or Risk Manager of each respective party, at least adequate to cover the risk to which that party may be exposed. Should the insurance coverage, however provided, of any party be canceled or undergo material change, that party shall notify all parties to this Agreement of such change within ten (10) days of receipt of notice or actual knowledge of such change. Each party engaging in any mutual cooperation or assistance pursuant to the Agreement or this First Amendment, agrees with respect to any suit or claim for damages resulting from any and all acts, omissions, or conduct of such party's own employees, deputies, officers, or agents while engaging in rendering aid pursuant to the Agreement or this First Amendment to assume full responsibility for same, subject to the provisions of Section 768.28, Florida Statutes, where applicable, and provided such party shall have control of the defense of any suit or claim which said assumption or responsibility applies. Nothing contained herein shall constitute a waiver by either party of its sovereign immunity or a waiver of the limitations on liability, claims, or judgments as set forth in section 768.28, Florida Statutes.

D. Paragraph 8. of the original Agreement is replaced and superseded in its entirety as follows:

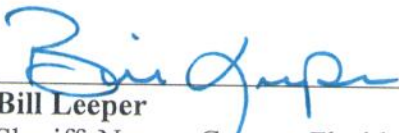
8. **Cancellation.** This Agreement may be canceled upon ten (10) days written notice by either Law Enforcement Agency. Written notice of cancellation of Agreement must be delivered to the other party by certified mail or hand delivery. Any written notice tendered to NCSO should be mailed or hand delivered to 77151 Citizens Circle, Yulee,

FL 32097. Any written notice tendered to FBPD should be mailed or hand delivered to 1525 Lime Street, Fernandina Beach, FL 32034.

- E. **Deconfliction.** In an effort to avoid a situation where investigations may overlap and cause endangerment to law enforcement personnel or the public or compromise an investigation, the parties shall communicate the existence and status of all drug and narcotic related investigations and investigative efforts and techniques within the city limits of Fernandina Beach to the Nassau County Sheriff's Office – Fernandina Beach Police Multi-Agency Drug Task Force ("Drug Task Force"), and engage in the practice commonly known as deconfliction.
- F. **NCSO Drug Task Force: Policies, Procedures, Confidentiality.** The parties acknowledge, understand, and agree that all policies and procedures, general orders, or standard operating procedures of the Nassau County Sheriff's Office pertaining to drug or narcotics related investigations will govern the operations the Nassau County Sheriff's Office – Fernandina Beach Police Multi-Agency Drug Task Force, including but not limited to, the use and operations of confidential informants, Rachel's Law, surveillance, generating reports, property seizures and forfeitures, and the collection and processing of evidence. All information obtained from a Drug Task Force informant or during a Drug Task Force investigation will be freely shared with other members of the Drug Task Force, with the understanding the information will be kept strictly confidential and will only be used in furtherance of Drug Task Force operations and investigations. No information gathered during the course of a Drug Task Force operation or investigation may be disseminated to any non-Drug Task Force member or any third party without the express permission of the NCSO Narcotics Sergeant or his/her chain of command.
- G. **NCSO Drug Task Force: Reports and Public Records.** The parties acknowledge, understand, and agree that all policies and procedures, general orders, or standard operating procedures of the Nassau County Sheriff's Office pertaining to the release of information (including to the media), reports, or public records shall govern the redaction and release of any information, reports, written statements, documents, pictures, or other evidence arising from an Nassau County Sheriff's Office – Fernandina Beach Police Multi-Agency Drug Task Force case.
1. The FBPD shall refer any requests for information, reports, or public records for any matters pertaining to the Nassau County Sheriff's Office Task Force to the NCSO Public Records Division at (904) 225-0331, or MMERCER@NASSAUSO.COM or 77151 Citizens Circle, Yulee, FL 32097.
 2. The FBPD acknowledges, understands, and agrees to keep and maintain all public records that would ordinarily and necessarily be required for all operations or matters pertaining to the Nassau County Sheriff's Office Drug Task Force.
- H. **Survival of Paragraphs and Terms of Original Agreement.** All remaining paragraphs and sub-paragraphs and terms of Mutual Aid Agreement for Combined Operational Assistance

and Voluntary Cooperation, as executed and with an effective date of October 7, 2014, shall remain in full force and effect and are expressly incorporated by reference into this First Amendment.

IN WITNESS WHEREOF, the parties hereto cause this foregoing First Amendment to Mutual Aid Agreement For Combined Operational Assistance And Voluntary Cooperation to be signed on the date indicated.



Bill Leeper
Sheriff, Nassau County, Florida

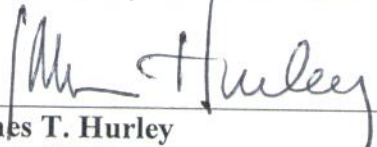
04/16/2019

Date

For the use and reliance of Bill Leeper, Sheriff, only, approval as to form and legal sufficiency:



Bobby Lippelman
General Counsel
Nassau County Sheriff's Office



James T. Hurley
Chief of Police, Fernandina Beach Police Department

4/17/2019

Date

Dale Martin
City Manager

Date

Approved as to form:

Tammi Bach
City Attorney

Date

ATTEST:

Caroline Best
City Clerk

Date

RESOLUTION 2014-135

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AUTHORIZING A COMBINED MUTUAL AID/COOPERATIVE AGREEMENT WITH NASSAU COUNTY SHERIFF'S OFFICE; AUTHORIZING EXECUTION; PROVIDING FOR FILING OF THE AGREEMENT WITH THE FLORIDA DEPARTMENT OF LAW ENFORCEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, law enforcement agencies have the authority under Section 23.12, Florida Statutes, (The Florida Mutual Aid Act) to enter into a combined mutual aid agreement for law enforcement services which permits voluntary cooperation and assistance of a routine law enforcement nature across jurisdictional lines, and provides for rendering of assistance in a law enforcement emergency; and

WHEREAS, the City of Fernandina Beach Police Department and the Nassau County Sheriff's Office entered into a Combined Mutual Aid/Cooperative Agreement approved by the City Commission on August 20, 2013; and

WHEREAS, the City of Fernandina Beach Police Department and the Nassau County Sheriff's Office desire to renew the Mutual Aid Agreement that expired after 12 months.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves the Combined Mutual Aid/Cooperative Agreement, attached hereto as Exhibit A, between the City of Fernandina Beach Police Department and the Nassau County Sheriff's Office for a period of twelve (12) months beginning October 7, 2014, and the Agreement will automatically renew, without further action by the parties, upon the twelve month anniversary of the effective date unless cancelled by either Law Enforcement Agency upon ten days written notice.

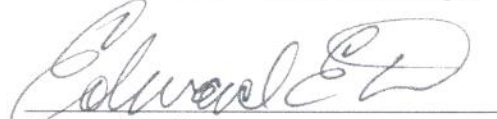
SECTION 2. The City Manager and City Clerk are hereby authorized to execute all documentation pertaining to the agreement, upon review and approval by the City Attorney.

SECTION 3. The City Clerk is hereby directed to file a copy of the agreement with the Florida Department of Law Enforcement within 14 days of execution, pursuant to Section 23.1225(4).

SECTION 4. This Resolution shall take effect immediately upon passage.

ADOPTED this 7th day of October, 2014.

CITY OF FERNANDINA BEACH

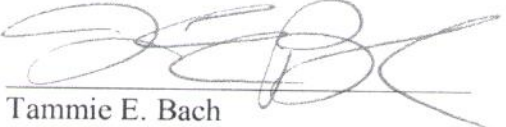

Edward E. Boner
Mayor-Commissioner

ATTEST:



Caroline Best
City Clerk

APPROVED AS TO FORM & LEGALITY:



Tammie E. Bach
City Attorney

**MUTUAL AID AGREEMENT
FOR COMBINED OPERATIONAL ASSISTANCE
AND VOLUNTARY COOPERATION**

This Mutual Aid Agreement ("Agreement") is made and entered into this 1st day of October, 2014 (the "Effective Date"), by and between the Nassau County Sheriff's Office ("NCSO") and the Fernandina Beach Police Department ("FBPD") for Combined Operational Assistance and Voluntary Cooperation as described herein.

RECITALS

WHEREAS, the jurisdiction of NCSO and FBPD (hereafter collectively referred to as the "Law Enforcement Agencies" or "parties") are so located in relation to each other geographically that it is to the advantage of each to receive and extend mutual aid in the form of law enforcement services and resources to adequately respond to: (1) intensive situations including but not limited to emergencies as defined under section 252.34(3), F.S. and (2) continuing multi-jurisdictional routine law enforcement, so as to protect the public peace and safety, and preserve the lives and property of the people; and

WHEREAS, NCSO and FBPD have the authority under Chapter 23, Florida Statutes, (the Florida Mutual Aid Act), to enter into: (1) a requested operational assistance agreement for the requesting and rendering of assistance in law enforcement intensive situations, incidents and emergencies, and (2) a voluntary cooperation agreement for assistance of a routine law enforcement nature that crosses jurisdictional lines:

NOW, THEREFORE, NCSO and FBPD agree and intend to be bound as follows:

1. **Incorporation of Recitals.** The above stated Recitals are accurate, true and correct and, by this reference are made a part hereof and are incorporated herein.
2. **Operational Assistance.** The aforesaid Law Enforcement Agencies hereby approve and enter into this agreement whereby each Law Enforcement Agency may request and render law enforcement assistance to the other upon the preparation for, or occurrence of, a natural disaster or other emergency or incident, including but not limited to, responding to civil disturbances, large protest demonstrations, aircraft disasters, fires, natural or man-made disasters, sporting events, concerts, parades, escapes from detention facilities, and incidents requiring utilization of specialized units. Cooperation and assistance may include, but is not limited to, personnel, equipment, support, or supplies.
3. **Voluntary Cooperation.** Law Enforcement Agencies hereby approve and enter into this Agreement whereby each Law Enforcement Agency may request, render, engage in, and provide voluntary cooperation and assistance of a routine law enforcement nature across jurisdictional lines. The following is an inclusive list of routine law enforcement functions whereby each Law Enforcement Agency agrees to engage in voluntary cooperation and assistance within the boundaries of unincorporated Amelia Island:

- a. investigation of any violations of Florida law to include, but not be limited to, homicides, sex offenses, robberies, assaults, burglaries, larcenies, gambling, motor vehicle thefts, drug violations pursuant to Chapter 893 F.S., and violations of the Florida Uniform Traffic Control Law arising from within the jurisdiction of the FBPD;
- b. taking appropriate enforcement action, including but not limited to, arrest or citation of any suspect(s) (when practicable, the on-duty Nassau County Sheriff's Office supervisor shall be notified before enforcement action is taken);
- c. criminal or civil traffic enforcement including the use of moving radar but not stationary radar.

The following is an inclusive list of routine law enforcement functions whereby each Law Enforcement Agency agrees to engage in voluntary cooperation and assistance both within and outside the boundaries of unincorporated Amelia Island:

- a. providing officer backup services during patrol activities;
- b. responding to all felony crimes in progress;
- c. participation on any interagency Special Response Team ("SRT");
- d. participation on an approved inter-agency Narcotics Task Force;
- e. participation in joint criminal or civil traffic enforcement actions or deployments;
- f. participation in any approved inter-agency task force and/or joint investigations;
- g. providing law enforcement personnel (police officers or deputy sheriffs) for staffing special events;
- h. responding to accidents involving motor vehicles along the A1A/SR200 corridor by FBPD while enroute to and from the Nassau County Detention Facility, Nassau County Sheriff's Office or Nassau County Judicial Complex;
- i. handling all criminal traffic enforcement and enforcement of flagrant civil traffic violations which involve a risk of safety to the public, including the use of moving radar but not stationary radar, along the A1A/SR200 corridor by FBPD while enroute to and from the Nassau County Detention Facility, Nassau County Sheriff's Office or Nassau County Judicial Complex;
- j. responding to violent misdemeanor crimes in progress along the A1A/SR200 corridor by FBPD while enroute to and from the Nassau County Detention Facility, Nassau County Sheriff's Office or Nassau County Judicial Complex;
- k. handling disorderly conduct or breach of peace crimes in progress along the A1A/SR200 corridor by FBPD while enroute to and from the Nassau County Detention Facility, Nassau County Sheriff's Office or Nassau County Judicial Complex.

4. **Policy and Procedure for Requesting Assistance and Interagency Incident Command.** It is understood by all parties that NCSO enjoys jurisdiction throughout Nassau County and Fernandina Beach and that NCSO's jurisdiction is not contingent upon or pursuant to this agreement. It is understood by all parties that the purpose of this Agreement is not to extend the territorial jurisdictional of FBPD unconditionally or without limits, but to expressly provide for interagency combined operational assistance

and voluntary cooperation upon request.

- a. In the event that a party to this Agreement needs or desires cooperation or assistance as set forth herein, the requesting Law Enforcement Agency shall notify the Law Enforcement Agency head, or designee, of the cooperating or assisting agency. The Law Enforcement Agency head, or designee, of the agency whose assistance is requested shall evaluate the situation or incident and will respond to the requesting Law Enforcement Agency as to any cooperation or assistance that can be provided. The decision as to whether any cooperation or assistance can be provided, and to what extent, shall be in the discretion of the Law Enforcement Agency head of the agency whose assistance is requested, or designee, and shall be the final decision.
- d. The personnel, resources, support, supplies, or facilities that are assigned by the assisting Law Enforcement Agency shall be under the immediate command of a supervising officer designated by the assisting Law Enforcement Agency. Such designated supervising officer of the assisting agency shall be under the direct supervision and command of the Law Enforcement Agency head of the Law Enforcement Agency requesting assistance, or his designee. In the event the assistance of NCSO is requested by FBPD, the assisting officers shall remain under the command of an NCSO supervisor.

5. Authority, Privileges, Immunities and Costs. Authority of Law Enforcement Officers Operating Pursuant to this Agreement:

- a. Members of FBPD actually engaging in mutual cooperation and assistance outside of the jurisdictional limits of their Law Enforcement Agency, under the terms of this Agreement, shall, pursuant to the provisions of Section 23.127, Florida Statutes, have the same powers, duties, rights, responsibilities, privileges and immunities as if they were performing their duties in the political subdivision in which they are normally employed.
- b. In the event a violation of Florida Statutes should occur in the presence of a law enforcement officer representing his/her respective Law Enforcement Agency in furtherance of this Agreement, the law enforcement officer shall be empowered to take appropriate enforcement action including, but not limited to, arrest or citation of the suspect or suspects.
- c. In the event an officer of FBPD who is investigating a felony or a misdemeanor which occurred within FBPD jurisdiction should develop probable cause to arrest a suspect for that felony or misdemeanor when the suspect is located outside the FBPD officer's jurisdiction, but within Nassau County, the FBPD officer shall be empowered with the same authority to arrest said suspect as the FBPD officer would have within the political subdivision in which he or she is employed. An FBPD officer intending to effect a probable cause arrest pursuant to this

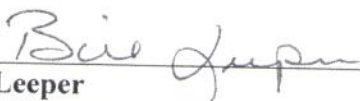
paragraph should, whenever possible, request the assistance of the NCSO or other Law Enforcement Agency having jurisdiction within the area in which the arrest is to take place. Failure to request such assistance shall not, however, affect the validity or legality of any arrest made pursuant to this paragraph.

- d. Each party agrees to furnish necessary equipment, resources and facilities and to render services to each other party to the Agreement as set forth herein, provided however, that neither party shall be required to deplete unreasonably its own equipment, resources, facilities, and services in furnishing such mutual aid. The decision as to whether the initiation of cooperation or assistance, or the continued cooperation or assistance, will unreasonably deplete resources shall be in the discretion of the Law Enforcement Agency head of the agency whose assistance is requested, or designee, and shall be the final decision.
 - e. The Law Enforcement Agency furnishing any equipment pursuant to this agreement shall bear the cost of loss or damage to such equipment and shall pay any expense incurred in the operation and maintenance thereof. The parties may, by written mutual agreement concurrent with a situation, incident, or emergency, waive this provision and agree the requesting Law Enforcement Agency will reimburse the Law Enforcement Agency providing cooperation and assistance for pre-approved and itemized equipment, supplies, and resources utilized by the requesting Law Enforcement Agency.
 - f. The Law Enforcement Agency furnishing aid pursuant to this section shall compensate its own employees during the time such aid is rendered and shall defray the actual travel and maintenance expenses of such employees while they are rendering such aid, including any amounts paid or due for compensation due to personal injury or death while such employees are engaged in rendering such aid.
 - g. All of the privileges and immunities from liability, exemption from laws, ordinances and rules, and all pension, insurance, relief, disability, worker's compensation, salary, death and other benefits which apply to the activity of such officers, agents, or employees of any such Law Enforcement Agency when performing their respective functions within the territorial limits of their own respective jurisdictions shall apply to them to the same degree, manner, and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of this Agreement. The provisions of this section shall apply with equal effect to sworn or certified law enforcement personnel, civilian personnel, and all paid, volunteer, specially appointed, reserve employees, staff, or personnel.
6. **Insurance, Liability, Sovereign Immunity.** Each party shall provide satisfactory proof of liability insurance by one or more of the means specified in Section 768.28(16), Florida Statutes, in an amount which is, in the judgment of the governing body or Risk

Manager of each respective party, at least adequate to cover the risk to which that party may be exposed. Should the insurance coverage, however provided, of any party be canceled or undergo material change, that party shall notify all parties to this Agreement of such change within ten (10) days of receipt of notice or actual knowledge of such change. Each party agrees that it shall be solely responsible for the negligent acts or omissions of its officers, employees, contractors and agents. Nothing contained herein shall constitute a waiver by either party of its sovereign immunity or a waiver of the limitations on liability, claims, or judgments as set forth in section 768.28, Florida Statutes.

7. **Effective Date and Annual Renewal.** This Agreement shall take effect upon the date expressly agreed upon and enumerated on the first page of this Agreement and shall continue in full force and effect for twelve (12) months unless terminated prior thereto by any or all of the parties to the Agreement under Paragraph 8 herein. This Agreement will automatically renew, without further action by the parties, upon the twelve month anniversary of the effective date and each renewal may be canceled pursuant to Paragraph 8 herein.
8. **Cancellation.** This Agreement may be canceled upon ten (10) days written notice by either Law Enforcement Agency. Written notice of cancellation of Agreement must be delivered to the other party by certified mail or hand delivery. Any written notice tendered to NCSO should be mailed or hand delivered to 76001 Bobby Moore Circle, Yulee, FL 32097. Any written notice tendered to FBPD should be mailed or hand delivered to 1525 Lime Street, Fernandina Beach, FL 32034.
9. **Amendments or Modification of Agreement.** Any alterations, modifications, amendments, deletions, of any provisions of this Agreement must be done in writing and signed by both NCSO and FBPD. No written alteration, modification, amendment, deletion, or wavier of any provision of Agreement shall become valid or effective until executed in conformity with this paragraph as signed by both NCSO and FBPD.
10. **Filing Agreement with FDLE.** Pursuant to 23.1225(4), a copy of this Mutual Aid Agreement must be filed with the Florida Department of Law Enforcement ("FDLE") within 14 days after it is signed by the Law Enforcement Agencies. Any amendments or modifications as permitted in Paragraph 5(e) or Paragraph 9 must also be filed with FDLE.

IN WITNESS WHEREOF, the parties hereto cause this foregoing Mutual Aid Agreement For Combined Operational Assistance And Voluntary Cooperation to be signed on the date indicated.

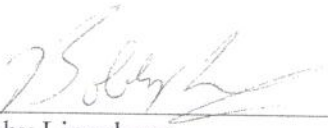


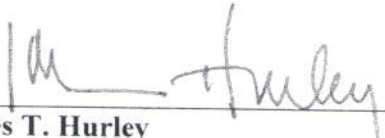
Bill Leeper
Sheriff, Nassau County, Florida

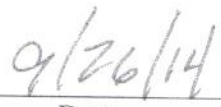
9-3-14

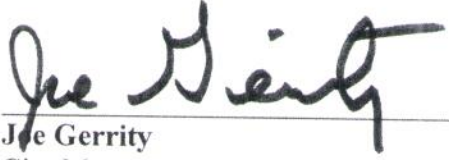
Date

For the use and reliance of Bill Leeper, Sheriff, only, approval as to form and legal sufficiency:


Bobby Lippelman
General Counsel
Nassau County Sheriff's Office

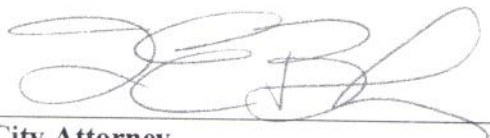

James T. Hurley
Chief of Police, Fernandina Beach Police Department

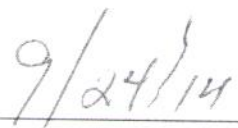

Date


Joe Gerrity
City Manager

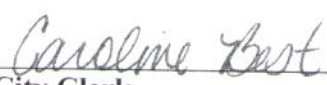

Date

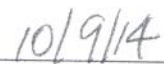
Approved as to form & legality:


City Attorney


Date

ATTEST:


Caroline East
City Clerk


Date

C. GDL
NGSO
PS.

CITY COMMISSION AGENDA ITEM
CITY OF FERNANDINA BEACH

SUBJECT: Resolution 2014-~~35~~
Mutual Aid Agreement – Nassau County Sheriff's Office

DEPARTMENT: Police Department

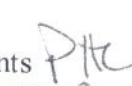
ATTACHMENTS: ☐ Ordinance ☒ Resolution
☐ Support Documents ☐ Other

RECOMMENDED ACTION: Approve Resolution 2014-~~35~~ authorizing a 12-month mutual aid agreement between the City of Fernandina Beach Police Department and Nassau County Sheriff's Office to protect the public peace and safety and preserve the lives and property of the citizens of this community.

SUMMARY: Law enforcement agencies have the authority under Section 23.12, Florida Statutes (The Florida Mutual Aid Act) to enter into a combined mutual aid agreement for law enforcement services which permits voluntary cooperation and assistance of a routine law enforcement nature across jurisdictional lines, and provides for rendering of assistance in a law enforcement emergency. The current Mutual Aid Agreement expired August 20, 2014. This new agreement is for a period of 12 months beginning October 7, 2014, and the Agreement will automatically renew, without further action by the parties, upon the twelve month anniversary of the effective date unless cancelled by either Law Enforcement Agency upon ten days written notice.

FISCAL IMPACT: None.

CITY ATTORNEY COMMENTS: No additional comments.

DEPARTMENT HEAD	Submitted by: James T. Hurley  Chief of Police	Date: 9/10/14
	Requested Agenda	Date: 10/7/14
FINANCE DEPARTMENT	Approved as to Budget Requirements 	Date: 9/24/14
CITY ATTORNEY	Approved as to Form and Legality 	Date: 9/24/14
CITY MANAGER	Approved Agenda Item for 10/7/14 	Date: 9/22/14

COMMISSION ACTION:	☒ Approved As Recommended	☐ Disapproved
	☐ Approved With Modification	☐ Postponed to Time Certain
	☐ Other	☐ Tabled

Approved at the City Commission Meeting
Held on: 9/24/14
Voted: 5-0 Initial: 

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Resolution 2019-74
Budget Amendment - Parks and Recreation Impact Fees

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-74

SYNOPSIS: According to Code Sec 2-412 and Charter section 74, the City Commission must approve any budget transfers over \$7,500.

The City Commission approved expenditures relating to Simmons Road Park in the FY 2018/2019 budget.

The total cost of \$400,000 was split 50/50 with \$200,000 allocated using Parks and Recreation Impact Fees and the remaining \$200,000 being reimbursed with Florida Department of Environmental Protection (FDEP) grant funding.

At this time, FDEP has not provided funding; therefore, an amendment to the budget is needed to fund all costs associated with the Simmons Road Park using Parks and Recreation Impact Fees.

FISCAL IMPACT: Funds are available in the Parks and Recreation Impact Fees Fund for this amendment.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-.

Dale Martin, City Manager 4/29/2019

Pauline Testagrose, Comptroller 4/30/2019

Tammi E. Bach, City Attorney 4/30/2019

Date: April 25, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION: Adopt

RESOLUTION 2019-74

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, APPROVING AN AMENDMENT TO THE BUDGET FOR FISCAL YEAR 2018/2019; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, according to Code Sec 2-412 and Charter section 74, the City Commission must approve any budget transfers over \$7,500; and

WHEREAS, the City Commission approved expenditures relating to Simmons Road Park in the FY 2018/2019 budget; and

WHEREAS, the total cost of \$400,000 was split 50/50 with \$200,000 allocated using Parks and Recreation Impact Fees and the remaining \$200,000 being reimbursed with Florida Department of Environmental Protection (FDEP) grant funding; and

WHEREAS, at this time, FDEP has not provided funding; therefore, an amendment to the budget is needed to fund all costs associated with the Simmons Road Park using Parks and Recreation Impact Fees.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves a budget amendment allocating \$400,000 for the Simmons Road Park in the Parks and Recreation Impact Fee Fund.

SECTION 2. This Resolution shall become effective immediately upon passage.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Commissioner – Mayor

ATTEST:

APPROVED AS TO FORM & LEGALITY:



Caroline Best
City Clerk

Tammi E. Bach
City Attorney

City of Fernandina Beach

Annual Budget 2018-2019

CAPITAL EXPANSION FUND 310

Project Title/Justification	Funding Source			Cost	Category
	Fund 300	Category	Impact Fees		
	Other				
Post Office			Loan	1,500,000	Building
New Sidewalks		Admin	100%	100,000	Infrastructure
Public Safety Building Design		Police & Fire	50%/50%	500,000	Building
					Building
Shade Structures 3 Youth League Bleachers		P&R	100%	105,000	Building
Shade Structure at Skate Park		P&R	100%	25,000	Building
Shade Structure at Pickleball Courts		P&R	100%	18,000	Building
Waterfront Park	45%	P&R	55%	150,000	Improvements
2 Pickleball Courts		P&R	100%	68,000	Improvements
Lights over 4 Pickleball courts		P&R	100%	120,000	Improvements
Simmons Rd Park	50% ³	P&R	50%	400,000	Improvements
GIS Mapping of Cemetery		P&R	100%	10,000	Prof Services
Heat Pumps at MLK Pool		P&R	100%	18,000	Improvements
TOTAL Fund 310				3,014,000	

Funding Sources			
1. County	5. FIND	9. Impact Fees	13. FBIP
2. FRDAP	6. FDOT	10. Assessments	14. Fines
3. State	7. FAA	11. Enterprise	15. Unclaimed Prop
4. Federal	8. Loan	12. Utility Bond	

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Resolution 2019-75
Memorandum of Understanding - Firehouse Subs Public Safety Foundation / Budget
Amendment - Fire Department / Vehicle Purchase Approval

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-75

SYNOPSIS: The attached Resolution approves the acceptance of a grant from Fire House Subs Public Safety Foundation for the Fire Department in the amount of \$26,113.78 for the purchase of one Polaris Medical Emergency Response Vehicle equipped for medical and fire emergency response.

Also the budget must be amended by increasing the Fire Department Donations account, 0012200 36993, and increasing Fire Mach/Equip account, 0012200 56400, both by \$26,113.78 the amount of the grant funding.

FISCAL IMPACT: Upon approval of this Resolution, the Fire Department Donations account, 0012200 36993, will be increased by \$26,113.78 along with the Fire Mach/Equip account, 0012200 56400.

This will increase the total City Budget for Fiscal Year 2018/2019 to \$156,710,614.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-75.

Pauline Testagrose, Comptroller	4/26/2019
Lorelei Jacobs, Grants Administrator	4/26/2019
Ty Silcox, Fire Chief	4/26/2019
Jeremiah Glisson, Fleet & Facilities Maintenance Director	4/29/2019
Nicole Bednar, Administrative Services Manager	4/29/2019
Dale Martin, City Manager	4/29/2019
Tammi E. Bach, City Attorney	4/30/2019
Katie Newton, Legal Assistant	4/30/2019

Date: April 25, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION: Adopt

RESOLUTION 2019-75

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, ACCEPTING A GRANT AWARD FROM THE FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION FOR THE PURCHASE OF A MEDICAL EMERGENCY RESPONSE VEHICLE (MERV); APPROVING THE PURCHASE OF A POLARIS MERV FOR THE FIRE DEPARTMENT IN FY 2018/2019; APPROVING AMENDMENTS TO THE BUDGET FOR FISCAL YEAR 2018/2019; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, according to Code Sec 2-412 and Charter section 74, the City Commission must approve any budget transfers over \$7,500; and

WHEREAS, the City of Fernandina Beach has been notified that the City Fire Department's grant application for funding to purchase a Polaris Medical Emergency Response Vehicle (MERV) was awarded by the Firehouse Subs Public Safety Foundation; and

WHEREAS, the Firehouse Subs Public Safety Foundation grant award is \$26,113.78, which is the total cost of the requested equipped Polaris Medical Emergency Response Vehicle (Exhibit "A"); and

WHEREAS, acceptance of the grant award requires execution of a Memorandum of Understanding between the City of Fernandina Beach and the Firehouse Subs Public Safety Foundation (Exhibit "B"); and

WHEREAS, staff requests approval to purchase a Polaris MERV for the Fire Department. Pricing is set through Sourcewell Contract #051717-PSI; and

WHEREAS, when the Fiscal Year 2018/2019 budget was prepared, the Fire Department budget did not anticipate grant funds from Firehouse Subs Public Safety Foundation; and

WHEREAS, an amendment to the budget is needed to record the Revenue and Expenses for the grant funding of \$26,113.78 for the purchase of the Polaris MERV and associated equipment; and

WHEREAS, staff recommends amending the budget by increasing the Fire Department Donations account, 0012200 36993, and increasing Mach/Equip account, 0012200 56400, both by \$26,113.78 the amount of the grant funding; and

WHEREAS, this amendment increases the total City Budget from \$156,684,500 to \$156,710,614.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby authorizes the City Manager to execute the Memorandum of Understanding (Exhibit "B") between the City of Fernandina Beach and the Firehouse Subs Public Safety Foundation, after review and approval of the MOU by the City Attorney.

SECTION 2. The City Commission hereby approves the purchase of a Polaris MERV in accordance with City Purchasing Policies.

SECTION 3. The City Commission hereby approves amending the budget by increasing the Fire Department Donations account, 0012200 36993, and increasing Mach/Equip account, 0012200 56400, both by \$26,113.78 the amount of the grant funding.

SECTION 4. The City Commission approves increasing the total City Budget for Fiscal Year 2018/2019 to \$156,710,614.

SECTION 5. This Resolution shall become effective immediately upon passage.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Commissioner – Mayor

ATTEST:

APPROVED AS TO FORM & LEGALITY:



Caroline Best
City Clerk

Tammi E. Bach
City Attorney



POLARIS®
SALES INC.

Polaris Sales Inc

2100 Hwy 55, Medina (Hamel), MN 55340

Phone: 866-468-7783 Fax: 763-847-8288

Resolution 2019-75

Exhibit "A"

QUOTE

gov.info@polaris.com

www.polaris.com

Contact
Information:

Name:

Email:

Phone:

Fax:

Quote Number: QUO-03544-M6Z4K4

Revision #: 1

Date: 4/18/2019 12:07 PM

Quote Expires: 5/5/2019

Bill To:

Fernandina Beach Fire Department

516 S 10th Street, Suite 118

Fernandina Beach, FL 32034

Ship To:

Fernandina Beach Fire Department

516 S 10th Street, Suite 118

Fernandina Beach, FL 32034

Contract Name: Sourcewell

Contract #: 051717-PSI

Expiration Date: 7/18/2021

Cage: 3FP69

Duns#: 123399383

Tax ID#: 41-1921490

Customer#:

Freight	Delivery Terms	Payment Terms	Payment Methods
FOB Destination-CONUS US Continental (CONUS) Only	90 Days	Net 30	Visa Mastercard Wire Check

Item #	QTY	Description	MSRP	Discount Price	Extended
R19RVA87A1	1	RANGER Crew XP 900, Sage Green - 49 State	\$14,099.00	\$12,475.92	\$12,475.92
2883274	1	Crew XP Poly Sport Roof	\$539.99	\$422.23	\$422.23
2883300	1	XP Hardcoat Poly Windshield (will accept Wiper)	\$519.99	\$406.59	\$406.59
2883773	1	XP Poly Rear Panel	\$369.99	\$289.30	\$289.30
2883876	1	Fire / Compact Rescue Skid with 9HP electric start engine	\$11,749.99	\$10,481.10	\$10,481.10
2880083	1	XP 900 / Crew Power Steering	\$1,339.99	\$1,047.76	\$1,047.76
2879685	1	Crew XP 900 / 570-6 Battery Connection Cable	\$54.99	\$43.00	\$43.00
2879969	1	RANGER Rearview Mirror	\$64.99	\$50.82	\$50.82



POLARIS
SALES INC.

Polaris Sales Inc

2100 Hwy 55, Medina (Hamel), MN 55340

Phone: 866-468-7783 Fax: 763-847-8288

QUOTE

gov.info@polaris.com

www.polaris.com

Freight	Delivery Terms	Payment Terms	Payment Methods
FOB Destination-CONUS US Continental (CONUS) Only	90 Days	Net 30	Visa Mastercard Wire Check

Item #	QTY	Description	MSRP	Discount Price	Extended
2881452	1	XP 900 Red Body Panel	\$283.99	\$222.06	\$222.06

Comments: Fernandina Beach

SUBTOTAL	\$25,438.78
INSTALL*	\$675.00
FREIGHT	\$0.00
TAX	\$0.00
TOTAL	\$26,113.78

*Installation Pricing is Open Market

Acceptance and Payment Information

Wire Payment:

US Bank

602 2nd Ave South

Minneapolis, MN 55402

Phone: 1-888-799-4737

ABA#: 091 000 022

Acct#: 1 702 2513 9170

Ref: Sourcewell Firehouse Subs - Fenrnadina Beach

PO#:

Ship To Address:

Name:

Address:

Address:

Address:

City, State & ZIP:

Contact Name:

Phone:

Alternate Contact Name:

Alternate Phone:

Email:

Billing Address:

Name:

Address:

Address:

Address:

City, State & ZIP:

Contact Name:

Phone:

Alternate Contact Name:

Alternate Phone:

Email:

Credit Card Holder:

Credit Card Type: VISA / Mastercard

Card Number:



POLARIS[®]
SALES INC.

Polaris Sales Inc

2100 Hwy 55, Medina (Hamel), MN 55340

Phone: 866-468-7783 Fax: 763-847-8288

Expiration Date:

QUOTE

gov.info@polaris.com

www.polaris.com

To accept this quotation, sign here and return: _____

Printed name: _____

APPROVED AS TO FORM AND LEGALITY:



CITY ATTORNEY



Firehouse Subs Public Safety Foundation, Inc.

12735 Gran Bay Pkwy., Suite 150, Jacksonville, Florida 32258

MEMO OF UNDERSTANDING- FUNDING AGREEMENT

April 24, 2019

Failure to adhere to the requirements of this Funding Agreement will jeopardize your grant award. All purchases must match the quantities and equipment approved in the original grant request.

Firehouse Subs Public Safety Foundation Responsibilities

- Firehouse Subs Public Safety Foundation will award a check to **Fernandina Beach, on behalf of Fernandina Beach Fire Department** for **\$26,113.78** to be used toward the direct purchase of **One Polaris Medical Emergency Response Vehicle and Accessories (Lights, siren and PA system, skid with 67-gallon water tank, three gallon foam cell and a patient stokes basket).**

Fernandina Beach, on behalf of Fernandina Beach Fire Department Responsibilities

1. A check will be remitted to the organization name as stated in this memo of understanding and **must** match the EIN number submitted on the grant request. If there is a change in either information, you must submit a W-9
2. If the mailing address where the check needs to be sent differs from the address on the submitted grant application, please email the Foundation with the correct mailing address
3. **Confirm Receipt of Check** by emailing procurementfoundation@firehousesubs.com
4. **Purchase** the *approved* equipment from approved Polaris Quote #QUO-03544-M6Z4K4 by emailing Jim Burk: gov.info@Polaris.com
5. **Verify Purchase** by providing Firehouse Subs Public Safety Foundation with one of the following:
 - Copies of paid invoices, verifying your organization's name as the customer and matching the vendor quote(s) **OR**
 - A copy of the cleared check(s), verifying the payee and payment amount matches the vendor quote(s)
6. **Confirm Receipt of Equipment** by providing Firehouse Subs Public Safety Foundation with ALL SIGNED and DATED packing slips
7. In the event that the purchased equipment costs less than the dollar amount awarded, all excess funds must be returned to Firehouse Subs Public Safety Foundation
 - Please email procurementfoundation@firehousesubs.com with notification of excess funds within 30 days of purchase
 - Excess funds will need to be returned to Firehouse Subs Public Safety Foundation within 90 days of purchase
8. If purchases exceed funding, **Fernandina Beach, on behalf of Fernandina Beach Fire Department** is responsible for the additional amount

VERY IMPORTANT: Deadline for submitted documentation is October 1, 2019.

Firehouse Subs Public Safety Foundation

Date

Fernandina Beach, on behalf of Fernandina Beach Fire Department Representative

Date

Fernandina Beach on behalf of Fernandina Beach Fire Department Representative
Name (Print)

Date

APPROVED AS TO FORM AND LEGALITY:

CITY ATTORNEY

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Resolution 2019-76
Sole Source Vendor Approval - Swagit Productions LLC

ITEM TYPE: Resolution (w/ fiscal impact)

REQUESTED ACTION: Consider Resolution 2019-76

SYNOPSIS: In order to achieve compliance with the Americans with Disabilities Act, the City must provide closed captioning for recorded meetings made available for viewing from its website. This includes all Boards, Commissions, Councils that are video recorded and streamed.

The City of Fernandina Beach contracted with Swagit Productions, LLC in 2012 to live stream, index and make available on the City's website all City Commission Regular Meetings/Special Meetings/Workshops. This sole source represents the fourth amendment to the Swagit Productions, LLC contract.

In order to provide live closed captioning for specific meetings, the City requires hardware upgrades to its cameras and video switching device. This Resolution approves the purchase of the necessary upgrades.

FISCAL IMPACT: Funding in the amount of \$35,850 is available in the Information Technology Machine/Equipment account, 0011310 56400. Funding in the amount of \$1,080 is available in the Information Technology Contractual account, 0011310 53400.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission adopt proposed Resolution 2019-76.

Dana Whicker, IT Manager	4/29/2019
Nicole Bednar, Administrative Services Manager	4/29/2019
Dale Martin, City Manager	4/29/2019
Pauline Testagrose, Comptroller	4/30/2019
Tammi E. Bach, City Attorney	4/30/2019
Katie Newton, Legal Assistant	4/30/2019

Date: April 25, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION: Adopt

RESOLUTION 2019-76

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, APPROVING SWAGIT PRODUCTIONS, LLC AS A SOLE SOURCE VENDOR FOR CLOSED CAPTIONING SOLUTIONS FOR RECORDED COMMISSION AND BOARD MEETINGS; APPROVING A PROPOSAL FOR HARDWARE UPGRADES AND INSTALLATION FROM SWAGIT PRODUCTIONS, LLC; AUTHORIZING EXECUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in order to adhere to the Web Content Accessibility Guidelines and the Americans with Disabilities Act, the City must provide post-event closed captioning for recorded meetings made available for viewing from its website. This includes all Boards, Commissions, Councils that are video recorded and streamed; and

WHEREAS, there is an urgent need for these services; and

WHEREAS, the City contracted with Swagit Productions, LLC in 2012 and has since live streamed, recorded, indexed, and posted these meetings to the website; and

WHEREAS, the City has engaged Swagit Productions, LLC for matters relating to meeting production and closed captioning per Resolution 2019-25; and

WHEREAS, it has been determined that the City requires hardware upgrades to execute live closed captioning. The upgrades are outlined in Exhibit “A”; and

WHEREAS, the proposed fees associated with the tasks outlined are expected not to exceed \$36,930. Funding is available in the IT Department’s Capital account, 0011310 56400, (\$35,850) and Contractual account, 0011310 53400, (\$1,080) in FY 2018/2019.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves Swagit Productions, LLC as a sole source vendor for hardware upgrades/installation necessary for live closed captioning for City live streamed meetings in an amount not to exceed \$36,930.

SECTION 2. The City Manager and City Clerk are hereby authorized to execute proposal with Swagit Productions LLC, attached hereto as Exhibit “A”, upon review and approval of the City Attorney.

SECTION 3. This Resolution shall take effect immediately upon passage.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Commissioner – Mayor

ATTEST:

Caroline Best
City Clerk

APPROVED AS TO FORM AND LEGALITY:



Tammi E. Bach
City Attorney



P.O. Box 251002, Plano, TX 75025-1002 • Fax 214-750-9513 • corporate@swagit.com
Make checks payable to Swagit Productions, LLC

SWAGIT QUOTE TO: Fernandina Beach, FL for Peg Fund Capital Expenditure

Dana Whicker

IT Director

204 Ash St. Fernandina Beach, FL 32034

Office: 904.310.3286

Mobile: 904.557.4051

Email: dwhicker@fbfl.org

Hardware, Licenses, and Setup

Item & Description	Quantity	Up-Front Cost
Avior™ HD – Three (3) camera setup	1	\$ 28,960.00
Onsite Installation & Deployment (Comped for long-standing Client) \$ 5,800 savings	1	\$ 0.00
EASE™ encoder (Comped for long-standing Client) \$ 6,290 savings	1	\$ 0.00
Playback 365 Payout Device - Includes Installation and Setup - Provides HD distribution to Cable headend		\$ 6,890.00
Remote Network Setup and Configuration	1	\$ 1,080.00
Total One Time Cost:		\$ 36,930.00

Swagit is the sole source provider of Swagit's Extensible Automated Streaming Engine (EASE™) software framework. The EASE™ application is manufactured, leased and distributed by Swagit alone.

SIGNATURE & DATE _____

CONTACT NAME _____

APPROVED AS TO FORM AND LEGALITY:



CITY ATTORNEY

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Ordinance 2019-10
Code Amendment - Human Relations

ITEM TYPE: Ordinance (w/o fiscal impact)

REQUESTED ACTION: Consider Ordinance 2019-10 at First Reading.

SYNOPSIS: This Ordinance was placed on the agenda by Vice Mayor Kreger who believes it is time to adopt a Human Relations ordinance like other Florida communities and specifically, Northeast Florida communities such as Atlantic Beach and Jacksonville.

This Ordinance prohibits discriminatory conduct in employment, credit transactions and public accommodations based on the following protected classes: race, color, religion, sex, national origin, military or veteran status, disability, marital status, sexual orientation, gender identity or gender expression. This ordinance includes protected classes in addition to those protected by federal civil rights laws and state of Florida civil rights laws. This Ordinance applies to any employer, business or professional association more than 15 employees and exempts religious organizations also exempted under federal civil rights laws.

FISCAL IMPACT: No fiscal impact.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission approve proposed Ordinance 2019-10 at First Reading.

Tammi E. Bach, City Attorney 4/18/2019

Dale Martin, City Manager 4/25/2019

Date: February 22, 2019

Submitted By: Katie Newton, Legal Assistant

COMMISSION ACTION: Approve

ORDINANCE 2019-10

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AMENDING CHAPTER 54, HUMAN RELATIONS, CREATING SECTION 54-1 DEFINITIONS; CREATING SECTION 54-36 PURPOSE; CREATING SECTION 54-37 PROHIBITED CONDUCT; CREATING SECTION 54-38 COMPLAINTS; CREATING SECTION 54-39 EXEMPTIONS; CREATING SECTION 54-40 CRIMINAL ACTS; CREATING SECTION 54-41 FALSE CLAIMS; AMENDING SECTION 54-52 DECLARATION OF POLICY, OBJECTIVES; AMENDING SECTION 54-54 PROHIBITED CONDUCT; AMENDING SECTION 54-55 MULTIPLE LISTING SERVICES; AMENDING SECTION 54-56 EDUCATIONAL ACTIVITIES; AMENDING SECTION 54-57 COMPLAINTS; AMENDING SECTION 54-58 USE OF REMEDIES OF THIS CHAPTER, OTHER REMEDIES; AMENDING SECTION 54-59 DISCRIMINATION IN THE FINANCING OF HOUSING; AMENDING SECTION 54-60 EXEMPTIONS; AMENDING SECTION 54-61 INTERFERENCE, COERCION, OR INTIMIDATION; ENFORCEMENT BY CIVIL ACTION; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Fernandina Beach is a welcoming and inclusive community; and

WHEREAS, the City of Fernandina Beach recognizes and appreciates the contributions of the many diverse members of the community; and

WHEREAS, the City wishes to ensure that all citizens are protected from discriminatory practices within the City limits; and

WHEREAS, Chapter 54 of the Code of Ordinances provides for regulations protecting citizens from discrimination; and

WHEREAS, the City wishes to expand those protections.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. It is hereby proposed that Chapter 54, Human Relations, Chapter I, In General, of the Code of Ordinances, City of Fernandina Beach Florida, is hereby amended by adding a section to be numbered Section 54-1, which section shall read as follows.

Sec. 54-1. Definitions.

For the purpose of this chapter, the following definitions shall apply, unless the context clearly indicates or requires a different meaning:

Aggrieved individual shall mean any individual who claims to have been injured by a discriminatory practice.

Discriminatory practice shall mean any practice or act made unlawful or which is otherwise prohibited by this chapter.

Dwelling shall mean any building, structure, or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one (1) or more families, and any vacant

land which is offered for sale or lease for the construction or location of any such building, structure or portion thereof.

Familial status is established when an individual who has not attained the age of 18 years is domiciled with:

- (1) A parent or other person having legal custody of such individual; or
- (2) A designee of a parent or other person having legal custody, with the written permission of such parent or other person.

Family includes a single individual.

Gender expression shall mean an individual's gender-related appearance and behavior, whether or not that gender expression is or is perceived to be different from that traditionally associated with the individual's assigned sex at birth.

Gender identity shall mean an individual's gender-related identity, whether or not that identity is or is perceived to be different from that traditionally associated with the sex assigned to that individual at birth.

Disability means:

- (1) A person has a physical or mental impairment which substantially limits one or more major life activities, or he has a record of having, or is regarded as having, such physical or mental impairment; or
- (2) A person has a developmental disability as defined in F.S. § 393.063.

Housing means any building, facility or structure, or portion thereof, which is used, occupied, or is intended, arranged or designed to be used or occupied, as the home, residence or sleeping place of one or more individuals, groups or families and any vacant land offered for sale or lease for the construction or location of such building, facility or structure.

Lending institution means any bank, insurance company, savings and loan association, or any other person regularly engaged in the business of lending money or guaranteeing loans.

National origin shall mean the national origin of an ancestor or the country of origin of an individual's forebears, naturally, by marriage or by adoption.

Person shall include one (1) or more individuals, corporations, partnerships, associations, labor organizations, legal representatives, mutual companies, joint-stock companies, trust, unincorporated organizations, trustees in bankruptcy, receivers, and fiduciaries.

Places of public accommodation shall mean any establishment, service, place or building which offers, sells, or otherwise makes available to the public any good, service, facility, privilege or advantage. The following shall not be considered places of public accommodation: private clubs or establishments not open to the public other than members of the club or establishment, and facilities and accommodations owned or operated by religious organizations, associations, societies, or non-profit organizations operating or controlled by a religious organization, where the facilities and accommodations are made available to members of that religion but not to the public.

Real estate broker means any person duly licensed as a real estate broker in accordance with the laws of the state.

Real estate salesperson means any person duly licensed as a real estate salesperson in accordance with the laws of the state.

Realtor means a person who is professionally qualified and is a member of a local board of realtors, the Florida Association of Realtors, and the National Association of Realtors.

Religious organization shall include a religious corporation, association or society.

Sexual orientation means an individual's actual or perceived heterosexuality, homosexuality or bisexuality.

To rent means and includes to lease, to sublease, to let, and otherwise grant for consideration the right to occupy premises not owned by the occupant.

SECTION 2. It is hereby proposed that Chapter 54, Human Relations, Chapter II, Discrimination, Division 1, Generally, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended by adding a section numbered 54-36, which section shall read as follows:

Sec. 54-36. Purpose.

To promote a city where individuals are free from discrimination based upon race, color, religion, sex, national origin, military or veteran status, disability, familial status, marital status, sexual orientation, gender identity, or gender expression.

SECTION 3. It is hereby proposed that Chapter 54, Human Relations, Chapter II, Discrimination, Division 1, Generally, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended by adding a section numbered 54-37, which section shall read as follows:

Sec. 54-37. Prohibited Conduct

Subject to the exceptions set out in this chapter, it shall be unlawful for any person to do any of the following acts:

- (1) No person or employment agency shall directly or indirectly discriminate against any individual in hiring, classification, grading, discharge, discipline, compensation or other term or condition of employment because of the individual's race, color, religion, sex, national origin, military or veteran status, disability, familial status, marital status, sexual orientation, gender identity or gender expression.
- (2) No person shall discriminate against any individual in any aspect of any credit transaction, or in any terms and conditions of bonding because of the individual's race, color, religion, sex, national origin, military or veteran status, disability, familial status, marital status, sexual orientation, gender identity or gender expression.
- (3) No person who owns, leases, rents, operates, manages or in any manner controls a public accommodation shall withhold, deny, curtail, limit or discriminate concerning the full use of such public accommodation by any individual because of the individual's race, color, religion, sex, national origin, military or veteran status, disability, familial status, marital status, sexual orientation, gender identity or gender expression.
- (4) It shall be unlawful for a person to retaliate or discriminate in any manner against an individual because such individual opposed a practice prohibited by this chapter or prohibited by existing federal or state law prohibiting discrimination; or to retaliate or discriminate in any manner against an individual because such individual has filed a complaint, testified, assisted or participated in any manner in any investigation.

proceeding, hearing or conference under this chapter or under any federal or state law prohibiting discrimination.

- (5) It shall be unlawful to coerce, intimidate, threaten or interfere with any individual in the exercise or enjoyment of, or on account of their having exercised or enjoyed, or on account of their having aided or encouraged any other individual in the exercise or enjoyment of, any right granted or protected by this chapter.

SECTION 4. It is hereby proposed that Chapter 54, Human Relations, Chapter II, Discrimination, Division 1, Generally, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended by adding a section numbered 54-38, which section shall read as follows:

Sec. 54-38. Complaints.

- (a) An aggrieved individual may, under this chapter, file a complaint with the city clerk and request a hearing before a special magistrate within sixty (60) days to determine if the alleged person committed a discriminatory practice prohibited by this chapter. If the special magistrate finds that a discriminatory practice has been committed or is about to be committed, the special magistrate may issue an order prohibiting the discriminatory practice and providing affirmative relief from the effects of the discriminatory practice including, but not limited to, a temporary or permanent injunction or other equitable relief, a temporary restraining order, or an award of actual damages, including back pay, punitive damages, an award of reasonable attorney's fees, interest, and costs, or other such relief as the special magistrate deems appropriate.
- (b) Either party may appeal the decision of the special magistrate by commencing a civil action in a court of competent jurisdiction provided, however, that such civil action must be filed no later than one (1) year after the discriminatory practice is alleged to have been committed.
- (c) If, in a civil action commenced under this chapter, the court finds that a discriminatory practice has been committed or is about to be committed, the court may issue an order prohibiting the discriminatory practice and providing affirmative relief from the effects of the discriminatory practice including, but not limited to, a temporary or permanent injunction or other equitable relief, a temporary restraining order, an award of actual damages, including back pay, punitive damages, an award of reasonable attorney's fees, interest, and costs, or other such relief as the court deems appropriate.

SECTION 5. It is hereby proposed that Chapter 54, Human Relations, Chapter II, Discrimination, Division 1, Generally, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended by adding a section numbered 54-39, which section shall read as follows:

Sec. 54-39. Exemptions.

Nothing in sections 54-37 through 54-38 shall apply to:

- (1) *Sovereign immunity.*

- a. Pursuant to Chapter X, Section 13, Florida Constitution, nothing in this chapter shall be deemed to be a provision for filing suit against the state or otherwise be deemed to be a waiver of sovereign immunity.

- b. Nothing in this chapter shall be construed to prohibit any sovereignly immune entity from adopting its own internal policies and rules to prohibit discriminatory practices and acts and to resolve allegations or complaints of such discriminatory practices and acts to the extent allowed by law.
 - c. Nothing in this chapter shall be deemed to modify, impair, or otherwise affect any other right or remedy conferred by the Constitutions or laws of the United States or the State of Florida, and the provisions of this chapter shall be deemed to be in addition to those provided by such other laws.
- (2) *Religious organizations.* This chapter shall not apply to a corporation, association, educational institution, or society that is exempt from the religious discrimination provisions of title VII of the Civil Rights Acts of 1964 pursuant to section 702(a) of such Act (42 U.S.C. 2000e-1(a)), or as such section may hereafter be amended. For purposes of this chapter, such corporations, associations, educational institutions, or societies shall include religious corporations, associations, educational institutions, or societies which condition opportunities in the area of employment to members of that religious corporation, association, educational institution, or society or to persons who subscribe to its tenants or beliefs.
- (3) *Employers.* Notwithstanding any other provision of this chapter, it shall not be a discriminatory practice under this chapter to take or fail to take any action based upon the individual's race, color, religion, sex, national origin, military or veteran status, disability, familial status, marital status, sexual orientation, gender identity or gender expression when a bona fide occupational qualification is reasonably necessary for the performance of employment to which such action or inaction is related. Employers are able to observe the terms of a bona fide seniority system, a bona fide employee benefit plan such as a retirement, pension, or insurance plan, or a system which measures earnings by quantity or quality of production, which is not designed, intended, or used to evade the purposes of this chapter. This chapter shall not be construed to make unlawful the rejection or termination of employment when the individual applicant or employee has failed to meet bona fide requirements for the job or position sought or held, nor shall this chapter preclude such physical and medical examinations of applicants and employees as an employer may require of applicants and employees to determine fitness for the job or position sought or held.
- (4) *Businesses.* This chapter shall not apply to a corporation, professional association or business that employs fifteen (15) employees or less.
- (5) *Rentals.* This chapter shall not apply to rooms or units in dwellings containing living quarters occupied or intended to be occupied by no more than four (4) families living independently of each other, if the owner actually maintains and occupies one (1) of such living quarters as their residence.

SECTION 6. It is hereby proposed that Chapter 54, Human Relations, Chapter II, Discrimination, Division 1, Generally, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended by adding a section numbered 54-40, which section reads as follows:

Sec. 54-40. Criminal acts.

Nothing in this chapter may be asserted or construed as a defense to any criminal act, prohibited by local, state or federal laws.

SECTION 7. It is hereby proposed that Chapter 54, Human Relations, Chapter II, Discrimination, Division 1, Generally, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended by adding a section numbered 54-41, which section shall read as follows:

Sec. 54-41. False claims.

If a court of competent jurisdiction finds that an unsupported claim was filed by an individual claiming to be an aggrieved party under this chapter, the party required to defend against the meritless claim shall be entitled to attorney's fees and sanctions pursuant to F.S. § 57.105.

SECTION 8. It is hereby proposed that Section 54-52, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 54-52. Declaration of policy; objectives.

- (a) It is the policy of the city to foster the public health, safety and general welfare by promoting equal housing opportunity for all persons, regardless of race, color, creed, national origin, ancestry, religion, sex, sexual orientation, gender identity, military or veteran status, handicap disability, familial status, marital status or familial status.
- (b) The objective of this division is to provide a positive means to achieve equal housing opportunity and to discourage and eliminate discriminatory practices by timely processing of complaints, by conciliation and mediation, and by public hearings.

SECTION 9. It is hereby proposed that Section 54-54, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 54-54. - Rights of seller, lessor or property owner. Prohibited conduct.

~~Nothing contained in this division shall preclude the seller, lessor, property owner, or his authorized agent from setting forth reasonable rules, regulations, terms, and conditions pertaining to the sale, lease or disposal of his property, provided that the rules, regulations, terms, and conditions are not based on race, color, religion, national origin, ancestry, sex, handicap or familial status.~~

Subject to the exceptions set out in this chapter, it shall be unlawful for any person to do any of the following acts:

- (1) To refuse to sell or rent after the making of a bona fide offer to do so or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny a dwelling to any person because of race, color, sex, religion, national origin, disability, military or veteran status, familial status, marital status, sexual orientation, gender identity or gender expression.
- (2) To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provisions of services or facilities in connection therewith, because of race, color, sex, religion, national origin, disability, military or veteran

status, familial status, marital status, sexual orientation, gender identity or gender expression.

- (3) To make, print or publish, or cause to be made, printed or published any notice, statement or advertisement with respect to the sale or rental of a dwelling that indicates any preference, limitation or discrimination based on race, color, sex, religion, national origin, disability, military or veteran status, familial status, marital status, sexual orientation, gender identity or gender expression or an intention to make any such preference, limitation or discrimination.
- (4) To represent to any person because of race, color, sex, religion, national origin, disability, military or veteran status, familial status, marital status, sexual orientation, gender identity or gender expression that any dwelling is not available for inspection, sale or rental when such dwelling is in fact so available.
- (5) For profit, to induce or attempt to induce any person to sell or rent any dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, color, sex, religion, national origin, disability, military or veteran status, familial status, marital status, sexual orientation, gender identity or gender expression.

SECTION 10. It is hereby proposed that Section 54-55, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 54-55. ~~Sale or rental.~~ Multiple listing services.

Except as provided in section 54-58, it shall be an unlawful discriminatory housing practice to:

- ~~(1) Refuse to sell or rent after the making of a bona fide offer which meets the stated conditions of sale or rental, or otherwise make unavailable or deny a dwelling to any person because of race, color, religion, national origin, ancestry, sex, handicap or familial status.~~
- ~~(2) Discriminate against any person in the terms, conditions or privileges of sale or rental of a dwelling or in the provision of related services or facilities because of race, color, religion, national origin, ancestry, sex, or familial status.~~
- ~~(3) Make, print, publish, or cause to be made, printed or published, any notice, statement or advertisement with respect to the sale or rental of a dwelling that indicates any preference, limitation or discrimination based on race, color, sex, religion, national origin, ancestry, handicap or familial status, or an intention to make any preference, limitation or discrimination.~~
- ~~(4) Represent to any person who is financially qualified in accordance with standard lending practices because of race, sex, color, religion, national origin, ancestry, handicap or familial status that any dwelling is not available for inspection, sale or rental when the dwelling is in fact available to persons who are financially qualified.~~
- ~~(5) Induce or attempt to induce any person to transfer an interest in any housing by representations regarding the existing or potential proximity of real property owned, used or occupied by any person of any particular race, color, religion, national origin, ancestry, sex, handicap or familial status, by direct or indirect methods.~~

- ~~(6) Promote, induce, influence, or attempt to promote, induce or influence, by the use of postal cards, letters, circulars, telephone, visitation, or any other means, directly or indirectly, a property owner, occupant or tenant to list for sale, or sell, remove from, lease, assign, transfer, or otherwise dispose of any housing by referring as a part of a process or pattern of inciting neighborhood unrest, community tension, or fear of racial, color, sexual, religious, national, or ethnic change in any street, block, neighborhood, or any other area to the race, color, religion, sex, national origin, ancestry, handicap or familial status of actual or anticipated neighbors, tenants or other prospective buyers of any housing.~~
- ~~(7) Cause to be made any untrue or intentionally misleading statement, advertise or in any other manner to attempt as part of a process or pattern of inciting neighborhood unrest, community tension, or fear of racial, color, religious, nationality, sexual, ethnic change, handicap or familial status in any street, block, neighborhood, or any other area, to obtain a listing of any housing for sale, rental, assignment, transfer, or other disposition, where the statement, advertising or other representation is false or materially misleading, or where there is insufficient basis to judge its truth or falsity to warrant making the statement, or to make any other material misrepresentations in order to obtain the listing, sale, removal from, lease, assignment, transfer, or other disposition of housing.~~
- ~~(8) Make as part of a process or pattern of discouraging the purchase, rental, occupancy of, or other use of any housing in a particular block or neighborhood area, any representation to a person known to be a prospective purchaser that the block, neighborhood or area may undergo, is undergoing or has undergone a change with respect to racial, color, religious, nationality, sexual, ethnic composition, handicap or familial status.~~
- ~~(9) Place a sign or display any other device either purporting to offer for sale, lease, assignment, transfer, or other disposition or tending to lead to the belief that a bona fide offer is being made to sell, lease, assign, transfer, or otherwise dispose of any housing that is not, in fact, available.~~
- ~~(10) Cause, coerce or attempt to cause or coerce any person to retaliate against any other person because such person has lawfully opposed any act or failure to act that is a violation of this division or has, in good faith, filed a complaint, testified, participated, or assisted in any way in any proceedings under this division, or prevent any person from complying with this division.~~

It shall be unlawful to deny any person access to or membership or participation in any multiple listing service, real estate brokers organization, or other service, organization or facility relating to the business of selling or renting dwellings, or to discriminate against him or her in the terms or conditions of such access, membership or participation on account of race, color, sex, religion, national origin, disability, military or veteran status, familial status, marital status, sexual orientation, gender identity or gender expression.

SECTION 11. It is hereby proposed that Section 54-56, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 54-56. Financing of housing Educational activities.

~~It shall be an unlawful discriminatory housing practice for any bank, building and loan association, insurance company, or other corporation, association, firm or enterprise whose business consists in whole or in part in the making of real estate loans to deny a loan or other financial assistance to any financially qualified person applying for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling, or to discriminate against him in the fixing of the amount, interest rate, duration, or other terms or conditions because of the race, color, religion, national origin, sex, ancestry, handicap or familial status of the person or any person associated with him, the purposes of the loan or other financial assistance, or of the present or prospective owners, lessees, tenants, or occupants of the dwelling or dwellings in relation to which the loan or other financial assistance is to be made or given. Nothing contained in this section shall impair the scope of effectiveness of the exceptions contained in section 54-58.~~

The city manager is authorized to undertake such educational and conciliatory activities as in his/her judgment will further the purposes of this chapter. He may call conferences of persons in the housing industry and other interested parties to acquaint them with the provisions hereof and the suggested means of implementing this chapter. The city manager shall further endeavor, with the advice of the housing industry and other interested parties, to work out programs of voluntary compliance and may advise appropriate city officials on matters of enforcement. The city manager may issue reports on such conferences and consultation as it deems appropriate.

SECTION 12. It is hereby proposed that Section 54-57, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 54-57. ~~Brokerage services. Complaints.~~

~~It shall be an unlawful discriminatory housing practice to deny any person who is otherwise professionally qualified by state law and who is willing to meet both the financial and ethical standards of the county board of realtors, Florida Association of Realtors, and National Association of Realtors, access to or membership or participation in any multiple listing service, real estate brokers' organization, or other service organization or facility relating to the business of selling or renting dwellings, or to discriminate against such person in the terms or conditions of such access, membership or participation, on account of race, color, religion, national origin, ancestry, sex, handicap or familial status.~~

- (a) An aggrieved individual may, under this chapter, file a complaint with the city clerk and request a hearing before a special magistrate within sixty (60) days to determine if the alleged person committed a discriminatory practice prohibited by this chapter. If the special magistrate finds that a discriminatory practice has been committed or is about to be committed, the special magistrate may issue an order prohibiting the discriminatory practice and providing affirmative relief from the effects of the discriminatory practice including, but not limited to, a temporary or permanent injunction or other equitable relief, a temporary restraining order, or an award of actual damages, including back pay, punitive damages, an award of reasonable attorney's fees, interest, and costs, or other such relief as the special magistrate deems appropriate.
- (b) Either party may appeal the decision of the special magistrate by commencing a civil action in a court of competent jurisdiction provided, however, that such civil action must be filed no later than one (1) year after the discriminatory practice is alleged to have been committed.

- (c) If, in a civil action commenced under this chapter, the court finds that a discriminatory practice has been committed or is about to be committed, the court may issue an order prohibiting the discriminatory practice and providing affirmative relief from the effects of the discriminatory practice including, but not limited to, a temporary or permanent injunction or other equitable relief, a temporary restraining order, an award of actual damages, including back pay, punitive damages, an award of reasonable attorney's fees, interest, and costs, or other such relief as the court deems appropriate.

SECTION 13. It is hereby proposed that Section 54-58, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

~~Sec. 54-58.-- Exceptions to sections 54-55 through 54-57. Use of remedies of this chapter, other remedies.~~

~~In compliance with P.L. 90-284, title VIII, pertaining to fair housing, nothing in sections 54-55 through 54-57 shall apply to:~~

- ~~(1) A religious organization, association or society, or any nonprofit institution or organization operated, supervised or controlled by or in conjunction with a religious organization, association or society, from limiting the sale, rental or occupancy of dwellings which it owns or operates for other than a commercial purpose to persons of the same religion, or from giving preference to such persons, unless membership in the religion is restricted on account of race, color, national origin, ancestry, sex, handicap or familial status.~~
- ~~(2) Nothing shall prevent or limit the right of any person to refuse to rent a room, rooms, or units in dwellings containing living quarters occupied or intended to be occupied by no more than four families living independently of each other, if the owner actually maintains and occupies one of the living quarters as his residence.~~

Nothing in this chapter requires any person claiming to have been injured by an action or inaction prohibited by this chapter to exhaust the remedies provided herein; nor prevent any such person from seeking relief at any time under the Federal Civil Rights Acts, the Florida Civil Rights Act of 1992 or other applicable legal provisions.

SECTION 14. It is hereby proposed that Section 54-59, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 54-59. Filing and processing complaints-Discrimination in the financing of housing.

- (a) ~~Any person who believes he has been subjected to a discriminatory act or practice in contravention of this division may file a written complaint with the city manager, sworn to or affirmed, which shall state the name and address of the complainant and the person or persons against whom the complaint is made. It shall also state the alleged facts surrounding the alleged commission of an unfair housing practice and any other information which the fair housing board may require. A complaint shall be filed within 60 days after the date of the alleged discriminatory housing practice.~~

- (b) ~~Upon the filing of a complaint as set forth in subsection (a), above, the city manager shall notify the chairperson of the fair housing board. The chairperson shall appoint a person who may or may not be a member of the fair housing board to investigate and, if necessary, attempt to mediate the dispute. If the person is unable to reconcile the dispute within ten days, he shall report that fact to the chairperson. The complaint shall then be considered by the fair housing board at its next meeting. The fair housing board shall make an appropriate investigation to ascertain facts and issues and present them to the full fair housing board. If the fair housing board shall determine that there are reasonable grounds to believe a violation has occurred and is susceptible of conciliation, it shall attempt to conciliate the matter by methods of initial conference and persuasion with all interested parties and any representatives the parties may choose to assist them. Conciliation conferences shall be informal.~~
- (c) ~~The terms of conciliation agreed to by the parties pursuant to this section may be reduced to writing and incorporated into a consent agreement to be signed by the parties. The agreement shall be for conciliation purposes only and shall not constitute an admission by any party that the law has been violated. Consent agreements shall be signed on behalf of the fair housing board by the chairperson or acting chairperson.~~
- (d) ~~If the fair housing board determines that the complaint lacks reasonable grounds upon which to base a violation of this division, the fair housing board may in its discretion recommend that the matter be closed or order further investigation, as may be necessary.~~
- (e) ~~Public hearings.~~
- (1) ~~If the fair housing board, with respect to a matter which involved a contravention of this division, fails to conciliate a complaint after the parties have, in good faith, attempted conciliation; fails to effect an informal conciliation agreement or a formal consent agreement; or determines that a complaint is not susceptible of conciliation, then the fair housing board shall thereafter schedule a public hearing to determine the facts. The fair housing board shall serve upon all interested parties a notice of the time and place of the hearing. The respondent or his authorized counsel may file statements with the fair housing board prior to the hearing date, as it deems necessary in support of its position.~~
- (2) ~~The hearing shall be held not less than 30 days after service of the statement of charges and notice to the respondent signed by two members of the fair housing board. The interested parties may, at their option, appear before the fair housing board in person or by duly authorized representative and may have the assistance of an attorney. The parties may present testimony and evidence, and the right to cross-examine witnesses shall be preserved. All testimony and evidence shall be given under oath or by affirmation.~~
- (3) ~~The fair housing board shall not be bound by strict rules of evidence prevailing in courts of law or equity. The fair housing board shall keep a full record of the hearing, which shall be public and open to inspection by any person, and, upon request by any principal party to the proceedings, the fair housing board shall furnish a copy of the hearing record, if any, at such cost as the fair housing board deems appropriate. The fair housing board shall make findings of fact.~~
- (f) ~~The purpose and effect of the procedure before the fair housing board and of its findings is to obtain:~~
- (1) ~~The resolution of differences and postures which are not consistent with the law; and~~

- (2) ~~Where conciliation has failed to resolve the discriminatory postures, to clarify the issues and to assist an aggrieved person to formulate his case, if he elects to seek remedies afforded by the law, particularly, but not limited to, the United States Civil Rights Act of 1968.~~
- (g) ~~If, in the opinion of the fair housing board, the action is warranted, the matter shall be turned over to the city attorney or state attorney for further investigation with a view towards filing charges against the offending party in the appropriate court. Nothing in this section shall prevent any party from exercising any right or seeking any remedy to which he might otherwise be entitled or from the filing of any complaint with any other agency or any court having jurisdiction.~~
- (h) ~~The fair housing board shall at all times provide the complainant with full and timely information as to all the alternatives available under local, state and federal law, including assistance to initiate judicial action if desired, under any circumstances.~~

It is unlawful for any bank, building and loan association, insurance company, or other corporation, association, firm, or enterprise the business of which consists in whole or in part of the making of commercial real estate loans to deny a loan or other financial assistance to a person applying therefor for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling, or to discriminate against him or her in the fixing of the amount, interest rate, duration, or other terms or conditions of such loan or other financial assistance, because of the race, color, sex, religion, national origin, familial status, marital status, disability, military or veteran status, sexual orientation, gender identity or gender expression of the person or of any person associated with him in connection with the loan or other financial assistance or the purposes of the loan or other financial assistance, or because of the race, color, sex, religion, national origin, familial status, marital status, disability, military or veteran status, sexual orientation, gender identity or gender expression of the present or prospective owners, lessees, tenants, or occupants of the dwelling or dwellings in relation to which the loan or other financial assistance is to be made or given.

SECTION 15. It is hereby proposed that Section 54-60, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec 54-60. Recovery of costs. Exemptions.

~~Any person determined by the fair housing board to have violated any of the provisions of this division shall be assessed an amount to be determined by the fair housing board equal to the costs incurred by the fair housing board in processing the complaint, through and including the cost incurred in conducting a hearing on the complaint.~~

Nothing in sections 54-54 and 54-59 shall apply to:

- (1) Any single-family house sold or rented by its owner, provided the private individual owner does not own more than four (4) single-family houses at any one (1) time. In the case of the sale of a single-family house by a private individual owner who does not reside in the house at the time of the sale or who was not the most recent resident of the house prior to the sale, the exemption granted by this paragraph shall apply only with respect to one (1) sale within any twenty-four-month period. In addition, the bona fide

private individual owner shall not own any interest in, nor shall there be owned or reserved on their behalf, under any express or voluntary agreement, title to or any right to all or a portion of the proceeds from the sale or rental of, more than four (4) single-family houses at any one (1) time. The sale or rental of any single-family house shall be excepted from the application of this chapter only if the house is sold or rented:

- a. Without the use in any manner of the sales or rental facilities or the sales or rental services of any real estate broker, agent, or salesman or the facilities or services of any person in the business of selling or renting dwellings, or of any employee or agent of the broker, agent, salesman, or person; and
 - b. Without the publication, posting, or mailing, after notice, of any advertisement or written notice in violation of subsection 54-54(3) above. Nothing in this section shall prohibit the use of attorneys, escrow agents, abstractors, title companies, and other such professional assistance as is necessary to perfect or transfer the title.
- (2) Rooms or units in dwellings containing living quarters occupied or intended to be occupied by no more than four (4) families living independently of each other, if the owner actually maintains and occupies one (1) of such living quarters as their residence.
- (3) For the purposes of this chapter, a person is deemed to be in the business of selling or renting dwellings if:
- a. He or she has, within the preceding twelve (12) months, participated as principal in three (3) or more transactions involving the sale or rental of any dwelling or any interest therein;
 - b. He or she has, within the preceding twelve (12) months, participated as agent, other than in the sale of their own personal residence, in providing sales or rental facilities or sales or rental services in two (2) or more transactions involving the sale or rental of any dwelling or any interest therein; or
 - c. He or she is the owner of any dwelling designed or intended for occupancy by, or occupied by, five (5) or more families.
- (4) Nothing in this chapter shall prohibit a religious organization, association, or society, or any nonprofit institution or organization operated, supervised, or controlled by or in conjunction with a religious organization, association, or society, from limiting the sale, rental, or occupancy of any dwelling which it owns or operates for other than a commercial purpose to persons of the same religion or from giving preference to such persons, unless membership in such religion is restricted on account of race, color, or national origin. Nothing in this chapter shall prohibit a private club not in fact open to the public, which as an incident to its primary purpose or purposes provides lodgings which it owns or operates for other than a commercial purpose, from limiting the rental or occupancy of such lodgings to its members or from giving preference to its members.

SECTION 16. It is hereby proposed that Section 54-61, Chapter 54, Human Relations, Chapter II, Discrimination, Division 2, Housing, of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 54-61. --~~Penalty for violation of division.~~ Interference, coercion, or intimidation; enforcement by civil action.

~~Any person who shall violate the provisions of this division shall be subject, upon conviction, to penalties as prescribed in section 1-12 of this Code.~~

It is unlawful to coerce, intimidate, threaten, or interfere with any person in the exercise of, or on account of their having exercised, or on account of their having aided or encouraged any other person in the exercise of any right granted under this chapter. This section may be enforced by appropriate civil action.

SECTION 18. All Ordinances or parts of Ordinances and all Resolutions in conflict herewith be and the same are hereby repealed.

SECTION 19. SEVERABILITY. If any provision or portion of the Ordinance is declared by any court of competent jurisdiction to be void, unconstitutional, or unenforceable, then all remaining provisions and portions of the Ordinance shall remain in full force and effect.

SECTION 20. EFFECTIVE DATE. This Ordinance shall take effect immediately upon its final adoption.

ADOPTED this ____ day of _____, 2019.

ATTEST:

CITY OF FERNANDINA BEACH

Caroline Best
City Clerk

John A. Miller
Commissioner-Mayor

APPROVED AS TO FORM & LEGALITY:



Tammi E. Bach
City Attorney

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Ordinance 2019-09
Code Amendment - Beach Parking Hours

ITEM TYPE: Ordinance (w/o fiscal impact)

REQUESTED ACTION: Consider Ordinance 2019-09 at Second Reading.

SYNOPSIS: Per the City Commission's comments at the March 5, 2019, City Commission meeting, this item amends the current Ordinance for beach parking to prohibit parking from the hours of 9:00 p.m. to 6:00 a.m. at the Sadler Road beach access.

This Ordinance was approved at First Reading, including a proposed amendment related to four-wheel drive vehicles, by the City Commission at its Regular Meeting on April 2, 2019.

FISCAL IMPACT: None

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the amendment (and other language) related to vehicle-type (four-wheel drive, all-wheel drive, etc.) be deleted from the proposed ordinance. Additional penalties for failure to operate a vehicle (i.e., getting stuck) be reviewed and included in the revised ordinance. With those changes, I recommend that the City Commission enact proposed Ordinance 2019-09 at Second Reading.

Tammi E. Bach, City Attorney	4/18/2019
Nicole Bednar, Administrative Services Manager	4/24/2019
Dale Martin, City Manager	4/25/2019
James Hurley, Chief of Police	4/25/2019
Katie Newton, Legal Assistant	4/29/2019

Date: April 03, 2019

Submitted By: Katie Newton, Legal Assistant

COMMISSION ACTION: Enact

ORDINANCE 2019-09

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AMENDING CHAPTER 90, ARTICLE II, BEACHES, OF THE CODE OF ORDINANCES; AMENDING SECTION 90-48 TRAFFIC REGULATIONS; SPEED LIMIT; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, AS FOLLOWS:

SECTION 1. It is hereby proposed that Article II, In General, Section 90-48 of the Code of Ordinances, City of Fernandina Beach, Florida is hereby amended to read as follows:

Sec. 90-48. – Traffic regulations; speed limit.

(a) It shall be unlawful for traffic to proceed on the Atlantic Ocean beaches except as follows:

- (1) There shall be no vehicular driving except in those areas designated by the city commission.
- (2) No vehicular traffic shall be permitted except at the designated parking area at the Sadler Road access. All vehicles accessing the beach must have four-wheel drive.
- (3) There shall be a designated parking area for vehicular traffic that shall extend from the south boundary line of the Sadler Road right-of-way to a point approximately 375 feet south and terminating at the south line of public beach access #21 and extending approximately 225 feet north from the north boundary line of the Sadler Road right-of-way along the Atlantic Ocean beach. There shall be no parking permitted within the Sadler Road right-of-way as it extends to the mean high water line of the Atlantic Ocean beach. This designated parking area may be changed, based upon demand, by action of the city commission; provided, however, that such areas may not be reduced without a prior study and determination of a demonstrated need for such reduced area.
 - a. In the above-described parking area only, there shall be established an emergency access ~~lane area~~ for the use of first responders, lifeguards and official personnel where ~~sunbathing~~, parking and vehicular traffic is prohibited. This emergency access area shall extend seaward from Sadler Road to the Atlantic Ocean and shall be no less than 15 feet wide. Routine vehicle traffic accessing the beach for the purpose of parking shall drive north or south within the designated parking area, maintaining a distance of 12 feet from ~~be measured from the toe of the primary frontal dune (as defined by the Federal Emergency Management Agency-FEMA) or terminus of any manmade structure seaward a distance of 25 feet, as established in the sole discretion of the city.~~ No vehicular traffic shall be permitted except at the designated parking area at the Sadler Road access. Vehicles must drive directly to a point where parking is available, and no joyriding, cruising, or circling the beach is permitted. Motorists utilizing beach parking must enter and exit the designated parking area as directly and safely as possible.

- b. In accordance with the 1973 Endangered Species Act and Florida Marine Turtle Protection Act, special care shall be taken to ensure the welfare of endangered species on the beach. Any harassment, harm, pursuing, capture, collection, intentional or not intentional, is prohibited. ~~No beach parking as authorized above shall be permitted from sunset until 9:00 a.m. during sea turtle nesting season, from May 1 through October 31 of each year.~~ Vehicles may not park or drive within five feet of a marked sea turtle nest.
 - c. No beach parking as authorized above shall be permitted from 9:00 p.m. to 6:00 a.m. year-round.
- (b) It is unlawful to exceed the vehicular speed limit five miles per hour, or to operate a vehicle in a careless or reckless manner on the Atlantic Ocean beaches. By resolution, the speed limit may be reduced upon determination of the city police department or the proper authorities.

SECTION 2. SEVERABILITY. In the event that any word, phrase, clause, sentence or paragraph hereof shall be held invalid by any court of competent jurisdiction, such holding shall not affect any other word, clause, phrase, sentence or paragraph hereof.

SECTION 3. EFFECTIVE DATE. This Ordinance shall take effect immediately upon its final passage and adoption.

ORDAINED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

John A. Miller
Commissioner – Mayor

ATTEST:

APPROVED AS TO FORM AND LEGALITY:



Caroline Best
City Clerk

Tammi E. Bach
City Attorney

NOTICE OF PUBLIC HEARING
CITY COMMISSION
CITY OF FERNANDINA BEACH

NOTICE IS HEREBY GIVEN that a Public Hearing is scheduled for **Tuesday, May 7, 2019, at 6:00 PM** in the City Commission Chambers, 204 Ash Street Fernandina Beach, Florida to consider the following application:

ORDINANCE 2019-09

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AMENDING CHAPTER 90, ARTICLE II, BEACHES, OF THE CODE OF ORDINANCES; AMENDING SECTION 90-48 TRAFFIC REGULATIONS; SPEED LIMIT; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

Interested parties may appear at said hearing and be heard as to the advisability of any action, which may be considered. Any persons with disabilities requiring accommodations in order to participate in this program or activity should contact 310-3115, TTY/TDD 711 or through the Florida Relay Service at 1-800-955-8771 at least 24 hours in advance to request such accommodation.

IF ANY PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD/COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH HEARING, S/HE WILL NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

For information, please contact the Staff of the City Clerk's Office, 204 Ash Street, between the hours of 8:00 AM – 5:00 PM, Monday through Friday, (904) 310-3115.

Note:

Please run as a DISPLAY in the April 24, 2019 edition of the News Leader.

Please send proof of publication to:

City Clerk's Office

City Hall, 204 Ash Street

Fernandina Beach, FL 32034

904-310-3115

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Ordinance 2018-40
Land Development Code (LDC) Amendment - Accessory Dwelling Units

ITEM TYPE: Ordinance (w/o fiscal impact)

REQUESTED ACTION: Consider proposed Ordinance 2018-40 at Third Reading.

SYNOPSIS: In communities across the United States, Accessory Dwelling Units (ADUs) have become well regarded as a strategy for infill development that more immediately supports increased housing options and can serve to address a wide-range of housing needs while maximizing the capacity provided by existing infrastructure in a form more consistent with the City's traditional neighborhood character. Expansion of the City's existing ADU policy to allow both attached and detached ADUs, approve separate metering of water and sewer services, and enable rental income generation will support the City Commission's policy direction for increasing affordable and workforce housing options. All other design-based limitations contained in the existing governing policy remain in effect.

An ADU in the City is limited to a building footprint of 625 square feet and may not exceed 25 feet in height. Detached accessory structure's must be setback at least 25 feet in the front yard and no less than 3 feet from the side or rear property lines. An attached accessory dwelling must comply with the principal structure setback requirements and limited to the 25-foot building height.

Short-term or resort rental of an ADU would only be permissible in an R-3 (High Density Residential) zoning district. Allowance of an ADU within the OT-1 or OT-2 (Old Town) zoning district must be consistent with density standards of that district. Finally, care-taker units remain permissible within the Industrial zoned properties, as currently limited.

This Ordinance was approved at First Reading by the City Commission at its Regular Meeting on October 16, 2018. The Commission considered the item at Second Reading on January 15, 2019 and remanded the item back to the Planning Advisory board prior to final consideration for inclusion of provisions require homestead exemptions in order for rental to occur. Staff has also eliminated the proposed amendments to allow for attached ADUs. The rationale behind this change is to avoid any confusion between duplex construction and a principal structure with an attached ADU. The proposal continues to maintain a detached requirement for ADUs. The City Commission also requested the board to consider changes to allow for ADU rental within the Old Town zoning districts.

On March 27, 2019, the Historic District Council hosted a meeting to discuss concerns related to development within Old Town. One of the topics of discussion was ADU rentals. There was overwhelming opposition to allowing rentals by the majority of Old Town residents present at the meeting. However, the HDC directed staff to prepare recommendations for ADUs to be considered at a future meeting date. At this time, staff is recommending that the PAB and City Commission take action on the proposed Ordinance which has no effect on the existing regulations governing ADUs within Old Town.

FISCAL IMPACT: None.

CITY ATTORNEY COMMENTS: No additional comments.

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission enact proposed Ordinance 2018-40 at Third Reading.

Kelly Gibson, AICP, Planning Director	4/11/2019
Dale Martin, City Manager	4/25/2019
Pauline Testagrose, Comptroller	4/25/2019
Tammi E. Bach, City Attorney	4/25/2019

Date: January 18, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION: Enact

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



ORDINANCE 2018-40

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AMENDING THE LAND DEVELOPMENT CODE (LDC) BY AMENDING SECTIONS 1.07.00 (DEFINITIONS); 2.03.02 (TABLE OF LAND USES); 5.01.03 (ACCESSORY STRUCTURES); 5.01.04 (ACCESSORY DWELLING UNITS); PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Fernandina Beach has applied for an LDC text amendment to expand the existing Accessory Dwelling Unit (ADU) policy to allow both attached and detached ADUs, approve separate metering of water and sewer services, and enable rental income generation; and

WHEREAS, the City Commission adopted a unified Land Development Code (LDC) on September 5, 2006 which became effective on October 1, 2006; and

WHEREAS, the City's adopted 2030 Comprehensive Plan directs changes to the Land Development Code for consistency with State Laws and current planning methods for growth and economic development; and

WHEREAS, the Planning Advisory Board (PAB), acting as the City's Local Planning Agency, considered the application at its Regular Meeting on Wednesday, September 12, 2018, and issued a recommendation of approval; and

WHEREAS, notice of public hearing on such Land Development Code amendments was published in the News Leader, a newspaper of general circulation in Fernandina Beach, Nassau County, Florida, on July 27, 2018.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH AS FOLLOWS:

SECTION 1. PURPOSE AND INTENT. The City Commission finds that the amendments, attached hereto as Exhibit "A," amending LDC Section 1.07.00 (Definitions), Section 2.03.02 (Table of Land Uses), Section 5.01.03 (Accessory Structures), and Section 5.01.04 (Accessory Dwellings).

SECTION 2. SEVERABILITY. If any section, sentence, clause or phrase of this Ordinance is held to be invalid or unconstitutional by any Court of competent jurisdiction, the holding shall in no way affect the validity of the remaining portions of this Ordinance.

SECTION 3. This Ordinance shall become effective immediately upon adoption.

ADOPTED this 7th day of May, 2019.

CITY OF FERNANDINA BEACH

JOHN A. MILLER
Mayor - Commissioner

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

CAROLINE BEST
City Clerk

TAMMI E. BACH
City Attorney

ORDINANCE 2018-40
EXHIBIT “A”

Section 1.07.00 Acronyms and Definitions

Adding: **Accessory Dwelling Unit (ADU)** – means a *dwelling unit* that is subordinate to an existing principal structure.

5.01.03 All Accessory Structures

- A. There shall be a permitted principal structure in full compliance with all development standards and requirements of this LDC prior to issuance of a permit for an accessory structure. This provision shall not be construed to prohibit the establishment of an accessory structure simultaneously with the establishment of a permitted principal structure.
- B. Permissible accessory uses by zoning district are identified in Table 2.03.03.
- C. There shall be no more than one (1) detached accessory dwelling **unit** and not more than a total of two (2) other detached accessory buildings on a lot.
- D. An accessory structure shall not be located within or partially within any public right-of-way.
- E. Accessory structures shall be shown on any site plan with full supporting documents as required by this LDC.
- F. Accessory structures shall be included in all calculations of impervious surface and stormwater runoff requirements.
- G. Accessory structures shall not be located in any required buffer, landscape area, or stormwater management area.
- H. A detached accessory building in a residential zoning district shall be set back from the side lot line a minimum of three (3) feet, except within the C-3 zoning district whereby the building standards set forth in Section 4.02.03(E) shall apply.
- I. A detached accessory building shall not be closer than three (3) feet to the rear lot line except within the C-3 zoning district whereby the building standards set forth in Section 4.02.03(E) shall apply.
- J. A detached accessory building shall not exceed twenty-five (25) feet in height or exceed a maximum building footprint of 625ft².
- K. Connection of an accessory structure to a principal structure may be permissible if the connection is non-conditioned, unenclosed, and meets all principal structure setback requirements. A half wall, knee wall, or railings may be permitted as part of the connection.

5.01.04 Accessory Dwellings **Units (ADU)**

- A. ~~Accessory dwelling units intended to provide non-remunerated housing for relatives, guests, or domestic helpers. An accessory dwelling unit shall not be considered an apartment, hotel, or other kind of multi-family use.~~ **Accessory Dwelling Units (ADU)** shall not count towards density. **Long-term rental (31 days or more) is permissible when the property upon which the ADU is located receives a homestead exemption from the Nassau County, Florida Property Appraiser.** Per the City’s Comprehensive Plan policy 1.06.05, detached accessory dwelling units shall be permissible in all residential **areas and mixed-use zoning districts** in compliance with the following standards:
 - 1. The total floor area of the detached accessory dwelling **unit** shall not exceed 625 square feet;

2. The maximum height for a detached accessory dwelling unit located as a freestanding building or an apartment over a detached-garage shall not exceed twenty-five (25) feet, measured from the approved finished grade to the peak highest point of the roof on the structure;
3. A detached accessory dwelling shall be located only within a rear yard as established by Section 4.02.03; and
4. An accessory dwelling unit shall comply with all standards set forth in Section 5.01.03;
- ~~5. The accessory dwelling shall not have a separate water or electric meter.~~

Section 2.03.03 Table of Accessory Uses

ZONING DISTRICTS																					
– Prohibited (Empty) P – Permissible S – Permissible Subject to Supplemental Standards	R-E	R1-G	R-1	RLM	R-2	R-3	OT-1	OT-2	MU-1	MU-8	C-1	C-2	C-3	I-1	I-2	I-A	I-W	W-1	PI-1	CON	REC
ACCESSORY LAND USES:																					
Accessory Dwelling Unit– Detached Building	P	P	P	P	P	P	P ₆	P ₆	P ₆	P ₆			P ₆				P ₆				

*Add Footnote 6. Conditional on conformity with 5.01.04.

APPLICATION FOR LAND DEVELOPMENT CODE TEXT AMENDMENTS

3-2 vote to recommend approval

APPLICATION & SURROUNDING AREA INFORMATION:

OWNER/APPLICANT:	City of Fernandina Beach
AGENT:	Self
REQUESTED ACTION:	Land Development Code Text Amendments: • 1.07.00 Acronyms and Definitions • Table 2.03.03 Accessory Uses • 5.01.03. Accessory Structures • 5.01.04 Accessory Dwelling Units

*** All required application materials have been received. All fees have been paid. All required notices have been made. All copies of required materials are part of the official record and have been made available on the City's website, the City Clerk's Office and at the Community Development Department Office. ***

SUMMARY OF REQUEST:

In communities across the United States, Accessory Dwelling Units (ADUs) have become well regarded as a strategy for infill development that more immediately supports increased housing options and can serve to address a wide-range of housing needs while maximizing the capacity provided by existing infrastructure in a form more consistent with the City's traditional neighborhood character. Expansion of the City's existing ADU policy to allow both attached and detached ADUs, approve separate metering of water and sewer services, and enable rental income generation will support the City Commission's policy direction for increasing affordable and workforce housing options. All other design-based limitations contained in the existing governing policy remain in effect.

An ADU in the City is limited to a building footprint of 625 square feet and may not exceed 25 feet in height. Detached accessory structure's must be setback at least 25 feet in the front yard and no less than 3 feet from the side or rear property lines. An attached accessory dwelling must comply with the principal structure setback requirements and limited to the 25-foot building height.

Short-term or resort rental of an ADU would only be permissible in an R-3 (High Density Residential) zoning district. Allowance of an ADU within the OT-1 or OT-2 (Old Town) zoning district must be consistent with density standards of that district. Finally, care-taker units remain permissible within the Industrial zoned properties, as currently limited. Recommended language for consideration is as follows:

Section 1.07.00 Acronyms and Definitions

Adding: **Accessory Dwelling Unit (ADU)** – means a *dwelling unit* that is subordinate to an existing principal structure.

Section 2.03.03 Table of Accessory Uses

ZONING DISTRICTS																					
– Prohibited (Empty) P – Permissible S – Permissible Subject to Supplemental Standards	R-E	R1-G	R-1	RLM	R-2	R-3	OT-1	OT-2	MU-1	MU-8	C-1	C-2	C-3	I-1	I-2	I-A	I-W	W-1	PI-1	CON	REC
ACCESSORY LAND USES:																					
Accessory Dwelling Unit – Detached Building	P	P	P	P	P	P	P	P	P	P			P				P				

5.01.03 All Accessory Structures

1. There shall be a permitted principal structure in full compliance with all development standards and requirements of this LDC prior to issuance of a permit for an accessory structure. This provision shall not be construed to prohibit the establishment of an accessory structure simultaneously with the establishment of a permitted principal structure.
2. Permissible accessory uses by zoning district are identified in Table 2.03.03.
3. There shall be no more than one (1) **detached** accessory dwelling **unit** and not more than a total of two (2) other detached accessory buildings on a lot.
4. An accessory structure shall not be located within or partially within any public right-of-way.
5. Accessory structures shall be shown on any site plan with full supporting documents as required by this LDC.
6. Accessory structures shall be included in all calculations of impervious surface and stormwater runoff requirements.
7. Accessory structures shall not be located in any required buffer, landscape area, or stormwater management area.
8. A detached accessory building in a residential zoning district shall be set back from the side lot line a minimum of three (3) feet, except within the C-3 zoning district whereby the building standards set forth in Section 4.02.03(E) shall apply.
9. A detached accessory building shall not be closer than three (3) feet to the rear lot line except within the C-3 zoning district whereby the building standards set forth in Section 4.02.03(E) shall apply.
10. A detached accessory building shall not exceed twenty-five (25) feet in height or exceed a maximum building footprint of 625ft².
11. Connection of an accessory structure to a principal structure may be permissible if the connection is non-conditioned, unenclosed, and meets all principal structure setback requirements. A half wall, knee wall, or railings may be permitted as part of the connection.

5.01.04 Accessory Dwellings **Units**

- A. **Accessory dwelling units intended to provide non-remunerated housing for relatives, guests, or domestic helpers. An accessory dwelling unit shall not be considered an apartment, hotel, or other kind of multi-family use. Accessory Dwelling Units (ADU) shall not count towards density. Per the City's Comprehensive Plan policy 1.06.05, ~~detached~~ accessory dwelling units may be attached to the principal structure or detached and shall be permissible in all residential and mixed-use zoning districts in compliance with the following standards:**
 1. The total floor area of the **detached** accessory dwelling **unit** shall not exceed 625 square feet;
 2. The maximum height for a **detached** accessory dwelling **unit** located as a freestanding building or an apartment over a **detached** garage shall not exceed twenty-five (25) feet, measured from the approved finished grade to the peak of the roof;
 3. A detached accessory dwelling shall be located only within a rear yard as established by Section 4.02.03; and
 4. An accessory dwelling **unit** shall comply with all standards set forth in Section 5.01.03;
 5. **An accessory dwelling unit shall have a separate exterior entry from the principal structure.**

5. The accessory dwelling shall not have a separate water or electric meter.



No to Low Cost



Approximately \$0 to \$200

- Seal attic to prevent water intrusion and attic uplift.
- Test attic for infiltration after it is sealed to minimize humidity and mold issues
- Install aerators on all faucets. (1.5 GPM)
- Replace all faucets & shower heads with WaterSense low flow models
- Install rain sensor for irrigation system or permanently abandon existing irrigation system.
- Extend rain gutters to discharge at least three feet from house
- Seal wall openings between the garage and conditioned spaces to eliminate infiltration of toxins into living spaces
- Develop a demolition and construction waste management plan
- Implement a recycle, reuse plan for construction
- Anchor exterior structures properly

For new construction, refer to the
FGBC Green Home
Designation Standard at
www.floridagreenbuilding.org/homes



Minimal Cost



Approximately \$200 to \$700

- Have home tested for energy efficiency by a HERS rater. The test will help indicate where issues in the home exist and address those prior to making big investments
- Replace weather-stripping on all exterior doors
- Apply gaskets or caulk to all electrical outlets, switch plates and HVAC diffusers and grills
- Replace thermostats with programmable thermostats
- Increase attic insulation to R-38
- Add window tint to reduce solar heat gain
- Install motion or light sensors to all exterior lights
- Install Energy Star ceiling fans in living areas & bedrooms
- Install and set timer on hot water heater
- Inspect & seal all air-conditioning duct work with mastic
- Plant trees on the south, east and west side of the home to shade walls and A/C compressors
- Replace irrigation controller with programmable one
- Replace toilets with WaterSense fixtures
- Add a pool cover to reduce evaporation
- Have an irrigation professional perform a "check up" on an existing irrigation system
- Install carbon monoxide alarms at entrances to garage and all bedrooms
- Install dehumidifier in HVAC system
- Install make-up air source to laundry room located in conditioned space
- Ensure whole-house infiltration is minimized by sealing all top plates & air conditioning supply box drops at drywall
- Install a house energy monitoring device

Moderate Cost



Approximately \$700 to \$1,200

- Replace old toilets, with WaterSense fixtures
- Replace appliances with Energy Star appliances
- Repaint interior walls with low-VOC light reflective paint
- Add a radiant barrier on underside of roof sheathing
- Install rainwater harvesting/cistern for irrigation
- Replace with healthy flooring as defined in the FGBC Green Home Reference Guide
- Replace circulating kitchen fan with exterior ducted Energy Star labeled range hood
- Brace gable end roofs at trusses
- Apply/inject insulation to hollow core block
- Install garage exhaust fan with motion detector & timer

High Cost



Approximately \$1,200 to \$4,000

- Replace all turf yard with at least 50% of new plants from the Florida Friendly Plant list
- Add a hurricane protection system for windows and doors approved by Florida Building Code
- Install greywater collection system on bathroom sinks to reduce amount of potable water used for toilet flushing
- Replace old water heater with Heat Pump Water Heater (1,000 cubic feet of space required. Garage is an ideal location) OR
- Replace old hot water heater with solar water heater
- Replace pool pump with Energy Star pump OR
- Replace old pool pump with solar pool heating system
- Replace old A/C system with new SEER 15 or higher and 8.5 HSPF minimum efficiency. (Ensure that system is right-sized with complete energy calculations, manual J and manual D. If replacing A/C system, duct work should also be replaced.)
- Repaint exterior of house with paints that offer light reflectance greater than 50%
- Re-plumb residence with PEX manifold type system

Most Expensive Cost



Approximately \$4,000 to \$30,000

- Install Photovoltaic Electric Generating System
- Replace roof with Energy Star light reflective roof
- Use radiant barrier decking with new shingle roofs when decking is being replaced
- Replace old windows and sliding glass doors with new hurricane impact resistant and Energy Star products



The FGBC Florida Green Home Retrofit Guidelines were developed to assist homeowners and remodelers in making home improvement decisions to improve the efficiency, health and environmental friendliness of their homes.
www.floridagreenbuilding.org/consumer-help

Homeowner Operations

- Turn off lights, fans, TVs, chargers, and appliances when not in use
- Replace all light bulbs with compact fluorescent bulbs or LEDs
- Keep doors and windows closed if the air conditioner is in the On or Cool position
- Set thermostat at 80 degrees when you leave the house
- Turn off water while brushing your teeth and washing your hands
- Shower in under 5 minutes
- Change air-conditioner filters monthly
- Leave bathroom exhaust fan on for 20 minutes after showering
- Replace or clean any items that are moldy
- Use green cleaning products
- Reduce temperature of hot water heater to 120 degrees
- Change appliance water hoses to reinforced hoses
- Remove existing garbage disposal and compost vegetable waste for use in landscaping
- Keep dedicated recycling bins in place
- Water outdoor plants and grass in the early morning
- Cut lawn no lower than 3 inches
- Install rain barrels at downspouts
- Use non-cypress mulch in landscaping
- Have a hurricane plan and kit
- Take batteries, old paint, electronics, and chemicals to a hazardous waste disposal



1415 E. Piedmont Drive, Suite 5
Tallahassee, FL 32308-7954

Phone: 850-894-3422

Fax: 850-671-4897

E-mail: info@FloridaGreenBuilding.org
www.FloridaGreenBuilding.org

Affordable Housing Cost-Effective Green Options

*Prepared by the Florida Green Building Coalition
Affordable Housing Committee*



The costs presented herein are provided for illustrative purposes only and should be verified by the user



Insufficient Affordable Housing Limits Florida's Economic Potential

By: Terry Golden, Policy Director, Florida Policy Institute

Most households have a limited amount of available resources, and the proportion of income that cost-burdened families spend on housing cannot simultaneously be available for spending in the community. Struggling families that spend more than 50 percent of their income on housing (or housing and transportation) spend 41 percent less on food and 74 percent less than their counterparts who live in affordable housing.

Entrepreneurs and business owners looking to grow their companies acknowledge that the availability of affordable housing substantially affects their ability to recruit and retain qualified entry- and mid-level employees, according to a variety of surveys from the Center for Housing Policy. The Center further cites surveys in which the availability of affordable housing is a primary concern of companies as they make siting decisions.

Traffic congestion from commuters negatively impacts businesses as well as employees. Congested roads increase business operating costs and shrink the area from which customers and clients are drawn. These problems are also a significant deterrent to business relocation in a community. As Florida's policy makers look to encourage job creation and the state's overall economy, recognition of these facts suggests they should increase available funding and undertake other measures that will increase the stock of affordable housing.



The Context of Housing Affordability in Florida

Housing is only one, albeit the largest, of the monthly expenses for most households. Other recurring expenses include transportation, clothing, groceries, and health care. The more a household's income is consumed by housing, the fewer resources are available for savings or spending on other goods and services in their communities.

Housing prices are a reflection of the cost of developing the housing and the price a local market will tolerate. The relationship between housing prices and wages, if any, is weak.

In Florida, increases in housing prices outpace increases in wages. In February 2016, the Miami Herald reported that median house prices in Miami-Dade County rose by nine percent over the previous year, but the corresponding wage increase was only four percent. Worse, median house prices in neighboring Broward County rose 11 percent, with a corresponding wage increases of three percent. These discrepancies worsen housing affordability problems for low- and moderate-income households.

The statewide average for Fair Market Rent for a two-bedroom apartment in Florida is \$1,038. For affordability purposes, households must have an annual income of \$41,517 (\$19.95 per hour) to pay fair market rates. The required income increases to \$50,000 in south Florida and \$59,000 in the Florida

Keys. A two-adult household in which each person earns the minimum wage cannot afford such rent. Based on a statewide average wage of \$14.49 per hour (\$30,139 per year), far too many Florida households can only afford rent of \$754.

One way that households address housing affordability is to rent a property that would otherwise be cost prohibitive. The effect of this decision is to limit other areas of household spending. The most frequent reductions are in food and health care. Another effect is a limit in funds that can be saved for emergencies, retirement, education, or other long-term purposes. Ironically, the Florida Housing Coalition notes that cost-burdened renters would pay less in mortgage on an average three-bedroom home, but the cost of rent limits the ability to save for a down payment.

Households also address housing affordability by renting or buying a property in a more affordable area than one close to where they work. In metropolitan regions, people must commute from home to work. These commutes, compounded by thousands of workers, result in traffic congestion, carbon emissions, and loss of leisure or family time. In addition, commuting costs can transform affordable housing to consume as much or more income as cost-burdened households. The Center for Neighborhood Technology identifies metropolitan Miami and Tampa as the first and third most expensive metropolitan areas in the United States, respectively, based on the combined cost of housing and transportation.

People who cannot find affordable housing may move in with family or friends. Most households maximize available space. The lengthy addition of one or more people to an established environment can create stress for both host and guest.

Finally, aside from homelessness, the last option available is substandard housing. Such housing may pose an environmental hazard from existing mold or asbestos or it may be insect infested. It may have tainted water from lead pipes or have lead paint. It may have faulty wiring, which poses a safety and fire hazard. It may be located in an area prone to criminal activity. Substandard housing may also feature unscrupulous landlords who prey on their tenants.

Benefits of Affordable Housing to the State and its Communities

The phrases “affordable housing” and “workforce housing” are generally indistinguishable. The distinctions, if any, refer to the income range for whom the specific housing is intended. As used across the literature, workforce housing is generally intended for workers earning from 60 to 120 percent of area median income. Affordable housing

extends to residents whose income is less than 60 percent of area median income. The availability of workforce housing has real implications for business productivity and profits. Businesses located in areas where housing costs exceed wages have difficulty recruiting and retaining adequate employees. Tyson Foods calculated that it cost \$2,500 (in 2005) to replace an experienced employee. With estimated turnover of 15 percent, it cost Tyson \$26 million per year to replace lost employees. While few Florida businesses match the scale of Tyson, the corresponding loss to small- and mid-sized businesses is likely to be an equal or greater proportion of corporate income.

A 2001 study of workforce housing demand estimated a backlog need for 5,000 housing units in Minneapolis/ St. Paul. The researchers estimated that, if the backlog was developed and occupied, the twin cities would garner recurring revenues of \$128 million in consumer spending, plus \$137 million in business income. Adjusted to 2016 dollars, this housing would generate \$361 million annually in spending and business income for the area.

Additional affordable housing similarly offers multiple benefits for cities and counties in Florida. Generally, property taxes on housing generate recurring revenues for the local governments. To the extent that affordable housing reduces foreclosures, it limits costs to localities for court, legal, and recordkeeping expenses, as well as foregone utilities revenues. Foreclosures reduce the value of nearby homes, in turn reducing property taxes for the affected homes. Further, access to affordable housing can reduce household need for other services associated with limited financial resources.

The National Association of Home Builders analyzed the economic impact of affordable housing in 2010 and identified two sets of impacts: construction impacts and

	Construction Impact (Nonrecurring)	Annual Impact (Recurring)
Local income	\$7.9 million	\$2.4 million
Local taxes and other revenues	\$827,000	\$441,000
Local jobs	122	30

recurring post-construction impacts. The analysis identified the following impacts based on 100 multifamily housing units.

Economic impacts of constructing affordable housing are comparable to construction of corresponding market-rate housing units. The number of local jobs created increases to 32 when the affordable housing is built for seniors.

When existing housing stock is updated for energy efficiency, economic impacts continue for contractors, laborers, and materials suppliers. Moreover, energy modifications can stretch household budgets by reducing utilities costs and provide a little financial relief for participating families. The estimated annual household savings from energy updates is more than \$400.

In one report, the families that live in affordable housing save about \$500 per month. Most of these savings are reinvested in the community on food, clothing, transportation, and healthcare. These basic household needs could not be addressed without the availability of the housing. Affordable housing is especially crucial for seniors because of their higher healthcare costs.

Increased economic activity, multiplied by the number of affordable housing households, creates local jobs in the wholesale/retail trade, healthcare, education, and for local eating establishments. It increases retail vitality in affordable housing communities and increases the availability of goods and services to residents.

In addition to local spending, housing relief allows participants to make modest investments. Specifically, residents may save for their own education or that of their children and for retirement. If the residents live in a rental property, they may save for the down payment on a mortgage.

In addition to household savings, affordable housing saves social services funding. For seniors and adults with developmental disabilities, the cost of Medicaid Home and Community-Based Services is one-third the cost of services in a nursing home or intermediate care facility.

Vibrant communities with good schools, safe neighborhoods, and efficient public transit will only attract skilled employees if they also offer a large supply of good-quality affordable housing for young couples and new families.

What Can State Policy Makers Do?

To help fund affordable housing programs, the Florida Legislature dedicates a portion of the documentary stamp tax on deeds to support state and local affordable housing into the Sadowski Trust Fund. The affordable housing programs supported by the Sadowski Trust Fund have been shown to have an enormous spin off benefit to Florida's economy. According to the Florida Housing Coalition, each dollar of state and local funding for affordable housing leverages \$4 – \$6 in federal, private, and other funding. A review of the activity of the Florida Housing Finance Corporation in 2014 concluded that the activities of the Corporation had generated:

- \$3.69 billion in economic output
- \$1.27 billion in income
- \$1.91 billion in value added
- 27,150 full- and part-time jobs

This return on investment makes it especially distressing that the Legislature swept \$117 million that would otherwise have been appropriated for additional affordable housing initiatives during the 2016 Legislative Session. The Legislature should increase its support for affordable housing in coming years both as an investment in economic development and as a means to improve the quality of life of it many families struggling to make ends meet. **HNN**

The is an excerpt used with permission from the author, Terry Golden, of the Florida Policy Institute. The full article with sources can be found at www.fpi.org



TERRY GOLDEN

Terry Golden, is the Policy Director of Florida Policy Institute. The Florida Policy Institute is an independent, nonpartisan organization dedicated to promoting widespread prosperity. The Institute analyzes state budget and revenue trends and proposes common-sense policy options with the aim of encouraging broad public education, discussion, and informed action.



Accessory Dwelling Units: Case Study



U.S. Department of Housing and Urban Development
Office of Policy Development and Research



Visit PD&R's website

www.huduser.org

to find this report and others sponsored by HUD's Office of Policy Development and Research (PD&R). Other services of HUD USER, PD&R's Research Information Service, include listservs; special interest reports, bimonthly publications (best practices, significant studies from other sources); access to public use databases; hotline 1-800-245-2691 for help accessing the information you need.

Accessory Dwelling Units: Case Study

Prepared for:
U.S. Department of Housing and Urban Development
Office of Policy Development and Research

Prepared by:
Sage Computing, Inc.
Reston, VA

June 2008

Table of Contents

Introduction..... I

History of ADUs..... I

Types of Accessory Dwelling Units.....2

Benefits of Accessory Dwelling Units.....2

Examples of ADU Ordinances and Programs.....3

Conclusion.....7

Appendix A.....A-I

Appendix B.....B-I

Appendix C.....C-I

Appendix D.....D-I

Appendix E.....E-I

Appendix F.....F-I

Accessory Dwelling Units: Case Study

Introduction

Accessory dwelling units (ADUs) — also referred to as accessory apartments, second units, or granny flats — are additional living quarters on single-family lots that are independent of the primary dwelling unit. The separate living spaces are equipped with kitchen and bathroom facilities, and can be either attached or detached from the main residence.¹ This case study explores how the adoption of ordinances, with reduced regulatory restrictions to encourage ADUs, can be advantageous for communities. Following an explanation of the various types of ADUs and their benefits, this case study provides examples of municipalities with successful ADU legislation and programs.

History of ADUs

Development of accessory dwelling units can be traced back to the early twentieth century, when they were a common feature in single-family housing.² After World War II, an increased demand for housing led to a booming suburban population. Characterized by large lots and an emphasis on the nuclear family, suburban development conformed to Euclidean-type zoning codes, a system of land-use regulations that segregate districts according to use.³

Suburbs continued to be a prevalent form of housing development throughout the 1950s and 1960s. The rapid growth of suburbs reinforced the high demand for lower-density development, and ultimately led most local jurisdictions to prohibit ADU construction. In spite of zoning restrictions, illegal construction of ADUs continued in communities where the existing housing stock was not meeting demand; San Francisco was one such community. During World War II, the Bay Area experienced a defense boom that created a high demand for workforce housing, resulting in a large number of illegally constructed second units. By 1960, San Francisco

housed between 20,000 to 30,000 secondary units, 90 percent of which were built illegally.⁴

In response to suburban sprawl, increased traffic congestion, restrictive zoning, and the affordable housing shortage, community leaders began advocating a change from the sprawling development pattern of suburban design to a more traditional style of planning. Urban design movements, such as Smart Growth and New Urbanism, emerged in the 1990s to limit automobile dependency and improve the quality of life by creating inclusive communities that provide a wide range of housing choices. Both design theories focus on reforming planning practices to create housing development that is high density, transit-oriented, mixed-use, and mixed-income through redevelopment and infill efforts.⁵

In the late 1970s to the 1990s, some municipalities adopted ADU programs to permit the use and construction of accessory units. Many of these programs were not very successful, as they lacked flexibility and scope. Although a number of communities still restrict development of accessory dwelling units, there is a growing awareness and acceptance of ADUs as an inexpensive way to increase the affordable housing supply and address illegal units already in existence.



Interior ADU – located in attic space
Photo credit: Town of Barnstable, Massachusetts

¹ Municipal Research and Services Center of Washington, *Accessory Dwelling Units*, October 1995, <http://www.mrsc.org/Publications/textadu.aspx#tenant>.

² Transportation and Land Use Coalition, *Accessory Dwelling Units*, <http://www.transcoalition.org/ia/acssdwel/01.html#body>.

³ Transportation Research Board, *The Costs of Sprawl Revisited*, 1998, http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_39-a.pdf.

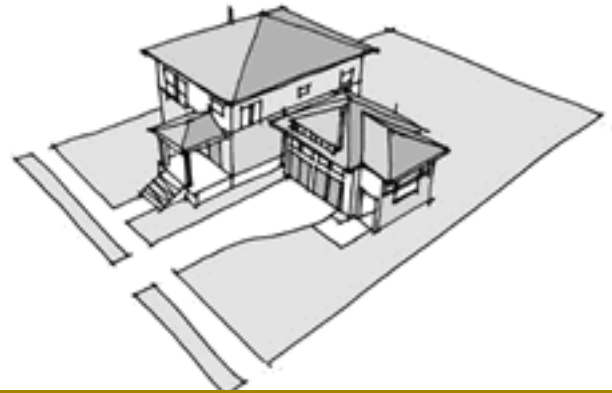
⁴ San Francisco Planning and Urban Research Association, *Secondary Units: A Painless Way to Increase the Supply of Housing*, August 2001, <http://www.spur.org/newsletters/0801.pdf>.

⁵ New Urban News, *The New Urbanism – An alternative to modern, automobile-oriented planning and development*, July 2004, <http://www.newurbannews.com/AboutNewUrbanism.html>.

Types of Accessory Dwelling Units

Depending on their location relative to the primary dwelling unit, ADUs can be classified into three categories: interior, attached, and detached.⁶ Interior ADUs are located within the primary dwelling, and are typically built through conversion of existing space, such as an attic or basement.

Attached ADUs are living spaces that are added on to the primary dwelling. The additional unit can be located to the side or rear of the primary structure, but can also be constructed on top of an attached garage. Detached ADUs are structurally separate from the primary dwelling. They can be constructed over existing accessory structures, such as a detached garage, or they can be built as units that are separate from accessory and residential structures.



ADU attached to the side of a garage addition
Illustration: RACESTUDIO and city of Santa Cruz

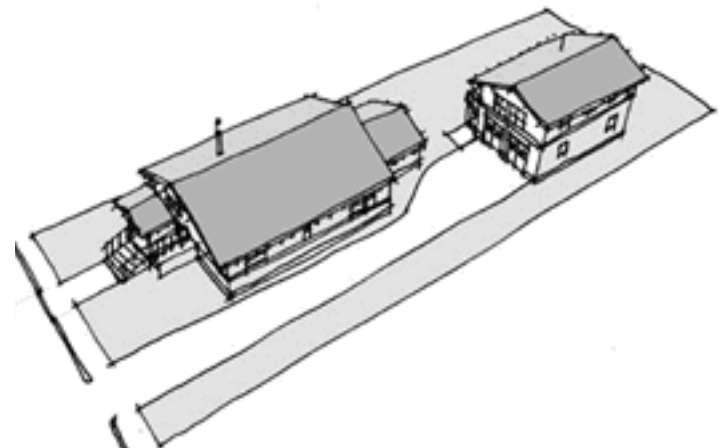
Benefits of Accessory Dwelling Units

Accessory dwelling units offer a variety of benefits to communities. They help increase a community's housing supply, and since they cost less than a new single-family home on a separate lot, they are an affordable housing option for many low- and moderate-income residents.⁷ Elderly and/or disabled persons who may want to live close to family members or caregivers, empty nesters, and young adults just entering the workforce find ADUs convenient and affordable.⁸ In addition to increasing the supply of affordable housing, ADUs benefit homeowners by providing extra income that can assist in mitigating increases in the cost of living.



Attached ADU
Photo credit: <http://mass.gov>

Accessory dwelling units have other advantages as well. They can be designed to blend in with the surrounding architecture, maintaining compatibility with established neighborhoods and preserving community character. Furthermore, there is no need to develop new infrastructure, since ADUs can be connected to the existing utilities of a primary dwelling. Allowing ADUs facilitates efficient use of existing housing stock, helps meet the demand for housing, and offers an alternative to major zoning changes that can significantly alter neighborhoods.⁹



Detached two-story ADU over garage
Illustration: RACESTUDIO and city of Santa Cruz

⁶ Transportation and Land Use Coalition.

⁷ Atlanta Regional Commission, *Accessory Dwelling Units*, August 2007, http://www.atlantaregional.com/documents/Accessory_Dwelling_Units_.pdf.

⁸ Ibid.

⁹ Municipal Research and Services Center of Washington.

Examples of ADU Ordinances and Programs

The following section of the case study provides an overview of ADU ordinances that have been adopted by five communities from across the nation. To gain a wider understanding of ADU programs in practice, the five communities have been chosen to represent a diverse range of geographic, demographic, and socioeconomic characteristics with different land use and growth control policies.

Lexington, Massachusetts

Lexington, Massachusetts is an affluent historic town, located 11 miles northwest of Boston, with a population of 30,355.¹⁰ According to the town's 2002 Comprehensive Plan, Lexington has largely exhausted its vacant unprotected land supply and is a highly built-out suburb with less than 1,000 acres of land available for new development.¹¹ Approximately 18 percent of the households in Lexington are eligible for affordable housing of some sort, and with a median home sales price of over \$600,000, many residents are being priced out of the housing market.¹² This limited growth potential and strong demand for affordable housing has led to the adoption of accessory apartment programs. The town implemented its first accessory unit bylaw in 1983, resulting in the construction of 60 units. In February of 2005, Lexington amended its bylaws to improve the clarity and flexibility of its ADU program.¹³ The town affirmed that the purpose of promoting ADUs is to increase the range of housing choices, encourage population diversity, and promote efficient use of the housing supply while maintaining the town's character.

The amended bylaws reduce or eliminate minimum lot size requirements, allow ADUs 'by-right' in homes built as recently as five years ago, and allow second units by special permit in new construction, or as apartments in accessory structures. The Lexington Zoning Code allows two ADUs per lot, provided the primary dwelling is connected to public water and sewer systems.¹⁴ Provisions allow absentee ownership for two years under special circumstances. In addition, a minimum of one off-street parking space

must be provided for every accessory unit. The by-right accessory apartments must be located within the primary dwelling and are allowed on lots that are at least 10,000 square feet. The maximum gross floor area of a by-right accessory apartment is 1,000 square feet and the unit cannot have more than two bedrooms.¹⁵

Increased flexibility in the program has proven beneficial to Lexington in the development of ADUs. According to Aaron Henry, Senior Planner for Lexington, the town's Housing Partnership Board is launching an education and outreach campaign for their ADU program to raise public interest.

Santa Cruz, California

Santa Cruz, California is a seaside city with a population of 54,600; it is one of the most expensive cities in the country in which to live. In 2006, the median price for a single-family home in Santa Cruz was \$746,000, which only 6.9 percent of the city residents could easily afford.¹⁶ In spite of the high cost of living, the city continues to be a desirable destination on account of its scenic location and proximity to San Francisco and the Silicon Valley. The location of a campus of the University of California — the area's largest employer — also adds to the demand for housing in Santa Cruz.¹⁷ Another contributing factor is the limited amount of land allowed for development within the city's



Detached ADU over garage — design by Boone/Low Architects and Planners

Illustration: RACESTUDIO and city of Santa Cruz

¹⁰ U.S. Census 2000, www.census.gov.

¹¹ Town of Lexington, *Comprehensive Plan*, 2002, <http://ci.lexington.ma.us/Planning/CompPlan.htm>.

¹² Town of Lexington, *Lexington Housing Strategy*, October 2007, [http://ci.lexington.ma.us/Planning/Documents/Housing%20Strategy%20\(Oct%202007\).pdf](http://ci.lexington.ma.us/Planning/Documents/Housing%20Strategy%20(Oct%202007).pdf).

¹³ The Massachusetts Smart Growth/Smart Energy Toolkit, *Accessory Dwelling Units (ADU) Suburban Case Study*, http://www.mass.gov/envir/smart_growth_toolkit/pages/CS-adu-lexington.html.

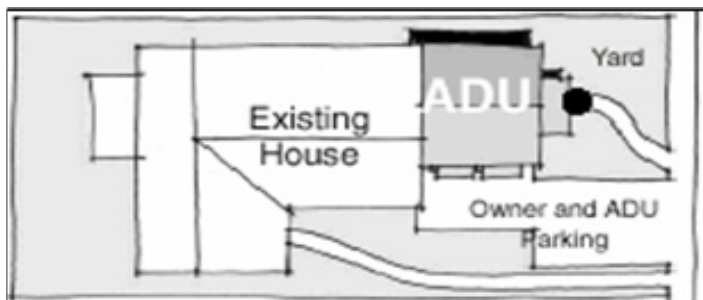
¹⁴ See Appendix A.

¹⁵ Town of Lexington, <http://ci.lexington.ma.us>.

¹⁶ City of Santa Cruz, <http://www.ci.santa-cruz.ca.us>.

¹⁷ Fred Bernstein, *Granny Flats for Cool Grannies*, February 2005, <http://www.fredbernstein.com/articles/display.asp?id=91>.

greenbelt. In order to preserve the greenbelt while accommodating new growth, promoting public transportation, and increasing the supply of affordable housing, the city adopted a new ADU ordinance in 2003.



Prototype site layout for attached ADU – ADU Manual
Illustration: RACESTUDIO and city of Santa Cruz

This ordinance sets forth regulations for the location, permit process, deed restrictions, zoning incentives, and design and development standards for ADUs. Accessory dwelling units are permitted in designated residential zones on lots that are at least 5,000 square feet in area. No more than one ADU per lot is allowed and the property owner must occupy the primary or accessory dwelling unit. ADUs that do not meet the permitting requirements stipulated in the ordinance must undergo a public hearing process. Development fees are waived for ADUs made available for low- and very-low-income households.¹⁸

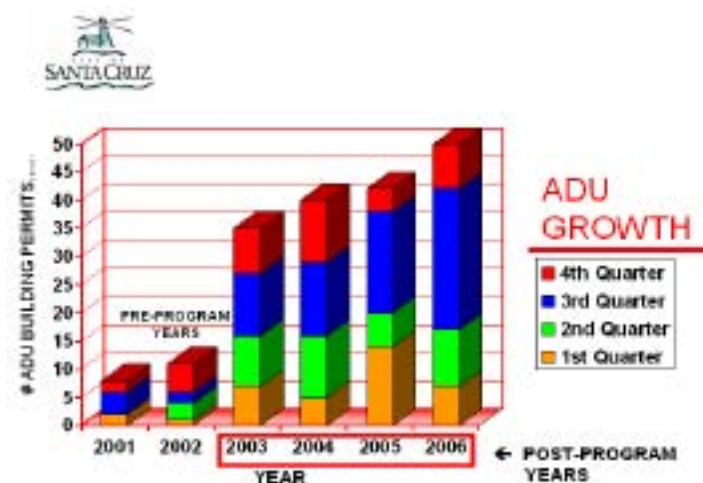
In addition to the ordinance that regulates the development of ADUs, Santa Cruz has established an ADU development program with three major components: technical assistance, a wage subsidy and apprentice program, and an ADU loan program.¹⁹ As part of the technical assistance program, the city published an ADU Plan Sets Book that contains design concepts developed by local and regional architects. Homeowners can select one of these designs and receive permits in an expedited manner. In addition, the city offers an ADU Manual, which provides homeowners with information on making their ADU architecturally compatible with their neighborhood, zoning regulations relevant to ADUs, and the permitting process.

Santa Cruz's ADU Development Program has won numerous awards and has been used as a model by other communities. According to Carol Berg, who is the housing and community development manager for the city, an average of 40 to 50 ADU permits have been approved every year since the start of the program. She attributes the program's success primarily to zoning changes that were adopted to facilitate development of ADUs, such as the elimination of covered parking requirements.

Portland, Oregon

With a population of approximately 530,000, Portland is the most populous city in the state of Oregon, and is noted for its strong land use control and growth management policies. Although Portland has had an ADU program in place for several years, ADU development was not effectively promoted until 1998, when the city amended its laws to relax the regulations governing ADUs.²⁰ The amendments eliminated the minimum square footage and owner-occupancy requirements. ADUs are now allowed in all residential zones with relaxed development standards.

Portland's regulations permit the construction of ADUs on lots with a single-family home, as long as they are smaller, supplementary to the primary residence, and no more than 800 square feet.²¹ They can be created by conversion of an existing structure or by construction of a new building. An early assistance process is available to help with project development for ADUs created through the conversion of an existing structure. ADUs that meet all the standards are permitted by right and do not require a land use review. No additional parking is required for accessory



ADU Permits approved for the city of Santa Cruz
Source: City of Santa Cruz

¹⁸ See Appendix B.

¹⁹ City of Santa Cruz, *Accessory Dwelling Unit Development Program*, <http://www.ci.santa-cruz.ca.us>.

²⁰ Barbara Sack, city of Portland.

²¹ See Appendix C.

units. Portland's ADU program guide outlines ways to bring existing nonconforming units into compliance.

The city considers ADUs to be more affordable than other housing types because of the efficiency of the units in using fewer resources and reducing housing costs. City planner Mark Bello notes that allowing more ADUs did increase the housing supply, and that city residents viewed ADUs positively and were satisfied with the changes made. He also added, "There were no significant negative issues that arose from liberalizing Portland's code."

Barnstable, Massachusetts

With seven villages within its boundaries and a total population of 47,821, the town of Barnstable is the largest community in both land area and population on Cape Cod.²² Approved in November 2000, Barnstable's Accessory Affordable Apartment or Amnesty Program is a component of its Affordable Housing Plan.²³ The program guides creation of affordable units within existing detached structures or new affordable units within attached structures. Eligibility for the program is limited to single-family properties that are owner-occupied and multifamily properties that are legally permitted.

Barnstable's amnesty program is seen as a way to bring the high number of existing illegal ADUs into compliance with current requirements. In order to bring a unit into compliance, the property owner must agree to rent to low-income tenants — those earning 80 percent or less



ADU over detached garage
Photo credit: Town of Barnstable



ADU on lower level of primary dwelling
Photo credit: Town of Barnstable

of the area median income — with a minimum lease term of one year. The amnesty program offers fee waivers for inspection and monitoring of units and designates town staff to assist homeowners through the program's administrative process. The town can access Community Development Block Grant funds to reimburse homeowners for eligible costs associated with the rehabilitation or upgrade of an affordable ADU. Homeowners are also offered tax relief to offset the negative effects of deed restrictions that preserve the affordability of the units.²⁴

Through its Amnesty Program, the town of Barnstable has successfully brought many of its illegal accessory units into compliance, with the added benefit of increasing the supply of affordable housing. Since the start of the program, Barnstable has approved 160 affordable ADUs. Beth Dillen, Special Projects Coordinator for the town's Growth Management Department, noted that "the ADU program has been very well received and there has been no neighborhood opposition." The program has been successful in converting existing illegal accessory apartments into code-compliant ADUs. According to Building Commissioner Tom Perry, "The benefit to this program is twofold. It is increasing the affordable housing supply and it also makes units, that before were unsafe and illegal, safe and legal."

Wellfleet, Massachusetts — Home of Oysters...and ADUs

Wellfleet is located in Barnstable County, Massachusetts. Located on Cape Cod, Wellfleet is a tourist town with a

²² U.S. Census 2000, www.census.gov.

²³ See Appendix D.

²⁴ Town of Barnstable, *Accessory Affordable Apartment Program*, http://www.town.barnstable.ma.us/GrowthManagement/CommunityDevelopment/AssessoryHousing/AAAP-BROCHURE_rev041206.pdf.

year-round population of 3,500, which increases to 17,000 in the summer months. Sixty-one percent of the land area in Wellfleet is part of the Cape Cod National Seashore and about 70 percent of the entire land area is protected from development.²⁵ Wellfleet also has a growing concentration of elderly residents 65 years and older. A housing needs assessment study conducted by the town in 2006 recommended the adoption of an affordable ADU program to meet elderly housing needs and to increase the supply of affordable multifamily rental units.²⁶



Interior ADU – Town of Wellfleet
Photo credit: Town of Wellfleet

The affordable ADU bylaw for Wellfleet allows up to three ADUs per lot in any district, but requires approval of a special permit from the Zoning Board of Appeals. Secondary units may be within, attached to, or detached from a



Detached ADU – Town of Wellfleet
Photo credit: Town of Wellfleet

primary structure, and may not be larger than 1,200 square feet. Homeowners with pre-existing attached and nonconforming accessory apartments may only make changes that increase the conformity of the structures.²⁷

Unless the provisions are specifically waived, the construction of new ADUs must conform to all zoning bylaw provisions and the owner of the property must occupy either the ADU or the primary dwelling. Detached units must comply with all setback requirements. Owners are required to rent to low- or moderate-income households. Maximum rents follow the Fair Market Rental Guidelines published by HUD and the property owners must submit annual information on rents to be charged.

To encourage participation in the ADU program, Wellfleet has instituted a new affordable accessory dwelling unit loan program.²⁸ The program offers interest-free loans for homeowners to develop affordable accessory units. The funds can also be used by homeowners to bring their ADU up to code. Wellfleet offers tax exemptions to homeowners on the portion of the property that is rented as an affordable unit. According to Nancy Vail, Assessor for the Town of Wellfleet, the combined tax savings for all ADU property owners totaled \$7,971.17 for fiscal year 2008. Sixteen units have been approved since the start of the program in November 2006.

Fauquier County, Virginia

Fauquier County is a largely rural county located about 50 miles outside of Washington, D. C. Beginning in 1967, Fauquier County adopted strict zoning regulations to limit growth to nine defined areas as a means of preserving farmland and open space; in effect, establishing growth boundaries.²⁹ However, the county population is rapidly increasing. The 2006 U.S. Census population estimate for Fauquier County was 66,170, a 20 percent increase from 2000. A needs assessment study by the Fauquier County Affordable Housing Task Force found that between 2000 and 2006, the median housing price in Fauquier County increased 127 percent, while the median household income increased 21 percent. To accommodate its growing population, especially the need for workforce housing, the county encourages infill development within the nine defined areas, and is active in reducing barriers to affordable housing.

²⁵ Town of Wellfleet, <http://www.wellfleetma.org>

²⁶ Town of Wellfleet, *Housing Needs Assessment*, 2006, http://www.wellfleetma.org/Public_Documents/WellfleetMA_LocalCompPlan/Appendix8.pdf.

²⁷ See Appendix E.

²⁸ Town of Wellfleet, *Affordable Accessory Dwelling Unit Program*, http://www.wellfleetma.org/Public_Documents/WellfleetMA_WebDocs/AADU.pdf.

²⁹ Keith Schneider, *New Approaches to Shaping Community Futures*, March 1997, Michigan Land Use Institute, <http://www.mlui.org/growthmanagement/fullarticle.asp?fileid=3862>.

Fauquier County recognizes three different types of accessory units: family dwellings, efficiency apartments, and tenant houses.³⁰ Family dwelling units are detached accessory units constructed for use by the homeowner's family member(s); they must be occupied by no more than five people, at least one of them related to the owner. Family dwelling units may be as large as 1,400 square feet in size and are permitted in both rural and many residentially zoned areas. Efficiency apartments are alternatives to family dwelling units and are attached to either the primary residence or to an accessory structure, such as a garage. The size is limited to 600 square feet or 25 percent of the gross floor area of the main dwelling, whichever is greater. Efficiencies may not be occupied by more than two unrelated people and are allowed in rural and residential-zoned areas. Tenant houses are detached dwellings built on the property for the purpose of supporting agricultural land uses. At least one person occupying the tenant house must work on the property. Tenant houses have no size limits. They are allowed only on rurally zoned areas or properties of at least 50 acres, with one tenant house for every 50 acres of a property.

Development of ADUs in Fauquier County depends on the zoning, the size of the property, and availability of septic/sewer and water services. Each of the unit types is approved by the Fauquier Office of Zoning Permitting and Inspections, with a building permit, provided that the units meet zoning requirements. According to the county's zoning office, 155 accessory dwelling units and 37 efficiency apartments were permitted from 1997 to 2007.

Conclusion

At the height of the suburbanization of the United States in the 1950s and 1960s, high-density development became undesirable. Instead, communities favored low-density development defined by large-lot single-family homes. Accessory apartments that were once a common feature in many homes were excluded from zoning ordinances. However, growing demand for affordable housing (coupled with the limited amount of land available for development in many communities) has led to changing attitudes about the use and development of accessory apartments. An

increasing number of communities across the nation are adopting flexible zoning codes within low-density areas in order to increase their affordable housing supply.

Communities find that allowing accessory dwelling units is advantageous in many ways. In addition to providing practical housing options for the elderly, disabled, empty nesters, and young workers, ADUs can provide additional rental income for homeowners. ADUs are smaller in size, do not require the extra expense of purchasing land, can be developed by converting existing structures, and do not require additional infrastructure. They are an inexpensive way for municipalities to increase their housing supply, while also increasing their property tax base. By providing affordable housing options for low- and moderate-income residents, communities can retain population groups that might otherwise be priced out of the housing market.

The examples provided in the previous section involve communities that have to rely on existing housing stock to meet rising demand, either due to lack of developable land or strict growth management regulations. Portland and Fauquier County have adopted ADU ordinances to increase housing supply within their growth boundaries. Communities that are built out or have limited available land benefit from allowing the development of accessory units, as in Lexington and Wellfleet. Barnstable's amnesty program shows how to successfully bring a large number of existing illegal accessory units into compliance. In addition to allowing ADUs in all residential zones, Santa Cruz has attracted interest in ADU development by publishing an ADU Manual and Plan Sets Book with seven prototype designs for accessory units.

A community can tailor ADU ordinances to suit its demographic, geographic, and socioeconomic characteristics. The communities discussed in this case study provide loan programs, tax incentives, streamlined permitting, and reduced development fees as part of their ADU programs. In order for an ADU program to succeed, it has to be flexible, uncomplicated, include fiscal incentives, and be supported by a public education campaign that increases awareness and generates community support.

³⁰ See Appendix F.

Appendix A — Town of Lexington, Massachusetts, Article V, 135-19, Accessory Apartments

§ 135-19. Accessory apartments. [Amended 5-2-1988 ATM by Art. 41; 4-10-1989 ATM by Art. 41; 4-4-1990 ATM by Art. 36; 4-4-2005 ATM by Art. 10]

An accessory apartment is a second dwelling subordinate in size to the principal dwelling unit on an owner-occupied lot, located in either the principal dwelling or an existing accessory structure. The apartment is constructed so as to maintain the appearance and essential character of a one-family dwelling and any existing accessory structures. Three categories of accessory apartments are permitted: by-right accessory apartments, which are permitted as of right, and special permit accessory apartments and accessory structure apartments, which may be allowed by a special permit.

A. General objectives. The provision of accessory dwelling units in owner-occupied dwellings is intended to:

- (1) Increase the number of small dwelling units available for rent in the Town;
- (2) Increase the range of choice of housing accommodations;
- (3) Encourage greater diversity of population with particular attention to young adults and senior citizens; and
- (4) Encourage a more economic and energy-efficient use of the Town's housing supply while maintaining the appearance and character of the Town's single-family neighborhoods.

B. Conditions and requirements applicable to all accessory apartments.

(1) General.

- (a) There shall be no more than two dwelling units in a structure, and no more than two dwelling units on a lot.
- (b) There shall be no boarders or lodgers within either dwelling unit.
- (c) No structure that is not connected to the public water and sanitary sewer systems shall have an accessory apartment.
- (d) The owner of the property on which the accessory apartment is to be created shall occupy one or the other of the dwelling units, except for temporary absences as provided in Subsection B (1) (e). For the purposes of this section, the "owner" shall be one or more individuals who constitute a family, who hold title directly or indirectly to the dwelling, and for whom the dwelling is the primary residence...

(2) Exterior appearance of a dwelling with an accessory apartment. The accessory apartment shall be designed so that the appearance of the structure maintains that of a one-family dwelling....

(3) Off-street parking. There shall be provided at least two off-street parking spaces for the principal dwelling unit and at least one off-street parking space for the accessory apartment....

C. By-right accessory apartments shall be permitted so long as the requirements set forth in the §135-19B are satisfied and the following criteria in this section are met:

- (1) The lot area shall be at least 10,000 square feet.
 - (2) The apartment shall be located in the principal structure.
 - (3) The maximum gross floor area of the by-right accessory apartment shall not exceed 1,000 square feet.
 - (4) There shall not be more than two bedrooms in a by-right accessory apartment.
 - (5) There shall be no enlargements or extensions of the dwelling in connection with any by-right accessory apartment except for minimal additions necessary to comply with building, safety or health codes, or for enclosure of an entryway, or for enclosure of a stairway to a second or third story.
 - (6) The entire structure containing the by-right accessory apartment must have been in legal existence for a minimum of five years at the time of application for a by-right accessory apartment.
- D. Special permit accessory apartments. If a property owner cannot satisfy the criteria for by-right accessory apartments that are set forth in § 135-19C above, the property owner may apply for a special permit from the Board of Appeals....
- E. Accessory structure apartments. Notwithstanding any provisions of this Zoning By-Law that state an accessory apartment shall be located in a structure constructed as a detached one-family dwelling and the prohibition in § 135-35D against having more than one dwelling on a lot, the Board of Appeals may grant a special permit as provided in § 135-16, Table I, line 1.22C, to allow the construction of an accessory apartment in an existing accessory structure which is on the same lot in the RS, RT, KO, RM or CN District as an existing one-family dwelling provided:
- (1) Lot area is at least 18,000 square feet if in the RS, RT, or CN District, at least 33,000 square feet if in the RO District, and at least 125,000 square feet if in the RM District;
 - (2) The structure containing the accessory structure apartment was in legal existence for a minimum of five years and had a minimum of 500 square feet of gross floor area as of five years prior to the time of application;
 - (3) The maximum gross floor area of the accessory structure apartment does not exceed 1,000 square feet. An addition to an accessory structure may be permitted, but no addition shall be allowed which increases the gross floor area of the structure to more than 1,000 square feet. The gross floor area for the accessory apartment shall not include floor area used for any other permitted accessory use. The accessory apartment cannot contain floor area that has been designed, intended or used for required off-street parking to serve the principal dwelling;...

Appendix B — City of Santa Cruz, California, Title 24, Zoning Ordinance, Chapter 24.16, Part 2: ADU Zoning Regulations

24.16.100 Purpose.

The ordinance codified in this part provides for accessory dwelling units in certain areas and on lots developed or proposed to be developed with single-family dwellings. Such accessory dwellings are allowed because they can contribute needed housing to the community's housing stock. Thus, it is found that accessory units are a residential use which is consistent with the General Plan objectives and zoning regulations and which enhances housing opportunities that are compatible with single-family development...

24.16.120 Locations Permitted.

Accessory dwelling units are permitted in the following zones on lots of 5000 square feet or more...

24.16.130 Permit Procedures.

The following accessory dwelling units shall be principally permitted uses within the zoning districts specified in Section 24.16.120 and subject to the development standards in Section 24.16.160.

1. Any accessory dwelling unit meeting the same development standards as permitted for the main building in the zoning district, whether attached or detached from the main dwelling.
2. Any single story accessory dwelling unit.

Any accessory dwelling unit not meeting the requirements above shall be conditionally permitted uses within the zoning districts specified in Section 24.16.120 and shall be permitted by administrative use permit at a public hearing before the zoning administrator, subject to the findings per Section 24.16.150 and the development standards in Section 24.16.160...

24.16.160 Design and Development Standards.

All accessory dwelling units must conform to the following standards:

1. **Parking.** One parking space shall be provided on-site for each studio and one bedroom accessory unit. Two parking spaces shall be provided on site for each two bedroom accessory unit. Parking for the accessory unit is in addition to the required parking for the primary residence. (See Section 24.16.180 for parking incentives.)
2. **Unit Size.** The floor area for accessory units shall not exceed five hundred square feet for lots between 5000 and 7500 square feet. If a lot exceeds 7500 square feet, an accessory unit may be up to 640 square feet and, for lots in excess of 10,000 square feet, a unit may be up to 800 square feet. In no case may any combination of buildings occupy more than thirty percent of the required rear yard for the district in which it is located, except for units which face an alley, as noted below. Accessory units that utilize alternative green construction methods that cause the exterior wall thickness to be greater than normal shall have the unit square footage size measured similar to the interior square footage of a traditional frame house.
3. **Existing Development on Lot.** A single-family dwelling exists on the lot or will be constructed in conjunction with the accessory unit.
4. **Number of Accessory Units Per Parcel.** Only one accessory dwelling unit shall be allowed for each parcel...

24.16.170 Deed Restrictions.

Before obtaining a building permit for an accessory dwelling unit the property owner shall file with the county recorder a declaration of restrictions containing a reference to the deed under which the property was acquired by the present owner and stating that:

1. The accessory unit shall not be sold separately.
2. The unit is restricted to the approved size.
3. The use permit for the accessory unit shall be in effect only so long as either the main residence, or the accessory unit, is occupied by the owner of record as the principal residence...

26.16.180 Zoning Incentives.

The following incentives are to encourage construction of accessory dwelling units.

1. **Affordability Requirements for Fee Waivers.** Accessory units proposed to be rented at affordable rents as established by the city, may have development fees waived per Part 4 of Chapter 24.16 of the Zoning Ordinance...
2. **Covered Parking.** The covered parking requirement for the primary residence shall not apply if an accessory dwelling unit is provided...

24.16.300 Units Eligible for Fee Waivers.

Developments involving residential units affordable to low or very-low income households may apply for a waiver of the following development fees:

1. Sewer and water connection fees for units affordable to low and very low income households.
2. Planning application and planning plan check fees for projects that are one hundred percent affordable to low and very-low income households.
3. Building permit and plan check fees for units affordable to very-low income households.
4. Park land and open space dedication in-lieu fee for units affordable to very low income households.
5. Parking deficiency fee for units affordable to very-low income households.
6. Fire fees for those units affordable to very-low income households.
(Ord. 93-51 § 6, 1993).

24.16.310 Procedure for Waiver of Fees.

A fee waiver supplemental application shall be submitted at the time an application for a project with affordable units is submitted to the city.
(Ord. 93-51 § 6, 1993)

Appendix C — City of Portland, Oregon, Title 33, Chapter 33.205: Accessory Dwelling Units

33.205.010 Purpose

Accessory dwelling units are allowed in certain situations to:

- Create new housing units while respecting the look and scale of single-dwelling development;
- Increase the housing stock of existing neighborhoods in a manner that is less intense than alternatives;
- Allow more efficient use of existing housing stock and infrastructure;
- Provide a mix of housing that responds to changing family needs and smaller households;
- Provide a means for residents, particularly seniors, single parents, and families with grown children, to remain in their homes and neighborhoods, and obtain extra income, security, companionship and services; and
- Provide a broader range of accessible and more affordable housing.

33.205.020 Where These Regulations Apply

An accessory dwelling unit may be added to a house, attached house, or manufactured home in an R zone, except for attached houses in the R20 through R5 zones that were built using the regulations of 33.110.240.E, Duplexes and Attached Houses on Corners.

33.205.030 Design Standards...

C. Requirements for all accessory dwelling units. All accessory dwelling units must meet the following:

- I. Creation. An accessory dwelling unit may only be created through the following methods:
 - a. Converting existing living area, attic, basement or garage;
 - b. Adding floor area;
 - c. Constructing a detached accessory dwelling unit on a site with an existing house, attached house, or manufactured home; or
 - d. Constructing a new house, attached house, or manufactured home with an internal or detached accessory dwelling unit.
2. Number of residents. The total number of individuals that reside in both units may not exceed the number that is allowed for a household...
5. Parking. No additional parking is required for the accessory dwelling unit. Existing required parking for the house, attached house, or manufactured home must be maintained or replaced on-site.
6. Maximum size. The size of the accessory dwelling unit may be no more than 33% of the living area of the house, attached house, or manufactured home or 800 square feet, whichever is less...

D. Additional requirements for detached accessory dwelling units. Detached accessory dwelling units must meet the following.

- I. Setbacks. The accessory dwelling unit must be at least:

- a. 60 feet from the front lot line; or
 - b. 6 feet behind the house, attached house, or manufactured home.
2. Height. The maximum height allowed for a detached accessory dwelling unit is 18 feet.
3. Bulk limitation. The building coverage for the detached accessory dwelling unit may not be larger than the building coverage of the house, attached house, or manufactured home. The combined building coverage of all detached accessory structures may not exceed 15 percent of the total area of the site...

33.205.040 Density

In the single-dwelling zones, accessory dwelling units are not included in the minimum or maximum density calculations for a site. In all other zones, accessory dwelling units are included in the minimum density calculations, but are not included in the maximum density calculations.

Appendix D — Town of Barnstable, Massachusetts, Chapter 9, Article II - Accessory Apartments and Apartment Units

§ 9-12. Intent and purpose.

- A. The intent of this article is to provide an opportunity to bring into compliance many of the currently unpermitted accessory apartments and apartment units in the Town of Barnstable, as well as to allow the construction of new dwelling units accessory to existing single-family homes to create additional affordable housing.
- B. This article recognizes that although unpermitted and unlawfully occupied, these dwelling units are filling a market demand for housing at rental costs typically below that of units which are and have been lawfully constructed and occupied.
- C. It is in the public interest and in concert with its obligations under state law, for the Town of Barnstable to offer a means by which so-called unpermitted and illegal dwelling units can achieve lawful status, but only in the manner described below.
- D. It is the position of the Town of Barnstable that the most appropriate mechanism for allowing for the conversion of unlawful dwelling units to lawful units is found in MGL c. 40B, §§ 20 to 23, the so-called “Comprehensive Permit” program. This provision of state law encourages the development of low- and moderate-income rental and owner-occupied housing and provides a means for the Board of Appeals to remove local barriers to the creation of affordable housing units. These barriers include any local regulation such as zoning and general ordinances that may be an impediment to affordable housing development.
- E. The Local Comprehensive Plan states that the Town should commit appropriate resources to support affordable housing initiatives. Under this article, the Town commits the following resources to support this affordable housing initiative:
 - (1) Waiver of fees for the inspection and monitoring of the properties identified under this article;
 - (2) Designation of Town staff to assist the property owner in navigating through the process established under this article;
 - (3) To the extent allowable by law, the negative effect entailed by the deed restriction involved will be reflected in the property tax assessment; and
 - (4) To assist property owners in locating available municipal, state and federal funds for rehabilitating and upgrading the properties identified under this article.
- F. The Local Comprehensive Plan supports, in conjunction with a variety of other strategies, the conversion of existing structures for use as affordable housing...

§ 9-14. Amnesty program.

Recognizing that the success of this article depends, in part, on the admission by real property owners that their property may be in violation of the Zoning Ordinances of the Town, Editor’s Note: See Ch. 240, Zoning. the Town hereby establishes the following amnesty program:

- A. The threshold criteria for units being considered as units potentially eligible for the amnesty program are:
 - (1) Real property containing a dwelling unit or dwelling units for which there does not exist a validly issued variance, special permit or building permit, does not qualify as a lawful, nonconforming use or structure, for any or all the units, and that was in existence on a lot of record within the Town as of January 1, 2000; or

(2) Real property containing a dwelling unit or dwelling units which were in existence as of January 1, 2000, and which have been cited by the Building Department as being in violation of the Zoning Ordinance; and...

B. The procedure for qualifying units that meet the threshold criteria for the amnesty program is as follows:

(1) The unit or units must either be a single unit accessory to an owner occupied single-family dwelling or one or more units in a multifamily dwelling where there exists a legal multifamily use but one or more units are currently unpermitted;

(2) The unit(s) must receive a site approval letter under the Town's local Chapter 40B program;

(3) The property owner must agree that if s/he receives a comprehensive permit, the unit or units for which amnesty is sought will be rented to a person or family whose income is 80% or less of the area median income (AMI) of Barnstable-Yarmouth Metropolitan Statistical Area (MSA) and shall further agree that rent (including utilities) shall not exceed the rents established by the Department of Housing and Urban Development (HUD) for a household whose income is 80% or less of the median income of Barnstable-Yarmouth Metropolitan Statistical Area. In the event that utilities are separately metered, the utility allowance established by the Barnstable Housing Authority shall be deducted from HUD's rent level.

(4) The property owner must agree, that if s/he receives a comprehensive permit, that s/he will execute a deed restriction for the unit or units for which amnesty is sought, prepared by the Town of Barnstable, which runs with the property so as to be binding on and enforceable against any person claiming an interest in the property and which restricts the use of one or more units as rental units to a person or family whose income is 80% or less of the median income of Barnstable-Yarmouth Metropolitan Statistical Area (MSA)...

§ 9-15. New units accessory to single-family owner-occupied dwellings.

For a proposed new unit to be eligible for consideration under the local chapter 40B program, it must be a single unit, accessory to an owner-occupied single-family dwelling, to be located within or attached to an existing residential structure or within an existing building located on the same lot as said residential structure and comply with the following:

A. The unit(s) must receive a site approval letter under the Town's local Chapter 40B program;

B. The property owner must agree that if s/he receives a comprehensive permit, the accessory dwelling unit will be rented to a person or family whose income is 80% or less of the area median income (AMI) of Barnstable-Yarmouth Metropolitan Statistical Area (MSA) and shall further agrees that rent (including utilities) shall not exceed the rents established by the Department of Housing and Urban Development (HUD) for a household whose income is 80% or less of the median income of Barnstable-Yarmouth Metropolitan Statistical Area. In the event that utilities are separately metered, the utility allowance established by the Barnstable Housing Authority shall be deducted from HUD's rent level.

C. The property owner must agree, that if s/he receives a comprehensive permit, that s/he will execute a deed restriction for the unit, prepared by the Town of Barnstable, which runs with the property so as to be binding on and enforceable against any person claiming an interest in the property and which restricts the use of the one unit as a rental unit to a person or family whose income is 80% or less of the median income of Barnstable-Yarmouth Metropolitan Statistical Area (MSA)...

Appendix E — Town of Wellfleet, Massachusetts, 6.21 Affordable Accessory Dwelling Units

Purpose: For the purpose of promoting the development of affordable rental housing in Wellfleet for year-round residents, a maximum of three affordable accessory dwelling units per lot may be allowed subject to the requirements, standards and conditions listed below:

6.21.1 Up to three affordable accessory dwelling units per lot may be allowed in any district by Special Permit from the Zoning Board of Appeals.

6.21.2 Affordable accessory dwelling units created under this by-law shall be occupied exclusively by income-eligible households, as defined by the guidelines in numbers 6.21.4 and 6.21.5 below. The affordability requirements of this by-law shall be imposed through conditions attached to the Special Permit issued by the Zoning Board of Appeals. No accessory apartment shall be constructed or occupied until proof of recording is provided to the Inspector of Buildings.

6.21.3 Requirements and Standards

- A. Affordable accessory dwelling units may be located within or attached to a principal dwelling, principal structure, a garage or constructed as a detached unit.
- B. Affordable accessory dwelling units shall not be larger than one thousand two hundred (1,200) square feet of Livable Floor Area as that term is defined in Section II of this Zoning By-law.
- C. Affordable accessory dwelling units within or attached to a principal dwelling, principal structure or garage that is pre-existing nonconforming shall not increase the nonconforming nature of that structure, except that any pre-existing accessory building may be eligible for conversion to an affordable accessory dwelling unit.
- D. Newly constructed detached accessory units shall comply with all applicable provisions of the Zoning By-law unless they are specifically waived by this by-law. Newly constructed detached accessory units shall comply with all setback requirements listed in Sections 5.4.2 of this Zoning By-law.
- E. Owners of residential property may occupy as a primary residence either the principal or accessory dwelling. For the purposes of this section, the “owner” shall mean one who holds legal or beneficial title.
- F. Septic systems are required to meet current Title 5 standards and shall be reviewed and approved by the Health Agent.
- G. The Inspector of Buildings and Health Agent shall inspect the premises for compliance with public safety and public health codes.
- H. No affordable accessory dwelling unit shall be separated by ownership from the principal dwelling unit or principal structure. Any lot containing an affordable accessory dwelling unit shall be subject to a recorded restriction that shall restrict the lot owner’s ability to convey interest in the affordable accessory dwelling unit, except leasehold estates, for the term of the restriction.

6.21.4 All occupants of the affordable accessory dwelling unit shall upon initial application and annually thereafter on the first of September, submit to the Town or its agent necessary documentation to confirm their eligibility for the dwelling unit. Specifically, all dwelling units must be rented to those meeting the guidelines for a low or moderate-income

family. For the purpose of this section, low income families shall have an income less than eighty (80) percent of the Town of Wellfleet median family income, and moderate income families shall have an income between eighty (80) and one hundred twenty (120) percent of the Town of Wellfleet median family income, as determined by the United States Department of Housing and Urban Development (HUD) Published Income Guidelines, and as may from time to time be amended.

6.21.5 Maximum rents shall be established in accordance with HUD published Fair Market Rental Guidelines. Property owners are required to submit to the Town or its agent information on the rents to be charged. Each year thereafter on the first of September, they shall submit information on annual rents charged to the Town or its agent. Forms for this purpose shall be provided. Rents may be adjusted annually in accordance with amendments to the Fair Market Rental Guidelines.

6.21.6 Procedure

- A. The property owner shall complete and submit an application for a Special Permit to the Zoning Board of Appeals in accordance with the Wellfleet Zoning Board of Appeals Rules and Procedures.
- B. The Zoning Board of Appeals shall hold a public hearing in accordance with the procedures and requirements set forth in Section 9 of Massachusetts General Law, Chapter 40A and the Wellfleet Zoning By-law, Section 8.4.2 .
- C. Appeal under this section shall be taken in accordance with Section 17 of Massachusetts General Law, Chapter 40A.
- D. The property owner shall complete and submit to the Inspector of Buildings an application for a Building Permit to allow a change in use.
- E. The property owner shall obtain a Certificate of Occupancy from the Inspector of Buildings prior to the affordable accessory dwelling unit being occupied.

Penalty – Failure to comply with any provision of this section may result in fines established in Section 8.3 of the Wellfleet Zoning By-laws.

Appendix F — Fauquier County, Virginia Zoning Ordinance

ARTICLE 5 — ADMINISTRATIVE PERMITS, SPECIAL PERMITS AND SPECIAL EXCEPTIONS

5-104 Standards for an administrative permit for an Efficiency Apartment

1. Such a unit shall not be occupied by more than two persons.
2. Not more than one such unit shall be located on a lot.
3. Such a unit shall contain no more than 600 square feet of gross floor area or 25% of the total gross floor of the dwelling, whichever is greater.
4. Such a unit shall be located only on the same lot as the residence of the owner of the lot.
5. Architectural features of such a unit shall conform with the single family character of the neighborhood (e.g., no additional front doors).

5-105 Standards for an administrative permit for a Family Dwelling Unit

1. Such a unit shall not be occupied by more than five (5) persons, at least one of whom must be the natural or adopted parent, grandparent, child, grandchild, brother or sister of the owner and occupant of the single family residence on the same lot. Or, the lot owner may live in the family dwelling unit and allow such family members to reside in the main house. In either case, the lot owner must reside on the property.
2. Such a unit may be 1,400 square feet of gross floor area.
3. No dwelling units other than the principal structure (a single family dwelling) and one such family dwelling unit shall be located on one lot...

ARTICLE 6 - ACCESSORY USES, ACCESSORY SERVICE USES AND HOME OCCUPATIONS

6-102 Permitted Accessory Uses

Accessory uses and structures shall include, but are not limited to, the following uses and structures, provided that such uses or structure shall be in accordance with the definition of Accessory Use contained in Article 15...

9. Guest house or rooms for guests in an accessory structure, but only on lots of at least two (2) acres and provided such house is without kitchen facilities, is used for the occasional housing of guests of the occupants of the principal structure and not as rental units or for permanent occupancy as housekeeping units...
14. Quarters of a caretaker, watchman or tenant farmer, and his family, but only in the Rural Districts at a density not to exceed one (1) unit per fifty (50) acres...
31. The letting for hire of not more than two rooms to not more than two persons for periods no shorter than one month...

Introduction to The Problem

Towns are struggling with ways to provide affordable housing options without converting farms and forestland, or creating apartment complexes that are incongruent with the town's aesthetic. Homeowners and towns struggle under the burden of building infrastructure for new developments. Furthermore, Maine's aging population wants to stay in their homes, but taxes and maintenance costs make this difficult.

The Solution: Accessory Apartments

Allowing accessory apartments can provide a solution to all of these problems. Nationwide, one-third of single family homes have enough surplus space to accommodate an accessory apartment.

An accessory apartment, also known as a "granny flat", "accessory dwelling unit" (ADU, "secondary unit" or single-family conversion" is a self-contained second living unit that is built into or attached to an existing single family dwelling. In some cases, accessory apartments are cottages, guest houses, or a converted garage or barn. It has its own kitchen, bathroom, and private entrance.

In all cases, the accessory apartment or cottage is smaller than the main unit, similar in architectural styling, and meant to look like part of the main house. In some cases, the unit is used for a relative or caretaker who needs more privacy than would be possible in the main house. In other cases, the apartment is rented out to provide additional income to the owner of the house.



Advantages of Accessory Apartments

Provides affordable housing while preserving community character and saving tax dollars.

Accessory dwelling units make good affordable housing. Just one accessory apartment per 20 homes has a modest effect on a neighborhood, but townwide this can provide a significant amount of affordable housing. Affordable apartments dispersed within single family neighborhoods, rather than clustered together in a new complex, helps maintain a family neighborhood culture. In addition, local planning review will ensure that new units will fit with the character of the neighborhood. On the financial side, a town can add new units (and new tax revenue) without having to provide utility infrastructure for a whole new development.

Allows the elderly to live independently.

Renting out a unit to a family member, caretakers, or younger person who can help out with chores can provide the extra income or assistance it takes to allow an aging person to stay in their home. Allowing an aging person to stay in his or her neighborhood can be much less disruptive, and at the same time reduces the cost of caring for them.

Creates neighborhood diversity and stability.

Providing housing options within a neighborhood ensures that people can stay in the neighborhood as they move through different stages in life. A young family can buy a house and rent out the accessory unit to help cover the mortgage. While raising children, they can use the unit for an aging relative, or as an extra room for guests. Later in life, they can rent out the apartment to a tenant or caretaker or move into it themselves. The options help provide diversity and stability.

Makes efficient use of existing housing.

Sprawl in Maine has been more a function of our population spreading out than of growing. Many people moved out to the suburbs to raise a family, but once their children are grown, they end up living in a house with more capacity than they need. Accessory apartments make use of the extra space and share the cost of heat and maintenance while providing private living quarters.

Maintenance and property value.

With the choice of renting out a unit for extra income, it's easier for homeowners to ensure that their homes are well maintained, keeping property values up. Having potential rental income associated with a property also increases its value.

How to Make Accessory Apartments Work in Your Community

Thousands of communities have had success with accessory apartments. Some affluent communities consider accessory apartments so crucial to their affordable housing strategy that they offer incentives to homeowners to build accessory units. Or a town may choose to make accessory units a regular, unregulated use, or a regulated variance or special use. Princeton Township, New Jersey has successfully had accessory apartments for decades without any ordinance; the only requirement is self reporting that an accessory apartment is part of an owner-occupied dwelling.

Some residents are concerned that the new accessory apartment units will not fit aesthetically with the neighborhood, or that the neighborhood will become more transient, or that there will be more traffic. Communities may choose to limit the number of occupants, or set parking requirements and design standards.

Falmouth, Maine recently began allowing accessory dwelling units, contingent on site plan approval. Falmouth's ordinance requires a house with an accessory apartment to have only one main entrance; the accessory apartment entrance must be secondary to (i.e. not confused with) the main entrance. It also allows accessory units in a new or existing structure such as a barn or garage. Falmouth's minimum size for an accessory dwelling unit is 350 square feet. A well-designed and livable studio apartment consisting of one room with kitchenette, closets and a small bathroom can be as small as 250 square feet – perfect for a graduate student or retired person. (See additional resources for how to view the Falmouth ordinance in detail.)

Community Strategy and Partnerships

Towns that want to actively encourage the addition of accessory units may be more successful if they publicize their strategy. A public process also plants the idea in the minds of middle-aged people who may be thinking of their own retirement or that of their aging parents.

Partnering with community organizations helps to educate the public and facilitate the process of finding people who would benefit from adding an accessory unit to their home. A community network can provide information and referrals for trustworthy contractors, and help provide matching services between homeowners and renters. Neighborhood associations, churches, agencies on aging and housing, and transportation providers would all make good partners in this process.

Accessory apartments can provide a reasonable, workable, smart approach to creating affordable housing options – good for homeowners and their community.

ADDITIONAL RESOURCES

Falmouth Zoning Ordinance

www.town.falmouth.me.us under "jump to section" select Ordinances, then Zoning and Site Plan Review Ordinance, section 5.22.1.

"Accessory Apartments: Using surplus space in single family houses" American Planning Association. Planning Advisory Service Report (PAS) #365 at <http://www.planning.org/pas/chron.html>

"Community-Based Housing for the Elderly" American Planning Association. Planning Advisory Service Report (PAS) # 420 at <http://www.planning.org/pas/chron.html>

"Frail Elders and the Suburbs" Hare, Patrick, Generations, Spring 1992 Col. 16 Issue 2, p35.

American Association of Retired Persons (AARP) Housing Program
<http://www.aarp.org/life/housingchoices/Articles/a2004-02-26-homewithinhome.html>

Canada Mortgage and Housing Corporation (CMHC)
<http://www.cmhc-schl.gc.ca/en/imquaf/afho/afadv/pore/pesesu/>

City of Santa Cruz Accessory Dwelling Unit Development Program <http://www.ci.santa-cruz.ca.us/pl/hcd/ADU/adu.html>

NOTICE OF PUBLIC HEARING
CITY COMMISSION
CITY OF FERNANDINA BEACH

NOTICE IS HEREBY GIVEN that a Public Hearing is scheduled for **Tuesday, January 15, 2019, at 6:00 PM** in the City Commission Chambers, 204 Ash Street Fernandina Beach, Florida to consider the following application:

ORDINANCE 2018-40

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AMENDING THE LAND DEVELOPMENT CODE (LDC) BY AMENDING SECTIONS 1.07.00 (DEFINITIONS); 2.03.02 (TABLE OF LAND USES); 5.01.03 (ACCESSORY STRUCTURES); 5.01.04 (ACCESSORY DWELLING UNITS); PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

Interested parties may appear at said hearing and be heard as to the advisability of any action, which may be considered. Any persons with disabilities requiring accommodations in order to participate in this program or activity should contact 310-3115, TTY/TDD 711 or through the Florida Relay Service at 1-800-955-8771 at least 24 hours in advance to request such accommodation.

IF ANY PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD/COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH HEARING, S/HE WILL NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

For information, please contact the Staff of the City Clerk's Office, 204 Ash Street, between the hours of 8:00 AM – 5:00 PM, Monday through Friday, (904) 310-3115.

Note:

Please run as a DISPLAY in the January 2, 2019 edition of the News Leader.

Please send proof of publication to:

City Clerk's Office

City Hall, 204 Ash Street

Fernandina Beach, FL 32034

904-310-3115

NOTICE OF PUBLIC HEARING
CITY COMMISSION
CITY OF FERNANDINA BEACH

NOTICE IS HEREBY GIVEN that a Public Hearing is scheduled for **Tuesday, May 7, 2019, at 6:00 PM** in the City Commission Chambers, 204 Ash Street Fernandina Beach, Florida to consider the following application:

ORDINANCE 2018-40

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, AMENDING THE LAND DEVELOPMENT CODE (LDC) BY AMENDING SECTIONS 1.07.00 (DEFINITIONS); 2.03.02 (TABLE OF LAND USES); 5.01.03 (ACCESSORY STRUCTURES); 5.01.04 (ACCESSORY DWELLING UNITS); PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

Interested parties may appear at said hearing and be heard as to the advisability of any action, which may be considered. Any persons with disabilities requiring accommodations in order to participate in this program or activity should contact 310-3115, TTY/TDD 711 or through the Florida Relay Service at 1-800-955-8771 at least 24 hours in advance to request such accommodation.

IF ANY PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD/COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH HEARING, S/HE WILL NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

For information, please contact the Staff of the City Clerk's Office, 204 Ash Street, between the hours of 8:00 AM – 5:00 PM, Monday through Friday, (904) 310-3115.

Note:

Please run as a DISPLAY in the April 24, 2019 edition of the News Leader.

Please send proof of publication to:

City Clerk's Office

City Hall, 204 Ash Street

Fernandina Beach, FL 32034

904-310-3115

CITY COMMISSION AGENDA ITEM

City of Fernandina Beach



SUBJECT: Board Appointment
Parks and Recreation Advisory Committee

ITEM TYPE: Board Appointment

REQUESTED ACTION: Approve appointment.

SYNOPSIS: In accordance with City of Fernandina Beach Charter Section 69, the City Commission may at any time, appoint a fact-finding or advisory board or boards, comprised of men and women who are residents of the City of Fernandina Beach qualified to act in an advisory capacity to the City Commission. Members of any such board shall serve without compensation for the time fixed in their appointment or at the pleasure of the City Commission.

Parks and Recreation Advisory Committee Regular Member Ms. Trudie Richards term expired February 2019. Ms. Richards has submitted a request for reappointment to serve an additional one-year term ending February 2020.

Pursuant to City Charter Section 69, Ms. Richards resides within the jurisdictional boundaries of the incorporated City limits.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): I recommend that the City Commission reappoint Ms. Trudie Richards to a one-year term to the Parks and Recreation Advisory Committee.

Nan Voit, Parks & Recreation Director	4/9/2019
Caroline Best, City Clerk	4/11/2019
Nicole Bednar, Administrative Services Manager	4/12/2019
Dale Martin, City Manager	4/25/2019

Date: April 05, 2019

Submitted By: Kim Briley, Deputy City Clerk

COMMISSION ACTION: Approve

Kim Briley

From: Nan Voit
Sent: Monday, April 01, 2019 9:27 AM
To: Kim Briley
Subject: FW: PRAC - Trudie Richards

Please see below.

Nan S. Voit, CPRP

**Director of Parks and Recreation
City of Fernandina Beach
(904) 310-3350
"IT STARTS IN PARKS"**

Disclaimer: According to Florida law, e-mail correspondence to and from the City of Fernandina Beach, including email addresses and other personal information, is public record and must be made available to the public and media upon request, unless otherwise exempt by the Public Records Law. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing."

From: Trudie Richards [<mailto:trudierichards@me.com>]
Sent: Monday, April 1, 2019 9:26 AM
To: Nan Voit
Subject: Re: PRAC - Trudie Richards

Yes please, if you want me!

Trudie

On Apr 1, 2019, at 8:55 AM, Nan Voit <nvoit@fbfl.org> wrote:

Please see below. You are staying on the board, correct?

Nan S. Voit, CPRP

**Director of Parks and Recreation
City of Fernandina Beach
(904) 310-3350
"IT STARTS IN PARKS"**

Disclaimer: According to Florida law, e-mail correspondence to and from the City of Fernandina Beach, including email addresses and other personal information, is public record and must be made available to the public and media upon request, unless otherwise exempt by the Public Records Law. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing."

From: Kim Briley
Sent: Wednesday, March 27, 2019 12:01 PM
To: Nan Voit
Subject: PRAC - Trudie Richards
Importance: High

Hi Nan,

Have you reached out to Ms. Richards to see if she is seeking reappointment or did we already do this? I can't remember and can't find anything in my email.....her term ended 2/2019.

*Kim Elliott-Briley, MMC
Deputy City Clerk
City of Fernandina Beach
204 Ash Street
Fernandina Beach, Fla. 32034
Phone 904-310-3117
Fax 904-310-3454
www.fbfl.us*

If this email is related to the Board, Committee or Commission that you serve on, please **DO NOT REPLY TO ALL**.

 *Go Green: Please don't print this unless its really necessary*

<image001.jpg> <image002.jpg> <image003.jpg>

Disclaimer: According to Florida Public Records Law, email correspondence to and from the City of Fernandina Beach, including email addresses and other personal information, is public record and must be made available to the public and media upon request, unless otherwise exempt by the Public Records Law. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

Parks and Recreation Advisory Committee

Position	Term	Name & Address	Phone
1	03-01-2018	Jean Pugh 1552 Ruskin Lane, Fernandina Beach, FL 32034 jcpughpsu@gmail.com	(717) 756-1965
2	11-20-2018	Theresa Duncan 515 South 5th Street, Fernandina Beach, FL 32034 TDuncan32034@gmail.com	(904) 548-7770
3	12-01-2015	Joy Behan 1548 Persimmon Circle South, Fernandina Beach, FL 32034 JoyBehan@gmail.com	(386) 334-3359
4	02-01-2013	Eric Bartelt 3820 South Fletcher Avenue, Fernandina Beach, FL 32034 ericbartelt@gmail.com	(904) 261-7808
5	02-01-2015	Trudie Richards 409 Georgia Avenue, Fernandina Beach, FL 32034 trudie@sweeley.com	(904) 432-7789
6	08-07-2018	Michael Kegler 325 Vernon Street, Fernandina Beach, FL 32034 XENOPHON6@AOL.COM	(678) 523-7943

Parks and Recreation Advisory Committee

Term Length: 3 Months

Max Terms: 1 Term(s)

Number of Members: 7

Meeting Schedule: Second Tuesday of each Month

Meeting Time: 4:00 PM

Meeting Location: City Commission Chambers

Meeting Address: 204 Ash Street

Type: Advisory Boards

Description:

Council Liaison:

Philip A. Chapman, III
(904) 624-5590
pchapman@fbfl.org

Staff Liaison:

Nan Voit

nvoit@fbfl.org

Position Number	Name	Appt Date	No. of Terms Served	Term Expiration Date
1	Jean Pugh	03/01/2018	1	03/01/2020
2	Theresa Duncan	11/20/2018	1	12/20/2020
3	Joy Behan	12/01/2015	1	12/01/2019
4	Eric Bartelt	02/01/2013	1	02/01/2020
5	Trudie Richards	02/01/2015	1	02/01/2019
6	Michael Kegler	08/07/2018	1	08/07/2021

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
Waterfront Park Development

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: This item is placed on the agenda at the request of Commissioner Lednovich.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019

Date: March 27, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION:

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
Land Conservation

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: This item is placed on the agenda at the request of Commissioner Lednovich.

FISCAL IMPACT: To be determined based upon Commission direction.

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019

Date: March 27, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION:

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
Peck Center Library Naming

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: This item is placed on the agenda at the request of Honorable Mayor John A. Miller.

African-American community members have expressed a desire to name the Peck Center Library after Ms. Ernie Tyson Albert, an educator, who has inspired, touched, and motivated many children and parents in Library Science. Her dedication, exemplary attitude, creativity, and productive ways attributed to her great success. Since 1998, she has had books donated to the Peck Center Library from private donors, community leaders, and friends.

Ms. Albert's significant and long-term contributions worked for the advancement of Library Science at the Peck Center Library. She finds great joy in assisting after-school children.

Ms. Albert produced leadership in transforming lives through education and lifelong learning and encourages students to be inspired to read and write.

FISCAL IMPACT: To be determined

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019

Date: March 28, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION:

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
Ocean Highway and Port Authority

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: This item is placed on the agenda at the request of Commissioner Ross.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019

Date: April 05, 2019

Submitted By: Nicole Bednar, Administrative Services Manager

COMMISSION ACTION:

GOAL 9

PORT FACILITIES ELEMENT





THIS PAGE INTENTIONALLY LEFT BLANK



PORT FACILITIES ELEMENT

The primary purpose of this Master Plan is to clearly define the Port's direction for the future. The Ocean Highway and Port Authority believe this plan will enable the Port to best serve the needs of the surrounding region. The Port can achieve its objectives only if local government, business, industry, and the general citizenry understand the important role of the Port and support the policies and plans outlined in this Master Plan. This Master Plan provides the Ocean Highway and Port Authority a guide for short-range and long-range planning and development opportunities.

PORT FACILITIES ELEMENT HIGHLIGHTS

1. Provides long and short-range planning and development strategies;
2. Opportunities for economic development; and
3. Strategies to retain the surrounding area's unique character.



THIS PAGE INTENTIONALLY LEFT BLANK



Objective 9.01.
Economic Development

Page 9-1

GOAL 9: PORT ELEMENT

Objective 9.02.
Operation and Expansion Planning

Page 9-1

Objective 9.03.
Maintain Community Character

Page 9-2

GOAL 9 | PORT FACILITIES ELEMENT

THE GOAL OF THE PORT OF FERNANDINA SHALL BE TO STIMULATE ECONOMIC DEVELOPMENT WITHIN THE CITY OF FERNANDINA BEACH AND NASSAU COUNTY AND COOPERATE WITH THE CITY AND COUNTY IN ITS PLANNING FOR OPERATIONS AND EXPANSIONS WHILE STRIVING TO MAINTAIN THE UNIQUE CHARACTER OF THE CITY OF FERNANDINA BEACH.

OBJECTIVE 9.01.

ECONOMIC DEVELOPMENT

The Ocean Highway and Port Authority shall continue to plan for and Maintain facilities to meet the long-term useful life of the Port facility.

POLICY 9.01.01.

The Ocean Highway and Port Authority shall utilize all available sources of funding to finance Port improvements. The Authority to the best of its ability will implement the Capital Improvements Program cited in section II of this document.

POLICY 9.01.02.

The Port Authority shall continue to coordinate with the U.S. Army Corps of Engineers to maintain and expand the Port facility Access shipping channel and turning basin as Port development continues.

POLICY 9.01.03.

The Port Authority shall continue to coordinate with the City of Fernandina Beach to identify opportunities for future economic development.

OBJECTIVE 9.02.

OPERATION AND EXPANSION PLANNING

The Port Authority shall coordinate with County and City Commissions to ensure that Port development meets appropriate City and/or County standards or requirements.

POLICY 9.02.01.

The Port Authority shall abide by the Goals, Objectives and Policies of the City of Fernandina Beach Comprehensive Plan in its planning for operation or expansion of the Port facility.

POLICY 9.02.02.

Prior to any future expansion to the Port of Fernandina, all plans or proposals for expansion shall be reviewed by the City of Fernandina Beach or the County, as appropriate, for consistency in meeting all applicable land development regulations, building permits or other permit requirements. Future Port Development projects shall be consistent with the Port Master Plan and Port Master Plan Map. No port development or project inconsistent with the Port Master Plan shall be undertaken without prior review, input and adoption as a Comprehensive Plan Amendment by the City of Fernandina Beach.

POLICY 9.02.03.

Any impact to urban services or facilities (i.e., drainage, potable water, wastewater, traffic or solid waste) brought upon by the identified and approved Port Master Plan projects, which results in the degradation of an adjusted level of service standard for such service or facility, shall be mitigated to the satisfaction of

the City and/or the County, as appropriate, prior to the issuance of a building permit for the expansion.

POLICY 9.02.04.

The Port Authority shall not commence construction on any Port expansion program until all required permits and leases are secured.

OBJECTIVE 9.03.

MAINTAIN COMMUNITY CHARACTER

The Port Authority in operating the Port facility shall take all precautions to protect the environmental and historic assets of the City of Fernandina Beach.

POLICY 9.03.01.

The Port Authority, in cooperation with the U.S. Coast Guard and the U.S. Department of Transportation, shall prohibit the handling of unauthorized toxic materials and will be prepared to contain toxic spills that could occur at the Port facility site.

POLICY 9.03.02.

The Port Authority shall continue to coordinate with the Fernandina Beach Historic District Council to ensure preservation and restoration of significant historical sites that fall within the jurisdiction of the Port Authority facility. Where Port property is adjacent to the Historic District, a 30 foot landscaped buffer will be maintained.

POLICY 9.03.03.

The Port Authority will comply with the Land Development Code of the City of Fernandina Beach to ensure that adequate buffers and screening materials are constructed and maintained between the industrial zoning of the Port and the adjacent single family residential zoned areas.

POLICY 9.03.04.

Stormwater runoff at the Port facility shall comply with stormwater management requirements established by the St. Johns River Water Management District as well as federal state and local agencies.

POLICY 9.03.05.

The Port Authority shall continue to coordinate with the Department of Environmental Protection, Division of Marine Resources, the New England Aquarium, the Cumberland Sound Pilots Association and other interested organizations to support protection of manatee and right whale communities that are on the fringe of Port operations.

POLICY 9.03.06.

The Port Authority will continue to comply with the requirements of the permits from the Department of Environmental Protection in regard to maintaining and preserving the permanent conservation areas and the ten-foot-wide marshland mitigation area.

POLICY 9.03.07.

The Port Authority shall use best management practices during construction, operation and maintenance at the Port facility to ensure that water quality within the area of the Port facility will receive no degradation as a result of Port activity.



THIS PAGE INTENTIONALLY LEFT BLANK

PORT FACILITIES ELEMENT
AND
PORT MASTER PLAN

City of Fernandina Beach
Comprehensive Plan

Prepared by the Ocean Highway and Port Authority
501 North 3rd Street
Fernandina Beach, Florida 32034

Final Plan

April 15, 2002
(Original Final Plan dated October 1, 1999)

STATEMENT OF PURPOSE

The primary purpose of this Master Plan is to clearly define the Port's direction for the future. The Ocean Highway and Port Authority believes this plan will enable the Port to best serve the needs of the surrounding region. The Port can achieve its objectives only if local government, business, industry, and the general citizenry understand the important role of the Port and support the policies and plans outlined in this Master Plan. Once adopted, this Master Plan will provide the Ocean Highway and Port Authority a guide for short-range and long-range planning and development opportunities.

Relevant portions of the Port of Fernandina Master Plan will be included within the Coastal Management Element of the Comprehensive Plan for the City of Fernandina Beach. The information contained in this document has been prepared to satisfy the requirements of both the Port Facilities Element and the new Transportation Element requirements.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
A. Port History	1
B. Ocean Highway and Port Authority	1
Nassau County Organization and Powers	
I. EXISTING PORT FACILITIES AND OPERATIONS	3
A. DESCRIPTION OF FACILITIES	3
B. EXISTING PORT ACCESS TO ROADWAYS, RAILWAYS, NAVIGATIONAL CHANNEL AND RELATED FACILITIES	6
1. Access to Roadways	6
a. Primary Study Area	6
b. Truck Trip Generation	10
(1) Containerized Cargo Related Truck Trips	10
(2) Break-Bulk Related Truck Trips	11
(3) Other Truck Trips	12
(4) Impact on 8th Street, the Designated Truck Route	13
c. Automobile Trip Generation	13
d. Total Vehicle Trip Generation	14
2. Access to Railways	14
a. Existing Rail Traffic Impact	14
3. Access to Navigational Channel	15
C. EXISTING PORT SERVICE DEMAND	16
1. Break-Bulk Service	17
2. Containerized Cargo Service Demand	17
D. EXISTING PORT ECONOMIC IMPACTS	19
1. Employment	19
2. Local Expenditures and Fiscal Impact	20
E. EXISTING NATURAL RESOURCES	20
1. Introduction	20
2. Existing Environment Setting	20
a. Conservation Set-Aside	21
b. Wetlands	21
c. Marine Resources	25
(1) West Indian Manatee	25
(2) Right Whales	25
d. Water Recharge	26
F. HISTORIC RESOURCES	26
1. Introduction	26
2. Adjacent Historic Properties	26
3. Archaeological Sites	26
G. EXISTING PUBLIC FACILITIES	29
1. Wastewater	29
2. Potable	29
3. Solid Waste	29
4. Drainage	30
H. EMERGENCY MANAGEMENT	30
1. Fire	30
2. Spill Contingency	31
3. Hazardous Materials	31
4. Hurricane Preparedness	31

II.	PROPOSED PORT FACILITIES ANALYSIS (PORT MASTER PLAN)	32
A.	PORT TRENDS	32
	1. General	32
	2. Vessel Trends in the Container Trade	32
	3. Vessel Trends in the Forest Products Trade	33
	4. Trends in Ship Operations	33
	5. Trends in Port Operations	33
B.	FUTURE PORT DEVELOPMENT	33
	1. Bulk Unloading Facilities	34
	a. Projected Service Demand, Traffic, Economic Benefits and Employment	36
	b. Future Land Uses and Adjacent Natural Resources	36
	2. Rail Expansion	37
	a. Projected Service Demand, Traffic and Economic Benefits	37
	b. Future Land Uses and Adjacent Natural Resources	37
	3. Additional Warehouse Space	37
	a. Projected Service Demand, Traffic and Economic Benefits	37
	b. Future Land Use and Adjacent Natural Resources	38
	4. Summary of Potential Reduction in Truck Traffic	38
C.	CAPITAL IMPROVEMENT PLAN	38
D.	OTHER POTENTIAL FUTURE USES	38
E.	SECURITY INITIATIVES	38(a)
III.	PORT FACILITIES GOALS, OBJECTIVE, AND POLICIES (PORT MASTER PLAN)	41

MAPS

Map I.A.1	Vicinity Map	4
Map I.A.2	Existing Port Facilities and Adjacent Land Uses	5
Map I.B.1	Access to Road Network	7
Map I.B.2	Primary Study Area, Access to Railroad and Shipping Network	8
Map I.E.1	Land Cover	22
Map I.E.2	Off-Site Marsh Mitigation Area	24
Map I.E.3	Drainage Facilities	27
Map I.F.1	Historic District	28
Map II.B.1	Port Expansion and Adjacent Land Uses	35
Map II.C.1	Map Key for CIP Projects	40

TABLES

Table I.B.1	Roadway Levels of Service Concept	9
Table I.B.2	Truck Trip Generation Calculation for Containerized Cargo	10
Table I.B.3	Truck Trip Generation Calculation for Break-Bulk Cargo	11
Table I.B.4	Miscellaneous Port Truck Trips	12
Table I.B.5	Port Generated Truck Trips	13
Table I.B.6	Port Generated Automobile Traffic	14
Table I.B.7	Containers Delivered to Port Via Railroad Service	15
Table I.C.1	Nassau County Ocean Highway and Port Authority Paper and Pulp Mills Served	16
Table I.C.2	Existing Cargo Service Demand	18
Table I.D.1	Full and Part-Time Employees	19
Table I.D.2	Containers Loaded/Discharged	19
Table I.E.1	1999 Land Uses	23
Table II.B.1	Future Port Service Demand with Port Expanded Projects	34
Table II.B.2	Bulk Pier to Service the Smurfit-Stone Mill	36
Table II.C.1	Five-Year Capital Improvement Program	39

OCEAN HIGHWAY AND PORT AUTHORITY, NASSAU COUNTY

INTRODUCTION

A. PORT HISTORY

Amelia Island and the Town of Fernandina have a colorful past. Known as the Isle of Eight Flags, Amelia Island has seen the ebb and flow of history through its harbor. At the outbreak of the American Revolution, Florida remained loyal to Britain and Fort Tonyn was erected by the English in the Port of Fernandina. During the Revolution, many English from northern states fled to Florida and, by the end of the Revolution, nearly 16,000 refugees were in Florida. In 1783, England returned Florida to Spain. This brought about one of the largest exoduses ever to take place in the New World. Amelia Island, having the finest natural harbor on the east coast of Florida, was the debarkation point.

In 1807, American ports were closed to foreign shipping as a provision of the Jefferson Embargo Act. Still controlled by Spain, Fernandina was the closest "east coast free port" to the United States. As a result of this proximity and its natural harbor, Fernandina became a haven for smugglers, pirates, slave traders, etc. In December of 1817, the United States assumed control of Amelia Island and the rest of Florida in 1821. In 1824, Nassau County was formed with Fernandina as the county seat and in 1845 Florida became a state.

During the 1850s, the cross-state railroad, which was promoted by Senator David Yulee, opened up the central portions of the state and connected the Port of Fernandina, on the Atlantic Coast, with Cedar Key on the Gulf Coast. The opening of the railroad provided a steady flow of goods to the Port of Fernandina for further shipment to northern cities. In time, extensive wharves, railroad maintenance facilities and warehouses were built on the waterfront.

The closing of the 19th century brought with it a great deal of activity in connection with the Spanish American War. The Port of Fernandina was a base for shipping military supplies to Cuba and this greatly stimulated the economy of the area with increased shipments of lumber, cotton, naval stores and phosphate. During this time, the harbor and wharves were filled with sailing ships for transporting Fernandina's products. This new prosperity lasted approximately 20 years and then began a steady decline. The reason for its decline can be attributed to changes in freight rates and the opening of the Florida East Coast Railroad by Henry Flagler. The Florida East Coast Railroad crossed the St. Johns River at its narrowest point, Jacksonville, and this city became the new break point between rail and ship for major growth.

December 5, 1985 was a new beginning for the Port of Fernandina. To capitalize on a new deeper entrance channel construction by the U.S. Navy, the Ocean Highway and Port Authority issued bonds to finance construction of a modern seaport terminal. Old, rotten wood pilings were replaced with a new, concrete pile dock, concrete paved marshaling yard, cranes, and new warehouses. These improvements allowed the Port Authority to bring the Port back to life as a major contributor to Nassau County's economic development.

B. OCEAN HIGHWAY AND PORT AUTHORITY, NASSAU COUNTY ORGANIZATION AND POWERS

The Ocean Highway and Port Authority is governed by five elected commissioners representing the five voting districts of Nassau County. They serve staggered four year terms.

The Port Authority was originally chartered in 1941 as a body politic and corporate and a subdivision of the State of Florida having a corporate title of Fernandina Port Authority. The name was changed in 1961 to Ocean Highway and Port Authority. As the Port's governing body, the Port Authority has policy-making, budgeting and general oversight responsibilities for all port activities. The Port Authority employs Nassau Terminals Inc., a private port operator company, to manage and administer the port under the terms of an Operating Agreement dated December 1, 1990.

The Port Authority does not have authority to tax. The Port Authority is also exempt from taxation by the State of Florida, or by any county, municipality or political subdivision on those properties it owns. The Port Authority must rely on the financial viability of each project to pay for the cost of its operations. The Port Authority may acquire property or property interests through negotiation or condemnation; set tariffs; enter into secure agreements with governmental entities; incur indebtedness; plan, develop or lease its properties; and regulate land use and buildings on Port lands. The Port Authority has powers similar to those of a unit of local government and is accountable to the electorate residing in Nassau County.

The Port Authority serves the principal public purpose to encourage economic development in Nassau County. One way it has fulfilled this responsibility has been by renovating the deepwater port facilities to meet the maritime shipping needs of this growing region. In so doing, the Port Authority gives appropriate consideration to the impacts upon and relationships with surrounding communities, the economic goals of the State and region and the regulatory requirements of numerous governmental agencies.

OCEAN HIGHWAY AND PORT AUTHORITY, NASSAU COUNTY

PORT FACILITIES DATA INVENTORY

(Reference 9J-5.009 (1) & (2) E.A.C. Repealed and 9J-5.019 (2) (a) 4 E.A.C.)

Pursuant to the requirements of 9J-5, this section presents an inventory and analysis of the Port of Fernandina facility in the City of Fernandina Beach.

I. EXISTING PORT FACILITIES AND OPERATIONS

A. DESCRIPTION OF FACILITIES

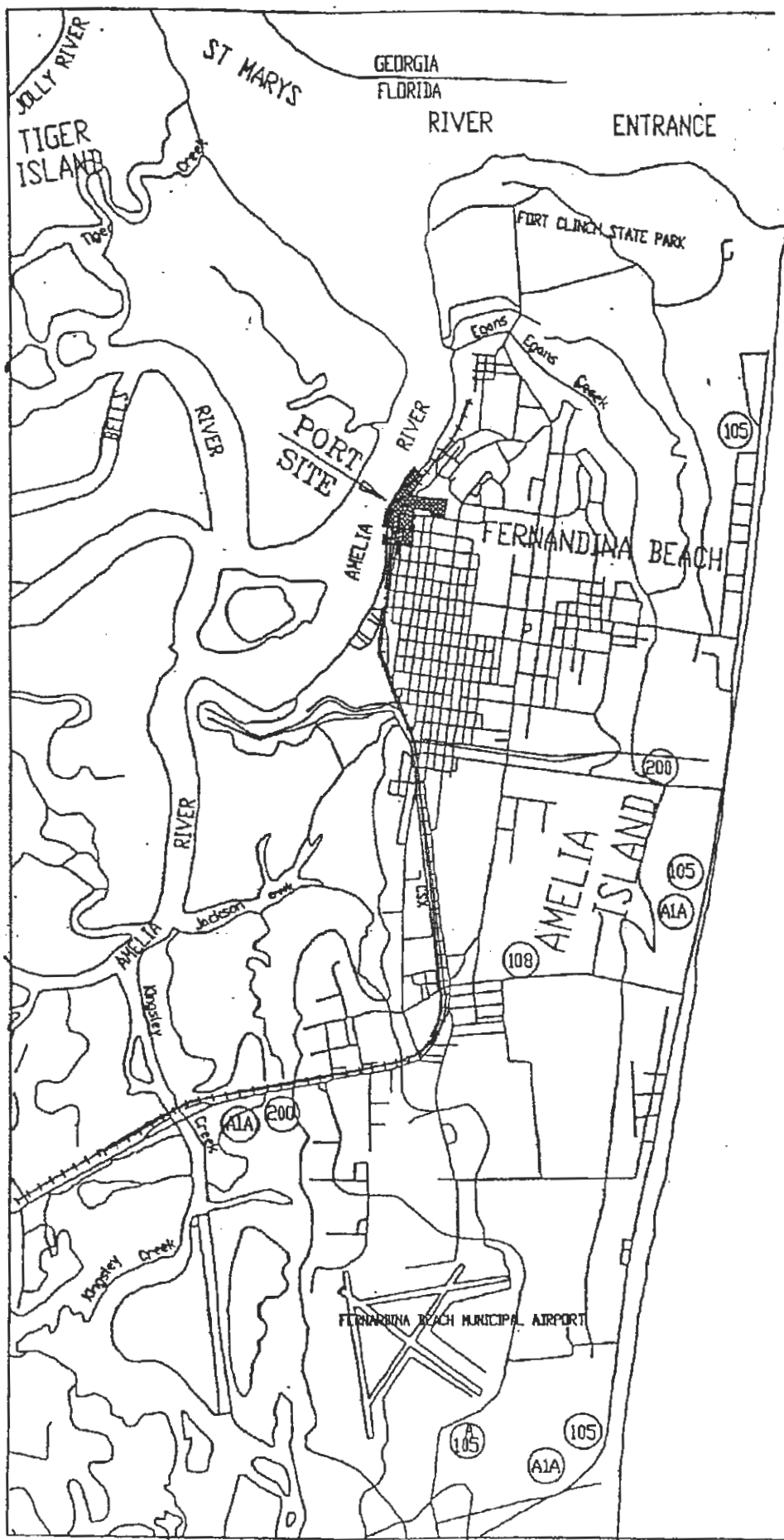
The Port of Fernandina is geographically located in the northeast corner of the State of Florida in Nassau County. Coordinates for the Port are West Longitude 81 degrees 27'50 and North Latitude 30 degrees 40'35" at the Saint Marys River Entrance on the east side of the Amelia River on Amelia Island.

The Port of Fernandina consists of one deepwater shipping terminal located on the Amelia River within the City of Fernandina Beach, Florida. See May I.A.1 and I.A. 2.

The terminal is bordered on the south by Broome Street (between First and Second Streets) and Calhoun Street (between Second and Third Streets), on the east by Third Street (between Escambia Street and Calhoun Street) and Second Street (between Calhoun Street and Broome street), the Amelia River to the west, Smurfit-Stone to the north and on the east. The container yard extends west along Escambia Street to the west side of platted but closed North Fourth Street. Approximately 32 acres in size, the terminal includes a pile and cap concrete pier with two berths totaling 1,200 linear feet. The dock is faced with Mitsubishi fenders and 120 feet of breasting dolphins. The container yard storage has a capacity of 2,700 20-foot Equivalent Units (TEUs) and there is approximately 180,000 square feet of warehouse space in three buildings. A U.S. Customs Inspection Station is located on the port property.

Further, infrastructure consists of 1,600 feet of rail siding, an in-ground truck scale, two Hitachi Gantry Cranes, one Whirly Crane, three rubber-tired Gantry cranes and complete maintenance facilities. The container yard and pier area is fenced with 24-hour security provided by the Port Authority. Landscape buffering has been placed along the northern and eastern boundaries of the site.

The Port is designated a U.S. Customs Port of Entry and, in September 1993, the Port received its first full-time U.S. Customs Director in 25 years. Ship agents may now enter and clear cargo in Fernandina using U.S. Customs state-of-the-art computer systems.



ATLANTIC OCEAN



PORT OF FERNANDINA
FOREST PRODUCTS TERMINAL
MAP I A 1
VICINITY MAP

OCEAN HIGHWAY AND
PORT AUTHORITY
FERNANDINA BEACH
NASSAU COUNTY, FLORIDA

B. EXISTING PORT ACCESS TO ROADWAYS, RAILWAYS, NAVIGATIONAL CHANNEL AND RELATED FACILITIES

1. Access to Roadways

The Port is located approximately 16 miles east of Interstate 95, part of a national Interstate System of high-volume roadways providing access to major metropolitan areas in Florida as well as the U.S. east coast. Highway access to I-95 from the Port is provided directly by SR A1A/SR 200 (8th Street). (Map I.B.1) This roadway narrows from four lanes to two lanes upon entrance to the city limits of Fernandina Beach. SR A1A/SR 200 is part of the Florida Intrastate System, connecting I-95 to Callahan.

SR A1A/SR 200 is the only major east-west transportation route in Nassau County. Secondary east-west access is provided via SR 105 (Hecksher Drive), which provides a lower-speed access route from Fernandina Beach to I-95 and Jacksonville. Other north-south routes in Nassau County include US 17/SR 5 and US 1/US 23/SR 15 in western Nassau County.

Trucks accessing the Port facility from off Amelia Island travel 8th Street along the City's designated truck route to Dade Street and Dade Street to the Port.

a. Primary Study Area

The primary study area on roadways for the Port of Fernandina is presented in Map I.B.2. The northern boundary of this area is Franklin Street; the southern boundary is Sadler Road; the eastern boundary is 14th Street and the western boundary is the Amelia River.

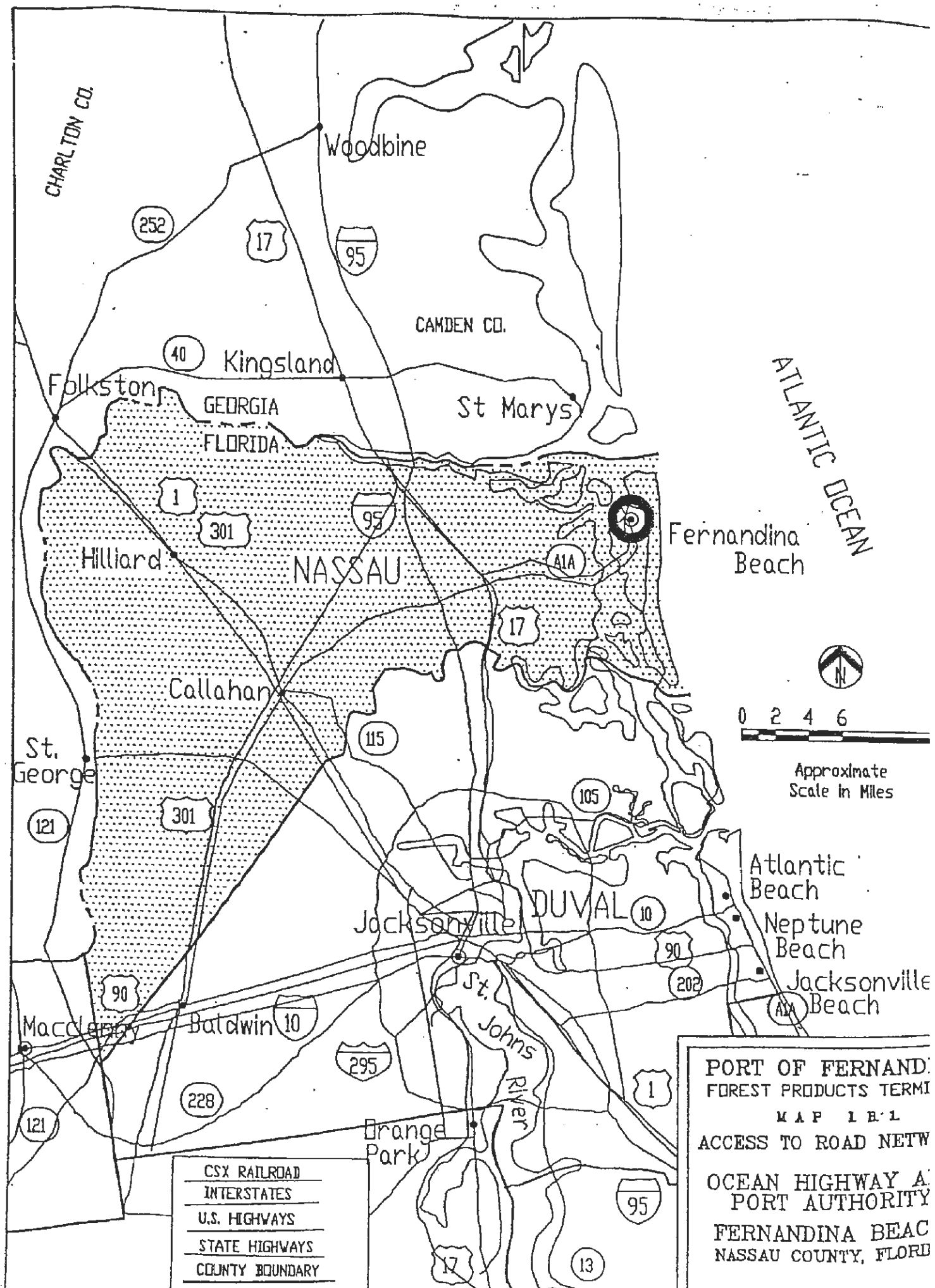
The roadway network in the study area consists of major arterials, collector roads and local city residential streets. Recent levels of service (LOS) determinations were obtained from Nassau County for roadways in the City of Fernandina Beach. The LOS concept is a standard means of expressing the types of traffic conditions on a roadway associated with various levels of traffic volumes. Roadway LOS concept in terms of traffic flow characteristics is presented in Table I.B.1. A description of key roadways in the city is presented below.

* 8th Street (US A1A/SR 200) - A major arterial road traveling north and south through the impact area. This facility consists of a divided four-lane cross section south of the Fernandina Beach city limits and a two-lane cross section north of the City limits. Eighth Street is the primary roadway between the mainland and the City of Fernandina Beach and is the authorized truck route to the waterfront business area. South of the city limits this roadway is operating at a LOS of "B" and within the city a LOS of "C". These are acceptable levels of service compared to the County's standard of "D".

* 14th Street (SR 105A) - A two-lane collector which runs parallel to Eighth Street. As traffic volumes on 8th Street continue to grow, 14th Street is becoming an attractive alternative route. In addition, the development of commercial centers along 14th Street continues to increase traffic volumes. Within the city limits this roadway is operating at a LOS of "C" and a LOS of "D". These are acceptable levels of service compared to the County's standard of "D".

* Franklin Street - A two-lane local road which runs east/west through the study area. The segment that extends east from 8th Street toward 14th Street is paved and runs parallel to Smurfit-Stone mill. The segment west of 8th Street toward the Amelia River is unpaved and closed. A level of service determination has not been completed by the City or the County on this roadway.

* Dade Street - A paved two-lane local road that lies between Front Street and 8th Street. Dade Street is a City designated truck route to the commercial river front and is used from 8th Street to reach the port entrance. A level of service determination has not been completed by the City or the County on this local road.



Roadway Levels Of Service Concept

**TABLE LB.1
ROADWAY LEVELS OF SERVICE CONCEPT**

<u>Level of Service</u>	<u>Traffic Flow Characteristics</u>
A	- Free Flow Conditions - Low Volumes - High Operating Speeds - Uninterrupted Flow - No Restriction On Maneuverability - Drivers Maintain Desired Speeds - Little Or No Delays
B	- Stable Flow Conditions - Operating Speeds Beginning To Be Restricted
C	- Stable Flow But Speed And Maneuverability Restricted By Higher Traffic Volumes - Satisfactory Operating Speed For Urban Conditions - Some Delays At Signals
D	- High Density But Stable Flow - Restricted Speeds - Noticeable Delays At Signals - Little Freedom To Maneuver
E	- Low But Relatively Uniform Operating Speeds - Volumes At Or Near Capacity - Usually Unstable Flow - Approaching Unacceptable Delays At Signals
F	- Forced Flow Conditions - Stop And Go Operation - Average Vehicle Delay Signal Is Greater Than One Minute

* Centre/Atlantic Avenue (SR 200) - A two-lane arterial which extends from the City central business district to the Atlantic Ocean. Traffic signals are located at its intersections with 8th and 14th Street. The roadway is operating at a LOS of "B", above the standard of "D".

* Gum Street - A two-lane residential collector which also serves the Rayonier plant located to the east. A traffic signal is located at its intersection with 8th Street.

* Jasmine Street - A residential collector running east/west through the study area. Traffic control at its intersections is provided by a STOP sign at 8th Street and a traffic light at 14th Street. The County has a level of service determination from Citrona Avenue to 14th Street of "C" and is operating above the standard of "D".

Currently, the roadway network in the study area operates at acceptable LOS. At this time, the LOS for intersections within the City of Fernandina Beach are not available from Nassau County.

The volume of truck traffic along the designated truck route of 8th Street (US A1A/SR200) has also been examined by the City and County. In February of 1999, the County conducted a vehicle classification count for 8th Street at the intersection of Lime Street (southern boundary of city limits) to determine the percentage of trucks on this roadway per day. Total vehicles on 8th Street of the testing day were 17,839 of which 14.1 percent or 2,511 vehicles were trucks (trucks ranging in two axles to seven or more axles). As part of this document, truck trips have been examined in the next section. It should be noted that trucks which service the Port of Fernandina drive straight down 8th Street and through all intersections with the exception of the Dade/8th Street intersection, north of downtown, where the turn is made to access or leave the port.

b. Truck Trip Generation

Truck trips generated by the Port are mainly related to the volume of cargo handled by the Port Operator. Other minor truck trips are related to delivery of supplies. Capacity levels for truck trips was set in 1995 between the Port and the Northeast Florida Regional Planning Council.

(1) Containerized Cargo Related Truck Trips

Containerized cargo is received at the Port by rail and by truck. The actual percentage received by rail or by truck will vary somewhat from year to year. Rail delivery has declined in recent years but is expected to begin to increase in the next year (see Section I.B.2).

The Port Operator produces an interchange report (or receipt) for each container moving in or out of the Port by truck. In addition, the Port Operator has kept an accurate annual count of the number of trucks which have come to the port since 1995. Table I.B.2 displays the number of container moves and the annual number of trucks entering the port that move the containers and the table demonstrates how annual and daily truck trips are calculated.

TABLE I.B.2 Truck Trip Generation Calculation for Containerized Cargo					
<u>For Containerized Cargo</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Capacity*</u>
Annual Number of Gate Moves	21,071	19,962	16,687	17,104	35,000
Annual Number of Trucks Entering the Port for Container Moves	12,781	12,153	10,490	10,840	18,549
Number of Annual Trucks When Multiplied by 2 to Become Truck Trips	25,562	24,306	20,980	21,680	37,098
Average Annual Truck Trips Equals 23,132 Trips					
Daily Truck Trips (281 days of operation)	91	87	75	77	132
Average Truck Trips per the four (4) years equals 83 Truck Trips per day					
* It is expected that at capacity, a minimum of 6,000 containers per year will be received/delivered by rail (this volume was experienced during 1994).					

(2) Break-Bulk Related Truck Trips

In 1998, approximately 45 percent of the break-bulk cargo delivered to the Port was carried by rail. The remaining 55 percent was delivered by truck either from the Smurfit-Stone mill (immediately north of the Port) or from other mills accessing the Port from 8th Street.

The breakbulk cargo is generally heavy materials (i.e., kraft linerboard, wood pulp, cross-ties, telephone poles). Again, the Port Operator has kept record of the number of trucks associated with the delivery of breakbulk cargo. In calculating the number of truck trips associated with the delivery of breakbulk cargo, it is reasonable to exclude the number of trucks coming from the Smurfit-Stone mill that is adjacent to the Port. These trips are treated as internal truck trips, since they do not traverse through the City of Fernandina Beach to reach the port and merely move from the mill to the adjacent port. Table I.B.3 depicts the truck traffic and trips associated with breakbulk cargo with the method of truck trip calculation.

TABLE I.B.3 Truck Trip Generation Calculation for Break-Bulk Cargo					
<u>Breakbulk Cargo</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Capacity</u>
Annual Number of Trucks	8,341	10,525	7,882	9,031	10,137
Annual Number of Trucks from Smurfit-Stone	4,346	6,056	3,853	4,399	5,285
Annual Number of Trucks Minus Trucks from Smurfit-Stone (External Trucks)	3,995	4,469	4,029	4,632	4,852
Number of Truck Trips Multiplied by 2 to Become Truck Trips	7,990	8,938	8,058	9,264	9,704
Average Annual Number of External Trucks = 17,125 divided by 4 = 4281.3					
Truck Trips = 4281.3 x 2 ways = 8,562.6 Total Truck Trips associated with Breakbulk Cargo					
Daily Truck Trips = <u>8,562.6</u> = 31 Truck Trips per day associated with Breakbulk Cargo					
281 days of operation					

(3) Other Truck Trips

The Port Operator, and the vessels calling the Port, receive certain supplies, materials, spare parts, and fuel from delivery trucks. It is difficult to identify precisely the number of truck trips associated with these activities. It is also difficult to identify the number of these trucks which are serving the Port on a regular route along the designated truck route which passes through the Port. A reasonable number can be developed as follows, based on current cargo levels as stated in Table LB.4.

TABLE I.B.4 Miscellaneous Port Truck Trips in 1998		
<u>Delivery Purpose</u>	<u>1998 Trips</u>	<u>Capacity</u>
Equipment and Materials to Port	104	110
Fuel to Port Operator	104	108
Fuel to Vessels	102	125
Miscellaneous Ship Stores to Vessel	56	70
Total Annual Other Truck Trips	366	413
Total Daily Other Truck Trips	1.3 Trips per Day	1.5 Trips per Day

(4) Impact on 8th Street, the Designated Truck Route

Total truck traffic is summarized in Table I.B.5 at both current cargo levels and at capacity levels projected for the existing Port facility. As stated earlier, Nassau County has determined that there are 2,511 average daily (week day) trucks on 8th Street (A1A/SR 200) at the southern city limit at Lime Street. The port's estimated daily truck trips per day is 114. The port's percentage of the daily trucks on 8th St. is less than five percent of the truck traffic on 8th Street.

TABLE I.B.5 PORT GENERATED TRUCK TRIPS For Existing Port Facility and Projected Existing Capacity Facility			
<u>Current Cargo Activity</u>	<u>Truck Trips Generated</u>	<u>Cargo Activity at Capacity</u>	<u>Truck Trips Generated</u>
Containerized Cargo	23,132	Containerized Cargo	37,098
Break-Bulk Cargo	8,563	Break-Bulk Cargo	9,704
Other Truck Traffic	366	Other Truck Traffic	413
Total Amount Truck (Current)	32,061	Total Amount Truck (Current)	47,215
Average Daily Truck Trips	114	Average Daily Truck Trips	168

Note: Port operates 5.5 days per week with five (5) holidays (281 days/year)
Source: Nassau Terminals, Inc.

c. Automobile Trip Generation

Automobile traffic is primarily generated by Port employees. However, there are several other sources. There are four small local companies utilizing the Port that collectively employ 21 people (see section I.D.1). Table I.B.6 provides an estimate of Port-related automobile traffic.

TABLE 1.B.6
PORT GENERATED AUTOMOBILE TRAFFIC
1998

<u>Activity</u>	<u>Average Daily Trips</u>
Full-Time Employees (82)	319
Part-Time Employees (13)	25
Other Company Employees (21)	84
Government Employees (2)	5
Visitors/Vendo	1
Vessel Agents	2
Total -	436

Source: Nassau Terminals, Inc.
6th Edition Trip Generation Manual
Institute of Transportation Engineers

Unlike truck traffic, automobiles access the Port from Dade Street, North Third Street, North Second Street and North Front Street.

d. Total Vehicle Trip Generation

With a total of 114 truck trips and 436 automobile trips, the total trip generation for the Port of Fernandina is 550 trips per day. The truck trip generation of 114 is well within the capacity level set at 168 in 1995. The current trip generation of 550 trips per day is within the approved number of total trips (670 trips) allowed from the March 18, 1997 amendment of the Port of Fernandina Development of Regional Impact Development Order. Port-generated truck trips are less than five percent of the total truck trips of 2,511 on 8th Street daily.

2. Access to Railways

The rail system is the second major land transportation mode for cargo to and from the Port. A railroad right-of-way for the CSX Railroad runs through the Port site parallel with, and continuing to, the end of Front street. As it passes Broome Street, this railroad easement runs parallel to the Port rail siding and loading dock making for a simple transfer of cargo from rail line to warehouse to ship. The railroad right-of-way runs north into Smurfit-Stone's mill site.

a. Existing Rail Traffic Impact

A cooperative arrangement works between the port and the Smurfit-Stone mill that reduces the number of boxcars that pass through the City of Fernandina Beach. The Break-bulk operations at the Port do not add to the level of railroad cars that pass through the city. Break-bulk boxcars that are emptied at the port are routinely routed to the Smurfit-Stone mill site. It is an efficient operation where full boxcars of export cargo are placed on Port rail siding to be unloaded and then sent over to the Smurfit-Stone rail yard for reloading. If the Smurfit-stone mill did not receive the empty boxcars from the port, the same number of empty boxcars would need to be hauled to the mill as empties and pass through the city for loading at the mill.

Containerized cargo delivered to the Port by rail does currently contribute, to a minor degree, to additional rail traffic onto and off of Amelia Island. The railroad corridor lies in the extreme western part of Amelia Island. Railroad crossings with streets tends to be local or collector streets such as the crossings in the study area at Friendly Road, Bonnie View Road, Lime Street, Centre and Front Streets, and Dade Street. There are no railroad crossings at major streets as 8th street (US A1A/SR 200).

In 1998, only 126 containers were delivered by rail to the Port compared to approximately 4,000 in 1994. The delivery of containers by double stack rail cars ceased within this time period but is expected to resume in late 1999. The double stack cars, when in operation, carry an average of ten containers per three hundred feet of articulated rail car. The Port at capacity can handle up to 10,000 containers annually by rail.

Service is currently provided on a weekly basis with one train move per week with one trip in and one trip out. Using a conservative train speed of 10 MPH (15 feet per second) the current level of railcars increases the delay at each crossing by 20 seconds. At the projected capacity for containerized cargo, the average additional delay at each rail crossing will be 200 seconds assuming double stack shipment will resume. These projections are illustrated in Table I.B.7:

TABLE I.B.7 CONTAINERS DELIVERED TO PORT VIA RAILROAD SERVICE 1998 and Capacity			
<u>Rail Delivery of Containers</u>		<u>Average # Rail Cars Per Train Trip</u>	<u>Average Passage Time/Trip</u>
1998	126	1.0	20 Seconds
Capacity	10,000	10.0	200 Seconds

3. Access to Navigational Channel

The St. Marys River entrance channel, shared with Kings Bay trident Submarines, is maintained to a depth of 46 feet Mean Low Water (MLW). The St. Marys channel serves as the main entrance from the Atlantic Ocean to the Port. This channel is approximately 6,000 feet long running approximately east and west and is jointly maintained by the U.S. Army Corps of Engineers and the U.S. Navy.

Significant geographic features of the Port serve to enhance its operations in the south Atlantic. The Port is located on the Amelia River, a naturally deep water site, continually swept and scoured by the flow of Lanceford Creek and the Bells River, which significantly lessen the harbor's maintenance. Transit time from the pilots sea buoy to the Port is approximately 45 minutes with no obstructions (such as bridges) and only one "dog-leg" turn south to enter the port channel.

Vessels entering the Port of Fernandina turn south into the Amelia River channel which is approximately three miles long and flows generally north and south. The port channel is 400 feet wide with a minimum depth of 35 feet. The turning basin, located in front of the Forest Products Terminal, is 1,600 feet north and south and 900 feet east and west with a controlled depth of 35 feet after dredging. MLW alongside the 1,200 linear foot dock is 38 feet.

The port channel and turning basin are maintained by the Federal Government through the U.S. Army Corps of Engineers. There are no dredge soil disposal sites at the Port of Fernandina and none are planned for in the future. Any navigational maintenance dredging is performed by the Federal Government.

C. EXISTING PORT SERVICE DEMAND

The Port of Fernandina currently serves two basic commercial shipping trades. One trade is the export of breakbulk cargos, primarily kraft paper, woodpulp and lumber. Table I.C.1 identifies the paper and pulp mills served by the Port. The other trade is liner shipping involving small independent container vessel operators serving Latin America, the Caribbean and Bermuda. At this time, there are no cruise or passenger activities at the Port of Fernandina facility.

TABLE I.C.1
NASSAU COUNTY
OCEAN HIGHWAY AND PORT AUTHORITY

PAPER AND PULP MILLS SERVED BY THE PORT OF FERNANDINA

Champion International	Roanoke Rapids, NC
St. Laurent	West Point, VA
	Montreal, Quebec, Canada
Gaylord Container	Bogalusa, LA
Georgia Pacific Corp.	Brunswick, GA
	Cedar Springs, GA
	Monticello, MS
Green Bay Packaging	Monrilton, AR
Inland Paperboard	Rome, GA
	Mulford, TX
	Johnsonville, TN
International Paper	Augusta, GA
	Camden, AZ
	Bastrop, LA
	Vicksburg, TN
	Georgetown, SC
	Pineville, LA
	Prattville, AL
	Savannah, GA
Interstate Paper	Riceboro, GA
Smurfit-Stone	Brewton, AL
	Panama City, FL
McMillan Bloedel	Pine Hill, AL
Mead Containerboard	Stevenson, AL
Rayonier	Fernandina Beach, FL
	Jesup, GA
Tenneco Packaging	Valdosta, GA
	Filler City, MI
	Counce, TN
Visy Paper	Conyers, GA
Westvaco Corporation	Charleston, SC
Buckeye	Memphis, TN
	Foley, FL
Weyerhaeuser	Oglethorpe, GA

1. Break-Bulk Service Demand

The breakbulk trade was identified in the Port's original business plan as a natural activity for a "revitalized" Port of Fernandina. This trade requires close proximity to manufacturing plants, good road and rail connections, sufficiently deep water for bulk carriers, modern warehouse facilities and skilled labor.

The Port of Fernandina is a remarkable location in terms of surrounding manufacturing facilities. The Smurfit-Stone kraft mill and Rayonier pulp mill are both located in Fernandina Beach and are active exporters. In addition there are four other paper mills within 50 miles of Fernandina Beach and six more within 150 miles.

The Port has excellent rail connections, primarily due to the existing CSX service supporting the two mills in Fernandina Beach. CSX has a strong interest in utilizing the Port's export market as a means of positioning rail equipment into Port Fernandina to service the domestic needs of the two local mills. Likewise, the truck route connecting the Port to I-95, via SR 301 and US 17 is along-established freight route serving the local mills.

The Port Authority has consistently expanded warehouse space to accommodate the forest products exports. Operations began in 1986 with a simple 60,000-square-foot warehouse. Since that time, there have been four warehouse expansion projects including two new buildings. Currently, the Port has 180,000 square feet of warehouse space. All of the warehouse space is fire protected with adequate eave height. The existing warehouse space is sufficient to store approximately 30,000 tons of forest products which is at capacity for the current level of forest product exports.

Over the years, the Port of Fernandina has developed an extremely skilled labor force. A private terminal operator provides the terminal handling and vessel loading labor. The company maintains a work force of well-trained full time employees supplemented by closely supervised part-time employees. The permanent nature of this labor combined with the frequency of loading breakbulk cargos has created a very productive work force.

The Port's breakbulk activity was not significant during the first years of operations. It took time to persuade shippers to utilize a new port with little experience and limited facilities. As the Port gained experience and expanded its facilities, shipper support developed. From 1988 to 1995, forest products export expanded at an average rate of 40,000 tons per year to a level of approximately 350,000 tons per year. In late 1998, an additional 36,000 square feet of warehouse was added which allows the Port to increase forest products exports to approximately 375,000 tons per year.

2. Containerized Cargo Service Demand

The liner shipping trade at the Port of Fernandina has been much more volatile. In the first few years of operations, the Port attracted several container line operators including a sizeable shipping line offering an around-the-world service and another volume account serving Puerto Rico. The container trade grew dramatically and peaked in 1989 at approximately 350,000 tons (35,818 container moves).

The Port Authority reacted to the demand for container handling by purchasing gantry cranes, lengthening the pier and expanding the container storage area to accommodate up to 45,000 containers per year. These facilities were completed in 1992.

One of the Port's two largest customers outgrew the Port of Fernandina and relocated to Savannah. The other large container operation developed financial problems and relocated to another port weeks before going into bankruptcy. Within months, the Port of Fernandina's container trade dropped to approximately 14,000 container moves per year (125,000 tons).

Since 1991, the Port has avoided large container line operators and focused its marketing efforts on attracting smaller independent carriers serving niche markets in the Caribbean and South America. These carriers are not as likely to enter partnerships with large established carriers.

The recovery in the container trade has come very slowly with the Port handling an average of 175,000 tons per year over the last several years. However, the Port has been successful in attracting five independent carriers serving Latin America and the Caribbean. In early 1999, the Port increased its container trade to an annual rate of 200,000 tons and is expecting growth in the container trade over the next few years. The optimum level of container trade for the Port of Fernandina is considered to be approximately 350,000 tons (same volumes handled in 1989). This level is below the Port's overall capacity for containerized cargo (450,000 tons per year). The current business plan has shifted from containers to break-bulk products resulting in a favorable position for reducing truck traffic.

Table I.C.2 describes cargo service demand for the Port of Fernandina for years 1987 through Year 1998.

TABLE I.C.2 Existing Cargo Service Demand 1987 - 1998 (In Tons)					
<u>Year</u>	<u># of Vessels</u>	<u>Dry Bulk Tons</u>	<u>Cargo Type General Cargo Tons</u>	<u>Containerized Cargo Tons</u>	<u>Total</u>
1987	72	43,200	29,400	99,800	172,400
1988	160		40,600	290,000	330,600
1989	185		82,100	347,400	429,500
1990	199	13,000	98,700	311,200	422,900
1991	150	7,000	156,800	124,000	287,800
1992	165		199,000	128,000	327,000
1993	198		279,000	185,233	464,233
1994	194		236,452	156,509	392,961
1995	271		325,622	202,452	528,074
1996	289		392,187	178,826	571,013
1997	244		350,005	154,852	504,857
1998	283		328,007	186,240	514,247

Source: Nassau Terminals, Inc.

D. EXISTING PORT ECONOMIC IMPACTS

1. Employment

The Port employs 82 full-time and 13 part-time personnel working flexible shifts. Occasionally, overtime and/or part-time personnel are engaged to expedite ship loading and off-loading activities. The 1998 annual payroll was \$2,720,019 with an additional \$265,307 for outside labor utilized during peak periods. Table I.D.1 displays the number of employees from 1994 through 1998. Table I.D.2 presents port activity for containerized cargo for the last 10 years.

TABLE I.D.1 PORT OF FERNANDINA Full and Part-Time Employees 1994 - 1998			
<u>Year</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
1994	71	10	81
1995	80	12	92
1996	81	12	93
1997	81	10	91
1998	82	13	95

Source: Nassau Terminals, Inc.

TABLE I.D.2 PORT OF FERNANDINA Containers Loaded/Discharged 1988 - 1998				
<u>Year</u>	<u>Container Moves</u>	<u>Import Loads</u>	<u>Export Loads</u>	<u>Total Loads</u>
1988	31,832			
1989	35,818			
1990	29,201			
1991	14,082			
1992	12,937	1,125	5,896	7,024
1993	17,232	3,185	8,769	11,954
1994	13,424	3,657	6,019	9,676
1995	21,151	3,687	10,138	13,825
1996	19,645	1,091	9,573	10,664
1997	18,080	2,319	8,150	10,469
1998	17,886	3,633	7,881	11,514

Source: Nassau Terminals, Inc.

There are also three other companies with 21 employees whose operations are directly dependent upon Port activity. These are:

North Florida Shipping (Ship Agents)	7 Employees
Trident Container (Container Repair)	6 Employees
Cumberland Sound Pilots (Ship Pilots)	3 Employees
Amelia Maritime (Ship Agents)	5 Employees

2. Local Expenditures and Fiscal Impact

During construction of the Port facility, local businesses provided material, services and skilled labor amounting to over \$10 million. Direct purchases made by the Port operator from vendors and businesses in the City of Fernandina Beach and Nassau County are estimated at \$450,000 per year.

Other economic activity impacts are generated as local businesses provide products or services to the Port or those using Port facilities. All income from these sources revolves through the community several times over as additional income before the multiplier effect dissipates.

The largest economic impact of the Port operation are the direct and indirect activities stimulated by the employment generated and local services used. A payroll greater than \$2.7 million is generated annually as a direct result of Port activity. These monies are spent again by the employees in the course of their normal household activity creating an indirect multiplier effect as this money is received for goods and services and spent again by businesses in the city and county. Also, the local mills compete in the export market more efficiently because of the availability of Port facilities. This, in turn, creates more employment in those mills and more business for their suppliers.

Utilizing an economic multiplier developed by the Northeast Florida Regional Planning Council in 1995, the Port's overall economic impact on the City of Fernandina Beach and Nassau County is estimated at \$35.00 per ton of cargo shipped through the Port. Based upon an estimated 514,000 tons of cargo handled in 1998, the local economic impact of Port operation added approximately \$18 million to the local economy.

In addition to the impact fees paid during the construction, the Port Authority pays an annual fee to the City of Fernandina. The fee is .11 per ton (.10 per ton in prior years) with a minimum payment of \$50,000.

E. EXISTING NATURAL RESOURCES

1. Introduction

This section of the Port Element identifies and describes natural resources in and adjacent to the Port area.

2. Existing Environment Setting

The Port site is located on the Amelia River on the northwestern edge of the city limits of Fernandina Beach on Amelia Island. The site covered by the Port facility has been altered significantly by past uses, including historic filling, bulkhead construction, dock and building construction. The parcel is bisected by a railroad track that runs parallel to the shoreline.

Open space and stormwater retention areas have been incorporated into the site thereby providing a landscape buffer along the northern and western boundaries of the site. Actual land cover of the Port site by acres and type of cover is presented in May I.E.1 and Table I.E.1. Drainage facilities are depicted in May I.E.3.

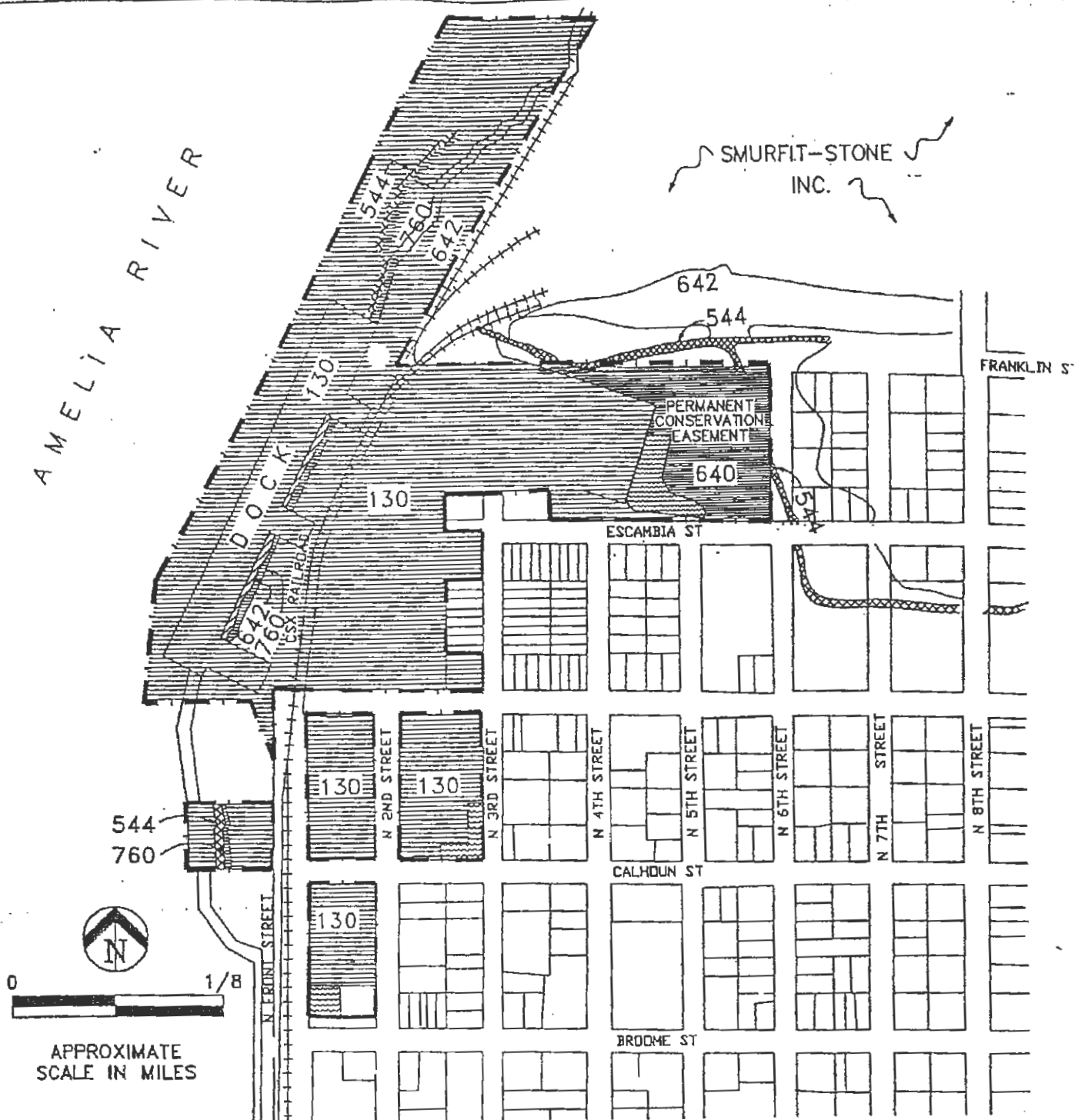
a. Conservation Set-Aside

Approximately 4.06 acres at the Port has been set aside as a permanent conservation area as requested by the Florida Department of Environmental Protection. Bounded by Escambia and Franklin Street (North/South) and North 3rd and North 5th (East/West), this area provides excellent protection as a nursery for juvenile shrimp, fish, clams, oysters and crabs.

Animal life commonly associated with saltwater marsh grass communities include the rice rat, otter, rat, alligator, mink and raccoon. Because of the proximity of this site to the Amelia River, the marsh rabbit also may be present. Many bird species such as the Great Blue Heron, The Great Egret and Snowy Egret can be found in this conservation area.

b. Wetlands

Wetlands on the Port facility consist of saltwater marsh that is located along Alligator Creek in the permanent conservation easement and a narrow strip which exits along the Amelia Riverfront, adjacent to and just north of, the facility loading dock. In order to ensure a continued marshland environment at the Port facility, the Port Authority has established a 10 foot wide marshland mitigation area landward of the length of the existing pier. This area has been planted with Spartina alterniflora.



LEGEND

---	PORT BOUNDARY
	130 INDUSTRIAL
	544 ESTUARY
	642 SALTWATER MARSH
	640 WETLAND VEGETATED
	760 ROCKY SHORE
	RETENTION PONDS

NOTE: THIS MAP FIGURE USES A MAP EXTRACTION FROM THE 1990 FERNANDINA BEACH COMPREHENSIVE PLAN AS THE BASIS FOR DEPICTING BLOCK AND PARCEL DIMENSIONS.

SOURCE: BREEDLOVE, DENNIS & ASSOC. INC.

PORT OF FERNANDINA

MAP I.E.1 LAND COVER

OCEAN HIGHWAY AND
PORT AUTHORITY
FERNANDINA BEACH
NASSAU COUNTY, FLORIDA

**Table LE.1
1999 LAND USES**

<u>Land</u>	<u>Use Category</u>	<u>Existing Acres</u>	<u>Percent of Total</u>
100	Urban or Built-Up		
130	Industrial (warehouse; paved areas and docks)	20.5	64.0%
140	Transportation (roadways)	3.7	11.6%
500	Water		
544	Estuaries	1.7	5.3%
600	Wetlands		
640	Wetland-Vegetated Non-Foreste	2.9	9.1%
642	Saltwater Marsh	1.0	3.1%
700	Barren Land		
760	Rocky Shore	2.2	6.9%
	Total	32.0	100.0%

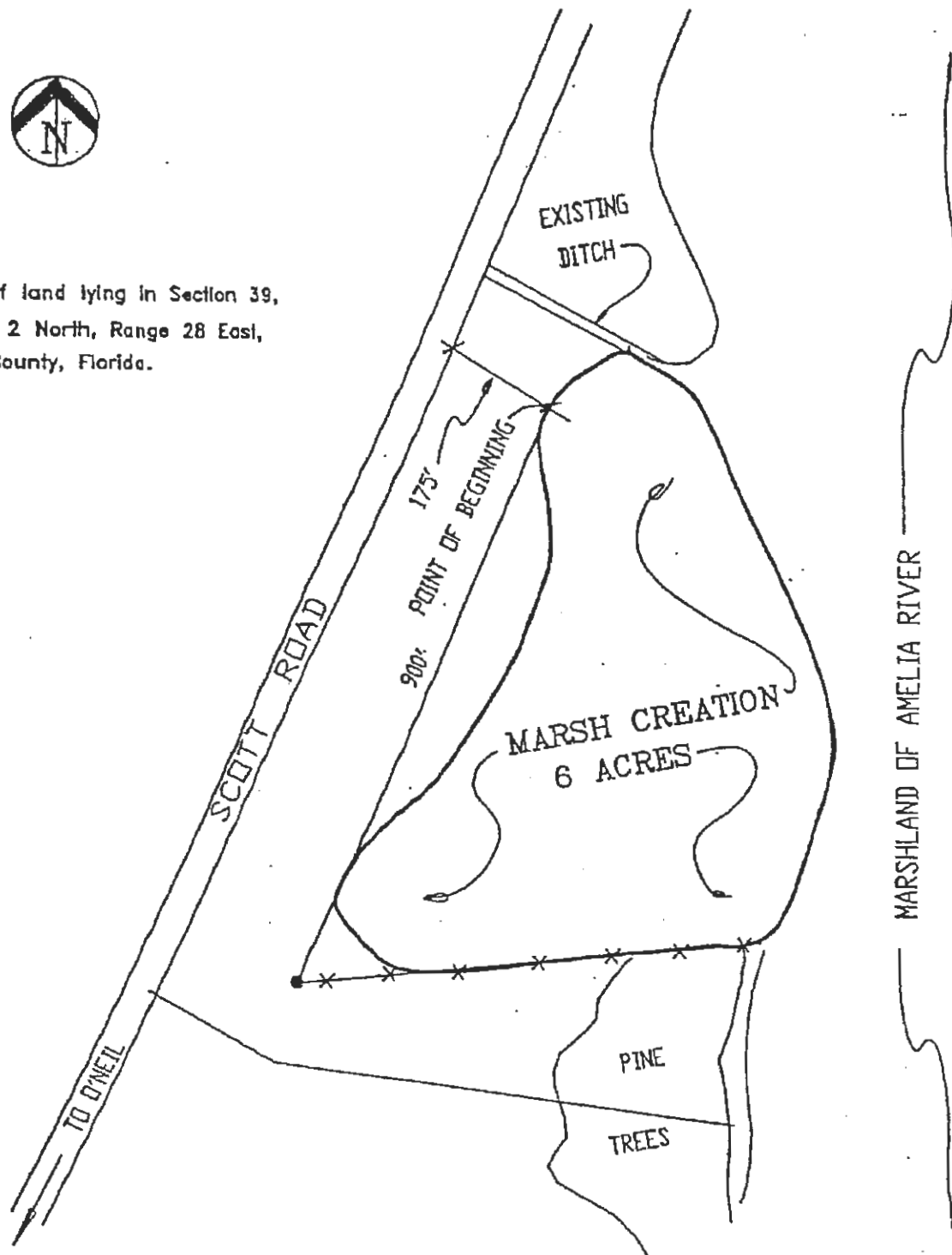
Includes Landscape Buffers and Retention Ponds.

In order to replace lost habitat due to development activities at the Port site, the Port facility created a 0.34 saltwater marsh in an approved mitigation area on Scott road which is approximately 4.5 miles south of the existing dock (Map I.E.2). In 1992, an additional 5.6 acres of wetlands was constructed adjacent to the original off-site mitigation area. The success of establishing wetland plantings and maintaining vegetative growth in these mitigation areas was monitored semi-annually as required by the Port's permits, until 1995 when the project was determined to be successful (no longer requires monitoring).

The salt cordgrass, Spartina alterniflora, that was planted behind the dock areas had experienced severe erosion problems. To correct this problem, rip-rap has been installed under the dock, the area covered with mud, and replanted. An additional year of monitoring has determined that the effort has been successful.



A tract of land lying in Section 39,
Township 2 North, Range 28 East,
Nassau County, Florida.



SOURCE: HARBOR ENGINEERING COMPANY

PORT OF FERNANDINA
FOREST PRODUCTS TERMINAL
MAP 1 E 2
OFF-SITE MARSH
MITIGATION AREA
OCEAN HIGHWAY 90
PORT AUTHORITY
FERNANDINA BEACH
NASSAU COUNTY, FLORIDA

c. Marine Resources

Waterward of the shoreline saltwater marshes are small zones of tidal flats and oyster beds. Both of these communities also exist in much larger expanses elsewhere in the Amelia River and adjacent estuaries. Numerous fiddler crab burrows are evident in the upper intertidal flats on the site. Waterward of the intertidal and shallow shore zones, the river bottom drops off rapidly to the Florida Intracoastal Waterway and the open water of the Amelia River.

The biological communities of the Amelia River are structured primarily by the substrate, which is dredged periodically to maintain the channel, and by water quality, which includes natural episodes of low dissolved oxygen during summer low tide conditions. Sediments are extremely variable from sand and compact mud to fibrous organic debris. Benthic studies conducted in the immediate vicinity of the Port site have found only polychaete and oligochaete annelid worms plus nemertean worms, dominated by spinoid polychaetes. Numerous other taxa including molluscs, arthropods, nemertean worms, sponges (Periphery) and polyps (Coelenterata) were reported elsewhere in the River. Most of the forms were detritus feeders tolerant to periods of low dissolved oxygen.

Other biota found in the Amelia River include commercially important shrimp, blue crab and numerous fish species that are important commercial, sport or forage species. The West Indian Manatee (Trichechus manatus) and loggerhead turtle (Caretta caretta) also have been documented in the Amelia River in the vicinity of the Port site. The Right Whale (Eubalaena glacialis) does not occur in the Amelia River; but sightings have been documented in the Atlantic Ocean offshore of the St. Marys inlet.

(1) West Indian Manatee

As a predevelopment agreement relative to the Port's Application for Development Approval (ADA), the Port participated in a \$60,000 three-year manatee study involving satellite-monitoring and tagging of manatees. Although the presence of the West Indian Manatee has been documented in the Amelia River, the three-year study added a great deal of knowledge to the migration patterns and habits of Manatees in the Amelia River and Intracoastal Waterway.

Aerial surveys have shown that warm water discharges into the Amelia River from the facilities of Rayonier and Smurfit-Stone have drawn Manatees to the area during the winter season. Manatees have also been observed concentrating at the City of Fernandina Beach's municipal sewage outfall. The Rayonier outfall and the Fernandina Beach wastewater discharge are located upstream from the Port site ship traffic. The Smurfit-Stone outfall, though down stream of the Port site, is located close to shore and outside of the ship channel.

Vessels entering the Port of Fernandina are required to use the slowest speed possible when approaching the dock area. The Port Authority is committed to manatee conservation and is working with the Cumberland Pilots Association and others to maintain a manatee watch/safety program for the protection of the manatee population in the vicinity of the Port area. Port efforts to protect the species include the placing of special Mitsubishi fenders to extend out five feet along the 1,200 feet of docking berth which prevents crushing should a manatee become trapped between the dock and a docking ship.

(2) Right Whales

Right Whales have been sighted within five miles of the Nassau County coastline off the St. Marys Entrance Channel. Ships entering the St. Marys Channel at the sea buoy (a distance of approximately nine miles from shore) slow down to speeds of eight knots or less. During the calving season (December - March) ships entering the Port are advised by the pilots to be on the look out for the whales.

Cumberland Sound Pilots and the Port Authority work together with the Southeastern U.S. Implementation Team for the Recovery of the Northern Right Whale Population to determine Right Whale locations in order to avoid a ship strike of a whale. All sightings by vessels and pilots are recorded and submitted to the Implementation team in order to better understand the habits of the whale.

d. Water Recharge

The Hawthorn Formation underlies much of Northeast and Central Florida and serves as the confining layer between the surficial aquifer and the Floridan Aquifer. Some of the more permeable sand, shell and limestone layers within the Hawthorn Formation provide limited water supply. Below the Hawthorn Formation and to depths of more than 2,000 feet are limestone formations which make up the Floridan Aquifer which is the major source of potable water in the State. The Port site is generally considered to be in a poor recharge area due to the great thickness of the Hawthorn Formation soils overlaying the Floridan Aquifer at this location.

F. HISTORIC RESOURCES

1. Introduction

The site of the Port of Fernandina was at one time part of an active commercial riverfront community which included sawmills, lumber and military store, three miles of wooden docks and passenger line services. The current Port operator's offices are housed in one of two restored historical dwellings (the Merrow House), located on a bluff overlooking the facility. The second house, which is a fine example of Victorian "shot-gun" architecture, has been restored and is used as an office for the U.S. Customs Service. Nassau Terminals has received a letter from the Amelia Island/Fernandina Restoration Foundation, Inc. expressing that organization's appreciation for the restoration of these two historic structures.

Truck traffic generated by Port activities does travel along Dade Street, a roadway which cuts through a portion of the City's Historic District. Dade Street; however, is the City designated truck route to the commercial riverfront from 8th Street. The Port-generated truck traffic travels over an already established truck route.

2. Adjacent Historic Properties

The Port of Fernandina site is located adjacent to a portion of the City's Historic District (Map I.F.1). Just as the management of the Port facility has shown concern for the historic properties on the Port site, the Port continues its commitment regarding the potential visual impact that Port operations may have on properties adjacent to the Port facility. Set-back buffers and planted visual screens are incorporated into the site in order to ensure adequate separation of industrial and residential land uses.

3. Archaeological Sites

The Florida Department of State, Division of Historical Resources has determined that there are no significant archaeological sites on land occupied by the Port of Fernandina. An area of "Morris Bluff" or "Yellow Bluff" does have some potential for container artifacts; however, the majority of the site has been disturbed due to the removal of buildings that previously occupied the site and to the prior construction of those buildings. Also, local dumping had occurred on the slope of the bluff in the recent past in order to stabilize erosion. A small area of Yellow Bluff has been surfaced over to construct a parking lot. This area will be available in the future as a relatively undisturbed site for archaeological exploration.

AMELIA RIVER

SMURFIT-STONE
INC.

FRANKLIN ST

ESCAMBIA ST

CSX RAILROAD

N 2ND STREET

N 3RD STREET

N 4TH STREET

N 5TH STREET

N 6TH STREET

N 7TH STREET

N 8TH STREET

CALHOUN ST

BROOME ST

N FRUIT STREET



APPROXIMATE
SCALE IN MILES

LEGEND

--- PORT BOUNDARY



RETENTION
PONDS

NOTE: THIS MAP FIGURE USES A MAP EXTRACTION FROM THE 1990
FERNANDINA BEACH COMPREHENSIVE PLAN AS THE BASIS
FOR DEPICTING BLOCK AND PARCEL DIMENSIONS.

PORT OF FERNANDINA
MAP I E. 3
DRAINAGE FACILITIES
OCEAN HIGHWAY AND
PORT AUTHORITY
FERNANDINA BEACH,
NASSAU COUNTY, FLORIDA

AMELIA RIVER

SMURFIT-STONE
INC.

FRANKLIN ST

ESCAMBIA ST

CALHOUN ST

BROOME ST

N 2ND STREET

N 3RD STREET

N 4TH STREET

N 5TH STREET

N 6TH STREET

N 7TH STREET

N 8TH STREET

N FRONT STREET

CSX RAILROAD



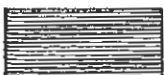
0 1/8

APPROXIMATE
SCALE IN MILES

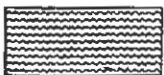
LEGEND

--- PORT BOUNDARY

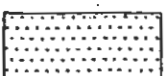
--- HISTORIC DISTRICT BOUNDARY



PORT AREA



RETENTION
PONDS



HISTORIC DISTRICT

NOTE: THIS MAP FIGURE USES A MAP EXTRACTION FROM THE 1990
FERNANDINA BEACH COMPREHENSIVE PLAN AS THE BASIS
FOR DEPICTING BLOCK AND PARCEL DIMENSIONS.

PORT OF FERNANDINA

MAP I.F. 1.

HISTORIC DISTRICT

OCEAN HIGHWAY AND
PORT AUTHORITY
FERNANDINA BEACH,
NASSAU COUNTY, FLORIDA

G. EXISTING PUBLIC FACILITIES

1. Wastewater

Sanitary sewage generated by the Port facilities are derived from on-site sources only. If necessary, cargo ships at the dock contract with a licensed marine sanitary hauler for sanitary sewage disposal. On-site sanitary sewage is generated by employees' use of toilets and lavatories. No industrial waste is produced or stored at the Port facility.

There are no plans to provide on-site treatment of sanitary sewage. Wastewater enters the City of Fernandina Beach wastewater collection system through gravity mains and is treated at the City Wastewater Treatment Plant.

Demand on the City sewer system as generated by the Port is calculated at 20 Gallons Per Day Per Employee (GPD/E). Given an employee staff of 95 persons, the calculated demand on the City system is 1,900 Gallons Per Day (GPD), Average Demand and 4,750 GPD, Peak Demand.

2. Potable Water

Florida Public Utilities water system, which obtains its raw water from deep wells, provides potable water to the Port. Should non-potable water be required, it will be seawater drawn from the adjacent Amelia River. No water wells are planned for the site. Operation and maintenance of the on-site water supply facilities up to the water meter is the responsibility of the Port of Fernandina.

Water use by the Port facility consists predominantly of domestic consumption by port personnel, refitting of cargo ships and general cleaning. Cargo ships generally take on potable water when in port for domestic consumption.

Average Daily Potable Water Demand at the Port

On-site employee use per berth		20 GDP per employee
Average cargo ship refitting		10,000 gallons per ship
General cleaning		Every 30 +/- days; 4 hours +/-

Berthing:	Average Usage		40 percent
	Average Stay in Port		1 day per ship
	Capacity		2 berths

Water for landscape irrigation and other non-potable uses is negligible.

3. Solid Waste

On-site operations generate all of the solid waste that must be disposed of from the Port of Fernandina. When necessary, cargo ships contract with a private solid waste hauler for disposal. On-site solid waste consists of domestic waste from facility employees and yard waste from the movement and storage of cargo.

The City of Fernandina Beach and BFI, Inc., supply dumpsters at the site for disposal of domestic waste (boxes, paper, cans, bottles and other waste typical of an office/warehouse environment). A private hauler supplies large dumpsters for yard waste which normally consist of packing materials, scrap lumber, etc. Operations of the Port facility contribute approximately 5.8 cubic yards of solid waste per day to the Nassau County landfill.

The Port separates aluminum cans and glass as part of its on-going solid waste volume reduction plan. Also, those items such as cardboard and metal that can be collected are salvaged and sold for recycle in order to reduce the Port's solid waste volume.

4. Drainage

Surface water is managed at the Port facility in compliance with design criteria approved by the St. Johns River Water Management District.

All run-off water from the site is routed away from the Amelia River into three on-site detention ponds. Surface water collected from the dock and container storage areas is routed through a system of pipes to a large retention pond located north of Escambia Street. For water quality control, the Port utilizes a detention basin with a filtration system. In this system, the first inch of runoff volume is computed by multiplying the impervious drainage area times one inch. The filter has a design capacity for treating the above-specified first inch of runoff within 72 hours following the storm event. See Map I.E.3 and the discussion presented in Section E.2.d(2).

Surface water collected from the Port's warehouses is routed to on-site retention ponds located adjacent to warehouses two and three.

H. EMERGENCY MANAGEMENT

1. Fire

Fire protection at the Port of Fernandina is provided by the City of Fernandina Beach Municipal Fire Department. Travel distance between the nearest two fire stations and the Port facility is four to six minutes. City Station One is equipped with a pumper and a backup pumper. City Station Two has a pumper and aerial ladder truck and the Hazmat Team.

The City of Fernandina Beach and Nassau County are signatories of the statewide mutual aid agreement. In the event of a major incident at the Port, County aid would come first from County Station One with a response time of four to six minutes. The second responding County unit would be County Station Two with aerial ladder, and rescue unit. The firefighters at both the City and County Stations are paid professionals, each station is routinely staffed with four firefighters.

Water for emergency fire control is supplied to the Port facility by Florida Public Utilities. The Port paid for the extension of a 12 inch water main from the 10th Street water tower along Dade to the Port's warehouses. This water supply is capable of delivering over 1,000 gallons of water per minute for a duration of four hours. A further benefit to this extension was improved water pressure and fire protection delivered to the resident properties near the Port.

In addition to the resources noted above, the Port has two dry hydrants located on the north and south ends of the 1,200-foot dock which permits the Fire Department to draw water directly from the Amelia River. There are three wet hydrants located throughout the container yard.

The Port terminal and warehouse complex is completely fitted with portable fire extinguishers. These extinguisher are serviced under contract.

Neither the Coast Guard, County, or City has the capability to conduct river based firefighting. In the event of an uncontrollable fire aboard a docked vessel at the Port, to protect the docks and mainland structures, the ship will be towed out to sea where the fire will be allowed to burn itself out.

The City of Fernandina Beach Municipal Fire Department maintains a special truck for containing fires which involve hazardous materials. This truck is outfitted with barrels of special products necessary to neutralize or smother toxic emanations from fire or other chemical reactions. The Port contributed \$4,000 to the City's hazardous materials truck.

2. Spill Contingency

As one of the many requirements placed upon the Port Authority for Development Approval, the Port Authority prepared a hazardous/spill contingency plan which specifies the available equipment, staff and procedures for containment and clean-up of any spills at the Port of Fernandina.

Although approximately ten percent of the ships that use the Port facility do require refueling, the Port Authority does not provide or arrange for the refueling of ships at the Port facility. Ships that require refueling must themselves contract for such service from commercial organizations licensed by the Coast Guard. These contractors refuel from barges on the Amelia River or, in a few cases, by truck. The contractors are required to maintain fuel containment equipment on board and have the equipment available in case of a spill.

The Port has contracted with Environmental Recovery Group of Jacksonville, Florida to provide any emergency oil spill clean-up operations. Additionally, the Port has taken the initiative to request the assistance of its riverfront neighbors to the north and south to volunteer additional boom/absorbent materials should the need arise for emergency containment. Letters are on file from Smurfit-Stone and Florida Petroleum Corporation offering such assistance. Thus, upon an emergency, Port employees will utilize available boom/absorbent material on site to provide immediate response to a spill situation. Upon arrival, Environmental Recovery Group will take over and complete spill containment operations.

3. Hazardous Materials

The City of Fernandina Beach Municipal Fire Department maintains a Hazardous Materials response truck in City station Two for containing fires which involve hazardous materials. The crew are trained hazardous materials specialist as outlined in OSHA 29 CFR 1910.120, and EPA 40 and CFR 311 which establishes hazardous materials training levels. All City and County Firefighters have received at minimum Level Two training for hazardous materials as outlined in OSHA 29 CFR 1910.120.

As stated earlier, the Port has prepared a spill/hazardous material contingency plan which specifies Port actions in case of such an occurrence. The County has also developed a Hazardous Materials response plan as required under SARA Title III, and Florida Emergency Planning and Community right to Know Act, which outlines local government actions in case of a release of hazardous materials.

4. Hurricane Preparedness

The Port of Fernandina has established procedures for "High Winds and Hurricane Preparedness." These procedures are prepared in conjunction with the U.S. Coast Guard standard operating procedures for hurricanes and are contained in a single document which identifies responsibility and duties by the Port operators and sets the level of action in terms of the level of threat (expressed in number of hours until the hurricane is expected to make landfall).

The Port of Fernandina is under the jurisdiction of the U.S. Coast Guard Captain of the Port - Jacksonville (COTP) and will be under the direction of the Captain of the Port upon receiving warning of an approaching hurricane.

After notification of the 24-Hour Warning, no vessel may anchor within the boundary lines of the Port. All vessels and barges in excess of 100 gross tons will be prohibited from anchoring within the territorial waters under the cognizance of the Captain of the Port - Jacksonville (COTP). In the event a vessel over 150 feet in length not being able to depart the Port, the person in charge of the vessel must submit a written request to the COTP to allow the vessel to remain in Port. The COTP may allow the vessel to remain in Port provided the vessel subscribes to certain specific conditions as described in the Port's preparedness plan.

II. PROPOSED PORT FACILITIES ANALYSIS (PORT MASTER PLAN)
(Reference 9J-5.009 (2) (b), F.A.C. Repealed and 9J-5.019 (3) F.A.C. where appropriate to a Port Facility)

A. PORT TRENDS

1. General

The ocean transportation industry continues to improve efficiently, primarily by employing vessels specifically designed to carry specific cargos within a particular trade lane. Within each trade, the tendency is to use the largest possible vessel to obtain the lowest per ton or per unit cost.

In the east-west container trades between the developed markets of the United States, Europe, and the Far East, the vessels are designed to carry over 3,000 20-foot containers and are calling ports which can provide four and five cranes to load and discharge up to 1,000 containers in eight hours. By contrast, the Caribbean trade cannot support such large vessels, but still require special designs such as on-board cranes or ramps for unloading.

The forest products trade is yet another distinct trade which is dominated by vessels designed to load rolls and bales of paper and pulp as fast as possible with the most efficient use of space in the ships holds. In the primary forest products trades, vessels are exceeding 45,000 Dead Weight tons (DWT).

The utilization of large, specialized vessels in turn creates the need for ports to provide facilities designed to fit the needs of the vessels. Port terminals are now specialized, with terminals designed for a particular kind of trade. Some terminals are designed for loading only containers. Some terminals are designed for discharging frozen pelletized cargo, other terminals are dedicated to loading forest products, and so on.

The Port of Fernandina is not large enough to serve the major container line operators. However, the Port of Fernandina is able to serve an important segment of that trade, primarily the independent carrier operators in the Caribbean, Central America, and north coast of South America.

In the forest products trade, ports have been responding to shipper's demands for a higher quality product. Port must provide modern warehouses, specialized equipment, and well-trained labor. The Port of Fernandina has been able to provide these facilities and services to a number of major forest products exporters. The limiting factor at the Port of Fernandina is the space available for additional warehousing.

2. Vessel Trends in the Container Trade

While there is a tendency toward larger container vessels to obtain the highest economy of scale, they are very expensive and require large, automated ports to achieve the desired level of operational efficiency. Generally, the largest vessels call the largest ports and operate in the major trades (Europe, Asia, etc.).

The Port of Fernandina does not have the infrastructure to cater to the very large carriers which are 3,000 20-foot equivalent unit (TEU) vessels and greater. Instead, the Port has targeted the Caribbean and South American trade for its container cargo activities.

Large, deep draft vessels do not lend themselves to the Caribbean/Latin America trade because these markets are much smaller than Europe and Asian markets. Also, the Caribbean/Latin America ports are frequently small with limited draft. A relatively high frequency of smaller ships is characteristic of ports involved in this trade region. Ports must be planned for flexible operations with fewer containers loaded on more ships.

3. Vessel Trends in the Forest Products Trade

In the forest products trade, the Port of Fernandina is well located and well equipped to service major markets. The 35-foot channel depth is sufficient to handle most modern forest products carriers (up to 40,000 DWTs). These carriers load at the Port of Fernandina for Europe, Asia, and the Middle East.

At the same time, the Port of Fernandina is an ideal port for shipping forest products to the smaller markets in South America and throughout the Caribbean. These markets are served by smaller conventional vessels, refrigerated vessels returning from Europe, roll-on/roll-off (RO-RO) vessels, and covered barges. In order to continue in both the major and minor forest products trade, the Port of Fernandina must remain skilled and equipped for many types of loading operations. It is also important that warehouse space be expanded to accommodate the larger cargo consignments associated with the larger carriers, without displacing the small carriers.

4. Trends in Ship Operations

The high cost of ship operations requires ports to provide quick vessel turn-around. The objective of the ship's owners is to have the vessel unload, load, and be out of port as quickly as possible. The Port of Fernandina enjoys a short, open entrance channel, with little congestion. The port operator is able to offer immediate work start on arrival. The operator also works vessels around the clock and limits the number of customers requiring multi-day loading operations. All of these features contribute to good berth availability and a quick turn-around of the vessel from sea buoy to sea buoy.

5. Trends in Port Operations

The requirement for more efficient ship operations places the burden on the Port to expedite cargo transfer. This, in turn, generates the need for improved cargo handling methods at dockside to facilitate expeditious vessel handling.

Generally, seaports have now become an integral link in the transportation chain for the movement of cargo. They are no longer used as facilities for storing or distributing import and export cargo. Today seaports are purely transfer facilities. Containerized cargo is often at the Port of Fernandina for only hours. Break bulk consignments are still accumulated at the Port over several weeks. However, rolls of paper are sometimes loaded on ships still warm from the paper machine at the mill. Direct intermodal transfers to "double-stack" trains, together with more fully automated port systems, are major trends for the Port of Fernandina.

In an effort to streamline the processing of import cargo documents, the United States Customs Service has implemented an Automated Manifest System which allows import cargo to be processed by computer and released to U.S. importers quicker. In some cases cargo is cleared and released before the vessel docks. The coordinated clearance system works well at the Port of Fernandina.

B. FUTURE PORT DEVELOPMENT

The level of development that may occur at the Port of Fernandina is dependent on several factors. First, due to the space constraints of the port site, utilizing existing space to maximize cargo throughput is a necessity. Second, with expanding South American and Caribbean markets, the Port must be in a position to react to both existing and potential users' needs and requirements as they develop. New concepts of loading/unloading ships must be constantly explored in terms of current and future customer needs.

General cargo, such as break bulk cargo, is currently near capacity while containerized cargo volumes at the Port are projected to grow at a rate of twenty percent per year until reaching optimum capacity in 2001. Table II.B.1 presents the anticipated level of cargo handling at the Port through the year 2005 given implementation of planned Port expansion projects. Increased levels of Port tonnage will occur with the increase in warehouse capacity and installation of bulk cargo handling equipment discussed later in this section. Dry bulk cargo, as identified in the Tables, refers to the delivery of wood chips by vessel and is also discussed in this section.

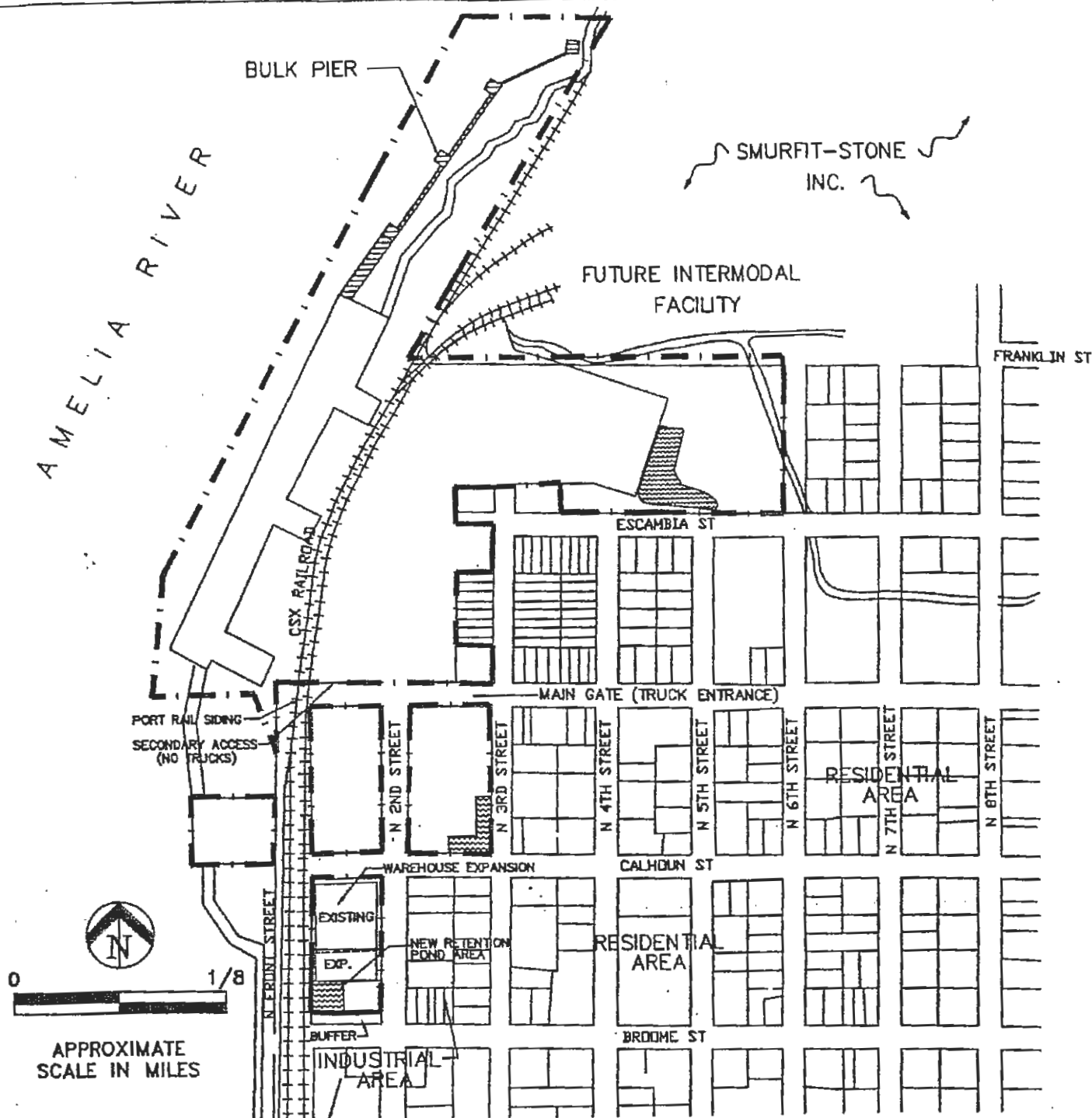
TABLE II.B.1 PORT OF FERNANDINA Future Port Service Demand <u>With</u> Port Expanded Projects PROJECTED ANNUAL TONNAGE 1999-2005				
<u>Year</u>	<u>General Cargo</u>	<u>Contain. Cargo</u>	<u>Dry Bulk Cargo</u>	<u>Total Cargo</u>
1999	360,000	250,000		610,000
2000	360,000	300,000		660,000
2001	375,000	350,000	400,000	1,125,000
2002	375,000	350,000	400,000	1,125,000
2003	400,000	350,000	400,000	1,150,000
2004	400,000	350,000	400,000	1,150,000
2005	400,000	350,000	400,000	1,150,000

The Port of Fernandina currently occupies approximately 32 acres (of which 27 acres are operational, the remaining acreage being wetlands) within the City of Fernandina. There are three areas in which the Port would like to expand its facilities to improve cargo handling and add services. These are the provision of a bulk pier unloading facility, additional warehouse space and an intermodal facility (see Map II.B.1).

None of the identified expansions at the Port or the Port operating at capacity are expected to have a negative impact on the levels of service for the roadway network, primarily 8th Street (the designated truck route). Truck access to the Port via Dade Street will not change with the expansions. Both the Port Authority and the Smurfit-Stone mill are working to reduce the truck traffic generated by their operations thus reducing the overall trip generation rates of the two operations. The potential reduction of truck traffic is demonstrated in this section.

1. Bulk Unloading Facilities

When market conditions allow, the Port intends to build and operate a bulk unloading pier dedicated to receiving wood chips for direct delivery to the adjacent Smurfit-Stone mill. This specialized pier could accommodate delivery by vessel of approximately 400,000 tons of wood chips per year. Wood chips would be unloaded at the pier and sent to the mill by a conveyor belt system. The bulk pier would replace approximately 200,000 tons currently delivered by rail and 200,000 tons currently delivered by truck. As shown in Table II.B.2, delivery of wood chips to the Smurfit-Stone mill via a bulk pier could take up to 58 truck trips per day off the local road system, in this case 8th Street (designated truck route).



LEGEND

--- PORT BOUNDARY



EXPANSION



RETENTION PONDS

NOTE: THIS MAP FIGURE USES A MAP EXTRACTION FROM THE 1990 FERNANDINA BEACH COMPREHENSIVE PLAN AS THE BASIS FOR DEPICTING BLOCK AND PARCEL DIMENSIONS.

PORT OF FERNANDINA

MAP II.B.1
PORT EXPANSION AND
ADJACENT LAND USES

9J-5.009(4)

9J-5.019(5)

OCEAN HIGHWAY AND
PORT AUTHORITY
FERNANDINA BEACH,
NASSAU COUNTY, FLORIDA

**TABLE II.B.2
PORT OF FERNANDINA**

**Bulk Pier to Service the Smurfit-Stone Mill
Expansion Impact - Traffic
Delivery of Wood Chips**

Wood Chips Delivered By Vessel Per Year	400,000 Tons
Replacing Domestic Chips By Rail (50%)	200,000 Tons
Replacing Domestic Chips By Truck (50%)	200,000 Tons
Estimated Reduction On Truck Traffic (11 Tons/truck Trip)	18,182 Truck Trips Saved/year
Reduction Of Truck Trips Per Day To Smurfit-Stone Mill (312 Days Per Year Receiving At Mill)	Up To 58 Truck Trips Saved/day

In South America there are a number of new producers of plantation grown softwood trees which are converted to wood chips. These producers are projecting a dramatic increase in the availability of wood fiber over the next decade. At the same time transportation cost for bulk wood chips has become relatively low, based on the availability of wood chip carriers.

a. Projected Service Demand, Traffic, Economic Benefits and Employment

The long term fiber demand in the Southeastern United States exceeds the growth rates. If this trend continues an offshore fiber supply may become necessary for Southeastern mills to maintain or expand production. The Port Authority is prepared to react to the industry's needs with a facility designed for unloading imported wood chips from bulk vessels and barges.

Wood chips are currently brought to the mill by truck and rail. Table II.B.2 shows that approximately 58 truck trips per day could be eliminated from local roads, primarily 8th Street, by receiving wood chips by vessel utilizing a bulk discharging system.

In addition, eight jobs will be created by the bulk pier. The overall economic impact is estimated to be approximately \$10 per ton or \$4 million per year.

b. Future Land Uses and Adjacent Natural Resources

The bulk pier will utilize approximately 720 feet of waterfront property immediately north of the existing pier. The Port currently owns 400 feet of this property. The balance would be purchased from Smurfit-Stone Inc. The site considered for the bulk unloading facility is currently an area permitted for a bulk unloading facility by the Florida Department of Environmental Protection and the U.S. Army Corporation of Engineers. The area is currently zoned industrial waterfront by the City and constructing a bulk loading facility would be consistent with the land uses designated in the City of Fernandina Beach's Comprehensive Land Use Plan.

The bulk unloading facility is not expected to adversely impact the adjacent natural resources of the Amelia River and Alligator Creek.

By design, such a pier construction would not accommodate the handling of general cargo. However, the pier could be employed from time to time as a lay berth for idle vessels.

2. Rail Expansion

The Port Authority and Smurfit-Stone, Inc. are studying the joint development of an intermodal rail transfer facility. Such a facility would accommodate the transfer of containers and trailers directly to intermodal rail cars.

a. Projected Service Demand, Traffic and Economic Benefits

Currently the Smurfit-Stone mill transfers approximately 25 trailers per day to the Jacksonville rail ramp facilities by truck. The Port's container line operators truck approximately 20 loads a day to the Jacksonville ramp facilities. A majority of this traffic could be loaded and unloaded directly onto or off of rail cars on Smurfit-Stone's site if adequate facilities were in place. The proposed intermodal facility would reduce local truck traffic by approximately ninety truck trips per day (25 trucks plus 20 trucks times 2 equals 90 truck trips). The potential net savings in transportation cost will be approximately \$30 per trailer or containers or \$380,000 per year.

b. Future Land Uses and Adjacent Natural Resources

The intermodal facility would be located on the Smurfit-Stone mill site. The Port would access the facility utilizing the existing culvert crossing which currently accommodates a rail siding. The existing wetlands will go undisturbed. There are no other changes in rail access for the Port.

3. Additional Warehouse Space

The last warehouse expansion on Block 3 on the South side of Calhoun Street was reduced from 50,000-square-foot to 37,000-square-foot due to the unavailability of adequate land for the original expansion plan. This 37,000 square-foot warehouse is known as Warehouse 3. If at some time the remaining land in Block 3 becomes available, the Port Authority would like to extend the warehouse in that block by 120 feet or 24,000 square feet. This area is identified in the City's Comprehensive Land Use Plan as a site for industrial manufacturing. It is currently occupied by a fuel oil depot. It is the intent of the Port Authority to provide a 30-foot buffer along Broome Street should this project go forward. Only a landscaped space and retention would be allowed within this buffer.

Cargo for Warehouse 3 is currently received by rail via a rail siding that runs parallel to Front Street or by trucks from the existing loading docks between Warehouse 1 and 3. No other receiving facilities would be required for the warehouse expansion.

a. Projected Service Demand, Traffic and Economic Benefits

Service demand remains very strong for forest product exports. The recent merger of Jefferson Smurfit and Stone Container has increased the service demand. It is expected that the additional warehouse space from the expansion would provide space for an additional 25,000 tons per year of general cargo, such as break bulk cargo. Based on current experience, approximately 26 percent of this cargo would arrive from trucks (other than trucks from Smurfit-Stone) and generate approximately 2.1 additional truck trips per day (based on eleven tons per truck trip from Table II.B.2). However, it should be noted that by the removal of the fuel depot at the warehouse expansion site, there would be a reduction of a number of trucks and auto trips per day currently generated by the fuel depot.

Economic benefits of the additional warehouse space is estimated at \$35 per ton or \$875,000 per year. There would be two full-time jobs created by this expansion.

b. Future Land Use and Adjacent Resources

If the Port is able to acquire the land where the fuel depot is currently located, this site could accommodate the 24,000 square foot warehouse expansion and with enough space for an adequate storm water retention pond and a 30 foot landscape buffer which would reduce the visibility of the warehouse and the port area.

4. Summary of Potential Reduction in Truck Traffic

As stated in this section, future expansion of the Port facilities have the potential for a reduction in truck traffic along 8th Street. With the construction of the bulk unloading pier, a possible 58 trucks per day hauling wood chips to the Smurfit-Stone mill could be eliminated. With the new rail intermodal facility, approximately 90 trucks a day could be removed by sending wood products from the mill by rail instead of trucks. Lastly, with the expansion of the third warehouse, the trucks servicing the fuel depot would be removed from traffic.

C. CAPITAL IMPROVEMENT PLAN

The Ocean Highway and Port Authority expect to finance most of its capital improvement projects over the next five years utilizing several funding services. These services include bond financing, internal operational cash flow, grants and other capital funding from State and Federal organizations, such as the Florida Department of Transportation and the Florida Seaport Transportation and Economic Development Council. The Port is also prepared to enter into third party agreements on a joint funding basis for specific projects where a mutual benefit exists, such as the bulk wood chip receiving pier dedicated for use by Smurfit-Stone. Table II.C.1 provides a projected Port of Fernandina Capital Improvement Budget through the year 2004. Map II.C.1 depicts the locations of these proposed improvements.

D. OTHER POTENTIAL FUTURE USES

There is community interest in facilitating certain cruise ship activities, primarily port-of-call scenarios with vessels carrying 1,300 passengers or less. The Port Authority does not currently have a site for a cruise ship berth or plans to develop such a site. However, the Port Authority is prepared to work with other community organizations which may want to investigate the development of a "port-of-call" cruise ship facility at the Port of Fernandina.

E. SECURITY INITIATIVES

The Port of Fernandina is required to address issues relating to security in areas of access control, infrastructure and personnel. The Ocean Highway and Port Authority has developed a security plan which has been approved and accepted as substantially compliant with Florida Statute 311.12, by the Florida Department of Law Enforcement and the Office of Drug Control in the Executive Office of the Governor. Within this Security Plan, the following security projects have been identified as essential to bring the Port into compliance with 311.12. These security related projects have been added to the Port of Fernandina's Capital Improvement Program.

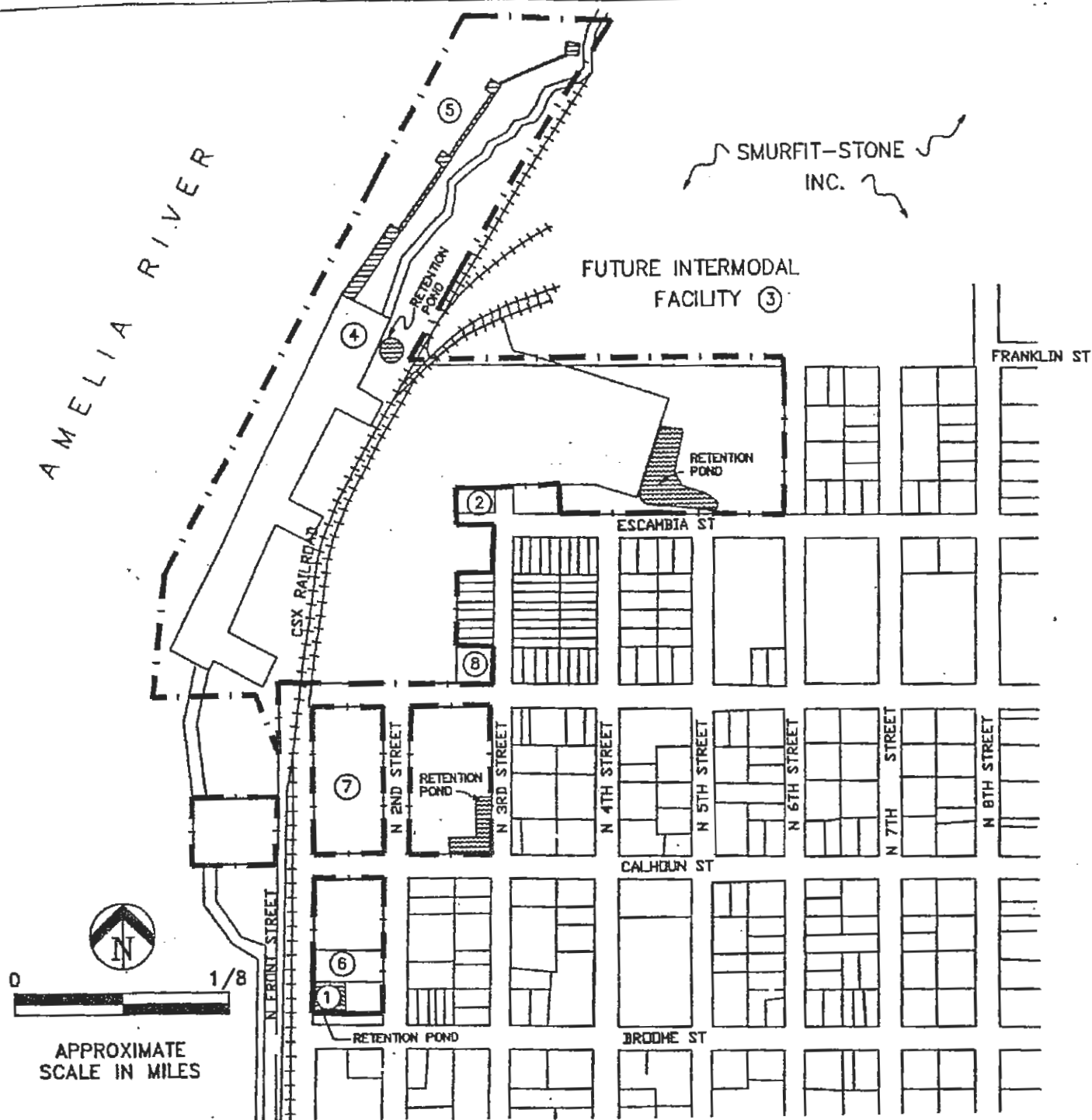
Security Projects

Priority

- 1 Relocate Gate House/ Guard House / Close Gate. The Port of Fernandina will maintain compliance with Florida Seaport Security Standards as it relates to access control. In order to eliminate one gate, the remaining gate will be redesigned and equipped with a larger gate house and guard house and will provide a new entrance area into the port.
- 2 Closed Circuit Television. The Port of Fernandina's Security Plan will maintain control and monitor restricted areas to meet minimum standards of the Florida Seaport Security Standards by use of a Closed Circuit Television System. Closed circuit television system with cameras and dedicated cable to monitor the warehouse complex, cargo handling gate during non-working hours, and other areas as may be designated or added to the Port's Security Plan at a later date.
- 3 Upgrade Fencing. The Port of Fernandina will maintain compliance with the Florida seaport security standards for fencing. Currently, it will consist of replacing and upgrading fencing from six foot (three wire) to eight foot (three wire) fencing with one foot in-ground fencing. Eight foot nine gage fencing to replace all existing 6 foot fencing. All fencing to have new post sleeves and three strands of barbed wire at 45 degree angle, 3" schedule 40 terminal posts, 5/8" schedule 40 posts, fence to be buried one foot in ground where needed.
- 3 Upgrade Lighting. The Port of Fernandina will maintain compliance with the Florida Seaport Security standards for lighting. Currently it will consist of replacing five medium mast light poles with six high mast light poles and upgrade fixtures. Six high mast light poles 80 ft. Tall, 4 - 1000 watt flood lighters per pole, concrete pole bases, conduit to existing electrical power.
- 4 Designated Visitors Parking. The Port of Fernandina will maintain compliance with the Florida Seaport Security Plan to provide designated parking for employees and visitors. Land which may become available in City of Fernandina Block 17 and/or Block 3 have been identified as potential possibilities. The Port of Fernandina may consider other alternative land acquisitions which may become available in the future.

**Port of Fernandina (OHPA)
Six-Year
Capital Improvement Program**

<u>Project Identification</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
Land Acquisition		\$ 200,000	\$ 300,000	\$ 200,000			\$ 700,000
Security Projects							
Visitor Parking Expansion		\$ 130,000					\$ 130,000
Lighting		\$ 85,000					\$ 85,000
CCTV System		\$ 75,000					\$ 75,000
Gate House		\$ 45,000					\$ 45,000
		\$ 41,000					\$ 41,000
Armorial Yard - 1,000 Feet				\$ 1,200,000			\$ 1,200,000
Cranes and RTG Crane							
Shed		\$ 225,000					\$ 225,000
Bulk Berth						\$ 2,000,000	\$ 2,000,000
Warehouse #3 Expansion			\$ 400,000	\$ 550,000			\$ 950,000
Equipment						\$ 1,000,000	\$ 1,000,000
Expansion of Container	\$ 250,000					\$ 750,000	\$ 1,000,000
Receiving Station							
Port Access Improvements	\$ 400,000						\$ 400,000
Port Rehabilitation		\$ 450,000	\$ 200,000				\$ 650,000
Improvement Repair in Container Yard		\$ 65,000	\$ 125,000	\$ 100,000	\$ 100,000		\$ 400,000
TOTAL	\$ 650,000	\$ 1,316,000	\$ 1,025,000	\$ 2,050,000	\$ 3,100,000	\$ 750,000	\$ 8,881,000



LEGEND

--- PORT BOUNDARY

LEGEND FOR CIP PROGRESS
SHOWN IN TABLE II. C. 1

NOTE: THIS MAP FIGURE USES A MAP EXTRACTION FROM THE 1990
FERNANDINA BEACH COMPREHENSIVE PLAN AS THE BASIS
FOR DEPICTING BLOCK AND PARCEL DIMENSIONS.

PORT OF FERNANDINA

MAP II C. 1

MAP KEY

FOR

CIP PROJECTS (1999 - 2004)

OCEAN HIGHWAY AND
PORT AUTHORITY
FERNANDINA BEACH,
NASSAU COUNTY, FLORIDA

III. PORT FACILITIES GOALS, OBJECTIVES, AND POLICIES (PORT MASTER PLAN)

(Reference 9J-5.009 (3) F.A.C. Repealed and 9J-5.019 (4) where appropriate to a Port Facility)

GOAL 1: STIMULATE ECONOMIC DEVELOPMENT OF THE CITY OF FERNANDINA BEACH AND NASSAU COUNTY

OBJECTIVE 1.1: The Ocean Highway and Port Authority shall continue to plan for and Maintain facilities to meet the long-term useful life of the Port facility.

POLICY 1.1.1: The Ocean Highway and Port Authority shall utilize all available sources of funding to finance Port improvements. The Authority to the best of its ability will implement the Capital Improvements Program cited in section II. of this document.

POLICY 1.1.2: The Port Authority shall continue to coordinate with the U.S. Army Corps of Engineers to maintain and expand the Port facility Access shipping channel and turning basin as Port development continues.

POLICY 1.1.3: The Port Authority shall continue to coordinate with the City of Fernandina Beach to identify opportunities for future economic development.

GOAL 2: OPERATION AND EXPANSION OF THE PORT FACILITY SHALL BE COORDINATED WITH THE CITY OF FERNANDINA BEACH AND NASSAU COUNTY GOVERNMENTS.

OBJECTIVE 2.1: The Port Authority shall coordinate with County and City Commissions to ensure that Port development meets appropriate City and/or County standards or requirements.

POLICY 2.1.1: The Port Authority shall abide by the Goals, Objectives and Policies of the City of Fernandina Beach Comprehensive Plan in its planning for operation or expansion of the Port facility.

POLICY 2.1.2: Prior to any future expansion to the Port of Fernandina, all plans or proposals for expansion shall be reviewed by the City of Fernandina Beach or the County, as appropriate, for consistency in meeting all applicable land development regulations, building permits or other permit requirements. Future Port Development projects shall be consistent with the Port Master Plan and Port Master Plan Map (Map II.B.1). No port development or project inconsistent with the Port Master Plan shall be undertaken without prior review, input and adoption as a Comprehensive Plan Amendment by the City of Fernandina Beach.

POLICY 2.1.3: Any impact to urban services or facilities (i.e., drainage, potable water, wastewater, traffic or solid waste) brought upon by the identified and approved Port Master Plan projects, which results in the degradation of an adjusted level of service standard for such service or facility, shall be mitigated to the satisfaction of the City and/or the County, as appropriate, prior to the issuance of a building permit for the expansion.

POLICY 2.1.4: The Port Authority shall not commence construction on any Port expansion program until all required permits and leases are secured.

GOAL 3: THE PORT AUTHORITY SHALL STRIVE TO MAINTAIN THE UNIQUE CHARACTER OF THE CITY OF FERNANDINA BEACH.

OBJECTIVE 3.1: The Port Authority in operating the Port facility shall take all precautions to protect the environmental and historic assets of the City of Fernandina Beach.

POLICY 3.1.1: The Port Authority, in cooperation with the U.S. Coast Guard and the U.S. Department of Transportation, shall prohibit the handling of unauthorized toxic materials and will be prepared to contain toxic spills that could occur at the Port facility site.

POLICY 3.1.2: The Port Authority shall continue to coordinate with the Fernandina Beach Historic District Council to ensure preservation and restoration of significant historical sites that fall within the jurisdiction of the Port Authority facility. Where Port property is adjacent to the Historic District, a 30 foot landscaped buffer will be maintained.

POLICY 3.1.3: The Port Authority will comply with the Land Development Code of the City of Fernandina Beach to ensure that adequate buffers and screening materials are constructed and maintained between the industrial zoning of the Port and the adjacent single family residential zoned areas.

POLICY 3.1.4: Stormwater runoff at the Port facility shall comply with stormwater management requirements established by the St. Johns River Water Management District as well as federal state and local agencies.

POLICY 3.1.5: The Port Authority shall continue to coordinate with the Department of Environmental Protection, Division of Marine Resources, the New England Aquarium, the Cumberland Sound Pilots Association and other interested organizations to support protection of manatee and right whale communities that are on the fringe of Port operations.

POLICY 3.1.6: The Port Authority will continue to comply with the requirements of the permits from the Department of Environmental Protection in regard to maintaining and preserving the permanent conservation areas and the ten-foot-wide marshland mitigation area.

POLICY 3.1.7: The Port Authority shall use best management practices during construction, operation and maintenance at the Port facility to ensure that water quality within the area of the Port facility will receive no degradation as a result of Port activity.

Master Plan
Updates

January 5, 1995	Port Master Plan - Regional Planning Council
January 27, 1999	RS&H Letter to NT about updating the Master Plan for thje Bulk Pier Project
March 19, 1999	RS&H Formal request for additional services under their contract to update the Port Master Plan.
May / 1999	RS&H produced draft of the Port Facilities Element and Port Master Plan.
May 24, 1999	Public Meeting regarding the changes to the Port's Master Plan was held in the City Commission Chambers
June 2, 1999	Thomas Tempia of Solin & Associates (City's Planning Consultant recommended changes to the Master Plan)
July 12, 1999	Port Facilities Element and Port Master Plan Transmitted to the City under cover letter from RS&H, requesting the element to be included in the Evaluation and Appraisal (EAR) Amendments including the City's Local Planning Agency, the City Council and the Department of Community Affairs.
September 8, 1999	Master Plan went before the Planning Advisory Board at Atlantic Recreation Center
October 1, 1999	RS&H produced the Final copy of the Master Plan. Followed the City's Schedule for Ear Based Amendments through DCA, Solin Associates, and City Council.
April 15, 2002	Port Master Plan amended to include Port Security Projects.
February 12, 2003	Planning Advisory Board - Public Hearing on Revisions to Port Master Plan adding Security Projects.
July 1, 2003	Requested reading at the City Commission Meeting. Ordinance #2003-10.

Port Facilities Element - Goals and Objectives City of Fernandina Beach Adopted by Ordinance No. 95-5 August 15, 1995	Port Facilities Element & Port Master Plan City of Fern. Bch. Comprehensive Plan. Final Plan October 1, 1999 Adopted by Ordinance No. 99-49 & 62 October 17, 2000
Goal 9.02 Operation and Expansion Operation and Expansion of the Port facility shall be coordinated with the City of Fernandina Beach and Nassau County governments.	Goal 2: Operation and expansion of the Port facility shall be coordinated with the City of Fernandina Beach and Nassau County Governments.
Objective 9.02 The port authority shall coordinate with county and city commissions to ensure that port development meets city and county requirements for "concurrency."	Objective 2.1 The port authority shall coordinate with county and city commissions to ensure the Port development meets appropriate city and/or county standards or requirements.
Policies 9.02.01 The port authority shall abide by the goals, objectives and policies of the City of Fernandina beach Comprehensive Plan in its planning for operation or expansion of the port facility.	Policy 2.1.1 The port authority shall abide by the goals, objectives and policies of the City of Fernandina Beach Comprehensive Plan in its planning for operation or expansion of the Port facility.
Policies 9.02.02 The port authority will supply pertinent information to the city prior to the initiation of new port development or substantial redevelopment of existing port facilities.	
Policies 9.02.03 Prior to any future expansion of the city's port facilities, all plans or proposals for expansion shall be reviewed by the city. The review shall be conducted so as to ensure that the expansion is needed to ensure the continued growth and economic well-being of the facility and that no feasible alternative to expansion exists. Upon approval by the city of any plan to expand the port facility, the city shall submit a notice of proposed change to the development order of the Port of Fernandina DRI to revise the approved development order prior to the development	Policy 2.1.2: Prior to any future expansion to the Port of Fernandina, all plans or proposals for expansion shall be reviewed by the City of Fernandina Beach or the County, as appropriate, for consistency in meeting all applicable land development regulations, building permits or other permit requirements. Future Port Development projects shall be consistent with the Port Master Plan and Port Master Plan Map (Map II.B.I). No port development or project inconsistent with the Port Master Plan shall be undertaken without prior review, input and adoption as a Comprehensive Plan

of the expansion area as part of the port facility.	Amendment by the City of Fernandina Beach.
Policies 9.02.04 Expansion of port facilities shall be concurrent with expansions or improvements to the roadway system where impacted by port operations. Port expansion shall be contingent upon the proposed expansion activity not significantly affecting the LOS standard of the traffic system impacted by the expansion.	Policy 2.1.3: Any impact to urban services or facilities (i.e., drainage, potable water, wastewater, traffic or solid waster) brought upon by the identified and approved Port Master Plan projects, which results in the degradation of an adjusted level of service standard for such service or facility, shall be mitigated to the satisfaction of the City and/or other county, as appropriate, prior to the issuance of a building permit for the expansion.
Policies 9.02.05 The port authority shall not commence construction on any port expansion program until all required permits and leases are secured.	Policy 2.1.4: The Port Authority shall not commence construction on any Port expansion program until all required permits and leases area secured.
Goal 9.03. Maintenance of Unique Character of City. The Port Authority shall strive to maintain the unique character of the City of Fernandina Beach. As adopted by Ordinance No. 95-5 on August 15, 1995.	Goal 3: The Port Authority shall strive to maintain the unique character of the City of Fernandina Beach.
Objective 9.03 The Port Authority in operating the port facility shall take all precautions to protect the environmental and historic assets of the city.	Objective 3.1: The Port Authority in operating the Port facility shall take all precautions to protect the environmental and historic assets of the City of Fernandina Beach.
Policies 9.03.01 The port authority, in cooperation with the U.S. Coast Guard and the U.S. Department of Transportation, shall prohibit the handling of unauthorized toxic materials and will be prepared to contain toxic spills that could occur at the port facility site.	Policy 3.1.1: The Port Authority, in cooperation with the U.S. Coast Guard and the U.S. Department of transportation, shall prohibit the handling of unauthorized toxic materials and will be prepared to contain toxic spills that could occur at the Port facility site.
Policies 9.03.02 The port authority shall continue to coordinate with the Fernandina Beach	Policy 3.1.2: The Port Authority shall continue to coordinate with the Fernadmina Beach historic

Historic District council to ensure preservation and restoration of significant historical sites that fall within the jurisdiction of the port authority facility.	District Council to ensure preservation and restoration of significant historical sites that fall within the jurisdiction of the Port Authority facility. Where Port property is adjacent to the Historic District, a 30 foot landscaped buffer will be maintained.
	Policy 3.1.3: The Port Authority will comply with the Land Development Code of the City of Fernandina Beach to ensure that adequate buffers and screening materials are constructed and maintained between the industrial zoning of the Port and the Adjacent single family residential zoned areas.
Policies 9.03.03 Stormwater runoff at the port facility shall comply with stormwater management requirements established by the St. Johns River Water Management District as well as federal state and local agencies. Policies	Policy 3.1.4: Stormwater runoff at the Port facility shall comply with stormwater management requirements established by the St. Johns River Water Management District as well as federal state and local agencies.
Policies 9.03.04 The port authority shall continue to coordinate with the Department of Environmental Protection, Division of Marine Resources, the New England Aquarium, the Cumberland Sound Pilots Association and other interested organizations to support protection of manatee and right whale communities that are on the fringe of port operations.	Policy 3.1.5: The Port Authority shall continue to coordinate with the Department of Environmental Protection, Division of Marine Resources, the New England Aquarium, the Cumberland Sound Pilots Association and other interested organizations to support protection of manatee and right whale communities that are on the fringe of port operations.
	Policy 3.1.6: The Port Authority will continue to comply with the requirements of the permits from the Department of Environmental Protection in regard to maintaining and preserving the permanent conservation areas and the ten-foot-wide marshland mitigation area.
Policies 9.03.05 The port authority shall use best management practices during construction, operation and maintenance at the port facility to ensure that water quality within the area of the port	Policy 3.1.7: The Port Authority shall use best management practices during construction, operation and maintenance at the Port facility to ensure that water quality within the area of the Port

facility will receive no degradation as a result of port activity.	facility will receive no degradation as a result of Port activity.

Appendix C Resolution 2012-9

This page intentionally left blank.

RESOLUTION NUMBER 2012- 9

A RESOLUTION OF THE OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY, FLORIDA, AUTHORIZING THE NEGOTIATION OF A PUBLIC-PUBLIC PARTNERSHIP CONTRACT BETWEEN THE TOWN OF CALLAHAN, FLORIDA, AND THE OCEAN HIGHWAY AND PORT OF AUTHORITY OF NASSAU COUNTY, FLORIDA, RELATED TO WATER AND SEWER UTILITIES; APPOINTING AND EMPOWERING REPRESENTATIVES TO CONDUCT SUCH NEGOTIATION ON BEHALF OF THE AUTHORITY; INCLUDING WITHIN SUCH NEGOTIATIONS PERMISSION FOR THE AUTHORITY, IN COLLABORATION WITH THE TOWN OF CALLAHAN, AND PURSUANT TO SUCH PARTNERSHIP AND THE LIMITATIONS OF ITS CHARTER, TO PLAN, FINANCE, ACQUIRE AND CONSTRUCT CONNECTIONS, AND TO MAINTAIN AND OPERATE UTILITIES SYSTEMS WHICH CONNECT TO AND EXTEND FROM EXISTING UTILITY SYSTEMS WITHIN THE CORPORATE LIMITS OF THE TOWN OF CALLAHAN, FLORIDA, TO THE AREA OF CRAWFORD, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS: The Ocean Highway, and Port Authority [AUTHORITY] is an independent, special district of the State of Florida, created and chartered under the laws of the State of Florida at Chapter 2005-293, as authorized by F.S. Ch. 189; and

WHEREAS: It is the obligation of AUTHORITY under its Charter to engage in planning, development, and funding of infrastructure systems which benefit the citizens of Nassau County, Florida; and

WHEREAS, The obligation of AUTHORITY for planning, development, and funding specifically includes necessary utility systems where the same are financially feasible; and

WHEREAS, The Charter of the Ocean Highway and Port Authority allows the Authority to engage in the planning, development and funding of utilities within the boundaries of any municipality in Nassau County, Florida when the municipality passes an ordinance which authorizes the same; and

WHEREAS, The Town of Callahan, Florida, has adopted an ordinance which authorizes the Ocean Highway and Port Authority to jointly plan, develop, and fund the expansion of water and sewer services within the said Town, and extending in a Southwest direction to the community of Crawford, and further, the Town of Callahan, Florida, is lawfully entitled to extend its services, beyond its corporate limits, within the contemplated service area; and

WHEREAS, The Jacksonville Electric Authority [JEA] which might otherwise assert some franchise rights, has indicated to the Town of Callahan that it has no desire to construct or operate such an extension of utility services in this area;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE OCEAN HIGHWAY AND PORT OF AUTHORITY OF NASSAU COUNTY, FLORIDA, THAT:

1. **COMMITMENT TO PROJECT:** Subject to the limitations in the Charter of AUTHORITY, and further subject to the financial and economic limitations imposed by bond financing for such a project, the Ocean Highway and Port Authority of Nassau County, Florida, firmly commits itself to:

a. Enter into the negotiation of a Public - Public Partnership Agreement with the Town of Callahan, Florida, for purposes of connecting to, and extending water and sewer services from the Town of Callahan, Florida, to the area of the "Crawford Diamond", for the mutual benefit of both entities and the several citizens and property owners of the affected area; and

b. Upon successful negotiation of such an agreement, and the lawful execution of such by both parties, to exercise such powers found within the Charter of AUTHORITY, including powers of imminent domain, bond financing, and the powers to engage in utility operations for purposes of building, constructing, connecting, financing, and operating an extension of water and sewer utility services, together with necessary connections, stations, and facilities, from the Town of Callahan, Florida, to the "Crawford Diamond".

2. **APPOINTMENT OF NEGOTIATORS:** Clyde Davis and Ron Braddock^{Commissioner}, are appointed to negotiate on behalf of AUTHORITY, with representatives of the Town of Callahan, Florida, for the creation of a "Public - Public Partnership" or venture to plan, finance, acquire, build, construct, and develop a water and sewer utility extension to provide services beyond the corporate limits of the Town of Callahan, Florida, and to present the same to the Board of Commissioners of the Ocean Highway and Port Authority for such action as the AUTHORITY may deem appropriate and prudent; and

3. This commitment is conditioned upon a satisfactory meeting of the economic and financial limitations of bond financing, based upon the anticipated revenue stream from tap-in fees and operations must be sufficient to support both operations and the bond financing of the project; and

4. Upon successful negotiation, and final authorization by AUTHORITY, the Chairman of the Board of Commissioners of the Ocean Highway and Port Authority, or his authorized representative, shall execute and sign such "Public-Public Partnership Agreements" as may be necessary to initiate the preliminary planning and development process without delay, and at such time as it may appear practical to begin the said utility project;

4. The Chairman of the Board of Commissioners of the Ocean Highway and Port Authority,

or his authorized representative, is hereby authorized to execute this Resolution on behalf of
AUTHORITY; and

5. This Resolution shall be effective, and the powers and authorities conferred immediately
upon adoption by the Ocean Highway and Port Authority of Nassau County, Florida; and

RESOLVED, FURTHER THAT: The Ocean Highway and Port Authority hereby adopts
the foregoing Resolution, dated this 12th day of December, 2012.

OCEAN HIGHWAY AND PORT AUTHORITY

BY: Danny Fulwood
ITS CHAIRMAN

ATTEST:

ITS SECRETARY

This page intentionally left blank.

Appendix D Conservation Easement

This page intentionally left blank.

MITIGATION PLAN
FOR
PORT OF FERNANDINA
EXPANSION PROJECT

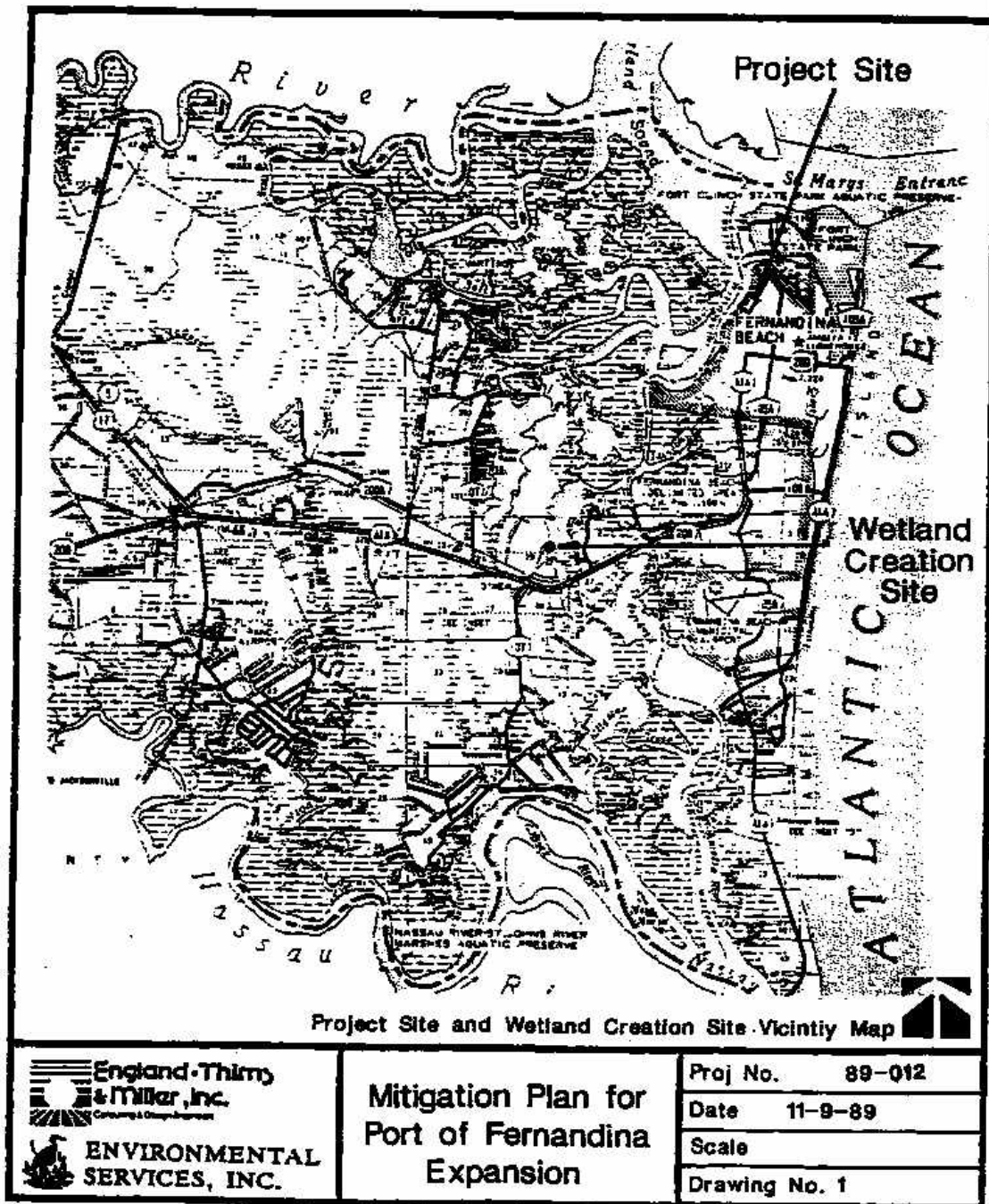
The expansion project for the Port of Fernandina entails the filling of 1.7 acres of saltmarsh in Alligator Creek, 1.98 acres of saltmarsh along the Amelia River and 0.71 acre of open water in the Amelia River for a total of 4.39 acres of wetland impact. The permits authorizing this work in wetlands from the St. Johns River Water Management District (Permit No. 7-089-0034G), the Florida Department of Environmental Regulation (Permit No. 451730689) and the U.S. Army Corps of Engineers (Permit No. 89IPV-90847) require compensation for the wetland impacts.

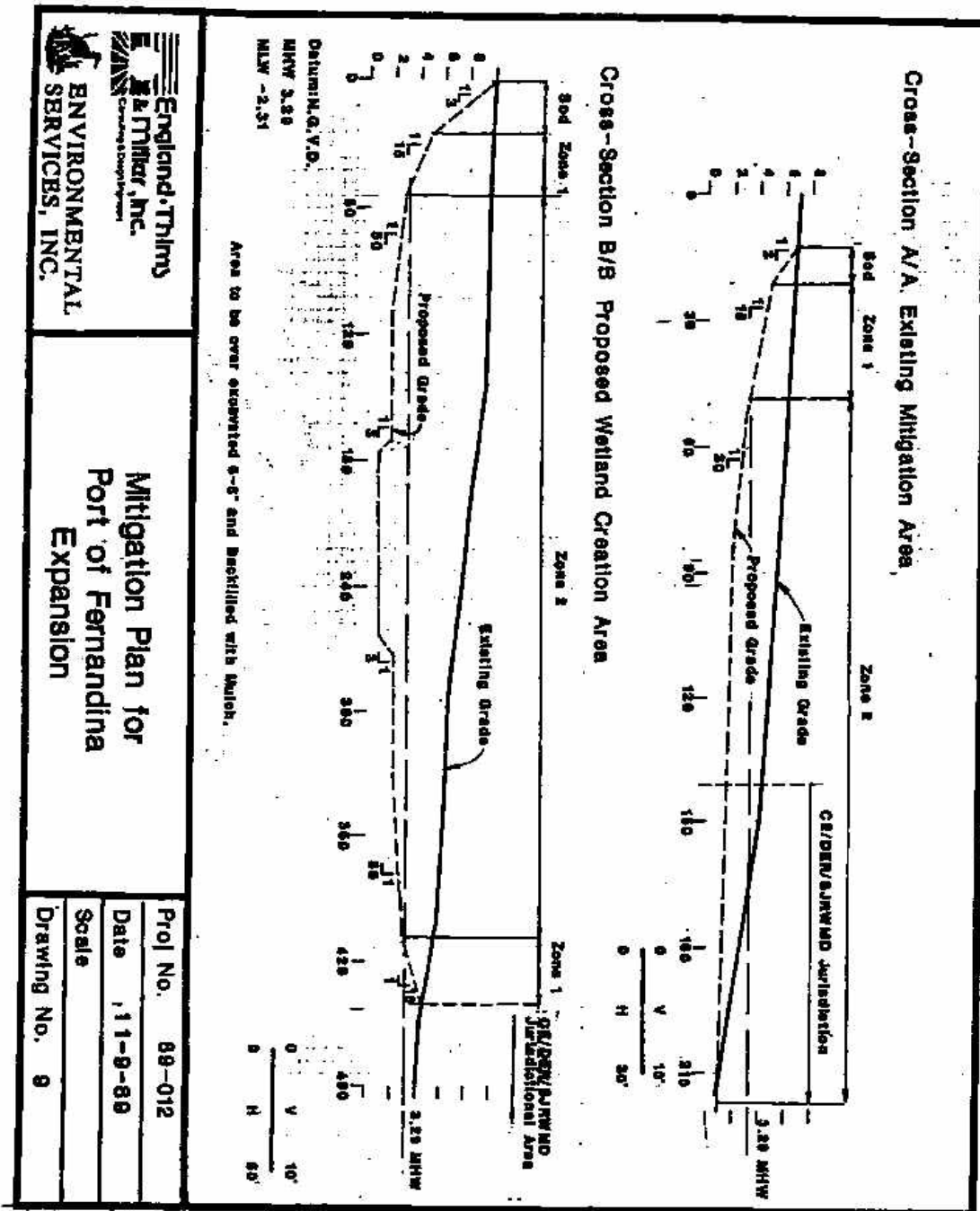
The mitigation presented herein provides the compensation required to offset the impacts of this project. The mitigation plan includes the creation of 5.55 acres of salt marsh off-site, the placement of 4.06 acres of Alligator Creek under a conservation easement, the replacement of the existing culverts within the Alligator Creek marsh system with larger culverts to enhance the water flow through the system and a trust fund donation to the Timucuan Ecological and Historic Preserve. The specific details of the mitigation plan are presented below.

A. Wetland Creation

This portion of the mitigation plan calls for the creation of 5.55 acres of saltmarsh off-site. An on-site creation area was not feasible because of the limited amount of undeveloped land on and/or adjacent to the project site. The creation area is located approximately 4.5 miles to the south and is also adjacent to the Amelia River as is the project site (Drawing 1). The proposed site is on the land currently owned by Gladys Scott who is granting an easement for perpetuity to the Ocean Highway and Port Authority. A legal description of the creation site and Covenant of Easement for the land is provided in Appendix A.

The creation site is currently pasture and is dominated vegetatively by pasture grasses. The area will be scraped down to a design bottom elevation of 2.0 feet MSL. Drawing 8 and Drawing 9 show a plan view and cross-sectional view of the creation site. As shown, this area will be connected to, actually an expansion of, the mitigation site for DER Permit #451404352 and CE Permit #87IPW-20172. For information purposes, a cross-sectional view of this area is provided on Drawing 9.





The creation area will have a final bottom elevation of 2.0 feet MSL with a dendritic system of tidal ditches and a tidal pond at a bottom elevation of -1 feet MSL. The creation area will be overexcavated by 6 - 8 inches and backfill with mulch obtained from the project site. The area will establish wetland vegetation via the seed sources and tubers from the natural vegetation of the mulch.

The design elevations of the creation area were based on the existing saltmarsh adjacent to the creation area which is dominated by *Spartina alterniflora* along the waterward edge grading into a band of *Spartina patens* then into saltflats with scattered areas of *Juncus roemerianus* and *Salicornia virginica*. The landward edge is dominated by *Distichlis spicata* and *Iva frutescens*. The Florida Department of Natural Resources reports mean high water for this area at elevation 3.29 feet MSL and mean low water at elevation -2.31 feet MSL.

The proposed creation area will be connected to the existing marsh through the mitigation area to the north and by a connector channel to the south. The southern connector channel area exhibits the same vegetative characteristics as the adjacent marsh described above. The creation area is expected to revegetate from the seed sources in the mulch in a pattern similar to the existing adjacent marsh.

The construction of the creation area will commence upon issuance of the permit. The material obtained from the excavation process will be used as fill at the project site. Therefore, the creation effort will be performed simultaneously with project construction and will be completed before the project is complete.

To ensure the success of the wetland creation the natural recruitment vegetation will be monitored for a three (3) year establishment period. The monitoring will be performed semi-annually and include representative color photographs, visual estimates of cover and type of wetland species and water level elevations. Semi-annual reports of the monitoring results will be submitted to the regulatory agencies. Success will be determined by evaluating the percent coverage along four line transects through the site. The wetland creation will be considered successful if at the end of the three (3) year establishment period if desirable wetland species have achieved 80 percent cover and exotic and/or undesirable species are limited to 10 percent or less of the total cover. If the 80 percent survival rate and/or percent cover is not achieved at the end of the establishment period supplemental planting will be performed. Exotic and/or undesirable species will be removed if they reach a 10 percent or greater coverage at the end of the establishment period. Monitoring will cease upon approval by DER, SJRWMD, and CE if the success rates are achieved prior to three years.

B. Conservation Easement

This element of the mitigation plan will place a total of 4.06 acres of wetlands in Alligator Creek under a conservation easement. The wetlands are located immediately adjacent to the project site as shown on Drawing 10. This conservation easement will eliminate the concern of future impacts by terminating any possible future expansion to the north and east into Alligator Creek.

C. Culvert Replacement

The third element of the mitigation plan calls for the replacement of three (3) existing culverts with larger diameter culverts and the sleeving of another existing culvert within the Alligator Creek marsh system. The culverts to be replaced are located under the railroad near the mouth of Alligator Creek, under Escambia Street, and under Dade Street. The existing culvert under Eighth Street will be cleaned and sleeved. The locations of these culverts are shown on Drawing 11.

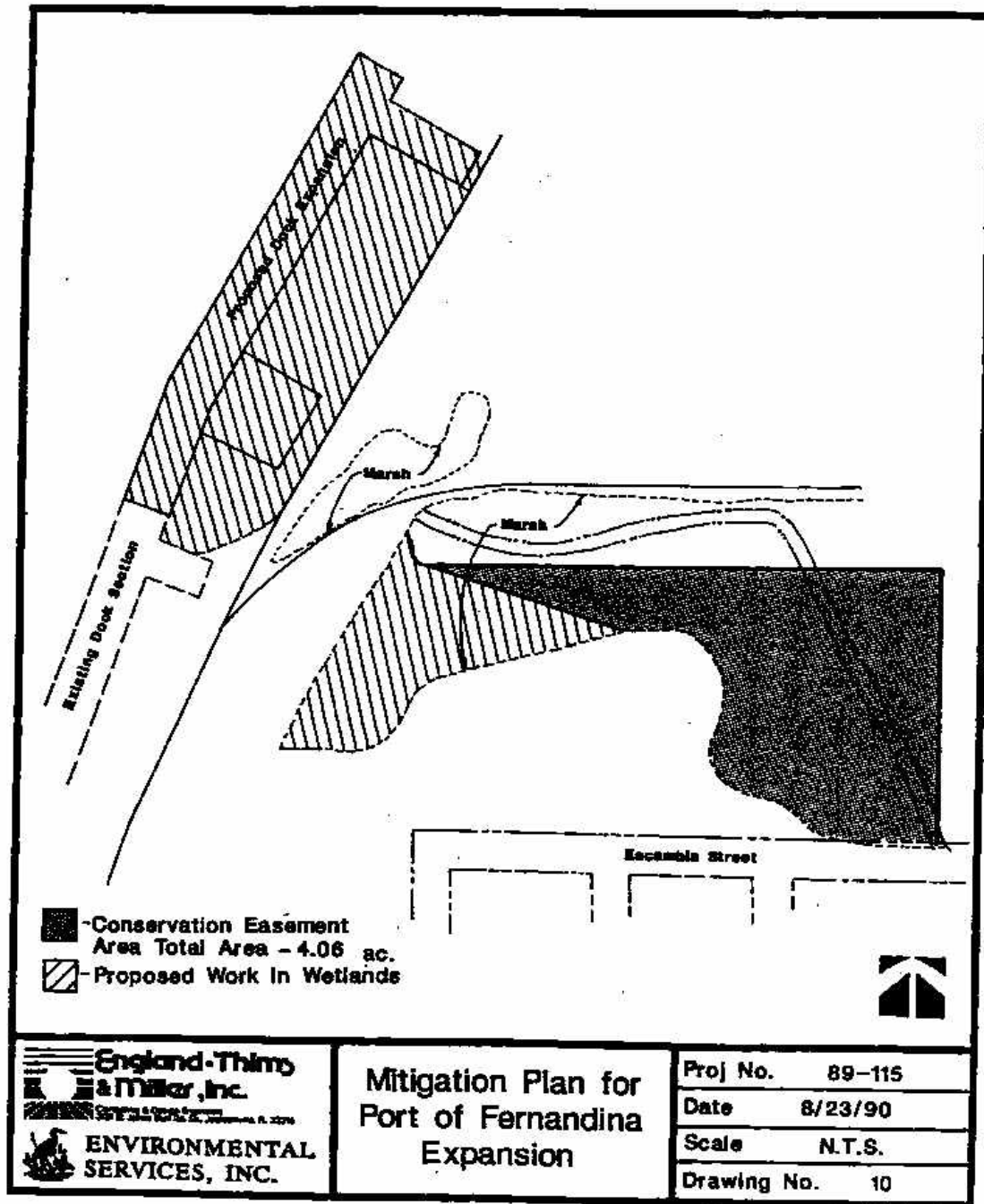
The existing 36-inch pipe under the railroad will be replaced with a 48-inch pipe. The 36-inch pipe has an invert of -2.8 feet MSL at both ends. The 48-inch pipe will be set at an invert of -2.8 feet MSL. Drawing 5 shows the details of the existing and proposed culverts.

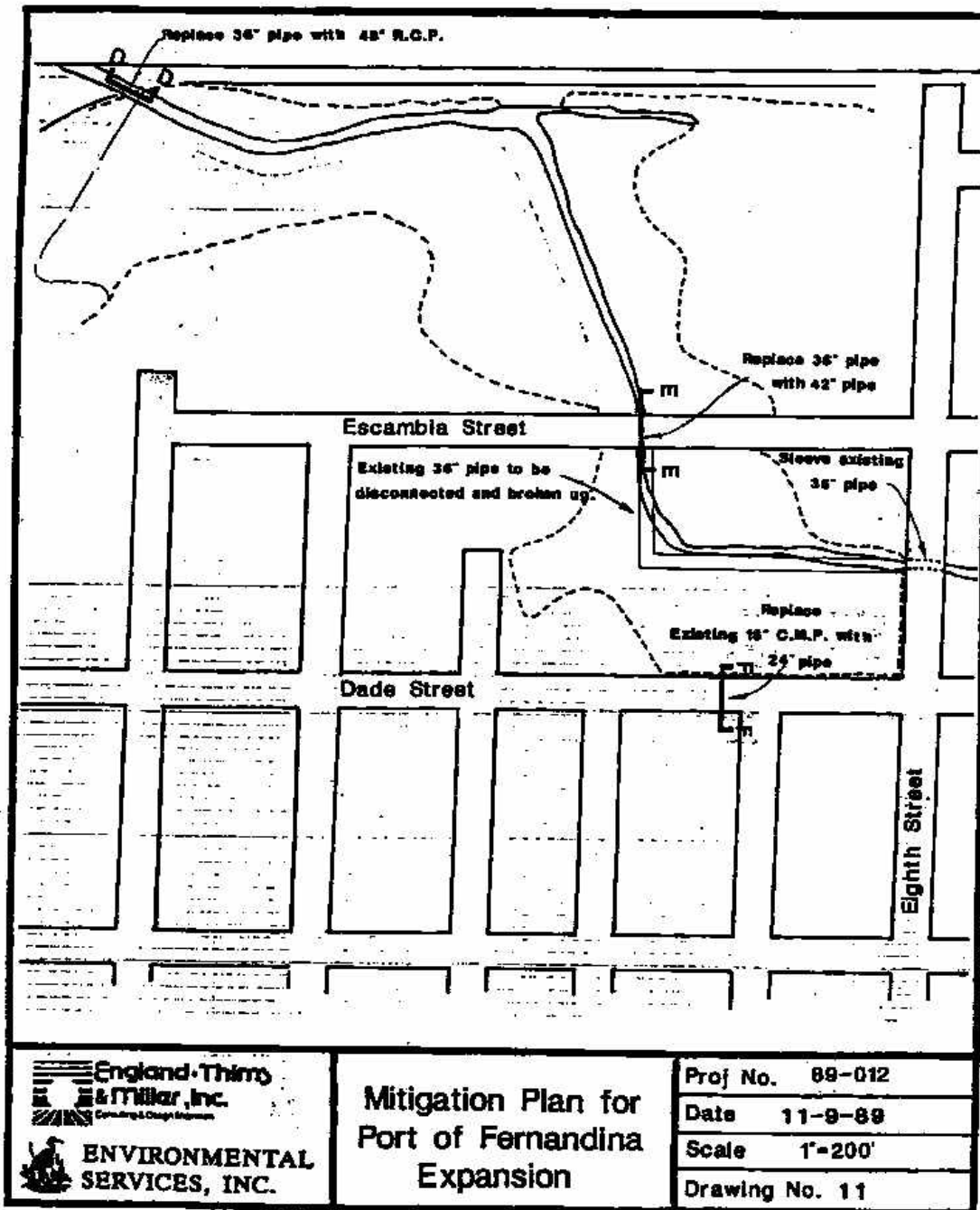
The Escambia Street culvert, which is currently 36 inches in diameter, will be replaced with a 42-inch pipe. The new pipe will have an invert of -1.3 feet MSL at both ends. The invert of the existing pipe is approximately -1.3 feet MSL. Drawing 5 also shows the details of this area.

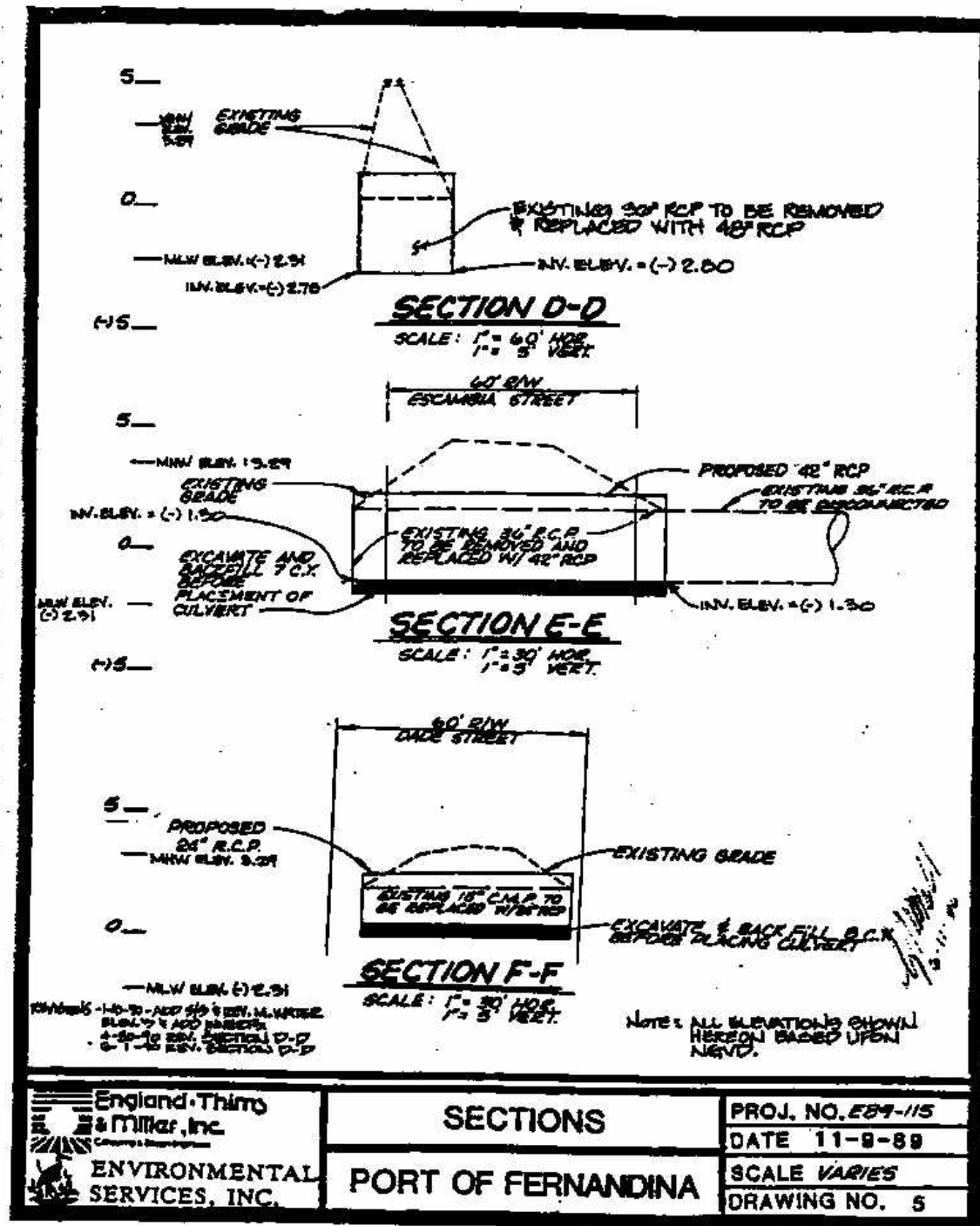
The Dade Street culvert currently is an 18-inch pipe with an invert of approximately -0.5 feet MSL. The new culvert will be a 24-inch pipe set at an invert of -0.5 feet MSL. Drawing 5 also provides the details for this area.

The 36-inch pipe under Eighth Street currently is deteriorated, silted in, and partially blocked. The installation of the fiberglass sleeve will reopen this culvert to its original 36-inch size.

In addition to the culvert replacement the existing concrete piping in the marsh between the Escambia Street culvert and the Eighth Street culvert, will be disconnected at both Escambia Street and Eighth Street and the remaining pipe will be broken up and left as artificial habitat within the marsh. These increases in pipe size along with the reopening of the 36-inch pipe under Eighth Street will enhance the tidal flushing within the Alligator Creek marsh system. The enhanced tidal flow into and out of the marsh system should provide a benefit to the system. In addition, the culvert replacement and the elimination of culvert section in Alligator







England, Thoms
& Miller, Inc.
Consulting Engineers
ENVIRONMENTAL
SERVICES, INC.

SECTIONS
PORT OF FERNANDINA

PROJ. NO. EB9-115
DATE 11-9-89
SCALE VARIES
DRAWING NO. 5

APPENDIX A

COVENANT OF EASEMENT

THIS COVENANT made this 5th day of April, 1988 between GLADYS SCOTT, a single woman, hereinafter referred to as "GRANTOR", and the OCEAN HIGHWAY AND PORT AUTHORITY, Nassau County, hereinafter referred to as "GRANTEE".

For and in Consideration of the sum of TEN AND NO/100 DOLLARS to GRANTOR in hand paid by the said GRANTEE, receipt whereof is hereby acknowledged, has granted, bargained and sold to the GRANTEE and their assigns forever the following described rights, title and interest in that described land situate, lying and being in the county of Nassau, State of Florida to-wit:

A tract of land lying in Section 38, Township 2 North, Range 28 East, Nassau County, Florida, being more particularly described as follows:

Commence for a Point of Reference at the Northwest corner of lands described in Official Records Book 362, page 388 of the current records of Nassau County, Florida, thence run North 88° 27' 00" East along the Northern line of the above described property, 535.80 feet to a point, thence run south 4° 15' 06" East 211.38 feet thence south 19° 56' 00" West 738 feet thence south 70° 04' 00" East 175 feet to the Point of Beginning; thence South 19° 56' 00" West 900 feet; thence North 78° 00' 00" East 550 feet more or less to the edge of the existing marsh of Amelia River; thence in a Northerly direction along the edge of marsh 500 feet more or less to the Point of Beginning. Said land contains 4 acres more or less. See sketch dated March 31, 1988 prepared by Harbor Engineering Company for exact shape of the parcel, drawing number 2000-A.

This conveyance is not intended to convey title but merely an easement whereby the GRANTEE can remove such material on site (see attachment "A") to an elevation of approximately 3.0 NGVD and then plant *Spartina alterniflora* on said property. GRANTEE is granted the right to enter upon the land to maintain said *Spartina alterniflora* and the GRANTEE warrants that the land will in perpetuity not be allowed to have any other use.

GRANTOR fully warrants that she has title subject to any claims of the State of Florida.

IN WITNESS WHEREOF, said GRANTOR has hereunto set her hand and seal the day and year first above written.

Signed, sealed and delivered
in the presence of

James C. Kugler
Betty B. Kugler

Gladys Scott
GLADYS SCOTT

STATE OF FLORIDA
COUNTY OF NASSAU

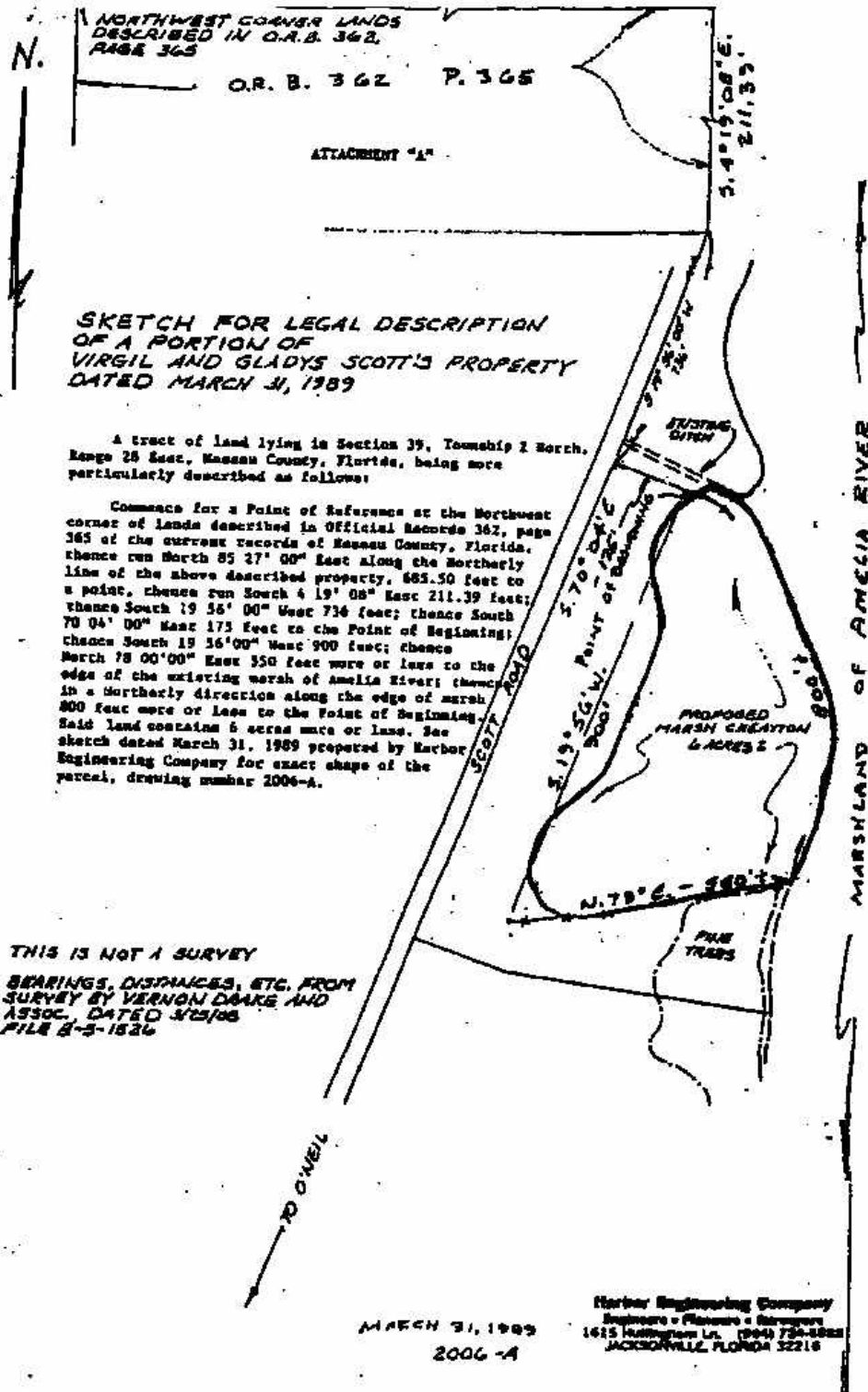
I hereby certify that on this day before me an officer duly authorized in the state aforesaid and in the county aforesaid to take acknowledgements, personally appeared GLADYS SCOTT to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that she executed the same for the purposes therein expressed.

Witness my hand and official seal in the county and state aforesaid this 5th day of April, 1988.

James C. Kugler
Notary Public

My Commission Expires:

Seal:



Creek will allow runoff from the upper reaches of Alligator Creek more contact with the wetland vegetation in the lower reaches of Alligator Creek thus benefiting the water quality treatment provided by the lower portion of Alligator Creek.

D. Trust Fund Donation

The final element of the mitigation plan is a \$15,000 donation to the trust fund of the Timucuan Ecological and Historic Preserve. The donation will be deposited into a National Park Service donation account and set aside to apply towards the purchase of wetlands. This account is specific to the needs of the Timucuan Ecological and Historic Preserve. Currently, the National Park Service is working towards acquiring wetlands adjacent to Highway 17 at the Nassau River in accordance with the Land Protection Plan for the preserve. This donation could be applied to any of these priorities outlined in the Land Protection Plan.

tmd
89-012.mit
(SEPT90)

This page intentionally left blank.

Appendix E City of Fernandina Beach – Recommended Comprehensive Plan Revisions

This page intentionally left blank.

Section 163.3177(6) (g) 8, Florida Statutes, requires port related policies to be included in the Conservation and Coastal Management Element of the local government's Comprehensive Plan. The recommended policies below are intended to be added to the City's Conservation and Coastal Management Element as a new section.

Proposed Policies:

GOAL 5P

The Ocean Highway and Port Authority intends to plan and develop the Port as identified in Figures 5.5-1, 5.5-2 and 5.5-3, in accordance with market forecasts and the community's commercial and industrial resources, to create jobs and stimulate local and regional economic development while striving to maintain the unique character of the City of Fernandina Beach. (Similar to Goal 9)

OBJECTIVE 5P.01

Port Development

The Ocean Highway and Port Authority shall pursue the phased planning and development, consistent with the OHPA Strategic Master Plan, to provide appropriate support facilities that will accommodate projected waterborne commerce demand, and appropriate support facilities. (New Objective)

Policy 5P.01.01

The Ocean Highway and Port Authority shall acquire land and work with other land owners as needed to support Port development and economic growth. The addition of lands to the Port's ownership that are not reflected in the current OHPA Strategic Master Plan shall prompt a revision to the OHPA Strategic Master Plan. (New Policy)

Policy 5P.01.02

The Ocean Highway and Port Authority shall plan and develop waterfront and supporting upland infrastructure to accommodate the demand projections in the OHPA Strategic Master Plan and subsequent user commitments. The anticipated on-site development includes extending the existing wharf, site improvements, storage areas, cargo-handling equipment and other infrastructure needed for user service. Prior to any future expansion to the Port of Fernandina, all plans or proposals for expansion shall be reviewed by the City of Fernandina Beach or the County, as appropriate, for consistency in meeting all applicable Comprehensive Plan policies, land development regulations, building permits or other permit requirements. . (Similar to Objective 9.02, Policy 9.02.01 and 9.02.02)

Policy 5P.01.03

The Ocean Highway and Port Authority shall coordinate with the U.S. Army Corps of Engineers and other applicable local, regional, state and federal regulatory agencies and stakeholders for the resumption of maintenance dredging and initiation of new dredging as needed to accommodate the identified waterborne commerce operations. (Similar to proposed Policy 9.01.03)

Policy 5P.01.04

The Ocean Highway and Port Authority shall provide adequate maintenance and upkeep of its in-water and upland facilities to derive the best use from its infrastructure. (Similar to Objective 9.01)

OBJECTIVE 5P.02**Economic Diversification**

The Ocean Highway and Port Authority shall explore opportunities to develop synergies between its waterborne commerce operations and other economic resources in the area. (New Objective)

Policy 5P.02.01

The Ocean Highway and Port Authority shall seek potential users to achieve maximum site utilization and pursue expansion and development when new facilities will support economic growth. (New Policy)

Policy 5P.02.02

The Ocean Highway and Port Authority shall explore complementary upland development opportunities through the authority of its Charter. (New Policy)

Policy 5P.02.03

The Ocean Highway and Port Authority shall continue its participation in Foreign Trade Zone 64 with JAXPORT and shall explore possible partnering opportunities. (New Policy)

OBJECTIVE 5P.03**St. Mary's River Entrance Channel and Amelia River Access**

The Ocean Highway and Port Authority shall pursue maintenance and new dredging activities at the St. Mary's River Entrance Channel and Amelia River to provide the water depths needed to serve ships and barges anticipated to call at the Port. To the extent possible, consistent with the development and expansion needs of the Port, maintenance and new dredging activities and the management of spoil material shall be pursued in a manner respectful of the State Comprehensive Plan's goals and policies addressing stewardship of water resources, coastal and marine resources, and natural systems. (New Objective)

Policy 5P.03.01

The Ocean Highway and Port Authority shall pursue maintenance and new dredging activities at the St. Mary's River Entrance and the Amelia River to provide water depths need to serve ships and barges anticipated to call at the Port. (New Policy)

Policy 5P.03.02

The Ocean Highway and Port Authority shall pursue deepening and widening the Amelia River Channel and turning basin in proximity to the Port area to achieve the water depths and width needed to serve the ships and barges that are anticipated to call at the Port. (New Policy)

Policy 5P.03.03

The Ocean Highway and Port Authority shall undertake maintenance dredging, as required to ensure safe navigational conditions for the ships and barges calling at its facilities. (New Policy)

Policy 5P.03.04

The Ocean Highway and Port Authority shall identify an environmentally acceptable spoil site for the disposal of the dredged material the channel dredging projects generate. (New Policy)

OBJECTIVE 5P.04**Intracoastal Connections**

To take better advantage of its proximity to the Intracoastal Waterway, the Ocean Highway and Port Authority shall support initiatives to improve Intracoastal connections, including shallow-water barge facilities, if appropriate to meet the requirements of Port users or to serve complementary industrial facility development in the region. (New Objective)

Policy 5P.04.01

The Ocean Highway and Port Authority shall cooperate with entities seeking to improve conditions along the Intracoastal Waterway and promote more barge traffic. (New Policy)

Policy 5P.04.02

The Ocean Highway and Port Authority shall consider synergies with industrial users that can be served by barge as well as by road and rail. (New Policy)

OBJECTIVE 5P.05**Highway Access and Connectivity**

The Ocean Highway and Port Authority shall collaborate with local and state agencies to develop the intermodal connections needed for the efficient movement of goods to and from its facilities. (New Objective)

Policy 5P.05.01

The Ocean Highway and Port Authority shall develop internal roads to serve the Port users which provide efficient access to the proximate off-Port, city, county and state highway network and shall coordinate the development of its on-Port roads with the City, County and Florida Department of Transportation. (New Policy)

Policy 5P.05.02

The Ocean Highway and Port Authority shall work with the City, the TPO, the Florida Department of Transportation, the local community and other entities to gain funding for any needed improvements to roads over which Port truck traffic must travel. (New Policy)

OBJECTIVE 5P.06**Rail Service and Connectivity**

The Ocean Highway and Port Authority shall collaborate with Genesee & Wyoming and CSX to obtain the best possible service and interchanges. (New Objective)

Policy 5P.06.01

The Ocean Highway and Port Authority shall continue its use of the on-site rail line and shall seek opportunities for more efficient use of the rail line. (New Policy)

Policy 5P.06.02

The Ocean Highway and Port Authority shall work with Genesee & Wyoming and CSX to identify and pursue improvements to the off-Port rail infrastructure, which could facilitate goods movement to and from the Port. (New Policy)

OBJECTIVE 5P.07**Airport Service and Connectivity**

The Ocean Highway and Port Authority shall collaborate with local airports to develop the intermodal connections needed for the efficient movement of goods to and from its facilities. (New Objective)

Policy 5P.07.01

The Ocean Highway and Port Authority shall work with Jacksonville International Airport, Cecil Commerce Center, Fernandina Beach Municipal Airport and Hilliard Airpark to explore service opportunities for the efficient movement of goods through the Port. (New Policy)

OBJECTIVE 5P.08**Natural Resource Preservation and Protection**

In carrying out its development activities and day-to-day operations, the Ocean Highway and Port Authority shall conserve and protect natural resources including forests, wetlands, fish, marine life, and wildlife, and shall cooperate with federal, state, regional and local agencies in developing sound environmental policies and measures to minimize the environmental impacts of Port development and operations. (New Objective)

Policy 5P.08.01

The Ocean Highway and Port Authority shall limit specific and cumulative impacts on water quality to maintain the integrity of the Amelia River and maintain the applicable water standards. In so doing, the Ocean Highway and Port Authority shall design the drainage system on its property to meet NPDES, Florida Department of Environmental Protection, and St. Johns River Water Management District water quality standards and shall coordinate its efforts with federal, state, regional, county and city governmental agencies. (Similar to Policy 9.03.04 and 9.03.07)

Policy 5P.08.02

The Ocean Highway and Port Authority, in accordance with Section 163.3177(6)(d)2.k, F.S., shall limit specific and cumulative impacts on wetlands and wildlife habitat by avoiding projects that destroy or significantly degrade such habitat or by providing mitigation measures. (Similar to Policy 9.03.06)

Policy 5P.08.03

The Ocean Highway and Port Authority shall continue to coordinate with the Department of Environmental Protection, Division of Marine Resources, the New England Aquarium, the Cumberland Sound Pilots Association and other interested organizations to support protection of manatee and right whale communities that are on the fringe of Port operations. (Policy 9.03.05)

Policy 5P.08.04

The Ocean Highway and Port Authority shall use best management practices during construction, operation and maintenance at the Port facility. (Similar to Policy 9.03.07)

OBJECTIVE 5P.09**Protection from Natural Hazards**

The Ocean Highway and Port Authority shall implement the measures required by the City of Fernandina, Nassau County and other agencies to protect human life and property from natural hazards. (Similar to Policy 9.03.01)

Policy 5P.09.01

The Ocean Highway and Port Authority shall see that any habitable, non-residential buildings in special flood hazard areas are designed and constructed to reduce the potential for flooding and wind damage. . (New Policy)

Policy 5P.09.02

The Ocean Highway and Port Authority shall see that all buildings are designed and constructed in accordance with the Unified Florida Building Code or as approved by the local government. . (New Policy)

Policy 5P.09.03

The Ocean Highway and Port Authority shall prepare a hurricane evacuation contingency plan and keep its plan up to date, ensuring that it is consistent with city and county emergency plans. . (New Policy)

Policy 5P.09.04

The Ocean Highway and Port Authority shall implement post-disaster redevelopment procedures to reduce or eliminate exposure to human life and property to natural hazards. These procedures shall include the structural modification or removal of facilities that have experienced repeated storm damage. . (New Policy)

OBJECTIVE 5P.10**Protection from Manmade Disasters**

The Ocean Highway and Port Authority shall reduce exposure to human life and property to harm from manmade disasters by implementing sound safety and security programs. (Similar to Policy 9.03.01)

Policy 5P.10.01

To provide a safe operating environment, the Ocean Highway and Port Authority shall implement required Federal, state and local safety and health measures and see that operations are conducted in accordance with those measures. (New Policy)

Policy 5P.10.02

The Ocean Highway and Port Authority shall prepare and implement the security plan mandated and approved under state and federal guidelines, consistent with funding availability. (New Policy)

Policy 5P.10.03

The Ocean Highway and Port Authority, in cooperation with all federal authorities, shall prohibit the handling of unauthorized toxic materials and will be prepared to contain toxic spills that could occur at the Port facility site. (Similar to Policy 9.03.01)

OBJECTIVE 5P.11**Budgetary Process**

The Ocean Highway and Port Authority shall implement a budgetary process that balances Port revenues, operating expenses, and capital expenditures needed to satisfy the anticipated market demand and capture new market share. (New Objective)

Policy 5P.11.01

The Ocean Highway and Port Authority shall monitor tariffs and fees charged by neighboring ports, both north and south, and shall implement a competitive fee structure. (New Policy)

Policy 5P.11.02

The Ocean Highway and Port Authority shall update its capital improvement plan annually to reflect budgetary and market changes, prioritizing implementation to obtain the best return on facility investments. (New Policy)

OBJECTIVE 5P.12

Funding Opportunities

The Ocean Highway and Port Authority shall pursue diverse funding opportunities to accelerate the rate at which it can implement its capital improvement program. (Similar to Policy 9.01.01)

Policy 5P.12.01

The Ocean Highway and Port Authority shall prepare a briefing for area legislators in the fall of each year to reacquaint them with the Port's economic impact on the region and the importance of its needs being addressed in the state's budget process. (New Policy)

Policy 5P.12.02

The Ocean Highway and Port Authority shall actively seek grant funds from state and federal sources and shall supplement funding needs not met by grants with loans from commercial lending institutions and/or governmental entities. (New Policy)

Policy 5P.12.03

The Ocean Highway and Port Authority shall explore opportunities for public/private partnerships in the development of maritime and industrial facilities. (New Policy)

OBJECTIVE 5P.13

Compatibility with City's Comprehensive Plan

The Ocean Highway and Port Authority shall work with the City of Fernandina to see that port maintenance and expansion activities are compatible with and support the programs and policies contained in the City's Comprehensive Plan. (New Objective)

Policy 5P.13.01

The Ocean Highway and Port Authority shall coordinate its planning and development efforts with the City of Fernandina to ensure that the Port's planned projects and land uses are consistent with the City's Comprehensive Plan and compatible with adjacent land uses. It shall also evaluate proposed amendments to the City's Comprehensive Plan, particularly the Conservation and Coastal Management Element, as to potential impacts on Port activities. (Similar to Policy 9.02.01)

Policy 5P.13.02

The Ocean Highway and Port Authority shall reduce any land use conflicts by installing and maintaining adequate buffer zones between Port property and adjacent potentially incompatible land uses. (Similar to Policy 9.03.02 and Policy 9.03.03)

Policy 5P.13.03

The Ocean Highway and Port Authority shall coordinate with the City to ensure the provision of adequate infrastructure and utilities for Port operations. (Similar to Policy 9.02.03)

OBJECTIVE 5P.14**Plan Implementation Coordination**

The Ocean Highway and Port Authority shall be proactive in coordinating its development efforts with local, state and federal permitting agencies and with private stakeholders to ensure that its development and operations are carried out in accordance with the public interest and regulatory requirements. (Similar to Objective 9.03)

Policy 5P.14.01

The Ocean Highway and Port Authority shall be sensitive to the concerns of local interests in implementing its development program and shall seek out the best possible environmental solutions to controversial issues. (New Policy)

Policy 5P.14.02

The Ocean Highway and Port Authority shall comply with the provisions of the eventual permits governing its in-water and upland development program, and shall work with local, state and federal agencies to achieve a sound balance between its expansion requirements and the need to protect the surrounding environment. (Similar to Policy 9.02.04)

OBJECTIVE 5P.15**Governmental and Agency Coordination**

The Ocean Highway and Port Authority shall coordinate its development and expansion program with applicable agencies to promote sound planning and economic growth. . (New Objective)

Policy 5P.15.01

The Ocean Highway and Port Authority shall support the economic development initiatives of the City of Fernandina Beach, by pursuing activities that expand opportunities in trade, industry and manufacturing. (Similar to Policy 9.01.03)

Policy 5P.15.02

The Ocean Highway and Port Authority shall support the economic development initiatives of Nassau County, by pursuing activities that expand opportunities in trade, industry and manufacturing. (New Policy)

Policy 5P.15.03

In addition to city and county governments, the Ocean Highway and Port Authority shall cooperate with the Northeast Florida Regional Council; the St. Johns River Water Management District; the Florida Departments of Transportation, Environmental Protection and Economic Opportunity; the U.S. Army Corps of Engineers, and other applicable agencies in implementing the goals, objectives and policies of the OHPA Strategic Master Plan. (Similar to Objective 9.02)

OBJECTIVE 5P.16**Collaboration with Local and Regional Maritime, Commercial and Industrial Interests**

To help achieve its primary goal of economic development, the Ocean Highway and Port Authority shall cooperate with other Northeast Florida interests as they seek to expand the region's commercial and industrial base. (New Objective)

Policy 5P.16.01

The Ocean Highway and Port Authority shall participate in the efforts of local and regional groups pursuing area wide economic development. (New Policy)

Policy 5P.16.02

The Ocean Highway and Port Authority shall cooperate with JAXPORT to pursue areas of common interest, such as cargo handling synergies, regional promotional campaigns and special funding opportunities. (New Policy)

The following are the current Goals, Objectives and Policies in Element 9 of the Comprehensive Plan. Following each item is a reference to the Proposed Objectives Policies above where addressed.

Current Port Facilities Element:

GOAL 9 | Port Facilities ELEMENT

THE GOAL OF THE PORT OF FERNANDINA SHALL BE TO STIMULATE ECONOMIC DEVELOPMENT WITHIN THE CITY OF FERNANDINA BEACH AND NASSAU COUNTY AND COOPERATE WITH THE CITY AND COUNTY IN ITS PLANNING FOR OPERATIONS AND EXPANSIONS WHILE STRIVING TO MAINTAIN THE UNIQUE CHARACTER OF THE CITY OF FERNANDINA BEACH. (Similar to proposed Goal 5P)

OBJECTIVE 9.01.

Economic Development

The Ocean Highway and Port Authority shall continue to plan for and Maintain facilities to meet the long-term useful life of the Port facility. (Similar to proposed Policy 5P.01.04)

Policy 9.01.01.

The Ocean Highway and Port Authority shall utilize all available sources of funding to finance Port improvements. The Authority to the best of its ability will implement the Capital Improvements Program cited in section II of this document. (Similar to proposed Objective 5P.12)

Policy 9.01.02.

The Port Authority shall continue to coordinate with the U.S. Army Corps of Engineers to maintain and expand the Port facility Access shipping channel and turning basin as Port development continues. (Similar to proposed Policy 5P.01.03)

Policy 9.01.03.

The Port Authority shall continue to coordinate with the City of Fernandina Beach to identify opportunities for future economic development. (Similar to Proposed Policy 5P.15.01)

Objective 9.02.

Operation and Expansion Planning

The Port Authority shall coordinate with County and City Commissions to ensure that Port development meets appropriate City and/or County standards or requirements. (Similar to proposed Policy 5P.01.02 and Policy 5P.15.03)

Policy 9.02.01.

The Port Authority shall abide by the Goals, Objectives and Policies of the City of Fernandina Beach Comprehensive Plan in its planning for operation or expansion of the Port facility. (Similar to proposed Policy 5P.01.02 and Policy 5P.13.01)

Policy 9.02.02.

Prior to any future expansion to the Port of Fernandina, all plans or proposals for expansion shall be reviewed by the City of Fernandina Beach or the County, as appropriate, for consistency in meeting all applicable land development regulations, building permits or other permit requirements. Future Port Development projects shall be consistent with the Port Master Plan and Port Master Plan Map. No port development or project inconsistent with the Port Master Plan shall be undertaken without prior review, input and adoption as a Comprehensive Plan Amendment by the City of Fernandina Beach. (Similar to proposed Policy 5P.01.02)

Policy 9.02.03.

Any impact to urban services or facilities (i.e., drainage, potable water, wastewater, traffic or solid waste) brought upon by the identified and approved Port Master Plan projects, which results in the degradation of an adjusted level of service standard for such service or facility, shall be mitigated to the satisfaction of the City and/or the County, as appropriate, prior to the issuance of a building permit for the expansion. (Similar to proposed Policy 5P.13.03)

Policy 9.02.04.

The Port Authority shall not commence construction on any Port expansion program until all required permits and leases are secured. (Similar to proposed Policy 5P.14.02)

Objective 9.03.

Maintain Community Character

The Port Authority in operating the Port facility shall take all precautions to protect the environmental and historic assets of the City of Fernandina Beach. (Similar to proposed Objective 5P.14)

Policy 9.03.01.

The Port Authority, in cooperation with the U.S. Coast Guard and the U.S. Department of Transportation, shall prohibit the handling of unauthorized toxic materials and will be prepared to contain toxic spills that could occur at the Port facility site. (Similar to proposed Policy 5P.10.03)

Policy 9.03.02.

The Port Authority shall continue to coordinate with the Fernandina Beach Historic District Council to ensure preservation and restoration of significant historical sites that fall within the jurisdiction of the Port Authority facility. Where Port property is adjacent to the Historic District, a 30 foot landscaped buffer will be maintained. (Similar to proposed Policy 5P.13.02)

Policy 9.03.03.

The Port Authority will comply with the Land Development Code of the City of Fernandina Beach to ensure that adequate buffers and screening materials are constructed and maintained between the industrial zoning of the Port and the adjacent single family residential zoned areas. (Similar to proposed Policy 5P.13.02)

Policy 9.03.04.

Stormwater runoff at the Port facility shall comply with stormwater management requirements established by the St. Johns River Water Management District as well as federal state and local agencies. (Similar to proposed Policy 5P.08.01)

Policy 9.03.05.

The Port Authority shall continue to coordinate with the Department of Environmental Protection, Division of Marine Resources, the New England Aquarium, the Cumberland Sound Pilots Association and other interested organizations to support protection of manatee and right whale communities that are on the fringe of Port operations. (Similar to proposed Policy 5P.08.03)

Policy 9.03.06.

The Port Authority will continue to comply with the requirements of the permits from the Department of Environmental Protection in regard to maintaining and preserving the permanent conservation areas and the ten-foot-wide marshland mitigation area. (Similar to proposed Policy 5P.08.02)

Policy 9.03.07.

The Port Authority shall use best management practices during construction, operation and maintenance at the Port facility to ensure that water quality within the area of the Port facility will receive no degradation as a result of Port activity. (Similar to proposed Policy 5P.08.01 and Policy 5P.08.04)

This page intentionally left blank.

Appendix F Nassau County Recommended Comprehensive Plan Revisions

This page intentionally left blank.

There are several areas within the Nassau County Comprehensive Plan that should be revised to further define the authority of the OHPA. It is recommended that the description of the OHPA within the Economic Element on page 37 be revised to read as follows:

The Ocean Highway and Port Authority (OHPA) is an independent special district of the State of Florida that has policy-making, budgeting and general oversight responsibilities for the Port of Fernandina and development authority that extends beyond the port boundaries. The Authority, whose principle purpose is to encourage economic development of benefit to the citizens in Nassau County, is governed by five elected commissioners that serve four year terms. Its charter grants the OHPA broad powers to acquire property through negotiation or condemnation, issue negotiable revenue bonds or certificates, set tariffs, and regulate land use and buildings on port properties. The OHPA is authorized to provide infrastructure consisting of roadways, bridges and public utility services which may include gas, electric, water, sewer, fiber optic, chilled water, reclaimed water or geothermal services. Additionally, the OHPA has authority to develop and/or manage facilities for recreational purposes.

The OHPA played a role in the acquisition of several hundred acres of land in Yulee that is now the Nassau Tradeplex, industrial park and currently owns the utilities serving the Tradeplex. The OHPA is a willing partner able to participate in related business opportunities within the County as a property owner or through land lease, operations or service agreements with private entities or in association with private public partnerships as defined by Florida Statutes.

The following is a recommended revision to the Public-Private Partnerships section, on page 50 of the same Element, to be read as follows:

The County should seek to increase public-private partnership activities with the County's local and regional economic development organizations, business organizations and major landowners. Key partners should include the Nassau County Economic Development Board, the Jacksonville Cornerstone Development Partnership, the Chambers of Commerce, Rayonier (The County's largest private landowner) and the Ocean Highway and Port Authority.

The State of Florida has recently refined administrative proceedings related to PPP and the Seaport Department within FDOT is increasing budgets related to PPP programing and training. Further support for PPP at the state level is expected as well as favorable allocation for available funding.

Section 2 of this Strategic Master Plan includes a list of policies found in the Nassau County Comprehensive Plan that relate to the Port. It is recommended that the Economic Development Element Policy 06.01 be revised to read as follows:

Policy ED.06.01

The County shall coordinate with landowners and service providers of all modes transportation, state and regional agencies, and other local governments to promote the creation of a regional multi-modal transportation system that allows for the quick and efficient movement of people and freight within and out of the region. This shall include needed improvements to existing roads and development of new infrastructure over which goods and services must travel to and from port-related facilities. This may also include development of additional service facilities, including utilities, to allow for and improve the economic advantages of such improved infrastructure.

This page intentionally left blank.

Appendix G Consistency with FS Chapter 311

This page intentionally left blank.

Consistency with FS Chapter 311

PORTS AND HARBORS SEAPORT PROGRAMS AND FACILITIES

311.14 Seaport planning.—

(1) The Department of Transportation shall develop, in coordination with the ports listed in s. 311.09(1) and other partners, a Statewide Seaport and Waterways System Plan. This plan shall be consistent with the goals of the Florida Transportation Plan developed pursuant to s. 339.155 and shall consider needs identified in individual port master plans and those from the seaport strategic plans required under this section. The plan will identify 5-year, 10-year, and 20-year needs for the seaport system and will include seaport, waterway, road, and rail projects that are needed to ensure the success of the transportation system as a whole in supporting state economic development goals.

(2) Each port shall develop a strategic plan with a 10-year horizon. Each plan must include the following:

(a) An economic development component that identifies targeted business opportunities for increasing business and attracting new business for which a particular facility has a strategic advantage over its competitors, identifies financial resources and other inducements to encourage growth of existing business and acquisition of new business, and provides a projected schedule for attainment of the plan's goals.

(b) An infrastructure development and improvement component that identifies all projected infrastructure improvements within the plan area which require improvement, expansion, or development in order for a port to attain a strategic advantage for competition with national and international competitors.

(c) A component that identifies all intermodal transportation facilities, including sea, air, rail, or road facilities, which are available or have potential, with improvements, to be available for necessary national and international commercial linkages and provides a plan for the integration of port, airport, and railroad activities with existing and planned transportation infrastructure.

(d) A component that identifies physical, environmental, and regulatory barriers to achievement of the plan's goals and provides recommendations for overcoming those barriers.

(e) An intergovernmental coordination component that specifies modes and methods to coordinate plan goals and missions with the missions of the Department of Transportation, other state agencies, and affected local, general-purpose governments.

To the extent feasible, the port strategic plan must be consistent with the local government comprehensive plans of the units of local government in which the port is located. Upon approval of a plan by the port's board, the plan shall be submitted to the Florida Seaport Transportation and Economic Development Council.

(3) The Florida Seaport Transportation and Economic Development Council shall review the strategic plans submitted by each port and prioritize strategic needs for inclusion in the Florida Seaport Mission Plan prepared pursuant to s. 311.09(3).

History.—s. 69, ch. 99-251; s. 3, ch. 2011-164; s. 14, ch. 2012-174.

Economic Development Component pursuant to F.S. 311.14 (2) (a) Targeted business opportunities are analyzed within Sections 4.2, 4.3 and 4.4. Financial resources include operational revenues from new business, reallocation of existing revenues, Public Private Partnerships that would provide project financing and operational agreements to generate new revenue streams, Land lease and operational agreements for facilities or infrastructure that enhance OHPA operations within the limits of their Charter. The currently identified business goals are provided within a 2, 5 and 10 year timeframe within the referenced Master Plan.

Infrastructure Development & Improvement Component pursuant to F.S. 311.14 (2) (b) Projected infrastructure improvements and opportunities to increase capacity are referenced within Sections 5.4, 5.5, 5.6 and 5.7 and include Port waterside, berth, storage yard, equipment, intermodal and utilities and dredge disposal occurring within existing Port property and near port property as well as locations in the region in accordance with the OHPA Charter. Subsection 3.4.2.4, includes a reference to Resolution 2012-9 (included in Appendix C) a resolution which formally grants OHPA the authority to enter into negotiations with the City of Callahan regarding the provision of water and sewer utilities for the Crawford Diamond Industrial Park.

Intermodal Transportation Facilities Component pursuant to F.S. 311.14 (2) (c) the following is recommended to be inserted into the Port Master Plan following Subsection 3.4.4:

3.4.5 Intermodal Transportation Facilities

All identifiable Intermodal Transportation Facilities that have potential, with improvements, for utilization are provided herein based upon linkages to the existing and planned transportation infrastructure. The analysis includes adjacent land that may not currently function with regard to the Intermodal potential or currently represent the highest and best use under available regulatory and physical constraints.

The OHPA may utilize land acquisition, lease or operations and management agreements in the course of providing enhancements to the Port facilities and related business opportunities. Potential Intermodal Transportation Facilities in off-port locations are generally related to adjacent rail yards that could be expanded and supplemented with intermodal transfer equipment. Future Land Use adjustments to accommodate actual utilization of the property will range from expansion of the existing un-designated rail ROW to inclusion of Intermodal Transportation Facilities as a Public use and inclusion of this land use within the local governmental LDR's. It is not recommended that further expansion of Industrial Land be pursued since it has a much broader range of allowable uses within local governmental regulatory framework.

Areas previously mapped as Industrial within the Future Land Use of Nassau County and Industrial Waterfront in the City of Fernandina Beach may also have potential for Intermodal Transportation functions where the allowable use includes Distribution and Freight Services. These existing Industrial sites are considered secondary to the four identified sites, since they do not have direct or adjacent linkages to existing transportation infrastructure or represent sites more suitable to manufacturing and distribution.

The recommended ITF program includes:

- 1) Identification of the existing Fernandina rail-siding yard as an Intermodal Transportation Facility within the Local government Comprehensive Plan via mapping and text amendment.
- 2) Identification of the existing shared rail, road access, and water frontage between the existing OHPA Port Facilities and the adjacent paper mills as a strategic logistic

- relationship for all entities and recognition of the need to cooperatively approach Intermodal capacities and usage options with each other. Formal agreements in the future planning horizon may become necessary to address equipment, land utilization, operations or services to facilitate business expansion for any or all entities where rail spur extensions and yard storage, berth extension, or parking is desirable within the context of facilitating water based or inland Intermodal efficiencies.
- 3) Identification of the existing Yulee rail-siding yard as an Intermodal Transportation Facility within the Local government Comprehensive Plan via mapping and text amendment.
 - 4) Intermodal capacities and usage options within the Local Government Comprehensive Plan. Formal agreements in the future planning horizon may become necessary to address equipment, land utilization, operations or services to facilitate increased freight business associated with land already designated Industrial within the local government Future Land Use Map series. (FLUM)
 - 5) Identification of the existing Class 1 rail crossing under I-95 as a strategic link to a broader network of rail, highway and Industrial land use in the region that reinforces an East-West and North –South capability to provide efficient Intermodal capacity and transfer to National scale logistic services.
 - 6) Dual use of ITF with existing Industrial Land Use areas where such use can be offered via an operational agreement with the end-user or property owner.
 - 7) Acquisition or lease of property or extension of infrastructure service agreements within the County or OHPA Charter service region having rail, gas-pipeline, fiber-optic trunk lines and/or arterial access where the scale of developable land allows for the promotion of the mission of the OHPA within the region.
 - 8) Identification of the existing shared Class 1 rail lines, Yulee rail yard, rail spurs and road access, and the existing OHPA Port Facilities as a strategic logistic relationship for supporting all Industrial Land use in the region and recognition of the need to cooperatively approach

Physical, Environmental & Regulatory Barriers Component pursuant to F.S. 311.14 (2) (d) have been addressed in Sections 2.1-2.4. These subsections examine the limitations within the current port site, environmental regulatory issues and constraints and physical expansion restraints as related to land use and zoning policies.

Intergovernmental Coordination Component pursuant to F.S. 311.14 (2) (e) the Objective and subsequent policies represent the modes and methods of coordination of Plan goals with local government and the mission of the FDOT and other State Agencies. Appendix E of this Strategic Master Plan contain the proposed policies, including intergovernmental coordination policies, to be submitted to the City of Fernandina Beach for incorporation into its Conservation and Coastal Management Element of the Comprehensive Plan pursuant to FS 163.3178(2)(k).

This page intentionally left blank.

Appendix H Resolution 2014-4

This page intentionally left blank.

RESOLUTION NUMBER 2014- 4**A RESOLUTION OF THE OCEAN HIGHWAY
AND PORT AUTHORITY OF NASSAU COUNTY,
FLORIDA, CLARIFYING THE PORT MASTER
PLAN REGARDING AN OVERVIEW OF THE
PLAN; PORT SAFETY AND SECURITY;
DREDGE AND FILL ACTIVITY, SPOIL
DISPOSITION, AND WETLANDS, AND
PROVIDING AN EFFECTIVE DATE:**

WHEREAS: The Ocean, Highway, and Port Authority [AUTHORITY] is an independent, special district created and chartered under the laws of the State of Florida at Chapter 2005-293, as authorized by F.S. Ch. 189; and

WHEREAS, After public input and due consideration of the comments by all concerned, and after consideration of the past experience and projected needs of AUTHORITY and its expected income and expenses, assets and its debts, liabilities and obligations, it was reasonable and prudent for the AUTHORITY to adopt its Port Master Plan for purposes of planning and meeting its statutory obligations under FS 311.14. Such plan was adopted by AUTHORITY in June, 2014; and

WHEREAS, After additional public input, it is clear that:

- a. There is a need for an explanatory sub-title and preface;
- b. The additional study of environmental and regulatory constraints, consistent with the statutory obligations imposed, have created public concern regarding **beaches, shores and wetlands** and the intentions of AUTHORITY; and
- c. The implementation of recommended actions consistent with port safety and security should be included; and

WHEREAS, It is appropriate that AUTHORITY clarify its conclusions drawn from such

studies, and to clearly state its goals, objectives, and policies in relation thereto,

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONER OF THE
OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY, FLORIDA,
THAT:**

1. SUB-TITLE, PREAMBLE AND EDITING:

A. A sub-title shall be added to the face of the plan, to-wit: "A REALM OF
POSSIBILITIES" followed by the caption, "Data and Strategic Analysis Performed as Mandated
by F.S. 311.14(2)";

B. A preamble, consisting the brief history of the AUTHORITY, as found and
published on its web-site, shall be added for purposes of additional data, and for consistency and
connectivity with the Charter of AUTHORITY found in Appendix B of the Plan;

C. All tables and text which indicate or infer that Alachua Street connects North
8th Street to the Port shall be clearly foot-noted to advise that Dade Street provides the actual
connection;

D. An appendix shall be added to correlate the Plan with the components of F.S.
311.14(2);

See Appendix G

2. BEACHES, SHORES, and WETLANDS:

A. It is the policy and objective of The Ocean Highway and Port Authority of
Nassau County, Florida, that is shall to continue to cooperate with the United States Army, Corp
of Engineers, and the State of Florida, Department of Environmental Protection, in the placement
of dredged spoil material, obtained from maintenance and dredging of the St. Marys Channel,
consisting of beach-quality sands, upon the shores and beaches on the northern end of Amelia
Island; and

See App. E Proposed Policy 5P.01.03

B. It is the policy and objective of The Ocean Highway and Port Authority of Nassau County, Florida, that it shall cooperate with the City of Fernandina Beach, Florida, and assist that municipality in development and implementation of a spoil disposal program connected with the maintenance dredging of the City Marina and assist, to the extent feasible, with its redevelopment activities along the waterfront of the City, southerly of Calhoun Street, on the Amelia River; and

See App. E Proposed Policy 5P.01.03

C. It is the policy and objective of The Ocean Highway and Port Authority of Nassau County, Florida, that it shall cooperate with the Florida Inland Navigation District in development and implementation of a spoil disposal program, and otherwise, to the extent feasible, assist with the maintenance of the inland channel, specifically including that of the Amelia River and/or Nassau Sound in Nassau County, Florida;

See App. E Proposed Policy 5P.01.03

D. The Ocean Highway and Port Authority of Nassau County, Florida, finds that it is neither appropriate nor economically feasible to fill any wetlands, beaches, shoreline, or near-shore areas, including marshlands and shoreline owned by The Ocean Highway and Port Authority of Nassau County, Florida, for purposes of expanding the cargo storage deck area of the Port of Fernandina;

See Section 5, Phase 3

3. PORT SAFETY AND SECURITY: It is the announced goal of The Ocean Highway and Port Authority of Nassau County, Florida, that it provide the safest and most secure port operation in Florida. To achieve that goal:

A. It is the policy and objective of The Ocean Highway and Port Authority of Nassau County, Florida, that it will swiftly implement the recommendations received from appropriate agencies, including, but not limited to the Florida Department of Law Enforcement, United States Coast Guard, Homeland Security, and local law enforcement agencies regarding

sequent

studies, and to clearly state its goals, objectives, and policies in relation thereto,

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONER OF THE
OCEAN HIGHWAY AND PORT AUTHORITY OF NASSAU COUNTY, FLORIDA,
THAT:**

1. SUB-TITLE, PREAMBLE AND EDITING:

A. A sub-title shall be added to the face of the plan, to-wit: "A REALM OF
POSSIBILITIES" followed by the caption, "Data and Strategic Analysis Performed as Mandated
by F.S. 311.14(2)";

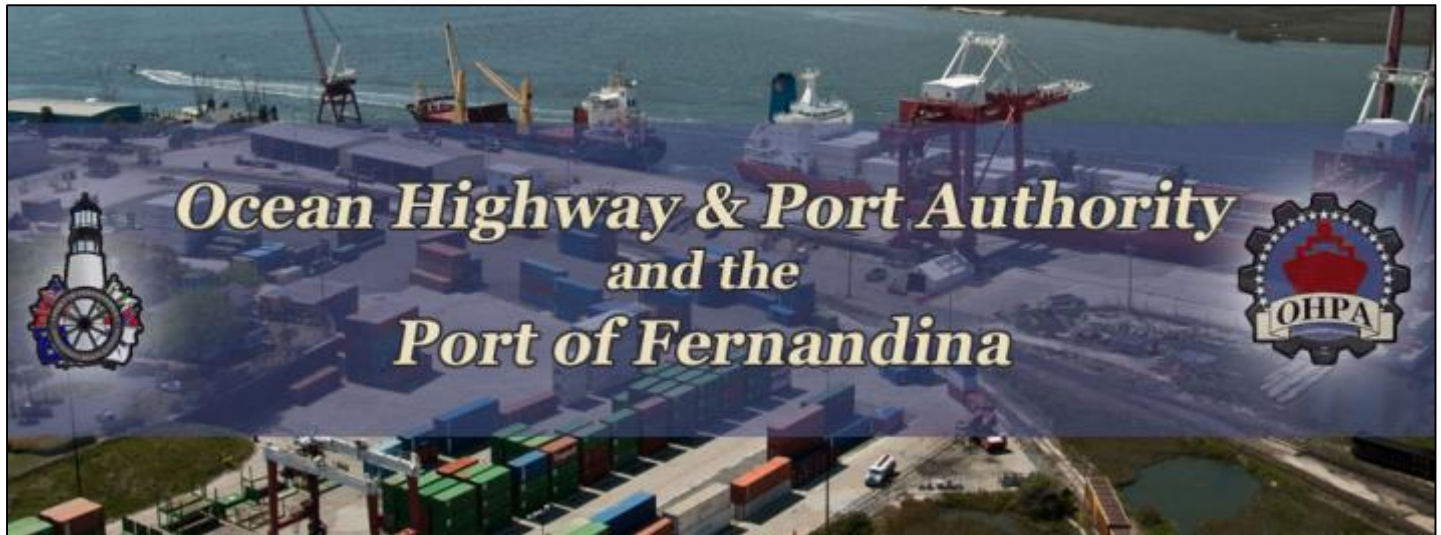
B. A preamble, consisting the brief history of the AUTHORITY, as found and
published on its web-site, shall be added for purposes of additional data, and for consistency and
connectivity with the Charter of AUTHORITY found in Appendix B of the Plan;

C. All tables and text which indicate or infer that Alachua Street connects North
8th Street to the Port shall be clearly foot-noted to advise that Dade Street provides the actual
connection;

D. An appendix shall be added to correlate the Plan with the components of F.S.
311.14(2);

2. BEACHES, SHORES, and WETLANDS:

A. It is the policy and objective of The Ocean Highway and Port Authority of
Nassau County, Florida, that is shall to continue to cooperate with the United States Army, Corp
of Engineers, and the State of Florida, Department of Environmental Protection, in the placement
of dredged spoil material, obtained from maintenance and dredging of the St. Marys Channel,
consisting of beach-quality sands, upon the shores and beaches on the northern end of Amelia
Island; and



Strategic Master Plan

A Realm of Possibilities

*Data and Strategic Analysis Performed as Mandated
by F.S. 311.14(2)*

June 2014



Note: The Ocean Highway and Port Authority formally adopted
this Strategic Master Plan on February 12, 2014.
This edition includes revisions formerly adopted June 11, 2014
and additional revisions from October 2014.

Executive Summary

Existing Port Facilities

The Port of Fernandina is located on the East side of the Amelia River in the northeast corner of Florida in Nassau County. The Port complex is approximately 23 acres in size and includes a 1,200 foot long pile and cap concrete wharf with an apron width between 70 to 115 feet (ft). The container yard storage has a static capacity of approximately 3,200 twenty foot equivalent units (TEUs) and there is approximately 200,000 square feet (sf) of covered storage space in three warehouses. Additional terminal infrastructure includes 1,600 ft of rail sidings, an in-ground truck scale, two gantry cranes, one mobile harbor crane, three rubber-tired gantry cranes, three reach stackers and complete maintenance facilities. The short line rail connects the Port to the CSX mainline and has double-stack capabilities. The container yard and wharf area is fenced with 24 hour security provided by the port authority. Refer to figure ES-1 for the existing site layout.

Current Port cargos handled include a mix of container and breakbulk cargos as shown on the following table:

Table ES.-1. Cargo Throughput 2010 to 2012

Cargo Summary	2010	2011	2012
Containers			
Containers (boxes)	20,540	16,330	11,312
Containers (tons)	146,652	102,969	60,384
TEUs	32,113	22,005	14,018
Breakbulk Cargo (tons)			
Kraft Liner Board (KLB)	221,186	207,543	149,770
Lumber	2,966	8,530	16
Rebar	106,136	112,430	51,284
Steel	142,576	207,416	94,501
Woodpulp	7,714	4,970	8,054
Misc. General Cargo	1,611	3,216	20,388
Bulk Cargo	0	0	345
Total General Tons	482,189	544,105	324,358
Total Tons	628,841	647,074	384,742



ES-1 Existing Site Layout

A summary of the Current Port Capacity is as follows:

Table ES-2. Port of Fernandina Annual Capacity

	Number of Berths	Practical Utilization	Berth Hours Available	Approximate Avg. time per Vessel Call	Potential Annual Vessel calls
Berth Capacity	2	50% – 60%	9,600	36 hrs.	250-275
Cargo Storage Capacity	Type	Area	Static Capacity	Avg. Dwell Time	Approximate Annual Storage Capacity
	Cover Storage	200,000 sf	54,000 Tons	30 days	555,000 Tons
	Open Storage	4 Ac.	44,000 Tons	30 days	450,000 Tons
	Container Yard	7 Ac.	3,200 TEUs	5-15 days	50,000 TEUs

The Port has the capacity to handle over 1 million tons of breakbulk cargo per year and to handle approximately 50,000 TEUs per year. The total current capacity of the Port, as operated today, is over 1,250,000 annual tons of cargo. In recent years, the Port has handled a cargo throughput that averages around 50% of the Port's overall capacity for annual cargo.

The Port of Fernandina is served by a federal channel currently authorized to a depth of -36 ft Mean Lower Low Water (MLLW). The Intracoastal Waterway channel has a project depth of -12 ft MLLW with a varying channel width of 90 to 150 ft as is contained within the deeper and wider federal channel serving the Port of Fernandina.

Access to the Atlantic Ocean is achieved by the connection to the north of Fernandina to the Cumberland Sound Access channel (Kings Bay Entrance Channel [KBEC]) which serves as the entrance channel to the Trident submarine base at Kings Bay. The KBEC has a current project depth of -51 ft MLLW including 2-ft of allowable overdepth with a bottom channel width of 500 ft. Dredge disposal options for this project include upland, beach, nearshore, and offshore disposal with annual maintenance requirements of 1,950,000 cubic yards of shoal material. The next dredging operation is expected to occur in 2014 before the existing state and federal permits expire in April 2014.

The Port is physically constrained from expanding primarily due to the Historic District. An expansion of the Port would be dependent on what type of market it is targeting to serve and the facilities needed. With the physical boundary of the Historic District at the Port's edge, and few vacant lots, the Port might need to consider leasing portions of the RockTenn site or purchasing land from them.

Opportunities/Constraints Facing the Port and OHPA Summary

The expansion of the Port footprint is restricted in large part due to regulatory policies of the City of Fernandina. The site, bounded on the south by the Community Redevelopment Area (CRA) and on the east by the Historic District, has few opportunities to increase its facility. In addition to the physical expansion limitations due to these regulatory districts, several of the Port's parcels are located within them. One of the Port's waterfront parcels is located within the CRA. Its use would be limited by height restrictions, view shed limitations and pedestrian access requirements. The Port owns several parcels on 3rd street that fall within the Historic District and thereby subject to design review and standards of the Historic District Council.

In addition to the regulatory constraints to the south and most of the east, expansion to the north and the balance of the east is also limited. RockTenn, the Port's northern neighbor, has also purchased vacant parcels between Franklin and Dade Streets, east of the Port, to 15th Street. Depending on the markets identified and the need to physically expand, consideration should be given to leasing portions of the RockTenn site or purchasing land from them.

While the Port's location within the City may have limitations, its location within Northeast Florida is of great benefit. Northeast Florida is the junction of both east-west and north-south interstate roadways and rail lines making it ideal for domestic distribution to the southeast and Florida by truck and all five eastern mega-regions by rail. Additionally, the Port shares the Foreign Trade Zone with JAXPORT and could offer relief to congestion issues should they arise once JAXPORT is able to serve Post-Panamax ships.

The Charter for the Ocean Highway and Port Authority (OHPA) provides the basis for other opportunities. The OHPA has the power to acquire land for the purposes of developments both related and unrelated to the shipping industry. Motels, hotels, radio stations, entertainment and eating places, casinos and recreational facilities including stadiums, athletic fields, concert halls and auditoriums and golf courses are a few of the non-port related uses. OHPA also has the authority to develop warehouses, industrial parks, pulp and paper mills, oil refineries and even a toll road specifically described as starting in Fernandina Beach and continuing north to Brunswick, Georgia. They can also provide public utility services including electricity, gas, water, sewer and local transportation in Nassau, Baker, and Duval counties.

With the regulatory authority to develop industrial parks, warehouses and related facilities, this study includes a brief description of the existing, developing and proposed industrial sites in Nassau County and in nearby Camden County, Georgia. These sites were listed for the potential they offer to future shipping companies who might inhabit them and partner with the Port, as well as for potential development opportunities for OHPA. For the purposes of examining an overall intermodal system for freight transport, each site was given a rating based on the number of modes available to it including truck, rail, barge and airport. Truck and rail are the predominant modes available however barge opportunities do exist near the Port. The airports studied included the Fernandina Beach Municipal Airport, Hilliard Airpark, and St. Mary's Airport. Currently, these airfields are all either too small or are too limited in the equipment they can service to provide significant air transport for freight. Jacksonville International Airport (JIA) or Cecil Field would provide better opportunities for air shipment.

Another site of significance is the Crawford Diamond Industrial Park. Having access to two Class I rail providers, this 1,800+ acre site near Callahan has garnered attention as a possible site for the development of an intermodal site and other distribution and warehousing opportunities. The most likely interaction between the Port of Fernandina and the Crawford Diamond site would be truck drayage between the Port and Crawford Diamond site due the relatively close proximity of these two sites, and that multiple truck round trips per day are possible. While rail service is available to Crawford Diamond, the current rail lines are inefficient as they are required to go down into Jacksonville to get to the site. Potential alignments for rail service connecting the two CSX lines north of JIA are being studied. Rail time from the Port to Crawford Diamond would be greatly reduced should one of the proposed rail corridors be constructed. With its authority under the Charter to develop railways it is recommended that OHPA actively support and possibly assist with funding of the rail line. Another opportunity for OHPA would be to help finance the utilities needed for Crawford Diamond.

Future Markets and Cargo Forecasts Summary

The Port of Fernandina's performance in the last few years has been down due to the recent economic downturn along with the loss of a few key carriers. The Port is consequently underutilized and has the capacity to expand its capacity back to its current capacity and beyond its current capacity if some improvements are made to the Port onsite, in conjunction with some offsite improvements. The Port has advantageous features such as being in close proximity to the ocean with a moderately deep channel but suffers from being a small port with landside limitations.

Historically, the Port processes a small percentage of its cargo as containers with the majority of the cargo being breakbulk. While the Port needs to continue to market its capability in break bulk for local markets (kraft liner board, steel rebar and billets, wood products, etc.), global trends in the industry portend increasing shipping to occur by container. With the advent of the Panama Canal widening allowing more Post-Panamax size ships to use the Canal, the Port of Fernandina Beach could easily position itself to handle more container cargo.

Many other regional ports such as JAXPORT, Savannah and Charleston, along with Caribbean ports are preparing their facilities to handle the larger Post-Panamax ships. Post-Panamax ships are over-sized for the Port of Fernandina, but the Port may benefit by the displacement of smaller ships from these regional ports, and by receiving smaller container ships and barges that are transshipped from the various Caribbean hub ports that are being created by the various shipping lines. It is anticipated that many of the proposed port improvements and dredging projects at these regional and Caribbean ports will be complete by 2018 and beyond and the increase in container traffic into the regional ports will increase dramatically.

In addition, some major local furniture distributors have indicated a desire to import more containers through the Port of Fernandina if the facilities were capable. Rayonier currently exports all of their containers of their finished product through other regional ports, and a portion of this could be redirected through the Port of Fernandina. The Port needs to have adequate facilities to accommodate the potential increase in container traffic. The proposed wharf extension at the Port, designed to handle future container cranes, would be an important improvement that would allow the Port to accommodate this increase in freight movement.

The Port of Fernandina also has many opportunities to increase shipments with barge carriers for commerce related to development along southeastern Georgia. Southeastern Georgia has an aggressive economic development program to re-develop several waterfront industrial developments. Sites such as The Mill at St. Mary's and the Dow Chemical Site in Camden County, Georgia are actively working with large manufacturers and fuel distributors to locate there. These sites are accessible by barge between the sites and the Port of Fernandina, and these proposed developments could be easily serviced by the Port of Fernandina.

Lastly, the nearby Nassau Fertilizer and Oil Company property just north of the Port could be a strategic addition to the Port to increase its landside capacity. This site could be used for a variety of uses such as a tank farm, bulk storage and handling (fertilizer for example), additional space for container storage or as a cruise terminal. The use of this site as a cruise terminal is only recommended if the cruise ship companies are willing to invest in the construction of the facilities rather than the OHPA due to the financially cyclical nature of the cruise ship industry.

The feedback from direct industry representatives and potential customers indicate that there is a definite opportunity for cargo growth at the Port and surrounding identified intermodal sites. The Market Capture and Cargo Throughput Projections summarized below will likely exceed the capacity of the Port of Fernandina by itself, and this potential growth will support the expansion and development of both local and regional intermodal facilities in the Nassau County and southern Georgia area.

Table ES-3. OHPA Projected Market Capture Summary

	2014-2015	2016-2018	2019-2023
Container-Rail		145,930	61,200
Container-Truck	42,010	218,894	291,600
Containers-Barge			1,141
Bulk-Rail			239,108
Bulk-Truck			42,276
Bulk-Barge			n/a
Breakbulk-Barge	100	150	250
Ro-Ro			n/a

Notes: All volume state in TEU

Projections by Marshal Strain Enterprises & Genesis Group 2013

Values do not include existing port freight business volumes projected beyond 2013

Values are not cumulative across time periods

Table ES-4. Cargo Throughput Projections 2010 to 2023

Cargo Summary	2010	2011	2012	2015	2018	2023
Containers						
Containers (boxes)	20,540	16,330	11,312	18,002	74,180	139,324
Containers (tons)	146,652	102,969	60,384	113,032	547,855	1,348,657
TEUs	32,113	22,005	14,018	23,327	100,515	203,376
Bulk Cargo	0	0	345	845	1,095	1,250
General Cargo Tons	482,189	544,105	324,358	334,845	347,820	375,750
Total Tons	628,841	647,074	384,742	514,870	955,860	2,659,750

Projections by Marshal Strain Enterprises & Genesis Group 2013

Facility Improvement Plan Summary

With the identified market/cargo opportunities indicating that the majority of the growth in the region will be associated with containerized cargo growth, the focus of the Facility Improvement Plan will be to identify ways to improve container capacity within the Port. The weather sensitive breakbulk cargo market (pulp, Kraft board, etc.) is forecasted to remain somewhat steady staying around 350,000 to 375,000 tons per year. This will be well within the capacity of the existing warehouses at the Port (approximately 375,000 tons per year) and less than the port handled in 2011, so the existing warehouse capacity appears to be adequate to handle this cargo type over the next few years. Therefore, the Facility Improvement Plan focuses on modifications that will optimize container handling, while considering the impacts of the change in vessel sizes that are expected to call at the Port of Fernandina and the constraints of the existing port boundaries, as discussed below.

While the Port of Fernandina is not expecting to see the large “mega” vessel calling, it is anticipated that as vessel sizes throughout the region grow, it can be expected that larger, Class C type vessels would want to call at Fernandina Beach. This Class C container vessel is commonly used to support feeder services between the US South Atlantic ports and the various hubs in the Caribbean. As shown in Table 5.2.2, the typical vessel calling at the Port today is a regional coastal vessel that has a capacity of 900- 2,000 TEUs, a LOA of up to 640 ft, and a draft of 36 ft While this vessel will still call at the Port, this Strategic Master Plan updates envisions that the vessels which will want to call at the Port of Fernandina in the future are expected to increase in size over the 10 year planning period. The Class C Container Vessel has a capacity

of from 2,000 to 2,900 TEUs, a LOA of up to 800-ft, and a draft up to 40-ft that should be recognized in the Port's planning window.

Phase 1 Make Immediate Improvements to Handle More Containers

The most immediate need for the Port will be to maximize container throughput capacity within the existing footprint of the port. There are very few options for expanding the Port outside of the existing footprint. Between land use restrictions and the environmental conservation area, there are limited options for Port expansion. Under the initial Development Plan (Phase 1) a portion of the outside, breakbulk (steel, re-bars, etc.) storage could be relocated to the operational area behind the existing wharf and gantry cranes, allowing for the expansion of a higher density container storage operations into the existing breakbulk handling area. Refer to Figure ES-2 for the Phase 1 Site Layout. Using a 1 over 4 RTG, and assuming an 80% stacking efficiency, the 750 ground slots would have a static capacity of approximately 2,400 TEUs. Total costs, with equipment and contingencies, etc. would then be approximately \$4 million.

Phase 2 Longer-Term Facility Development Plan

The longer term (3-5 years) Facility Development Plan would take place between 2015 and 2018 and would include three possible projects to expand the capacity and footprint of the existing port. Refer to Figure ES-3 Phase 2 Site Layout.

- Filling in the 0.7 acre area behind the northern end of the existing wharf;
- Expanding the existing wharf an additional 400 ft and possibility including an additional 200 ft expansion with concurrence from RockTenn;
- If possible for an environmental permitting standpoint, fill in the 1.25 ac. area behind the wharf extension to provide additional operational and cargo storage area.
- Dredging Requirements

The cost associated with the various projects could be included as one major improvement program or as separate projects. Even if proposed as separate projects, it is assumed that the projects would be designed and constructed concurrently and that the resulting capacities could support the projected cargo growth through 2018. The capital costs associated with these improvements are summarized below:

- Fill in 0.7 acres behind the existing wharf structure – Cost of \$500,000;
- Expand the existing Wharf 400 ft as a General cargo/Bulk Wharf - \$10 million (w/Contingencies)
- Expand the existing Wharf 400 ft as a Container Berth, with crane rail - \$15 million (with contingencies)
- Expand the existing Wharf 600 ft as a Container berth, with crane rail - \$21 million (with contingencies)
- Fill in 1.25 acres of wetland behind the extended wharf - \$1 million (with environmental mitigation and contingencies)

Additional equipment costs will be required to add additional RTG storage for the containers. Two or three additional RTGs would likely be required to maximize container storage and hence throughput capacity.

Another capital improvement project recommended is the need for additional dredging of the channel, widening and deepening the existing turning basin and the required dredging at the berth. The existing channel is "declared" at 36 ft. While it is much deeper along the majority of the channel there are several locations where the channel is less than the -43 to -45 ft of water depth required by a fully-loaded Class C vessel.

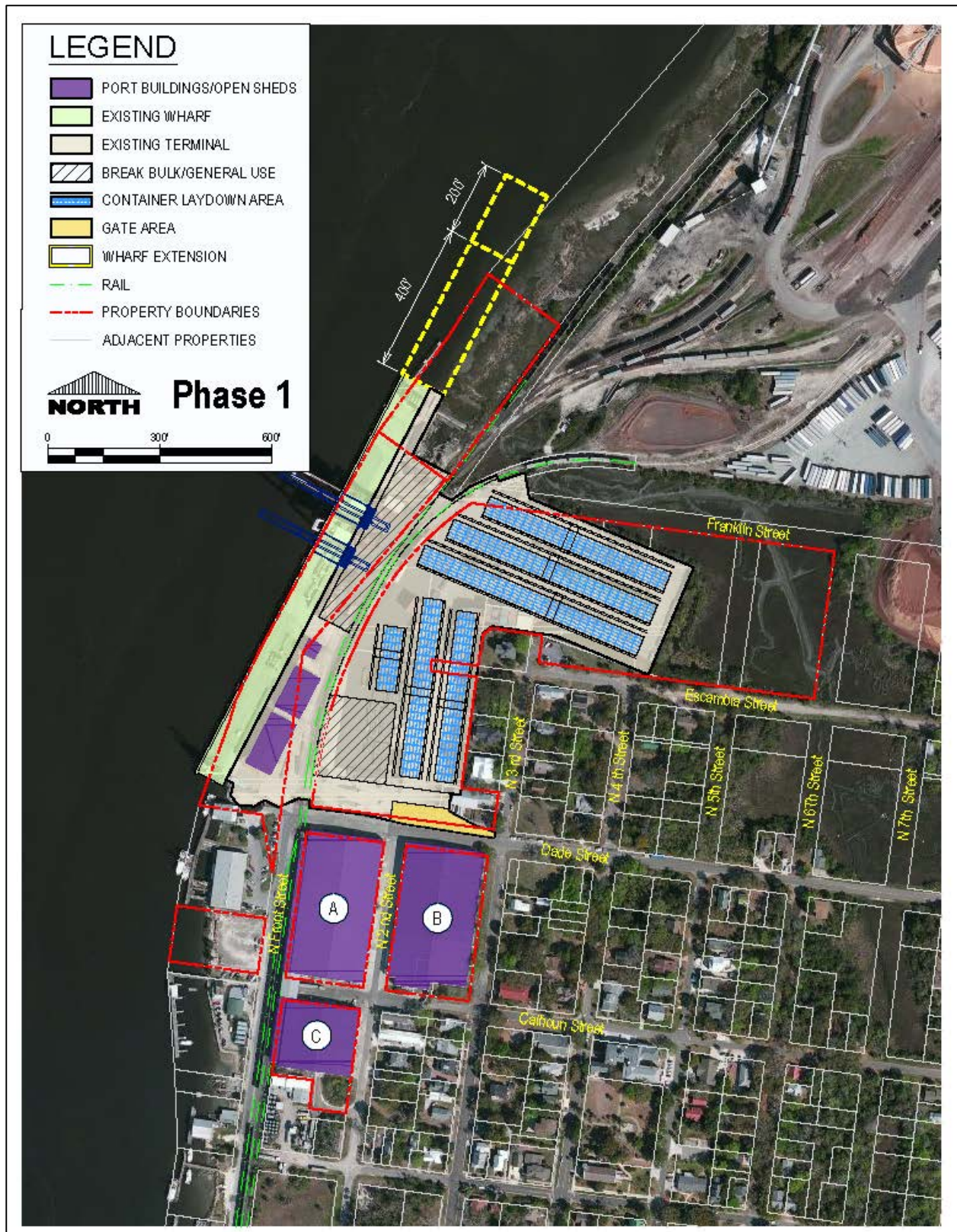
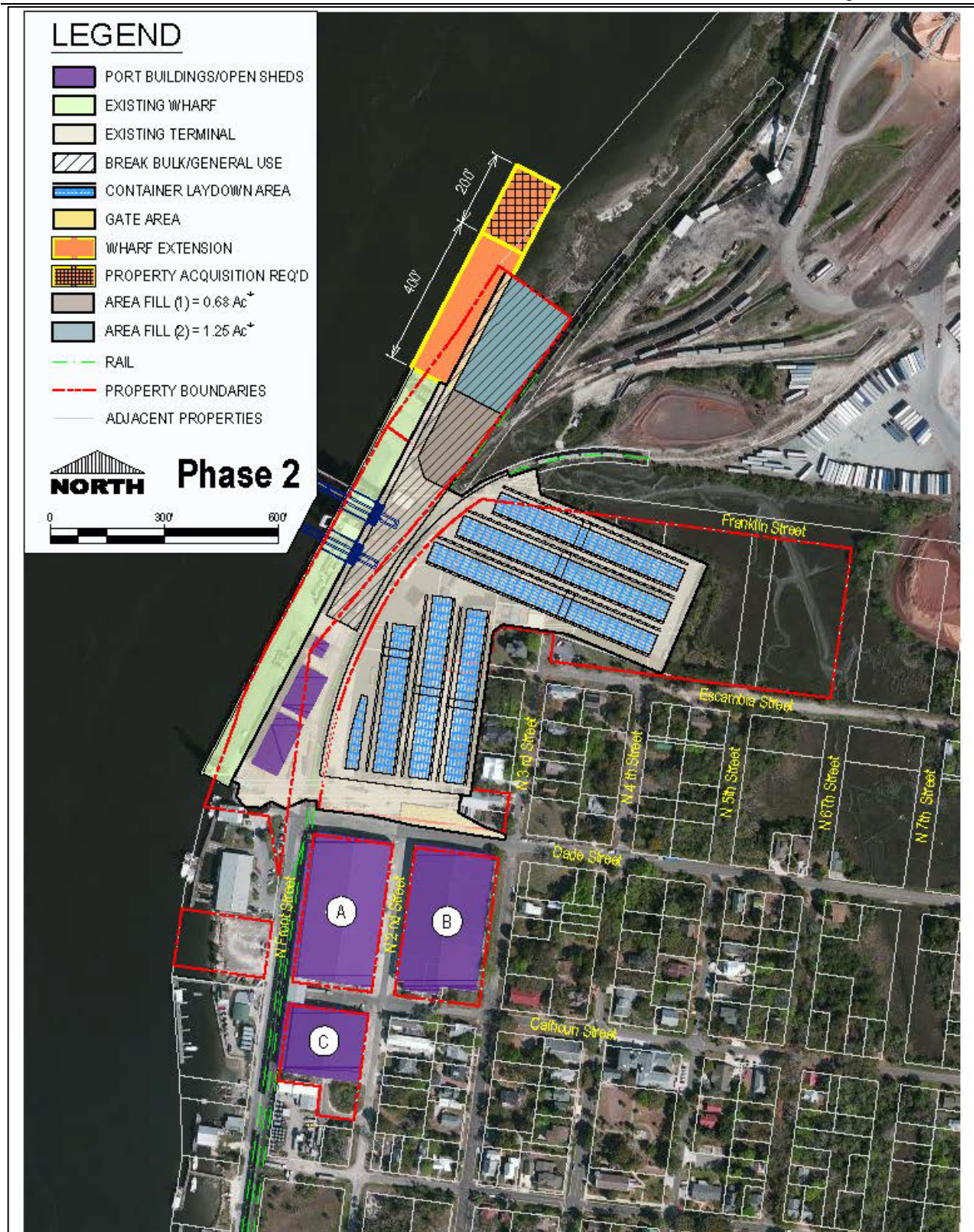


Figure ES-2 Phase 1 Site Layout



*These areas were previously permitted under FDER Permit #451730689 with mitigation completed. This permit has since expired and would require filing a new permit. The intended use for this area may occasionally include pre-staging cargo but would not be considered a cargo deck or container laydown area.

Figure ES-3. Phase 2 Site Layout

For the OHPA, the cost of dredging the approach channel, turning basin and berthing areas to accommodate larger vessels could be prohibitive. Assuming disposal of the material in the federally approved ocean disposal site (the Ocean Dredged Material Disposal Site [ODMDS]) it is estimated that dredging would cost around \$15 - \$20 per CY. This pricing would result in Capital costs of:

- Channel Dredging (estimated at 840,000 CY) = \$12.6 million to \$16.8 million
- Turning Basin Dredging (estimated at 635,000 CY) = \$9.5 million to \$12.7 million
- Berth Dredging (estimated at 37,500 CY) = \$562,500 to \$750,000

Total dredging costs could therefore range from \$22.7 million to \$30.3 million.

At best, with USACE approval, the OHPA would still need to fund 50% of the total amount as the "local sponsor". However, the USACE may determine that these costs are not justified based upon revenues generated by the port and require that the OHPA pay 100% of these costs for the channel deepening and widened Turning Basin and future maintenance cost if their benefit/cost analysis does not support federal cost-sharing of these costs.

A summary of the Annual Cargo Capacity at the port after each phase of improvements is as follows:

Table ES-5. Annual Cargo Capacity

	Containers (in TEUs)	Covered Warehouse (Tons)	Open Breakbulk (Tons)
Existing	30,000-35,000	375,000	365,000
Phase 1	55,000-60,000	375,000	179,000
Phase 2	70,000-75,000	375,000	261,360
Phase 3	80,000-85,000	375,000	261,366

Phase 3 is a notional concept phase later in the planning horizon for the port. Phases 1 and 2 are nearer term phases of planning for which capital improvement costs have been identified. For Phase 3, Figure 5.5-3 shows a portion of the wetland area west of the storage area that could be considered for fill in Phase 3 in order to square off the corner of the storage area and improve the overall efficiency of the storage area. This fill in the marsh, currently included in the recorded environmental conservation easement area, would be approximately 0.75 acres. Other efficiency improvements may be identified over time, such as to-be-developed equipment changes, which eliminate the need for this fill to improve operational efficiencies. In order to comply with Section 404 guidelines under the Clean Water Act, avoidance of wetland impacts would have to be the first step in the planning and design of future expansion of the storage area. This avoidance approach would be prior to considering additional wetland fill with appropriate mitigation to offset the environmental impact of the fill and to mitigate for the impact of an area within an existing recorded conservation easement."

Transportation System Summary

The Port of Fernandina landside transportation facilities are served by road and rail. Services by road and rail pass through the populated and developed areas of Nassau County and the City of Fernandina Beach then terminate geographically near the end of the land mass where the Port is located. In addition to logistics impacts of the cargo transport in and out of the Port, two large manufacturers (Rayonier and RockTenn) are also located in close proximity to the Port and generate additional road and rail traffic. The majority of the road traffic associated with the Port, Rayonier and RockTenn consists of 18-wheeled vehicles carrying timber, bulk or containers.

Traffic in and out of the Port has historically been higher in the past than it is at present, and interviews with representatives at Rayonier and RockTenn indicate that little if any additional road traffic is anticipated over the next 10 years. The trucks entering and leaving the Port and adjacent facilities are limited in access only to SR 200 (SR A1A), currently 4-lane, from Interstate 95 essentially all the way through the City of Fernandina Beach via 8th Street.

The same traffic corridor is also the main traffic corridor used by residents, tourists and other commercial vehicles serving Nassau County, Amelia Island and City of Fernandina Beach. SR 200 (SR A1A) is anticipated to be widened from 4-lanes to 6-lanes from I-95 to the Amelia River over the next 5 to 7 years to alleviate existing critical and deficient links along this corridor. Portions of SR 200 (SR A1A) just west of the Amelia River and east of the Amelia River up to Sadler Road will remain deficient or critical even after the road widening.

In this Strategic Master Plan document, a future conditions analysis was prepared to address traffic impacts for the 2023 horizon year. The analysis was evaluated under two conditions Option 1) Phase 3 Buildout program at the Port, and Option 2) Phase 3 Buildout Program at the Port PLUS the addition of a new cruise terminal at the Nassau Fertilizer and Oil Company. Refer to Figure ES-5 Phase 3 Site Layout.

For Option 1, the analysis results indicate that an insignificant increase in traffic will occur to the SR A1A (SR 200) traffic corridor, and no increase in traffic on Centre Street from Front Street to 8th Street. It is important to note, that generally, truck traffic related to either the Port or adjacent manufacturers, can operate during non-peak road conditions which help the truck traffic integrate with local traffic with less impact. For Option 2, the analysis results indicate more of an impact to the existing critical and deficient rated road segments of SR A1A (SR 200), little if no increase in traffic on Centre Street from Front Street to 8th Street, but more traffic being generated on 14th Street causing this segment to go from Non-Critical to Critical. Although Option 2 would result in an increase in traffic on already critical and deficient roadway segments, it is forecasted that the implementation of either Option 1 or Option 2 would have the same forecasted roadway deficiencies as would be anticipated to occur with natural background traffic growth alone with programmed improvements.

The rail system serving the Port by First Coast Railroad runs generally from Yulee, parallel to SR A1A (SR 200) and 8th St, through the City of Fernandina Beach, through the Port of Fernandina, terminating at the RockTenn plant. CSX picks up or delivers rail cars at the Yulee switchyard to be moved to customers by First Coast Railroad between Yulee and RockTenn. Even though the rail line is unobstructed for double-stacking, low volume at present does not warrant double-stacking transport. Rail is significantly underutilized along this rail corridor for several reasons. Trucks are a more cost effective means of transport than rail because fuel costs are relatively low, and cargo can go point-to-point with no additional unloading and reloading. In addition, the rail system in the Northeast region of Florida is inefficient because rail traffic has to pass through downtown Jacksonville to be re-directed to northerly or westerly routes. This inefficiency will hopefully be alleviated by the construction of the North JIA Rail Corridor, if this study is successful and construction funding becomes available. Based on conversations with representatives with First Coast Railroad, there is an excessive amount of available capacity in the existing rail system should rail transport become a more prevalent use for the Port or manufacturers. Other than the rail crossing at Centre Street and North Front Street, there are no significant bottlenecks that occur at road crossings at rail, primarily due to the low population density of areas served by these roads. The occasional railroad crossing at Centre Street occurs relatively infrequently and any increases in rail traffic can possibly occur at night with less impact at this intersection.

The Port of Fernandina, has been designated by the State of Florida as an Emerging Strategic Intermodal System (SIS) Seaport. As such, it is part of a statewide transportation system consisting of facilities and services of interregional significance that move both people and goods through efficient transfers between forms of transportation and facilities. The SIS network includes Florida's largest commercial service

airports, deepwater ports, freight and passenger rail terminals, bus terminals and the rail, waterway and highway corridors interconnected between them. It was established as a means to support the State's economic competitiveness through the focus of state resources on the most significant facilities providing statewide and interregional travel. Figure ES-4 illustrates Florida's Strategic Intermodal System (SIS). To identify potential solutions to the transportation issues facing the Port in the future, FDOT offers additional assistance and consideration in providing alternative solutions.

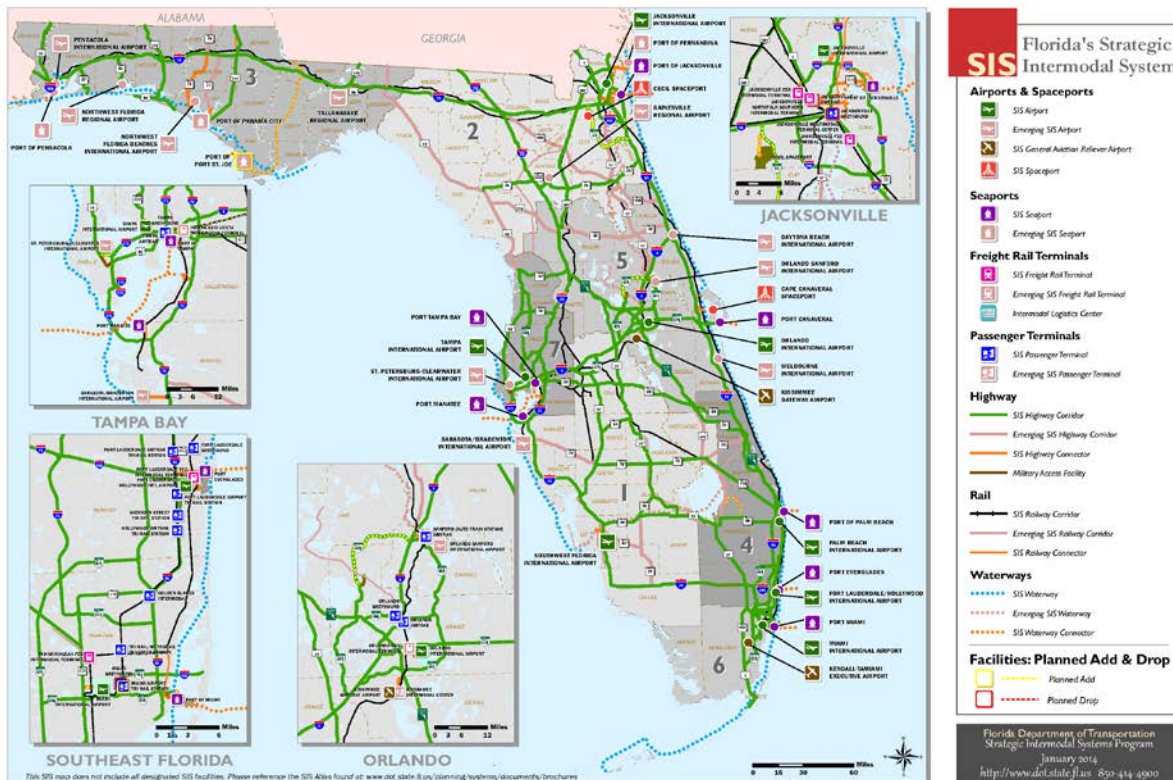
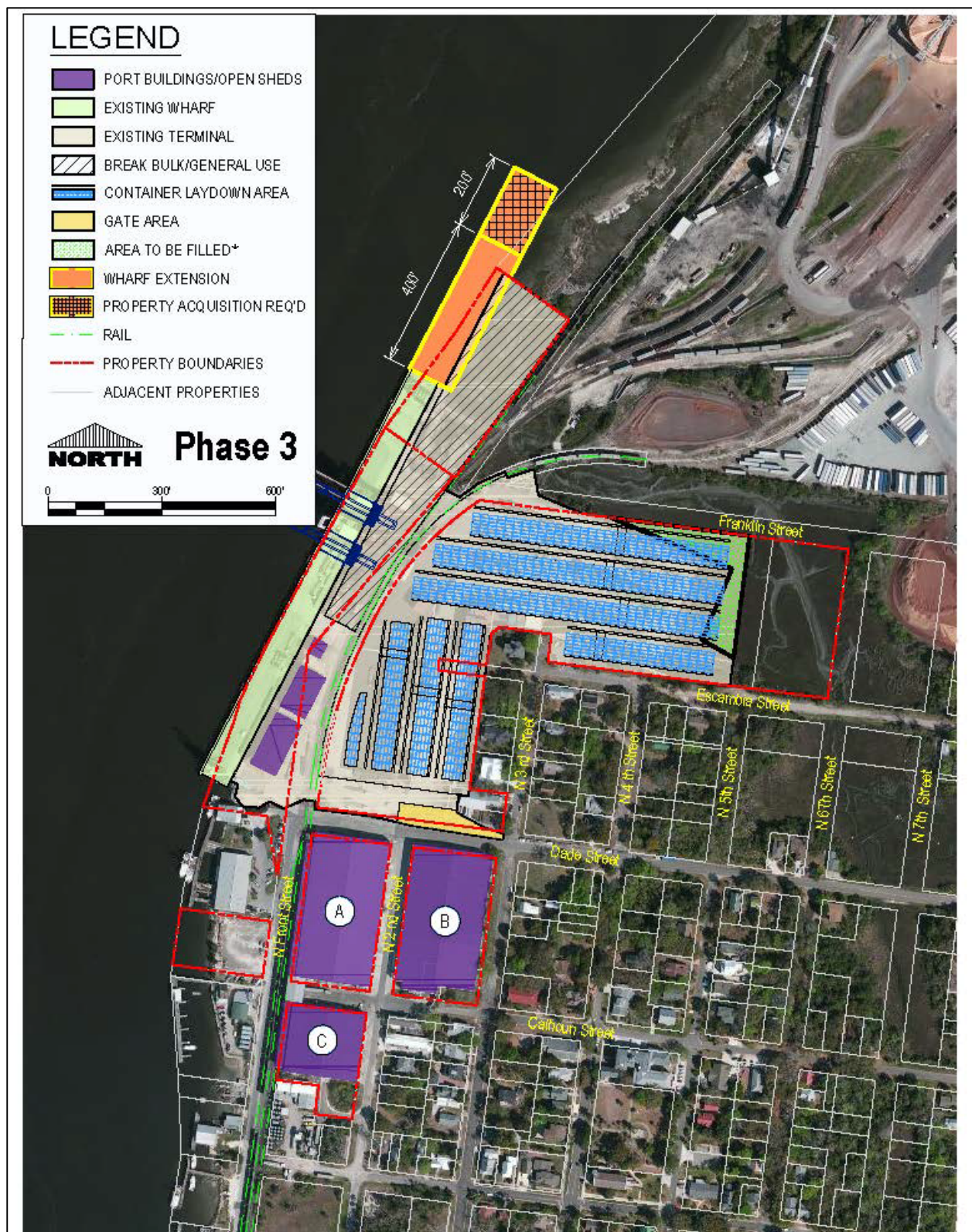


Figure ES-4 Strategic Intermodal System (SIS)



*This is part of a designated conservation easement and not permitted for fill. Filling in this area would be inconsistent with OHPA Resolution 2014-4 (Appendix H). Alternative efficiency improvements may be identified over time.

Figure ES-5 Phase 3 Site Layout

Economic and Funding Summary

Economic Analysis

The economics for OHPA over the next ten years look very strong. The Port Authority revenues that are generated by the Port come from a variety of sources, but the main revenue sources are:

- Dockage
- Wharfage
- Operator Use Fee

The dockage charges are based on vessel length and an ascending rate scale accessed on a per foot basis per day. The wharfage is accessed on a short ton (st) basis, and is \$2.98 per st on break-bulk cargo and \$2.45 per st on containerized cargo. The Operator Use Fee is paid by the operator to the port Authority at \$1.50 per st. for all cargo types.

Together these charges average over \$5.25 per st.

Based on the assumptions on vessel size and time at berth, each short ton of breakbulk earns the port approximately \$4.87 and each TEU (based on 20% empties and an average of 10 st per loaded TEU) would earn the Port Authority approximate \$34.80. Based on the current cargo throughput of 350,000st of break-bulk and approximately 30,000 TEUs of container cargoes, annual Port Authority revenues would be approximately \$2.7 million.

If the proposed full development plan is implement within the next five years, this Strategic Master Plan update has projected that annual container through put could increase to 75,000 TEUs per year. Net revenue per TEU could increase to approximately \$35.00 per TEU, as the increased size in vessel length could result in additional dockage per vessel call. An increase of 35,000 TEUs would therefore result in an increase in Port Authority revenues of approximately \$1.225 million per year to a total annual revenue to the Port Authority of over \$4 million from Port operations.

If the entire \$56 million in development projects (including \$30 million in dredging costs, or 100% of the dredging) is completed by 2018 and included in the cash flow analysis, the following Internal Rate of Return (IRR) and Net Present Value (NPV) over the next 10 and 20 years is as shown below.

Table ES-6. Economic Evaluation

IRR -10 years	-10%
NPV	\$453,185.67
IRR - 20 years	6%
NPV	\$3,598,690.18

Funding

In addition to the collection of wharfage, dockage, warehousing and terminal charges, OHPA can also establish and collect fees, admission, tolls, rates, rentals or user fees for any of their other facilities or services. They can also issue revenue bonds or certificates. The Charter also grants the authority to pursue grants or loans from federal or state agencies.

Federal funding for ports can be used to support a port's needs in a number of areas, including navigation channel improvements, landside transportation access, infrastructure development, economic development, and security. Some of the federal funding opportunities include the Port Security Grant Program (PSGP) intended to improve port-wide maritime security risk management, the Transportation Investment Generating Economic Recovery (TIGER) program for port-related infrastructure and the

Economic Development Assistance programs designed to promote projects that create jobs and strengthen America's ability to compete in the global marketplace.

The State of Florida has one of the most progressive port support programs in the U.S. and under the current Governor these programs have expanded to historic levels. During the October AAPA Convention in Orlando, the 15 deep water ports that comprise the Florida Ports Council gave the Governor its first-ever award recognizing contributions to Florida's ports. The State of Florida has the Strategic Port Investment Initiative which provides \$35 million annually to statewide projects. Additionally, there is the Intermodal Logistics Infrastructure Support Program which provides \$5 million annually for roads, rail and other means to move goods through a seaport.

The Florida Inland Navigation District offers the Waterway Assistance grant program, established by the Florida Legislature for the purpose of assisting local governments with funding for projects associated with the Atlantic Intracoastal Waterway and associated waterways within the District. Municipalities, counties, port authorities and taxing districts are eligible to submit applications for funding. Eligible candidates are sent an application package in January with a filing deadline of April 1st.

Another funding mechanism available to OHPA is the Public-Private Partnerships (P3). With recently expanded legislation adopted this year, OHPA could enter into partnerships with private organizations for the development of facilities or projects that serve a public purpose including ferries, airport or seaport facility, rail facility or project, fuel supply facility or recreational facility among others.

Table of Contents

Executive Summary	1
1.0 Introduction	1-1
2.0 Existing Facilities and Operations.....	2-1
2.1 Existing Facilities Report	2-1
2.1.1 Introduction	2-1
2.1.2 General Port Profile	2-4
2.1.3 Facility Profiles and Capacity	2-6
2.1.4 Existing Terminal Constraints	2-10
2.1.5 Port Security.....	2-11
2.2 Landside Transportation Facilities and Capacity	2-11
2.2.1 Existing Conditions - Regional Roadway Network	2-11
2.2.2 Existing Peak Hour Roadway Level of Service (LOS).....	2-21
2.2.3 Planned and Programmed Transportation Improvements	2-24
2.2.4 Existing Truck Traffic	2-24
2.2.5 Existing Railroad Traffic.....	2-27
2.3 Environmental Regulatory Issues and Constraints	2-32
2.3.1 Water Resources.....	2-32
2.3.2 Biological Resources.....	2-35
2.3.3 Cultural Resources	2-39
2.3.4 Air Quality.....	2-39
2.3.5 Conservation and Floodplain Management.....	2-41
2.3.6 Navigation.....	2-43
2.4 Expansion Opportunities and Constraints as Related to Land Use and Zoning.....	2-44
2.4.1 Zoning Designations of Port Properties	2-44
2.4.2 Fernandina Beach Historic District	2-48
2.4.3 Amelia River Waterfront CRA	2-49
2.4.4 Expansion Opportunities South of RockTenn.....	2-49
2.4.5 Expansion Opportunities North of RockTenn	2-49
2.4.6 Expansion Opportunities North of Egans Creek.....	2-49
2.4.7 Expansion Opportunities in General	2-49
2.4.8 Regulatory Barriers Beyond the City of Fernandina.....	2-53
3.0 Opportunities and Constraints	3-1

3.1	Opportunities Based on Geographic Location.....	3-1
3.1.1	Northeast Florida	3-1
3.1.2	Historical Hurricane Landfall	3-1
3.1.3	Proximity to JAXPORT	3-1
3.2	Charter Granted Opportunities	3-2
3.2.1	Development Authority.....	3-2
3.2.2	Financial Authority.....	3-2
3.3	Marine Opportunities.....	3-3
3.3.1	Global Shipping	3-3
3.3.2	Feeder Services	3-3
3.3.3	Short-Sea Shipping.....	3-4
3.4	Landside Opportunities.....	3-7
3.4.1	Nearby Industrial Facilities	3-7
3.4.2	Economic Development Opportunity Areas (EDOAs) – Nassau County.....	3-11
3.4.3	Other Nassau County Sites of Interest.....	3-13
3.4.4	Beyond Nassau County.....	3-14
3.4.5	Intermodal Transportation Facilities	3-17
3.4.6	Potential Developments of Regional Significance.....	3-18
3.5	Future Rail Corridor Opportunity	3-21
3.6	Land and Marine Opportunities	3-21
3.6.1	Global Fiber	3-21
3.7	Economic Constraints.....	3-23
3.7.1	Regulatory Weight Limitations	3-23
4.0	Future Markets and Projections.....	4-1
4.1	Background	4-1
4.2	Global Shipping Market.....	4-1
4.2.1	Transshipment Hubs in the Caribbean	4-2
4.2.2	Relocated Small Ships.....	4-4
4.3	National & Regional Markets.....	4-4
4.3.1	Inland Intermodal	4-4
4.3.2	Import – Export	4-5
4.3.3	Short-Sea Freight Market	4-6
4.3.4	Barge Opportunities	4-6
4.4	Targeted Freight Markets	4-7

4.4.1	Forest Products	4-7
4.4.2	Bulk Products.....	4-7
4.4.3	Breakbulk.....	4-8
4.5	Summary of Market Capture	4-9
4.5.1	Business Development Recommendations.....	4-10
4.5.2	Other Assets and Equipment Needed to Improve Port Functionality.....	4-11
4.5.3	Development of Marketing Plan.....	4-11
5.0	Facility Improvement Plan.....	5-1
5.1	Port Development Considerations	5-1
5.2	Cargo Forecast.....	5-1
5.3	Vessel Size	5-3
5.4	Use of Adjacent Properties to Increase Capacity	5-4
5.5	10-Year Facility Improvement Plan.....	5-6
5.5.1	Phase 1 Improvements.....	5-6
5.5.2	Phase 2 Facility Development Plan	5-8
5.6	Environmental Constraints	5-14
5.7	Dredging – Detailed Analysis.....	5-16
5.8	Summary of Port Development Plan	5-17
6.0	Transportation Analysis and Impacts	6-1
6.1	Future Transportation Analysis and Impacts	6-1
6.1.1	Future (2023) Base Traffic Conditions - Regional Roadway Network.....	6-1
6.1.2	2023 PM Peak Hour Traffic Conditions (Background Traffic)	6-9
6.1.3	Planned and Programmed Transportation Improvements	6-15
6.1.4	2023 PM Peak Hour Traffic Conditions (Background Traffic + Programmed Improvements)	6-16
6.1.5	Port of Fernandina – 2023 Forecasted Traffic (Trucks and Passenger Vehicles)	6-22
6.1.6	2023 PM Peak Hour Traffic Conditions (Background Traffic, Programmed Improvements, and Port of Fernandina Traffic)	6-25
6.1.7	2023 Truck Traffic	6-33
6.1.8	2023 Railroad Traffic.....	6-33
6.1.9	2023 PM Peak Hour Traffic Conditions – Proposed Cruise Line Terminal.....	6-34
7.0	Economic and Funding Analysis	7-1
7.1	Economic Analysis	7-1

7.2	Federal Funding Opportunities.....	7-3
7.2.1	Port Security Grant Program (PSGP) Funding Opportunity Announcement (FOA).....	7-3
7.2.2	Transportation Investment Generating Economic Recovery (TIGER) program	7-4
7.2.3	Economic Development Assistance Programs - Cooperative Agreement Grant.....	7-5
7.3	State of Florida.....	7-5
7.4	Local and Private Funding Opportunities.....	7-8
7.4.1	Waterway Assistance Program.....	7-8
7.4.2	Ad Valorem	7-8
7.4.3	Public-Private Partnerships (P3)	7-8
8.0	Moving Forward.....	8-1
8.1	Recommended Actions	8-1
8.1.1	Revisions to the City of Fernandina Beach Comprehensive Plan.....	8-1
8.1.2	Revisions to the Nassau County Comprehensive Plan	8-1
8.1.3	Revisions to the Nassau County Code of Ordinances	8-1
8.1.4	Business Development Recommendations.....	8-1
8.1.5	Programmed Projects.....	8-2
	Appendix A Competing Ports	1
	Appendix B OHPA History and Charter	1
	Appendix C Resolution 2012-9.....	1
	Appendix D Conservation Easement	1
	Appendix E City of Fernandina Beach – Recommended Comprehensive Plan Revisions.....	1
	Appendix F Nassau County Recommended Comprehensive Plan Revisions.....	1
	Appendix G Consistency with FS Chapter 311.....	1
	Appendix H Resolution 2014-4.....	1

Tables

Table 2.1-1. Existing Cargo	2-3
Table 2.1-2. Cargo Throughput 2010 to 2012	2-6
Table 2.1-3. Warehouse Storage Capacity	2-7
Table 2.1-4. Warehouse Storage Capacity Sensitivity	2-8
Table 2.1-5. Yard Storage Capacity	2-9
Table 2.1-7. Container Yard Throughput Capacity	2-10

Table 2.1-9. Port of Fernandina Annual Capacity.....	2-10
Table 2.2-1. Existing and Historical Daily Traffic Volumes (FDOT).....	2-17
Table 2.2-2. Existing PM Peak Hour Critical and Deficient Roadway Segments	2-21
Table 2.2-3. Existing Critical and Deficient Roadway Segments	2-22
Table 2.2-4. Planned and Programmed Transportation Improvements.....	2-24
Table 2.3-1. Species and Essential Fish Habitat Association	2-36
Table 2.3-2. Threatened and Endangered Aquatic Species.....	2-38
Table 2.3-3. National Ambient Air Quality Standards.....	2-40
Table 3.3-1. Comparison of Product Movements by Road – Florida	3-5
Table 3.3-2. Comparison of Product Movements by Water – Florida	3-5
Table 3.3-3. Comparison of Product Movements by Road – Georgia.....	3-5
Table 3.3-4. Comparison of Product Movements by Water – Georgia.....	3-5
Table 3.3-5. Barge Characteristics.....	3-7
Table 4.5-1. OHPA Projected Market Capture Summary.....	4-10
Table 4.5-2. Cargo Throughput Projections 2010 to 2023	4-10
Table 5.2-1. Potential Cargo Opportunities 2015 - 2023.....	5-1
Table 5.3-1. Feeder Vessel Specifications	5-3
Table 5.5.1. Breakbulk Storage Areas – Phase 1.....	5-8
Table 5.5.-3. Breakbulk Storage Behind Wharf.....	5-12
Table 6.1-1. 2023 Projected Daily Traffic Volumes.....	6-2
Table 6.1-2 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic)	6-9
Table 6.1-3. 2023 PM Peak Roadway Level of Service Conditions (Background Traffic)	6-13
Table 6.1-4. Planned and Programmed Transportation Improvements.....	6-15
Table 6.1-5. 2023 PM Peak Hour Critical and Deficient Roadway Segments	6-16
(Background Traffic + Programmed Improvements)	6-16
Table 6.1-6. 2023 PM Peak Roadway Level of Service Conditions	6-20
(Background Traffic + Programmed Improvements)	6-20
Table 6.1-7. 2023 Port of Fernandina Daily Traffic Forecast (Trucks and Passenger Vehicles)	6-22
Table 6.1-8. 2023 Port of Fernandina PM Peak Traffic Forecast (Trucks and Passenger Vehicles)	6-24
Table 6.1-9. 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic, Programmed Improvements, and Port of Fernandina Traffic).....	6-25
Table 6.1-10. 2023 PM Peak Roadway Level of Service Conditions	6-30
(Background Traffic, Programmed Improvements and Port of Fernandina Traffic)	6-30

Table 6.1-11. Proposed Cruise Terminal Trip Generation	6-34
Table 6.1-12. 2023 PM Peak Hour Critical and Deficient Roadway Segments (with Cruise Line).....	6-35
Table 6.1-13. 2023 PM Peak Roadway Level of Service Conditions (with Cruise Line)	6-42
Table 7.1-1. Assumptions Used in Economic Analysis	7-1
Table 7.1-2. Projected Annual OHPA Revenues From Port Operations	7-2
Table 7.1-3. Economic Evaluation of Investments for 10 and 20 Years	7-3

Figures

Figure 2.1-1. Existing Site Layout.....	2-2
Figure 2.1-2. Ports within 450 miles	2-3
Figure 2.1-3. Cargo Trend 2010 to 2012	2-5
Figure 2.1-4. Cargo Trend 2010 to 2012	2-6
Figure 2.2-1. Existing (2012) Total Traffic Volumes	2-13
Figure 2.2-2. Existing (2012) Total Traffic Volumes	2-14
Figure 2.2-3. Existing (2012) Total Traffic Volume	2-15
Figure 2.2-4. Existing (2012) Total Traffic Volume	2-16
Figure 2.2-5. Existing PM Peak Hour Critical and Deficient Roadway Segments.....	2-19
Figure 2.2-6. Critical Intersections.....	2-20
Figure 2.2-7. Truck Volumes, Primary Roadway Access & Employment.....	2-25
Figure 2.2-8. Railroad Crossing Locations	2-29
Figure 2.2-9. Railroad Volumes.....	2-31
Figure 2.3-1. USACE Fernandina Harbor Channel Project Map	2-45
Figure 2.4-1. Current Zoning Designations.....	2-47
Figure 2.4-2. Historic District, CRA, and Port Parcels	2-51
Figure 2.4-3. Historic District, CRA, and Port Parcels Magnified.....	2-52
Figure 3.1-1. Historic Hurricane Strikes 1950-2011.....	3-1
Figure 3.3-1. Daily 2012 Chokepoint Vessel Transits.....	3-4
Figure 3.3-2. Navigable Waterways	3-9
Figure 3.4-1. Industrial Sites	3-10
Figure 3.4-2. Kingsport – East of I-95.....	3-19
Figure 3.4-3. Kingsport – West of I-95.....	3-19
Figure 3.4-4. Potential LNG Distribution Facility.....	3-20
Figure 3.4-5. Conceptual Cruise Terminal Illustration	3-20
Figure 3.5-1. Potential North JIA Rail Corridor Alignments.....	3-21
Figure 3.4-1. Allied Fiber’s Preliminary Fiber Optic Routes	3-22
Figure 3.4-2. Submarine Cable Systems, 2010	3-22
Figure 4.2-1 . Northern Caribbean Transshipment Market	4-2
Figure 4.2-2 . Central Caribbean Transshipment Market	4-3
Figure 4.2-3 . Southern Caribbean Transshipment Market.....	4-3
Figure 5.2-1. Breakbulk Cargo Opportunities Figure 5.2-2. Containerized Cargo Opportunities.....	5-2

Figure 5.2-3. Potential 2023 Cargo Opportunities	5-2
Figure 5.4-1. Existing Port Site and Vicinity	5-5
Figure 5.5-1. Phase 1 Site Layout	5-7
Figure 5.5-2. Phase 2 Site Layout	5-10
Figure 5.5-3. Phase 3 Site Layout	5-13
Figure 5.7-1. Dredge Requirements.....	5-15
Figure 6.1-1. Projected (2023) Daily Traffic Volumes.....	6-5
Figure 6.1-2. Projected (2023) Daily Traffic Volumes.....	6-6
Figure 6.1-3. Projected (2023) Daily Traffic Volumes.....	6-7
Figure 6.1-4. Projected (2023) Daily Traffic Volumes.....	6-8
Figure 6.1-5. 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic).....	6-11
Figure 6.1-6. 2023 Critical Intersections (Background Traffic).....	6-12
Figure 6.1-7. 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic + Programmed Improvements).....	6-18
Figure 6.1-8. 2023 Critical Intersections (Background Traffic + Programmed Improvements).....	6-19
Figure 6.1-9. 2023 Port of Fernandina Truck Traffic Distribution.....	6-26
Figure 6.1-10. 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic, Programmed Improvements and Port of Fernandina Traffic).....	6-27
Figure 6.1-11. 2023 Critical Intersections (Background Traffic, Programmed Improvements and Port of Fernandina Traffic)	6-28
Figure 6.1-12. 2023 Truck Volumes, Primary Roadway Access & Employment.....	6-36
Figure 6.1-13. 2023 Railroad Volumes.....	6-37
Figure 6.1-14. 2023 Estimated Cruise Line Traffic Distribution.....	6-38
Figure 6.1-15. 2023 PM Peak Hour Critical and Deficient Roadway Segments (with Cruise Line).....	6-39
Figure 6.1-16. 2023 Critical Intersections (with Cruise Line).....	6-40

This page intentionally left blank.

Acronyms and Abbreviations

µg/m ³	micrograms per cubic meter	JIA	Jacksonville International Airport
AADT	Average Annual Daily Traffic	KBEC	Kings Bay Entrance Channel
APF	Adequate Public Facilities	KLB	Kraft Liner Board
BMP	Best Management Practices	LDC	Land Development Code
CAA	Clean Air Act	LID	Low Impact Development
CAP	Capacity	LOA	Length Overall
CFR	Code Federal Regulations	LOS	Level of Service
CO	Carbon Monoxide	mg/m ²	milligram per cubic meters
CON/CST	Construction	mi	miles
CP	Conservation Preservation District	MLLW	Mean Lower Low Water
CRA	Community Redevelopment Area	MLW	Mean Low Water
CWA	Clean Water Act	NAAQS	National Ambient Air Quality Standards
CY	Calendar Year		
DRI	Development of Regional Impact	NHPA	National Historic Preservation Act
E	Endangered	NO ₂	nitrogen dioxide
EA	Environmental Assessment	NPDES	National Pollutant Discharge Elimination System
EDA	Economic Development Administration		
EDAP	Economic Development Assistance Programs	OHPA	Ocean Highway and Port Authority
EDOS	Economic Development Opportunity Areas	ODMDS	Offshore Dredge Material Disposal Site
ENCPA	East Nassau Community Planning Area	PD	Planned Development
FAC	Florida Administration Code	PD&E	Project Development & Environmental
FCRD	First Coast Railroad	PE	Preliminary Engineering
FDEP	Florida Department of Environmental Protection	PM ₁₀	particulate matter less than or equal 10 microns in diameter
FDOT	Florida Department of Transportation	PM _{2.5}	particulate matter less than or equal 2.5 microns in diameter
FEMA	Federal Emergency Management Agency	ppb	parts per billion
FFO	Federal Funding Opportunity	ppm	parts per million
FLUM	Future Land Use Map	PSGP	Port Security Grant Program
ft	feet	ROW	Right of Way
FY	Fiscal Year	RTG	Rubber Tired Gantries
G&W	Genesee & Wyoming, Inc.	sf	square feet
ITE		SJRWMD	St. John River Water Management District
IW	Industrial Warehouse	SO ₂	sulfur dioxide
IWW	Intracoastal Waterway	SR	State Road

st	Short Tons	TSS	Total Suspended Solid
STS	Ship-to-Shore	U.S.	United States
T	Threatened	USACE	United States Army Corps of Engineers
TEU	twenty-foot equivalent unit	USFWS	U.S. Fish & Wildlife Service
TIGER	Transportation Investment Generating Economic Recovery	USGS	U.S. Geological Survey

1.0 Introduction

The purpose of this Strategic Master Plan is to provide the Port of Fernandina and the Ocean Highway and Port Authority (OHPA) with the necessary information and insight on the potential for changes to the Port's current operations and facilities to meet potential future cargo and developmental opportunities. These changes include the potential for increasing cargo handling capabilities at the Port of Fernandina Beach and for OHPA to provide developmental support to potential industrial developments planned throughout Nassau County. This Strategic Master Plan covers the ten year period from 2013 to 2023. Although there are a number of considerations that are important to establishing a plan for to increase cargo handling activities for the next ten years, the three most critical considerations are the market demand and projections for cargo growth over this time period, the expected trends in vessel types and sizes expected to call at the port, and the existing conditions and the physical constraints of the port site.

This Strategic Master Plan analyzes the Port's "strategic" position in this logistics chain and develops possible growth projections for the Port based on regional developmental opportunities. The Strategic Master Plan provides various port expansion and land use opportunities to meet some of this projected regional trade growth and to allow OHPA to support regional industrial development needs. The Strategic Master Plan provides the OHPA with:

- An understanding of the strategic cargo and developmental opportunities available to the Port and OHPA;
- A development plan that will enable the port to achieve their developmental goals and objectives;
- A master plan that allows for the most cost effective growth of the ports facilities (including equipment) and operations that will allow the port to best meet anticipate cargo demands;
- Understanding of off-site infrastructure requirements and impacts to the local transportation network from a multi-modal perspective, and
- A summary of local, State and Federal funding resources available to pursue.

The Strategic Master Plan will also serve as the basis for revisions to the City of Fernandina's Conservation and Coastal Management Element of its Comprehensive Plan. It will further serve as a mechanism to develop a Strategic Intermodal Element for the Nassau County Comprehensive Plan.

Note Concerning "Capacity":

It should be noted that the "Maximum Annual Capacity" discussed for the various cargoes and during the various phases of development were developed using Cardno's capacity models that are based on "average" port industry standards. Some of the assumptions and factors used in these models differ from the actual operations at the Port of Fernandina today, so the models used were adjusted to reflect current operations as close as possible. Factors such as dwell times, maximum storage density and type of cargo handling equipment can all impact capacity calculations. In addition, industry averages on space utilization; and pavement strengths versus storage density can all impact capacity for any one cargo type. For this Strategic Master Plan, all operational factors were adjusted to be as close as possible to Port Fernandina's current operations, but as these factors change or improve over time, capacity will change with them.

This page intentionally left blank.

2.0 Existing Facilities and Operations

2.1 Existing Facilities Report

2.1.1 Introduction

The Port of Fernandina is geographically located on the East side of the Amelia River in the northeast corner of Florida in Nassau County. Coordinates for the Port are North Latitude 30 degrees 41 minutes and West Longitude 81 degrees 28 minutes, approximately 2.2 miles (mi) from the mouth of the Amelia River.

The Port consists of a two berth deep water shipping terminal located within the City of Fernandina Beach, Florida. The terminal is bordered on the south by Broome Street and Calhoun Street, on the east by Third Street and Second Street, the Amelia River to the west, RockTenn Forest Resources plant to the northeast. The container yard extends west along Escambia Street bounded by RockTenn to the northwest.

The Port complex is approximately 23 acres in size and includes a 1,200 foot long pile and cap concrete wharf with an apron width between 70 to 115 feet (ft). The container yard storage has a static capacity of approximately 3,200 twenty foot equivalent units (TEUs) and there is approximately 200,000 square feet (sf) of covered storage space in three warehouses and several open sheds. Additional terminal infrastructure includes 1,600 ft of rail sidings, an in-ground truck scale, two gantry cranes, one mobile harbor crane, three rubber-tired gantry cranes, three reach stackers and complete maintenance facilities. The short line rail connects the Port to the CSX mainline and has double-stack capabilities. The container yard and wharf area is fenced with 24 hour security provided by the port authority.

Figure 2.1-1 shows the current Port layout and facilities.

The Layout Plan shows the planned third berth area. This berth project has been permitted, but is not yet programmed for construction. This new 3rd berth is planned to be a 400 to 600-foot extension of the existing wharf and proposed to support new multi-purpose cargo facilities or an increase in vessel sizes.

The Port's equipment is owned and supplied by the Operator (Nassau Terminals, LLC, a unit of Kinder Morgan) and includes:

- Two container gantry cranes
- Rail mounted clyde heavy left gantry crane
- Mobile American gantry crane
- Three rubber tired gantry cranes
- Three top loaders/Reach Stackers
- Over 30 lifts trucks ranging from 3,000 to 52,000 lbs. capacity
- Yard hustlers, flatbeds, yard chassis, and over the road trucks



Figure 2.1-1. Existing Site Layout

The Port's current cargo base is primarily export of breakbulk and containerized cargo. Table 2.1-1 shows the general mix of cargo handled at the Port.

Table 2.1-1. Existing Cargo

Containerized Cargo	Breakbulk Cargo	
Import/Export	Import	Export
Automobile parts	Hard woods	Kraft liner board
Wood pulp	Lumber	Wood pulp
Kraft liner board (KLB)	Wood pulp	Machinery
Steel products		Lumber
Plastics		Steel products
Beverages		
Frozen foods		
Machinery		
Consumer goods		
Building materials		

The navigational channel to the Port of Fernandina is located on the Amelia River; a naturally deep waterway. The approach channel is via the St. Mary's River entrance channel, a deep water channel shared with Naval Submarine Base located at Kings Bay, Georgia. The approach channel is maintained at a depth of -47 ft MLW, while the Amelia channel is at -36 ft MLW, and is 400 ft wide. The turning basin is adjacent to the berth and is 1,600 ft north and south and 900 ft east and west.

Because of the proximity of the Port to the open ocean, it is only 45 minutes from dockside to the ocean. Figure 2.1-2 shows the location of the Port in relationship to other competing ports in the region. A listing of these competing regional ports, their facilities and commodities handled, is included in Appendix A.



Figure 2.1-2. Ports within 450 miles

2.1.2 General Port Profile

The marine terminal at Fernandina is a 23 acre facility and is located within the City of Fernandina Beach. The Port of Fernandina has a history that spans back to the 1800's. However, modern operations began in 1985 with renovation of the old wood structure which served as the wharf with a concrete pile wharf, concrete paved cargo and marshalling yards, cranes, and new warehouses. Subsequent terminal renovation expanded the Port's wharf to its current length (1,200 ft), capable of handling a multitude of vessel types and sizes.

The Port of Fernandina also has available to it an off-port distribution center with an adjacent container depot, owned and operated by the Port's operating company. These are located on US 17 less than two mi from I-95 and 13 mi from the marine terminal.

2.1.2.1 Warehouses

The terminal has 3 covered warehouses amounting to a total of approximately 180,000 sf that is used primarily to store forest products and other weather sensitive cargoes. There are also several other covered storage sheds, totaling approximately 20,000 sf used to store equipment and miscellaneous weather sensitive breakbulk cargoes such as steel coils, etc.

2.1.2.2 Open Storage Areas

There is approximately 11 acres of open storage area within the Port complex. Approximately 3-4 acres is used exclusively for the storage of containers in an area that used the existing Rubber Tired Gantries (RTGs). The other 4 to 5 acres of open storage area are used for a mix of wheeled and grounded containers (handled by Top-Picks), reefer container storage (there are 48 existing reefer plugs, expandable to 144) and various non-weather sensitive breakbulk cargoes.

2.1.2.3 Rail Access

The Port has direct rail access located within the open storage area and has rail sidings along several of the warehouses. These rail loading areas provide space to load 11 rail cars along the warehouses and 11 rail cars in the terminal yard. The sidings along the warehouse are comprised of 3 sets of parallel tracks. The Port manages between 2,000 and 4,000 cars per year primarily with forest products and steel cargo. The rail car loading area within the open storage area is somewhat limited as the rail that runs through the Port also provides direct service to the adjacent RockTenn paper mill, thereby, making the Port's rail operations dependent on the rail requirements of RockTenn.

The short-line rail service is provided by First Coast Railroad (FCRD), operated by Rail Link, (a unit of Genesee & Wyoming Railroad). The lines stretch from Yulee to Fernandina Beach, and north from Yulee to Seals, Georgia. There is a large rail marshalling yard near the port on the other end of the City of Fernandina Beach. The rail interchanges with CSX railroad and has full double-stack intermodal capability.

2.1.2.4 Existing Cargo Profile

Various breakbulk and general cargoes (including containerized general cargo) have been the main commodities served by the Port since 1985. The Port's close proximity to various paper mills and other manufacturing plants along with its favorable road and rail connections have resulted in the Port being able to serve local manufacturers, shippers and consignees. Both the RockTenn and Rayonier forest product facilities are located in the vicinity of the Port and have used the Port for significant exports. In addition, the Port's on-site rail connections and the truck route connecting the Port to I-95 have helped to establish important landside connections with other local industries.

Over the years the Port has expanded its warehouse space to accommodate the growth in forest products exports. Operations began in 1986 with a simple 60,000 sf warehouse. Since that time, there have been four warehouse expansion projects including two new buildings. The Port's breakbulk activity was not

significant during earlier years of operations. However, from 1988 to 1995 forest products export expanded at an average rate of 40,000 tons per year to a level of approximately 350,000 tons per year. In 1998 an additional 36,000 sf of warehouse was added which allowed the Port to increase forest products exports. Today, the Port has 180,000 sf of warehouse space, mostly serving the forest products export business.

The containerized cargo service line has been much more volatile to the Port's business. In the first few years of operations, the Port attracted several container customers including a sizeable shipping line offering service worldwide and another customer serving Puerto Rico. The container trade expanded and peaked in 1989 at approximately 350,000 tons (35,818 container moves). Due to the growth in demand for handling containerized cargo the Port purchased gantry cranes, lengthened the wharf and expanded the container yard to accommodate up to 45,000 containers per year. These upgraded container handling facilities were completed in 1992. Ultimately, both main container customers departed from the Port of Fernandina for various reasons. With the departure of these container services the throughput of containerized cargo at the Port has been greatly reduced.

In recent years, cargo volumes peaked in the 2008-2011 timeframe, however over the past three years (2010-2012) port activity has been on a steady decline. Figure 2.1-3 shows the Port's recent cargo volumes by year and cargo type.

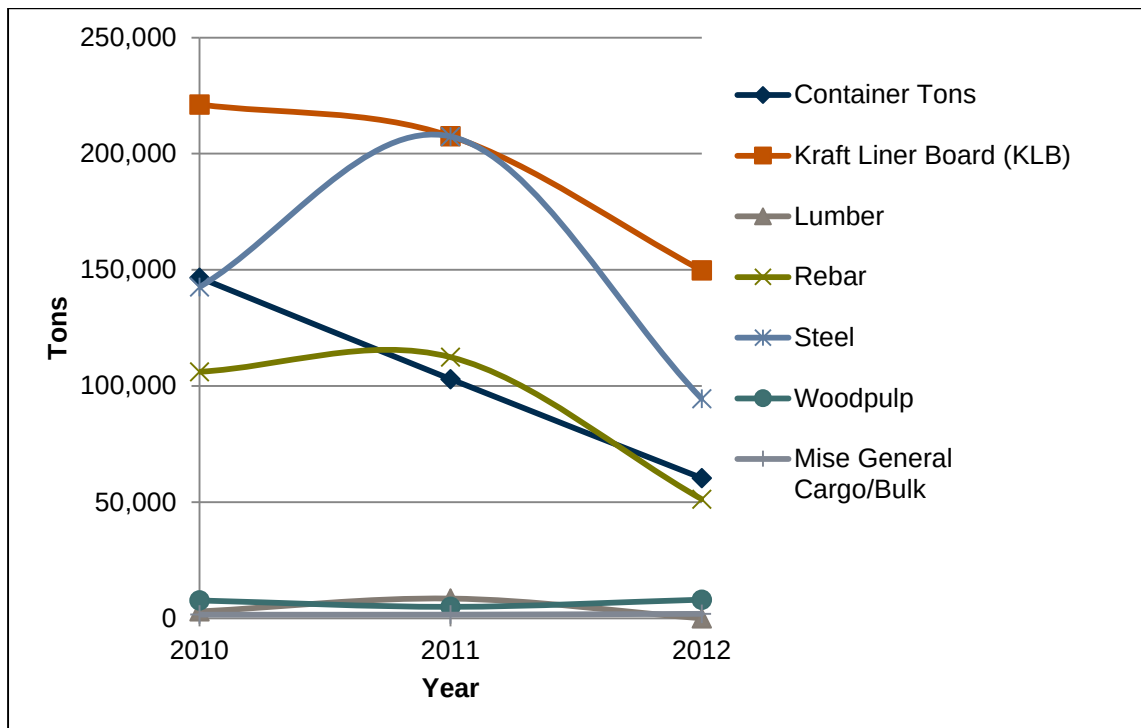
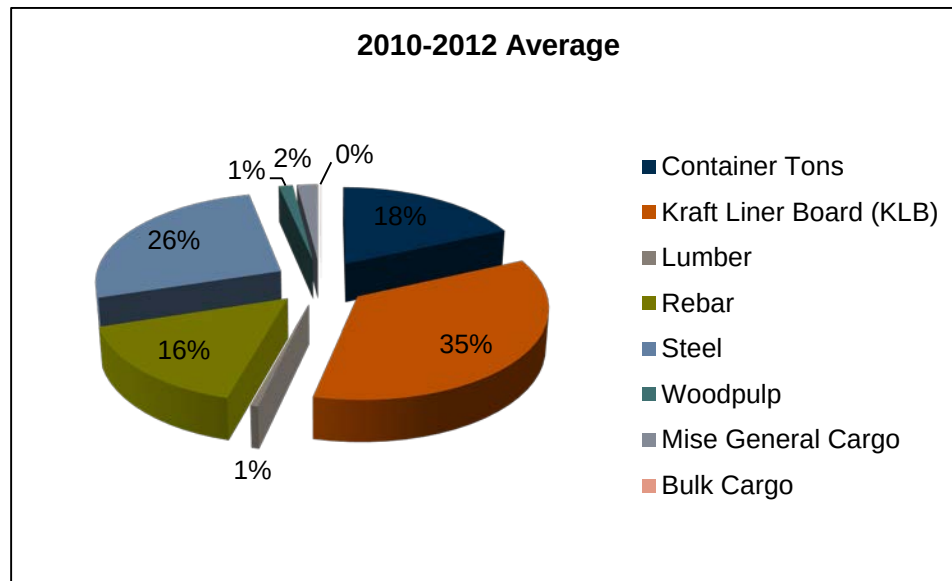


Figure 2.1-3. Cargo Trend 2010 to 2012

This data shows that in general all cargo types handled at the Port have declined from 2010 to 2012 (except for rebar and steel which rose slightly in 2011, but then declined again in 2012). Table 2.1-2 below summarizes throughput by year and cargo type and Figure 2.1-4 below shows the average cargo make-up for the Port from 2010 to 2012.

Table 2.1-2. Cargo Throughput 2010 to 2012

Cargo Summary	2010	2011	2012
Containers			
Containers (boxes)	20,540	16,330	11,312
Containers (tons)	146,652	102,969	60,384
TEUs	32,113	22,005	14,018
Breakbulk Cargo (tons)			
Kraft Liner Board (KLB)	221,186	207,543	149,770
Lumber	2,966	8,530	16
Rebar	106,136	112,430	51,284
Steel	142,576	207,416	94,501
Woodpulp	7,714	4,970	8,054
Misc. General Cargo	1,611	3,216	20,388
Bulk Cargo	0	0	345
Total General Tons	482,189	544,105	324,358
Total Tons	628,841	647,074	384,742


Figure 2.1-4. Cargo Trend 2010 to 2012

2.1.3 Facility Profiles and Capacity

2.1.3.1 Wharf and Berth Capacity

The wharf at the Port of Fernandina consists of two berths and is 1,200 ft in length. The depth alongside the wharf is 36 ft MLW, the dock height is 12 ft above MLW, and the tide is approximately 6 ft on average. The wharf and its surface appear to be well maintained and are in good condition. The Port has averaged approximately 175 to 225 vessel calls per year over the past few years.

2.1.3.2 Vessels

Based on the navigational limitations of the current channel, it is assumed that the average container vessel that calls on the Port today is in the 900 – 2,500 TEU range. These vessels have a maximum draft in the range of 23 to 36 ft and lengths in the range of 410 to 656 ft.

For the general cargo vessels, the majority of vessels calling at the Port most likely have a capacity of between 10,000 to 45,000 dead weight tonnage, with an average length of 345 to 640 ft and maximum draft for this class of vessel is from 22 to 36 ft.

At 1,200 ft in length, the existing wharf has the capability of handling two of these typical sized vessels simultaneously. All vessels will be served by a combination of the wharf cranes (the two ship-to-shore gantry cranes or the mobile harbor cranes) or by "ship's gear". On average, these cranes would have the capacity of handling from 15 to 25 "moves" per hour. A two berth terminal would have a maximum berth utilization rate of 50% to 60%, resulting in approximately 9,600 hours of berth time available. The two berth wharf should have the capacity to serve the current vessel mix and number of vessel calls. If the "average" vessel call at the Port lasts for 24 hours, the existing 2-berth terminal has the theoretical capacity to handle approximately 400 calls per year. However, if larger vessels are anticipated to serve new market opportunities, or if a larger number of vessel calls are projected for the future (including barges), then the third berth would be required.

2.1.3.3 Warehouses

The two main warehouses were originally constructed in the mid 1980's and an additional warehouse was constructed in the late 1990's. The warehouses are used for primarily storage of forest products, such as woodpulp, kraft board and other weather sensitive cargoes. The original warehouses are approximately 70,000 sf each, while the newer warehouse has approximately 40,000 sf. The warehouses appear to be well maintained and in generally good functional condition. Moreover, the warehouse space is fire protected and has an average height of 22 ft.

The capacity calculations represented in Table 2.1-3 below provide an estimate as to the annual storage capacities of each warehouse and as a total for the storage of forest products in tons. The calculated capacity is also compared with the recent peak annual throughput of forest products that occurred in 2010. This calculation concludes that the total throughput capacity of the warehouses for handling forest products is approximately 375,000 tons (assuming an average of 33-day dwell times) and was 62% utilized during the peak cargo period in 2010.

Table 2.1-3. Warehouse Storage Capacity

	Forest Products							
	Warehouse A		Warehouse B		Warehouse C		Total	
Gross Warehouse Area	70,000	gross sf	70,000	gross sf	40,000	gross sf	180,000	gross sf
Net Warehouse Area (assume 75% of gross area)	52,500	net sf	52,500	net sf	30,000	net sf	135,000	net sf
Floor Strength	0.36	tons/sf	0.36	tons/sf	0.36	tons/sf	0.36	tons/sf
Average Dwell Time	33	days	33	days	33	days	33	days
Average Cycles per Year	11	turns	11	turns	11	turns	11	turns
Maximum Storage Density (Kraft Board)	0.28	tons/sf	0.28	tons/sf	0.28	tons/sf	0.28	tons/sf
Maximum Static Capacity	14,700	tons	14,700	tons	8,400	tons	37,800	tons
Peak Annual Throughput							231,866	tons

Table 2.1-3. Warehouse Storage Capacity

	Forest Products							
	Warehouse A		Warehouse B		Warehouse C		Total	
Throughput Capacity	161,700	tons	161,700	tons	92,400	tons	415,800	tons
Peak Factor (Assume 10%)	10%	%	10%	%	10%	%	1%	%
Max Annual Throughput	145,530	tons	145,530	tons	83,160	tons	374,220	tons
Peak % Utilization							62%	

The storage capacity calculated is driven by the average dwell time of the cargo. For the calculation above, the assumption for dwell time is 33 days or 11 turns per year. Since the cargo dwell is not a constant Table 2.1.4 below represents a sensitivity analysis of the utilization with respect to the dwell time.

Table 2.1-4. Warehouse Storage Capacity Sensitivity

Dwell Time (days)	Turns per Year
15	41
30	12
45	8

2.1.3.4 Outside Storage Yard

2.1.3.5 Miscellaneous Cargo Storage

There are currently approximately 9 acres of outside, open storage at the Port, of which approximately 3-4 acres are used exclusively for container storage and 4 - 5 acres are used as general storage areas that can be used to store both containers and other non-weather sensitive breakbulk cargoes, depending on need. The breakbulk cargoes that would be stored in this open storage area would primarily be steel re-bar and other similar types of general cargo. The summary calculations represented in Table 2.1-5 below provide an estimate as to the annual storage capacities of this general storage area, assuming that the area is used for the storage of both heavy breakbulk cargoes, such as steel products (e.g. rebar), plus other miscellaneous breakbulk items, such as lumber. The calculated capacity is also compared with the recent peak annual throughput of the individual commodity. For steel the recent peak year was in 2011 and for other breakbulk the recent peak occurred in 2012.

While the average pavement strength is around .5 tons/sf (1,000 lbs/sf) the static storage capacity is based on the storage of steel products that are stored at an average more like .25 tons/sf (500 lbs/sf).. Assuming an average of a 30-day dwell time for these cargoes, and a mix of both steel products and other miscellaneous general cargoes, this open storage area would have an annual throughput capacity of over 500,000 tons per year of breakbulk cargoes. The calculation below assumes that approximately half of the general cargo storage yard might be used to store steel products, while the other half could be used to store other breakbulk materials. It appears that even during the peak cargo years, this storage area was adequate to handle cargo storage demands at the Port.

Table 2.1-5. Yard Storage Capacity

Yard Storage Capacity						
	Steel		Other Breakbulk			
	Yard		Yard		Total	
Gross Open Storage Area	1.8	gross ac	1.8	gross ac	3.6	gross ac
Net Open Storage Area (assume 75% of gross area)	1.4	net ac	1.4	net ac	2.7	net ac
Steel storage Rate	0.25	tons/sf	0.25	tons/sf	0.25	tons/sf
Average Dwell Time	30	days	30	days	30	days
Average Cycles per Year	12	turns	12	turns	12	turns
Maximum Static Capacity	15,246	tons	15,246	tons	30,492	tons
Max Throughput Capacity	182,952	tons	182,952	tons	365,904	tons

The storage capacity calculated is again driven by the average dwell time of the cargo. For the calculation above the assumption for dwell time is 30 days. Actual dwell times will impact maximum annual throughput.

2.1.3.6 Container Yard

The remainder of the Open Storage Yard is used by the RTG operation and the flex space/reefer plug area for the storage of containers. This overall container storage area is approximately 5 acres. The calculation of container yard capacity is driven by the size of the area available for container storage and the amount of equipment used to stack and retrieve the containers. Each piece of container storage equipment (RTGs, Top-Picks or Wheeled operations) stacks containers at different “density” factors, measured in TEUs per acre. Other factors that influence Container Yard storage capacity include the purpose of the container (imports, exports or empty containers), and the average dwell time for each type of container. From this analysis an annual estimated container yard storage capacity can be estimated. The “practical” capacity of any storage system is always somewhat less than the calculated maximum capacity, as it is practically impossible to achieve 100% of the theoretical maximum storage capacity with any storage handling system.

The summary calculations represented in Table 2.1-7 provide an estimate as to the annual storage/throughput capacity of the container yard based on the existing operation and equipment. The calculated capacity is also compared with the recent peak annual container throughput which occurred in 2010. The Container Terminal Capacity model assumed a dedicated area of 5.3 acres for the Container Yard, with both the RTG operational area and other grounded and wheeled containers reefer plug area included. The model was developed based on a “static” capacity of from 850-1120 TEUs. Based on the capacity model, with the various operational and dwell time assumptions, the annual “practical” throughput capacity of the port today would be approximately 30,000 to 35,000 TEUs per year. Based on these results, the Port was at approximately 100% of its existing capacity in 2010.

Table 2.1-7. Container Yard Throughput Capacity

Assumptions:		
Distribution of Containers	Percentage	Dwell Times (days)
Empties (TEUs)	40%	12
Import/Export (TEUs)	60%	12
Reefers (TEUs)	Included	12
Percent of 40-ft Boxes	50%	
Results:		
Static Storage Capacity	850-1100 TEUS	
Total Annual Storage Capacity (TEUs)	30,000 – 35,000	
Total Annual Storage Capacity (Boxes/yr)	20,000 – 23,300	
Peak Annual Throughput (in TEUs) (2010)	32,113	
Peak % Utilization	100%	

The container yard capacity calculated is driven by many factors including the average dwell time of the cargo. For the calculation above the assumption for dwell time is 12 days for all containers, based on port statics. This is about average for similar sized ports, larger terminals with more cargo average closer to 7 day dwell times.

2.1.4 Existing Terminal Constraints

The Port appears to be currently operating well under its potential capacity and has the capacity to grow well past the historical peak cargo years of 2008 to 2010. However, depending on future cargo opportunities, the ability of the Port to expand beyond its current property boundaries could be a major constraint. The Port is bounded by the RockTenn forest products plant to the North and the City of Fernandina Beach to the South and East. The Port will have to work closely with both the City and its commercial neighbors if it will want to consider any major expansion.

A summary of the Current Port Capacity is as follows:

Table 2.1-9. Port of Fernandina Annual Capacity

	Number of Berths	Practical Utilization	Berth Hours Available	Avg. time per Vessel Call	Potential Annual Vessel calls
Berth Capacity	2	50% – 60%	9,600	36 hrs.	250-275
Cargo Storage Capacity	Type	Area	Static Capacity	Avg. Dwell Time	Approximate Annual Storage Capacity
	Cover Storage	180,000 sf	37,800 Tons	33 days	375,000 Tons
	Open BB Storage	3.6 Ac.	30,500 Tons	30 days	3300,000 Tons
	Container Yard	5 Ac.	850-1100 TEUs	12 days	35,000 TEUs

In summary, the Port has the capacity to handle over 700,000 tons of breakbulk cargo per year and to handle 35,000 TEUs per year. The total current capacity of the Port, as operated today is close to 900,000 annual tons of cargo, assuming that containerized cargo averages 5 tons per TEU. In recent years, the Port has handled a cargo throughput that averages around 70% of the Port's overall capacity for annual cargo.

2.1.5 Port Security

Because of Florida's focus on port security, the Port is up-to-date and in compliance with all State and Federal security regulations. A recent \$311,000 security grant was used for the purchase of new cameras (29), new fencing, etc. Security grants also were received in several earlier years. The Port Operator feels they are very good in security related issues, also; The Guards at the Port are direct hires by OHPA rather than the Operator in order to avoid any conflict of interest with Port Operator; The Guards provide security at the gates 24 hours a day, 7 days a week.

It has been recommended to OHPA that employee, contractor and public parking be moved to lots located at the intersection of North 3rd Street and Dade Street.

2.2 Landside Transportation Facilities and Capacity

In support of the operations of the Port of Fernandina, an existing conditions assessment has been made of the primary landside transportation facilities, which include an evaluation of the regional and local roadway network as well as the rail line that provides transport services to the Port of Fernandina and other nearby industrial/manufacturing entities.

2.2.1 Existing Conditions - Regional Roadway Network

The primary roadway leading into the Port of Fernandina is SR 200 (SR A1A) running west to east from Interstate 95 to the City of Fernandina Beach, where it bears the local name of 8th Street. All port-related truck traffic uses 8th Street to access the Port's main entry. The main entry point into the Port is at the Dade Street entrance on the east side at the intersection of 3rd Street. A future access point may be considered to the north at Escambia Street, but this road would need improvements as it is not designed for heavy truck traffic.

Interstate 95 traverses the entire U.S. eastern seaboard and directly serves the local, regional and national roadway network. SR 200 (SR A1A) is currently a four lane divided highway from I-95 to Lime Street. Locally known as S. 8th Street, SR 200 from Lime Street to Centre Street/Atlantic Avenue is a two-lane road with a continuous two-way center lane for left turns. Atlantic Avenue runs east from this intersection with designation of SR 200 (SR A1A). From the Centre Street/Atlantic Avenue intersection, N. 8th Street continues north as a two lane road to the Port entry at Dade Street.

With significant heavy truck traffic on SR 200 (SR A1A) / 8th Street, vehicle traffic moves slower through the City. To alleviate the congestion, SR200 (SR A1A) is programmed to be widened from four (4) lanes to six (6) lanes.

Figures 2.2-1 through 2.2-4 provide a series of maps depicting the existing (2012) average annual daily traffic (AADT) volumes reported by the Florida Department of Transportation (FDOT). This map series illustrates the daily vehicle volumes in the City of Fernandina Beach and on the regional roadways in Nassau County that provide access to the Port of Fernandina. Table 2.2-1 reports the existing and 10-year historical traffic volumes (2003 – 2012) for the region as well as an average annual growth rate. Over the last 10 years, traffic volumes in the immediate service area and region have remained generally constant with some areas, especially within the City of Fernandina Beach, showing a negative trend. This is a common phenomenon throughout the State of Florida as a result of the slowing economy over the last decade. It is also consistent with the reduced activity at the Port of Fernandina over the same time period.

This page intentionally left blank.

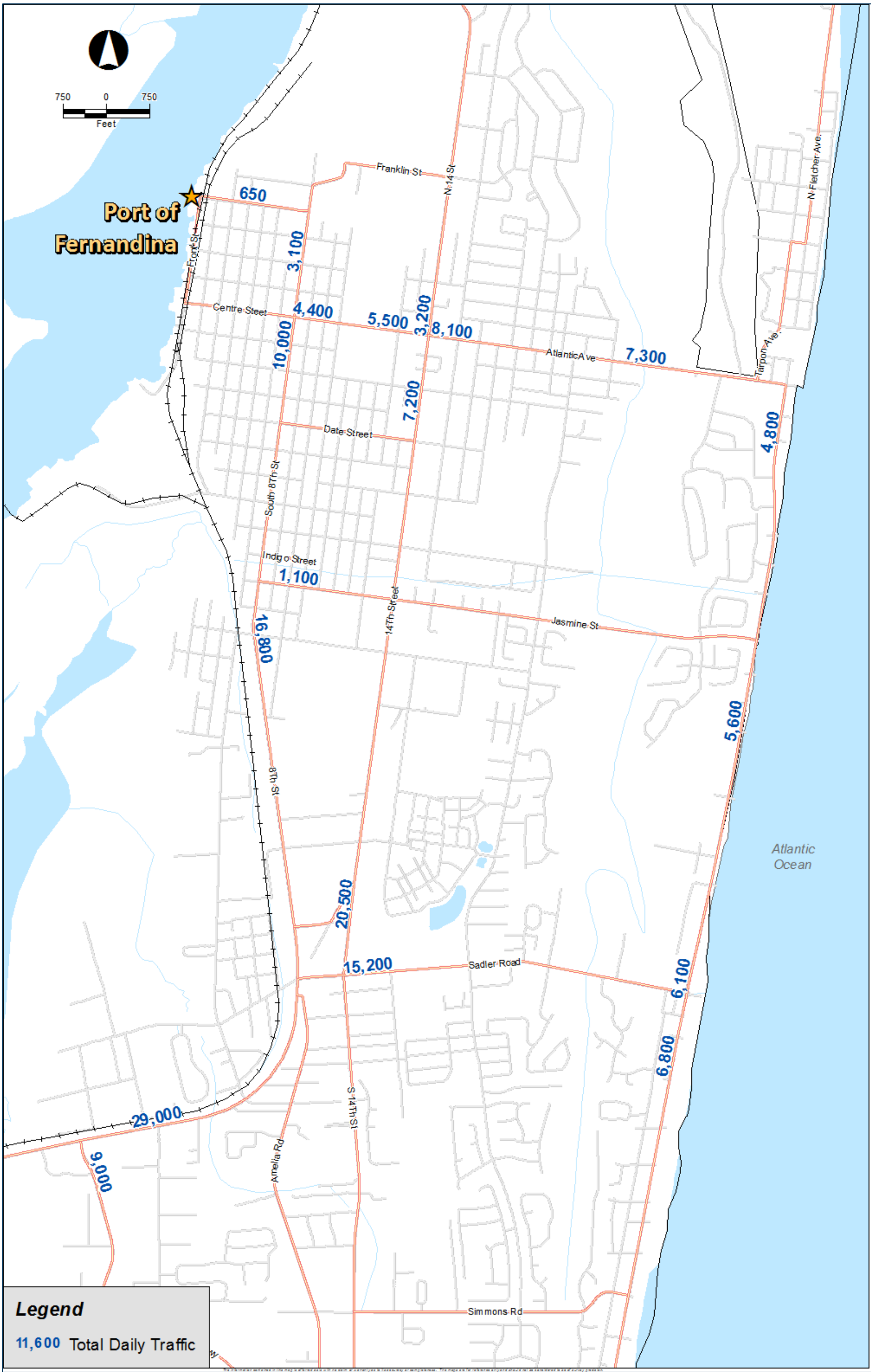


Figure 2.2-1. Existing (2012) Total Traffic Volumes



Figure 2.2-2. Existing (2012) Total Traffic Volumes

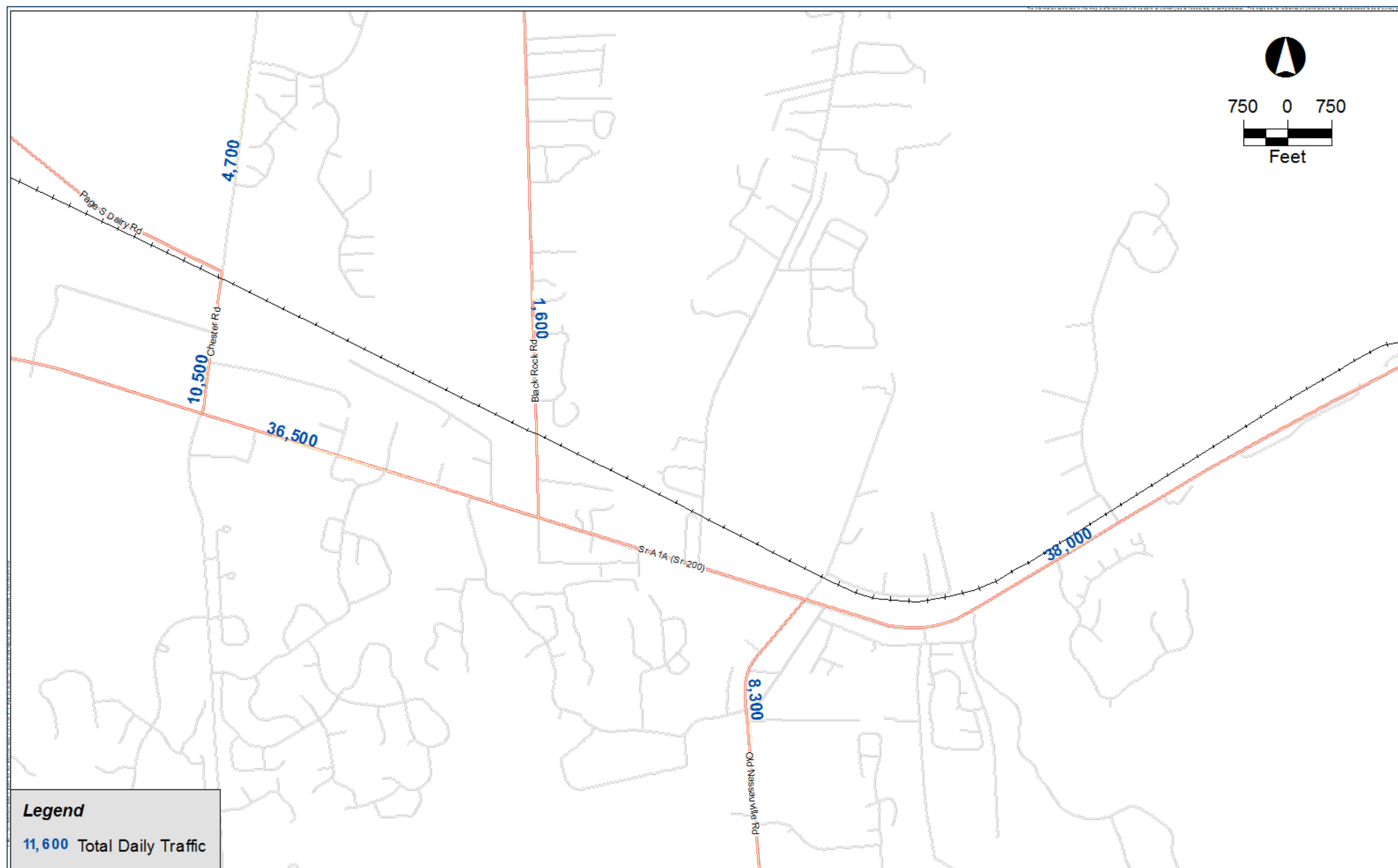


Figure 2.2-3. Existing (2012) Total Traffic Volume

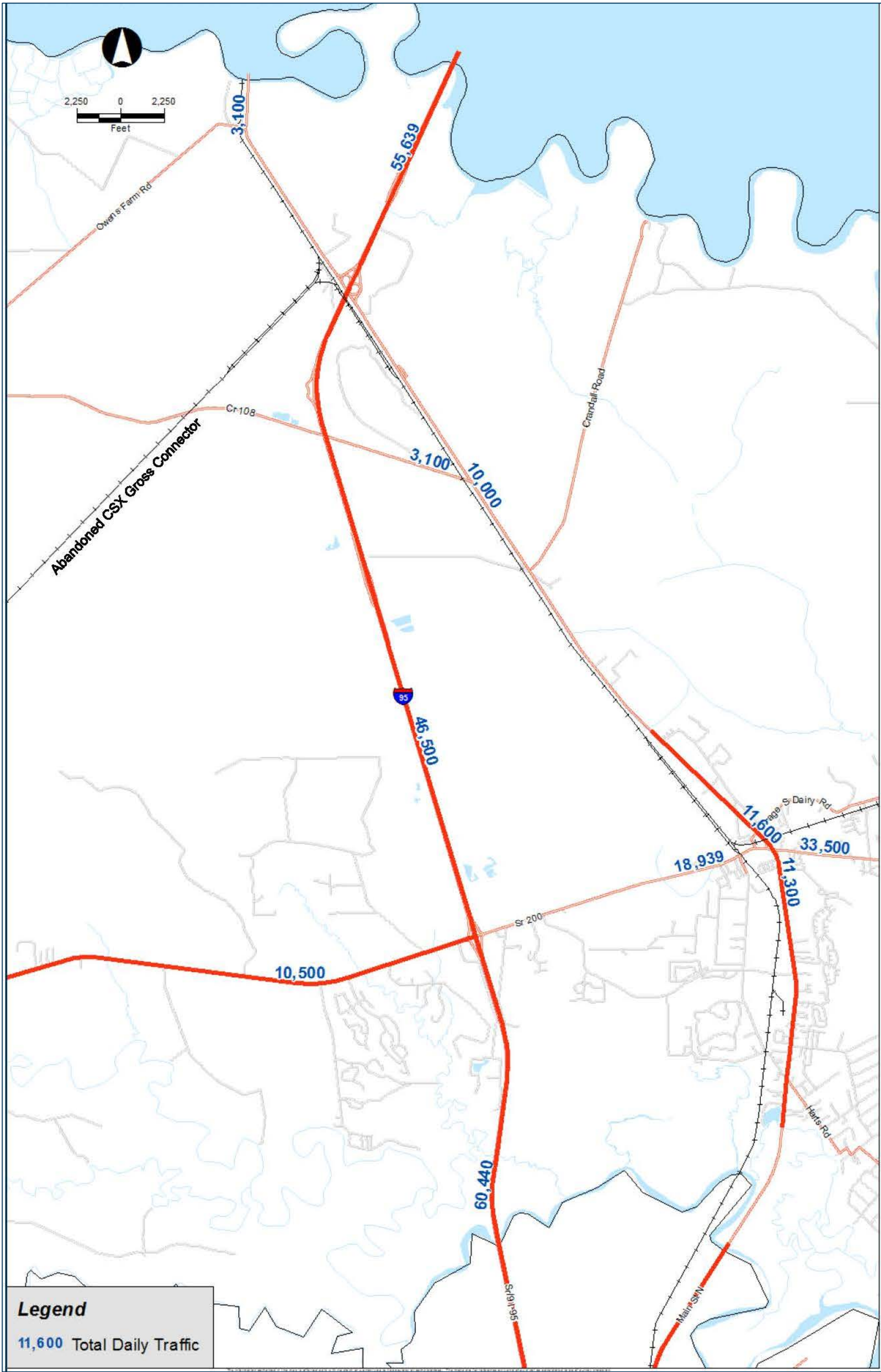


Figure 2.2-4. Existing (2012) Total Traffic Volume

Table 2.2-1. Existing and Historical Daily Traffic Volumes (FDOT)

Roadway	Count Location	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Rate
N. 8 th Street	s/o Dade St.	3,100	3,300	3,400	3,600	5,500	5,100	5,700	6,100	5,500	5,000	-3.48%
SR A1A	100' n/o Duval Co.	3,700	3,600	3,700	3,700	3,300	4,200	3,500	4,200	3,700	4,000	0.01%
SR A1A/SR105	.1 mi. s/o SR105A	10,000	11,000	10,500	10,500	10,500	11,500	12,000	13,000	11,500	11,500	-1.18%
SR A1A	300' e/o SR105A	4,600	5,400	4,400	5,200	4,800	5,300	5,100	5,600	4,400	5,000	0.17%
SR A1A	.2 mi. n/o Sandpiper	5,600	7,000	5,600	6,600	5,800	6,400	5,700	8,000	6,300	7,000	-0.52%
SR A1A	300' s/o CR108	6,800	9,100	8,400	7,800	7,800	7,000	6,500	9,400	7,700	7,300	0.66%
SR A1A	300' n/o CR108	6,100	7,100	6,700	6,100	6,700	6,200	5,100	7,700	6,600	6,600	0.53%
SR A1A	n/o Kentucky Ave	5,600	4,300	5,400	5,700	5,300	5,500	4,800	7,100	7,500	6,200	0.63%
SR A1A	200' s/o SR200	4,800	5,500	5,100	4,700	5,200	4,900	3,900	6,100	5,100	5,300	0.55%
SR200/SR A1A	200' w/o Jean Lafitte	7,300	8,000	7,700	7,300	7,800	7,700	7,200	8,500	7,800	7,600	-0.12%
SR200/SR A1A	300' e/o 14 th St.	8,100	8,500	7,900	7,600	7,600	6,200	6,800	9,000	8,400	8,400	0.33%
SR200 (Atlantic)	250' w/o 14 th St.	5,500	6,700	6,100	6,000	6,500	6,300	5,700	7,100	6,800	7,100	-1.99%
SR200 (Atlantic)	100' e/o 8 th St.	4,400	6,000	5,200	5,300	5,700	5,400	5,300	6,400	6,200	6,400	-2.98%
SR200/A1A/8 th	300' s/o Atlantic	10,000	11,500	10,500	10,500	11,000	10,500	10,500	12,000	15,500	11,500	-0.36%
SR200/A1A/8 th	200' s/o Lime St.	16,800	18,400	17,200	16,600	18,000	17,800	21,500	20,000	19,600	18,800	-0.82%
SR200/SR A1A	.2 mi. e/o Amelia. Is. Pky	29,000	30,500	29,500	32,500	---	---	---	---	---	---	---
SR200/SR A1A	w/o Amelia River Br.	38,000	40,000	39,000	40,500	40,000	39,000	43,000	39,000	38,000	36,000	0.68%
SR200/SR A1A	e/o Chester Rd.	36,500	37,500	37,500	37,500	41,000	41,000	45,000	30,000	29,000	33,000	2.12%
SR200/SR A1A	0.4 mi. e/o US17	33,500	38,500	36,000	36,500	36,000	35,000	39,000	26,000	25,500	29,000	2.65%
SR200/SR A1A	0.4 mi. w/o US17	18,939	18,498	17,934	17,536	17,240	18,178	18,333	17,695	17,138	16,092	1.69%
SR200/SR A1A	1 mi. w/o I-95	10,500	10,500	10,700	---	---	---	---	---	---	---	---
N. 14 th St.	0.1 mi. n/o Atlantic	3,200	---	---	---	---	---	---	---	---	---	---
N. 14 th St.	0.1 mi. s/o Atlantic	7,200	---	---	---	---	---	---	---	---	---	---
N. 14 th St.	350' n/o Sadler Rd.	20,500	---	---	---	---	---	---	---	---	---	---
Dade St.	w/o 8 th Street	650	650	650	550	950	950	1,649	---	---	---	-9.47%
Jasmine St.	0.1 mi. e/o SR200	1,100	---	---	---	---	---	---	---	---	---	---
Sadler Rd.	e/o 14 th Street	15,200	15,400	16,100	15,300	15,700	---	---	---	---	---	-0.59%
Amelia Is. Pkwy	0.1 mi. s/o SR200	9,000	---	---	---	---	---	---	---	---	---	---
Amelia Is. Pkwy	0.1 mi. n/o SR105	4,700	---	---	---	---	---	---	---	---	---	---
Julia St.	0.1 mi. s/o SR105	2,000	---	---	---	---	---	---	---	---	---	---

Table 2.2-1. Existing and Historical Daily Traffic Volumes (FDOT)

Roadway	Count Location	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Rate
CR105A	0.1 mi. n/o Fletcher	8,200	---	---	---	---	---	---	---	---	---	---
CR107S	0.1 mi. s/o SR200	8,300	---	---	---	---	---	---	---	---	---	---
CR107N	0.1 mi. n/o SR200	1,600	---	---	---	---	---	---	---	---	---	---
Chester Rd.	0.1 mi. n/o SR200	10,500	---	---	---	---	---	---	---	---	---	---
Chester Rd.	0.1 mi. n/o Pages Dairy	4,700	4,700	---	---	---	---	---	---	---	---	---
SR5/US17	0.25 mi. s/o SR200	11,300	10,800	10,600	10,800	11,800	10,800	11,900	11,200	10,200	8,600	3.09%
SR5/US 17	North of RR in Yulee	11,600	12,800	10,900	10,800	11,700	10,800	13,400	11,500	11,300	11,400	0.76%
SR5/US17	0.1 mi. s/o CR108	10,000	10,500	10,000	---	---	---	---	---	---	---	---
SR5/US 17	0.1 mi. s/o GA Line	3,100	2,900	3,400	3,000	3,400	3,400	3,400	3,400	3,300	3,100	0.32%
CR108	0.1 mi. w/o US17	3,100	---	---	---	---	---	---	---	---	---	---
I-95	1.5 n/o Pecan Pk Duval	60,440	59,313	61,160	60,515	---	75,500	73,590	75,144	75,139	---	-2.42%
I-95	2.0 mi. n/o SR200	46,500	47,500	44,000	49,500	45,500	48,000	46,500	36,500	35,500	43,500	1.34%
I-95	2.0 mi. s/o GA Line	55,639	55,077	56,506	56,261	54,003	57,940	58,700	59,849	58,180	56,420	-0.09%

Source: FDOT – 2012 Florida Traffic Information.

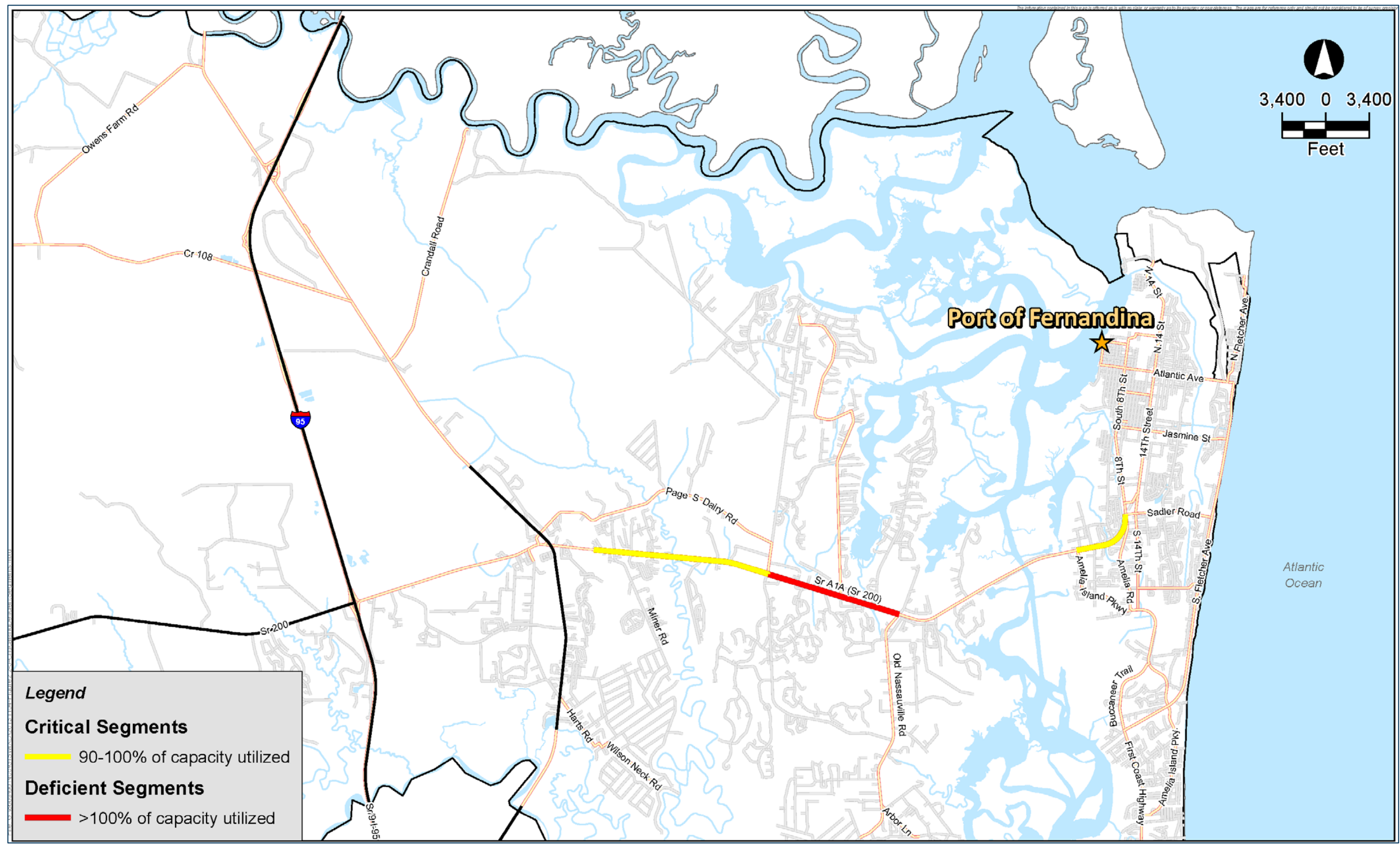


Figure 2.2-5. Existing PM Peak Hour Critical and Deficient Roadway Segments

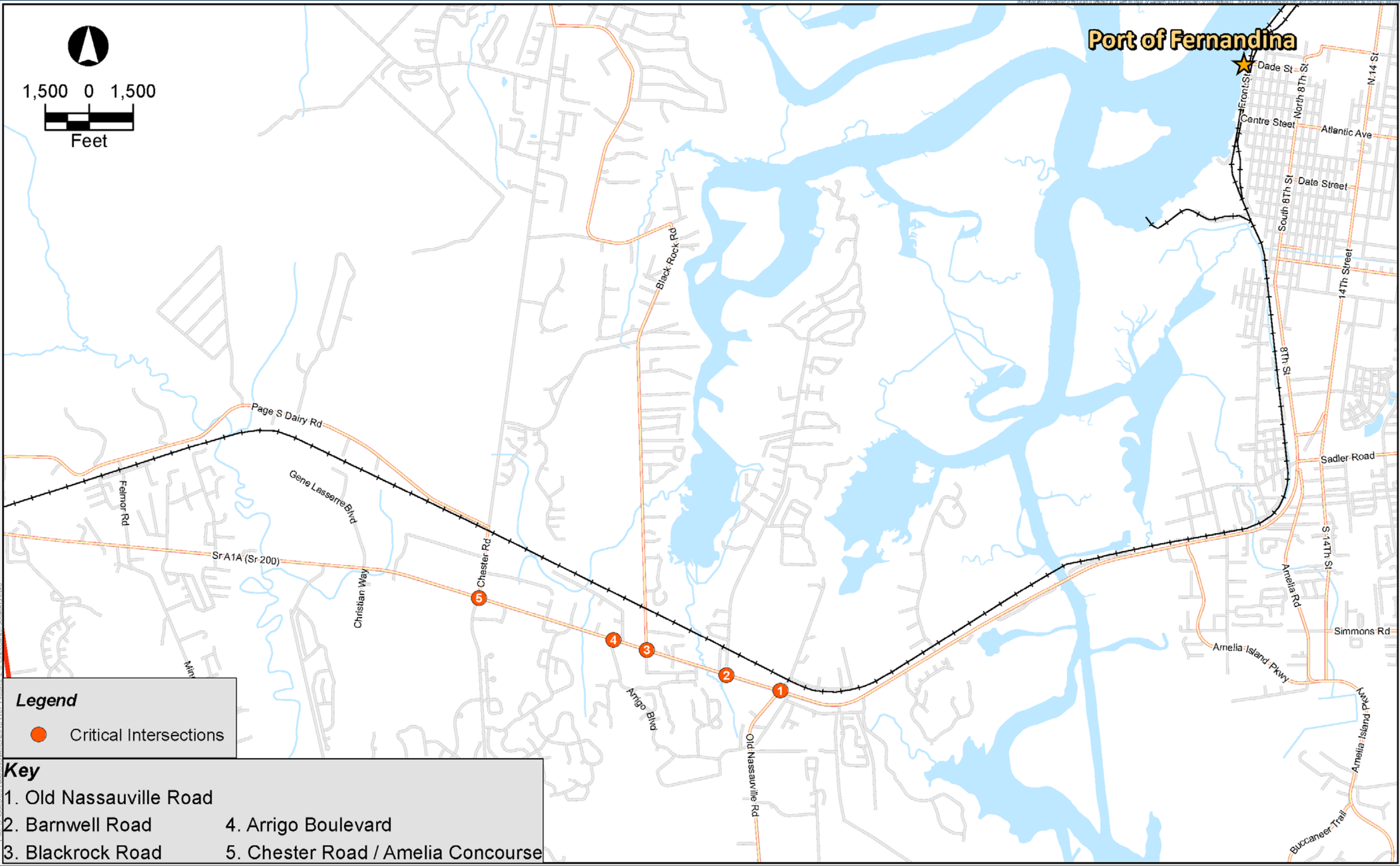


Figure 2.2-6. Critical Intersections

2.2.2 Existing Peak Hour Roadway Level of Service (LOS)

To assess the roadway level of service (LOS) conditions of the existing roadway network, current adequate public facilities (APF) data from the Nassau County Growth Management Department was obtained. The most recent Transportation Analysis Spreadsheet, dated August 8, 2013, from the County provides an inventory of arterials and collectors subject to APF review. The current inventory lists 4 roadway segments (a.k.a. links) in the Fernandina Beach / Nassau County and Port of Fernandina influence area that determined to be either "critical" or "deficient" with respect to the PM peak hour capacity of the segments. If the existing plus committed PM peak hour demand is between 90% - 100% of the capacity, then the segment is considered to be "critical." If the existing plus committed demand exceeds 100%, then the segment is identified as "deficient." For this analysis on the "existing" traffic has been evaluated to determine if segments are critical or deficient. Table 2.2-2 provides a list of the existing critical and deficient roadway segments in the area. Figure 2.2-5 shows the same critical and deficient segments on a map. Based on existing conditions, all segments of SR 200 (SR A1A) from Chester Road to Old Nassauville Road are determined to deficient during the PM peak hour. Figure 2.2-6 provides a graphic of the critical signalized intersections along the deficient segments of SR 200 (SR A1A). Table 2.2-3 follows providing a status of the PM peak hour LOS for roadways that are near the Port of Fernandina or would have a high potential of carrying port-related traffic.

Table 2.2-2. Existing PM Peak Hour Critical and Deficient Roadway Segments

Link No.	Roadway	Segment	Percent Capacity Used	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	93%	Critical
45A	SR 200 / SR A1A	Rubin Lane to Chester Road	93%	Critical
46	SR 200 / SR A1A	Chester Road to Blackrock Road	110%	Deficient
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	121%	Deficient

Source: Nassau County Transportation Analysis (August 8, 2013): Critical Segments are projected to operate at 90-100% capacity based on existing plus committed demand. Deficient segments are projected to operate at greater than 100% capacity

Table 2.2-3. Existing Critical and Deficient Roadway Segments

Link No.	Roadway	Segment	Existing Demand (2012)	PM Peak Capacity	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	3,393	3,580	Critical
2	S. 8 th Street	Sadler Road to Lime Street	1,512	3,580	OK
3	S. 8 th Street	Lime Street to Atlantic Avenue	900	1,590	OK
4	Atlantic Avenue (SR A1A)	8 th Street to 14 th Street	396	1,510	OK
6	Atlantic Avenue (SR A1A)	14 th Street to Fletcher Avenue	817	1,510	OK
8	Fletcher Avenue (SR A1A)	Atlantic Avenue to Sadler Road	432	1,510	OK
10	Fletcher Avenue (SR A1A)	Sadler Road to Simmons Road	612	1,510	OK
11	Fletcher Avenue (SR A1A)	Simmons Road to Amelia Island Pkwy	504	1,510	OK
12	Fletcher Avenue (SR A1A)	Amelia Is. Pkwy to Buccaneer Trail	414	1,510	OK
14	14 th Street	Pogy Place to Atlantic Avenue	310	660	OK
15	14 th Street	Atlantic Avenue to Hickory Street	873	1,510	OK
16	14 th Street	Hickory Street to Jasmine Street	1,176	1,510	OK
16A	14 th Street	Jasmine Street to Lime Street	1,176	1,510	OK
17	14 th Street	Lime Street to Sadler Road	1,498	3,420	OK
18	14 th Street	Sadler Road to Amelia Island Pkwy	711	1,530	OK
19	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	867	1,530	OK
20	Amelia Island Parkway	14 th St. Ext. to Buccaneer Trl (C-105A)	1,238	1,530	OK
21	Amelia Island Parkway	Buccaneer Trail to Fletcher Avenue	415	1,530	OK
22	Amelia Island Parkway	Fletcher Avenue to Scott Road	502	2,170	OK
22A	Amelia Island Parkway	Scott Road to SR A1A/Julia Street	298	2,170	OK
23	Buccaneer Trail (C-105A)	Gerbing Rd/S. Fletcher to Canopy Dr.	826	2,170	OK
23A	Buccaneer Trail (C-105A)	Canopy Drive to Amelia Island Pkwy	778	1,530	OK
29	Sadler Road	8 th Street to 14 th Street	1,930	3,420	OK
30	Sadler Road	14 th Street to Fletcher Avenue	975	3,420	OK
31	Lime Street	8 th Street to 14 th Street	248	690	OK
32	Lime Street	14 th Street to Citrona Drive	352	690	OK
38	Jasmine Street	14 th Street to Citrona Drive	290	1,590	OK
40	I-95	Duval Co. Line to SR 200/SR A1A	6,024	7,710	OK
41	I-95	SR 200/SR A1A to US 17	4,185	7,710	OK
42	I-95	US 17 to Georgia State Line	5,008	7,710	OK
44	SR 200 / SR A1A	I-95 EB Off Ramp to Still Quarters Rd.	1,705	2,790	OK
44A	SR 200 / SR A1A	Still Quarters Rd. to US 17	1,705	3,360	OK
45	SR 200 / SR A1A	US 17 to Rubin Lane	3,015	3,360	OK
45A	SR 200 / SR A1A	Rubin Lane to Chester Road	3,115	3,360	Critical
46	SR 200 / SR A1A	Chester Road to Blackrock Road	3,690	3,360	Deficient

Table 2.2-3. Existing Critical and Deficient Roadway Segments

Link No.	Roadway	Segment	Existing Demand (2012)	PM Peak Capacity	Link Status
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	4,059	3,360	Deficient
48	SR 200 / SR A1A	Old Nassauville Rd to Amelia Is. Pkwy	3,420	5,900	OK
50	CR 107N (Black Rock Rd)	Chester Road to SR 200/SR A1A	259	840	OK
51	CR 107S (Old Nassauville)	SR 200/SR A1A to Amelia Concourse	615	1,310	OK
51A	CR 107S (Old Nassauville)	Amelia Concourse to Santa Juana Rd.	646	1,310	OK
52	Chester Road	SR 200/SR A1A to Pages Dairy Rd.	761	1,230	OK
53A	Amelia Concourse	SR 200 SR A1A to CR 107S	692	2,330	OK
54	Barnwell Road	SR 200/SR A1A to Oyster Bay Dr.	312	840	OK
54A	Miner Road	Haddock Road to SR 200 / SR A1A	679	840	OK
55	US 17 (SR 5)	Duval Co. Line to Harts Road	1,061	2,190	OK
56	US 17 (SR 5)	Harts Road to SR 200 / SR A1A	1,017	2,190	OK
57	US 17 (SR 5)	SR 200/SR A1A to Pages Dairy Rd.	1,044	2,890	OK
58	US 17 (SR 5)	Pages Dairy Road to CR 108	1,061	2,190	OK
59	US 17 (SR 5)	CR 108 to I-95	744	1,350	OK
60	US 17 (SR 5)	I-95 to Georgia State Line	279	2,190	OK
100*	8 th Street	Alachua Street to Port	279	660	OK
101	8 th Street	Atlantic Avenue to Alachua Street	432	660	OK
102	Alachua Street	Front Street to 8 th Street	154	660	OK
103	Centre Street	Front Street to 8 th Street	560	660	OK
104	Ash Street	Front Street to Ash Street	213	660	OK
105	N. Fletcher Avenue	1 st Street to North	143	660	OK
106	N. Fletcher Avenue	Atlantic Avenue to 1 st Street	152	660	OK
107	Beech Street	14 th Street to Citrona Street	215	660	OK
108	Beech Street	8 th Street to 14 th Street	118	660	OK
109	Gum Street	3 rd Street to 8 th Street	195	660	OK
110	3 rd Street	Gum Street to Ash Street	92	660	OK
111	Jasmine Street	Citrona Street to S. Fletcher Avenue	229	660	OK

Source: Nassau County Transportation Analysis (August 8, 2013).

Notes: LOS indicators highlighted in yellow indicate "critical" segments and those highlighted in red indicate "deficient" segments.

*Dade Street provides the connection to the Port from 8th Street.

2.2.3 Planned and Programmed Transportation Improvements

The focus of the funded transportation capacity improvements that are scheduled for the Fernandina Beach / Nassau County area that would have direct benefit to Port of Fernandina operations is centered upon the SR 200 (SR A1A) corridor. The sections of SR 200 (SR A1A) from I-95 to East of CR 107/Scott Road are programmed to be improved from 4 lanes to 6 lanes to enhance the roadway capacity. Construction of the SR 200 (SR A1A) improvements is phased and is scheduled to be completed by 2018. Table 2.2-4 (below) identifies the planned and programmed transportation improvements identified in FDOT's Five-Year Work Program (Fiscal Years [FY] 2013/14 – 2017/18) and the North Florida Transportation Planning Organization's Transportation Improvement Program (FY 2013/14 – 2017/18).

Table 2.2-4. Planned and Programmed Transportation Improvements

Facility	Improvement Description	Work Type & Year	Source
SR 200 (SR A1A) From US 17 to CR 107	4 Lane to 6 Lane (8.181 mi.)	PE 2014	FDOT NFLTPO
SR 200 (SR A1A) From I-95 to W. of Still Quarters Road	4 Lane to 6 Lane (2.166 mi.)	PE/ROW/CON 2018	FDOT NFLTPO
SR 200 (SR A1A) From W. of Still Quarters Road to West of Rubin Lane	4 Lane to 6 Lane (1.542 mi.)	PE/ROW/CON 2016	FDOT NFLTPO
SR 200 (SR A1A) From West of Rubin Rd to East of CR 107/Scott Rd	4 Lane to 6 Lane (5.031 mi.)	ROW/CON 2018	FDOT NFLTPO
SR 200 (US 301) From North of Thomas Creek to South of Callahan	4 Lane to 6 Lane (7.124 mi.)	PE 2014	FDOT NFLTPO
Port of Fernandina Berth Dredging	Seaport Berth	PD&E 2018	FDOT NFLTPO
Port of Fernandina Pier Extension Project Phase 2	Seaport Capacity Project	CAP 2014	NFLTPO
Chester Road SR 200 (SR A1A) to Green Pine Road	2 Lane to 4 Lane (2.343 mi.)	CST 2017	NFLTPO

FDOT – Florida Department of Transportation Work Program (FY 2013/14 – 2017/18)

NFLTPO – North Florida Transportation Planning Organization Transportation Improvement Plan (Fiscal Years 2013/14 – 2017/18)

Abbreviations: PE – Preliminary Engineering, ROW – Right of Way, CON/CST – Construction, PD & E – Project Development & Environmental, CAP – Capacity

2.2.4 Existing Truck Traffic

The following narrative provides an overall assessment of the truck traffic associated with the Port of Fernandina as well as an evaluation of the truck traffic generated by the RockTenn Company to the north of the Port of Fernandina and Rayonier's Performance Fibers Mill to the south. Figure 2.2-7 provides a summary of the truck traffic and employment estimates of these three major sites.

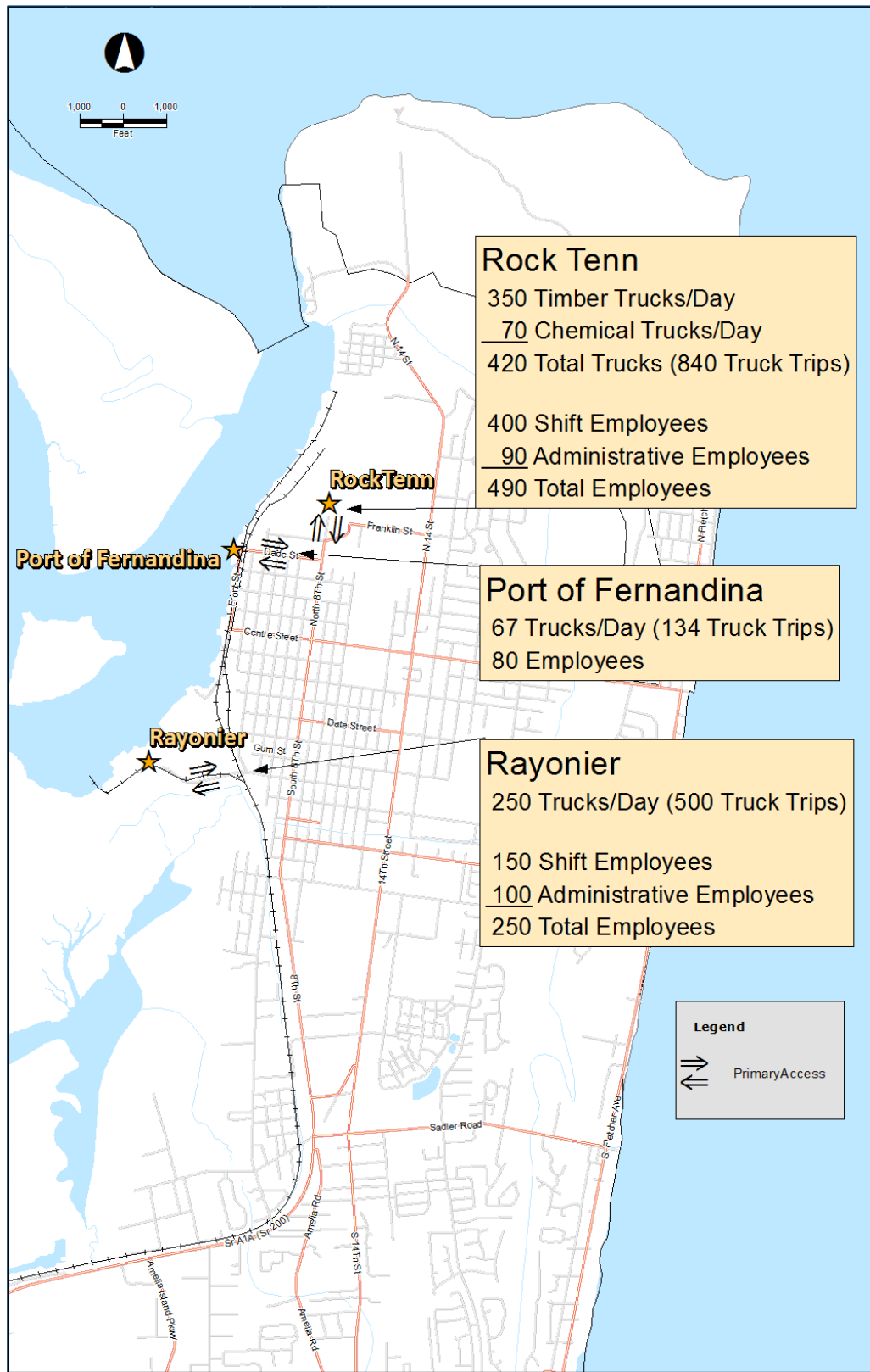


Figure 2.2-7. Truck Volumes, Primary Roadway Access & Employment

2.2.4.1 Port of Fernandina Truck Traffic

At the Port of Fernandina's historical peak, there were as many as 100 trucks coming in and out each day. Currently, the number is about 67 trucks per day. Trucks come in sporadically and not on a predictable schedule. Most trucks come into the port between 7:00am-9:00am. The warehouses at the port are open from 7:00am to 11:00pm, so truck traffic has the ability to come and go at all times of day. However, truckers who are experienced with the area tend to avoid the peak traffic times. With the wide time window of port access, trucks use the peak times to make two turns per day. When there is a particular surge in truck traffic, it is common to have several trucks queued up at the entrance before the gate opens in the morning. The operational goal is turn trucks around within 15 minutes.

The main access to the port through the City of Fernandina Beach is via 8th Street to the primary access on Dade Street. There are no restrictions in effect on when trucks can drive through the City of Fernandina Beach. A recent study was performed by the FDOT to consider routing truck traffic along 14th street, but the study was not implemented and port-related trucks use 8th street. Truck traffic represents approximately five percent (5%) of the overall traffic volumes in the City of Fernandina Beach.

Currently, there are approximately 80 employees at the Port of Fernandina. Of these, 30 are stevedores who arrive before the morning traffic peak. The port is open 24-hours with two 12-hour work shifts (7am to 7pm). With the exception of Thanksgiving and Christmas, the port is open year-round.

2.2.4.2 RockTenn Company Truck Traffic

The RockTenn Company has approximately 350 trucks coming in every 24-hours delivering cut pine tree timber or wood chips. The trucks intentionally avoid the AM and PM peak traffic periods. In addition, approximately 50-70 chemical trucks make deliveries each day. The total truck traffic is approximately 420 trucks per day. All truck traffic, except chemical trucks use 8th Street to access the plant. Chemical trucks and recycling trucks use 8th street, then use the Escambia bypass to Franklin and enter the plant at the plant entrance between 11th street and 14th street. The distribution of RockTenn traffic leaving the plant is estimated to be as follows:

- 60% West on A1A to Callahan, then to St. George, GA to the chip mill.
- 30% North on US 17 at Yulee. From US 17, 75% use CR 108 to go to Hilliard and South Georgia and 25% remain north on US17 into Georgia.
- 10% South on I-95 to I-295 at Jacksonville to I-10 West

Most of the loaded trucks coming from South Georgia come down US17 through Yulee to the mill. Most of the trucks do not use US 301 because haul distance is too far.

Currently, there are approximately 490 total employees at the RockTenn plant. Of these employees, 400 are on a three-shift schedule (7:00 am–3:00 pm, 3:00 pm–11:00 pm, and 11:00 pm–7:00 am). The remaining 90 employees are salaried administrative employees that start work during the morning shift.

The RockTenn plant does not anticipate an increase in truck traffic in the future. Currently, they are operating at 80% capacity. There is no current forecast that would change their transportation-related impacts to the community.

2.2.4.3 Rayonier's Performance Fibers Mill Truck Traffic

Several different types of trucks come and go from the Rayonier site on a daily basis with a total of approximately 250 trucks. All truck traffic accesses the site on Gum Street via 8th Street. There are no other options for truck access. The daily breakdown of truck traffic by type is as follows (based on a 6-day week as no trucks make deliveries on Sundays):

Daily Trucks	Truck Type
170	Logging trucks
20	Wood chip trucks
25	Bark trucks
14	HC trucks
1	Raylig truck (6 trucks per week)
2	Soap trucks
1	Sludge truck
6	Finished product with conventional semi-trailers (approx. 35 trucks per week)
1	Finished product via Triple Crown (approx. 5 trucks per week)
8	Finished product carrying containers (approx. 44 trucks per week)
248	Total trucks

The logging trucks typically come in to the site ahead of the morning traffic peak and before the afternoon PM peak hour. Finished product container trucks leave during the 3:00 pm–11:00 pm shift, so they can be back at the plant before the morning rush hour to re-load.

From the Rayonier site, the truck traffic generally has a distribution pattern similar to that of RockTenn. However, inbound chemical trucks generally come in from I-95. Approximately 80% of outbound container trucks go north on I-95 and 20% go south on I-95.

Rayonier has a total of approximately 300 employees. There are 100 employees who are on-site weekdays from 7:30 am–4:00 pm. In a given day, there are 150 employees evenly distributed across a three-shift schedule (7:00 am–3:00 pm, 3:00 pm–11:00 pm, and 11:00 pm–7:00 am) seven days a week. The remaining 50 employees are at rest on a given day. At this time, the plant anticipates an increase in output of approximately 10% over the next 10 years.

2.2.5 Existing Railroad Traffic

Genesee & Wyoming, Inc. (G&W) is the largest short line railroad in the world. They own the tracks coming into Fernandina Beach and CSX owns the land underneath the tracks. The line coming into Fernandina Beach is the First Coast Railroad (FCRD). CSX owns all the land on the main trunk line all the way to RockTenn; the sidetracks and spurs are owned by the individual land owners. CSX brings rail cars to the rail yard in Yulee near the intersection of US 17/SR 200 (SR A1A), and then G&W is responsible for taking these cars and distributing them to their customers to the east on the short haul line. For the return from the Port of Fernandina, RockTenn, Rayonier and other customers on their short haul route, G&W is responsible for organizing and bringing the rail cars back to the Yulee switch yard and then CSX picks them up and takes them to their final destination.

Operationally, rail cars travel down the track from the rail yard at Gum Street to the rail yard at Yulee once a day (7 days a week) between 4:00pm and 8:00pm. Due to the current low volume, G&W does not perceive any constraints at any of the railroad/roadway intersection crossings. Figure 2.2-8 provides a map showing the railroad crossing locations.

According to G&W officials, there is excess rail capacity and the rail is underutilized. The rail line is staffed 24 hours a day for the weekdays and two shifts on the weekends. According to G&W, there is a significant degree of excess capacity on the line and there is not a foreseeable problem with future growth and activity on the line. With rail cars coming from the Port of Fernandina, RockTenn, Rayonier and other customers in the Nassau Tradeplex, the average number of railcars on the line is 45 per day.

At this time, there is no double stacking taking place as there are no constraints that would make it necessary. Double stacking would reduce the overall number of railcars, but it is typically done with

shipping containers and there is no container traffic coming by rail at this time; only boxcars. All container traffic coming into the Port is currently trucked due to the low volume.

2.2.5.1 Port of Fernandina Railroad Traffic

One train comes in and out of the Port of Fernandina each day. It comes in between 8:00am and 10:00am and leaves between 3:00 pm and 5:00pm. In a typical year, the Port of Fernandina has a demand of 2,000 to 4,000 cars. This translates into approximately 6 to 11 rail cars per day. There is storage near the on-site warehouse for 11 rail cars. Although the train traffic is minimal, it does move slowly through town and blocks access from the downtown historic area to the marina, especially at Centre Street.

2.2.5.2 RockTenn Company Railroad Traffic

RockTenn has a fixed schedule for their inbound and outbound trains. Rail cars come in between 7:00 am-9:00am and leave between 7:00pm-9:00pm each day. On a typical day, between 12 and 15 rail cars come and go from the plant. This annualizes to 4,200-5,250 based on 350 days a year of plant operations. In addition to this regular schedule, the plant receives 75 to 100 coal fuel cars every 10 to 15 days, which equates to approximately 2,500 coal fuel cars per year (approximately 7 rail cars per day). Between the regularly scheduled daily service and the coal fuel cars, the RockTenn plant receives approximately 6,700 to 7,750 total rail cars per year (or 19 to 22 total rail cars per day). The plant does not anticipate an increase in the number of trains over the next 10 years.

2.2.5.3 Rayonier's Performance Fibers Mill Railroad Traffic

Rail cars inbound to the Rayonier site contain a variety of chemicals needed for their manufacturing processes. Outbound cars are box cars shipping their finished products of high-purity cellulose specialties and absorbent materials. Rayonier estimates that typical number of rail cars carrying out finished product is about 22 cars per week, which annualizes to approximately 1,100 rail cars per year and approximately 4 cars per day. The plant anticipates no more than 10% growth in output over the next 10 years.

With an overall daily rail volume of approximately 45 rail cars, the G&W rail line operates well below its capacity. Figure 2.2-9 provides a summary of the railroad volumes for the Port of Fernandina, RockTenn, Rayonier, and the Genesee & Wyoming short line.

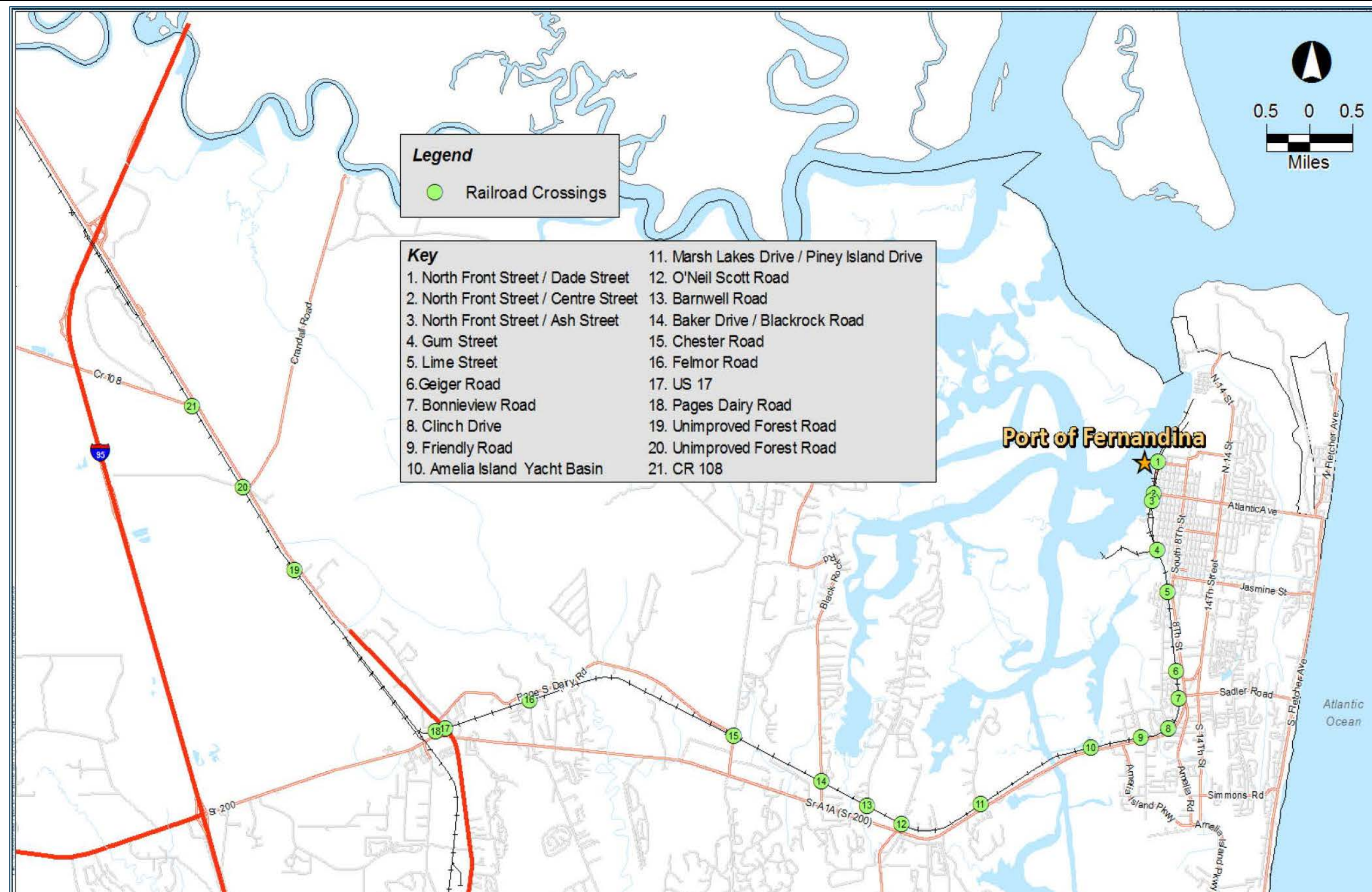


Figure 2.2-8. Railroad Crossing Locations

This page intentionally left blank.

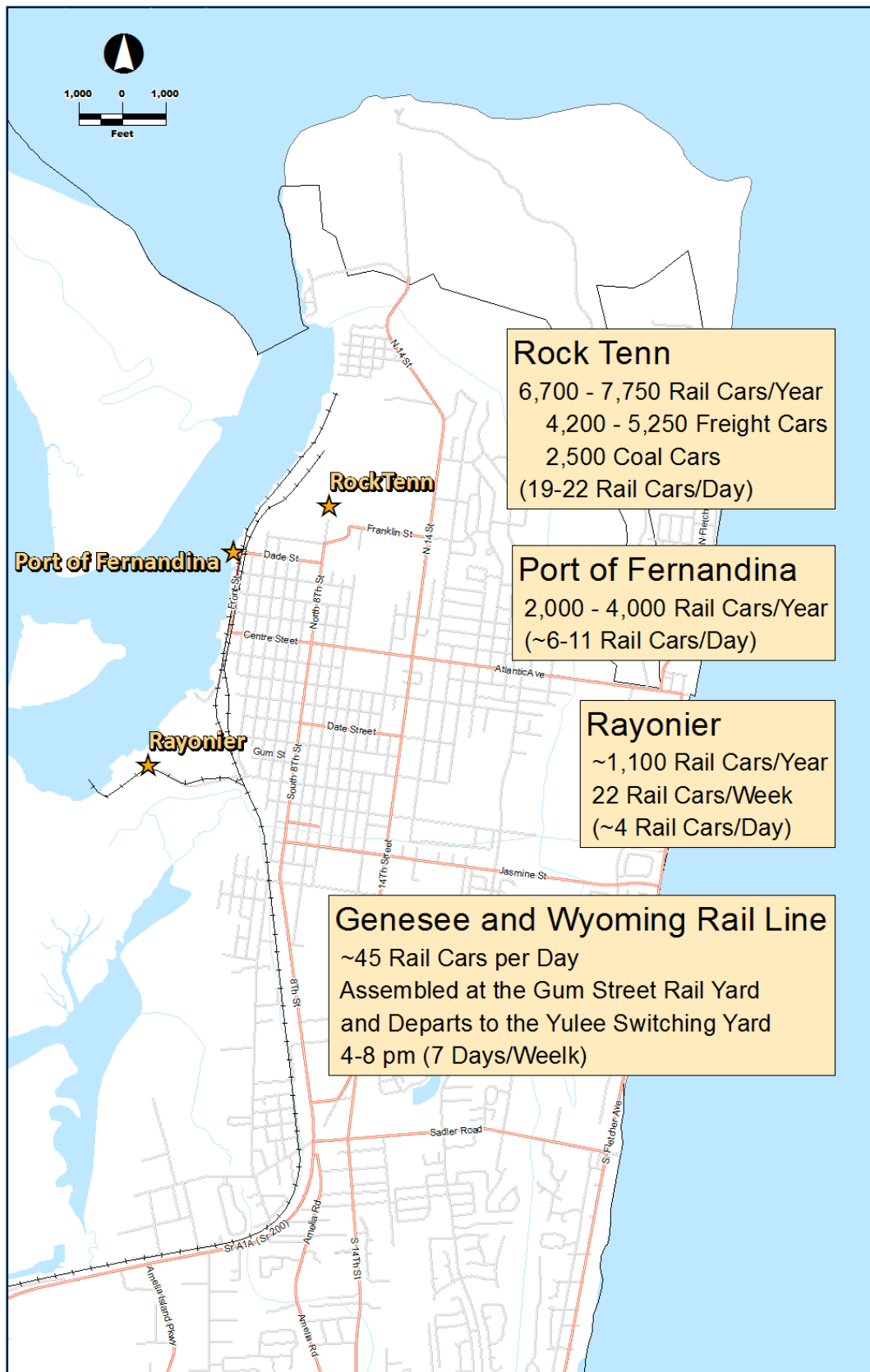


Figure 2.2-9. Railroad Volumes

2.3 Environmental Regulatory Issues and Constraints

The following presents an overview of the key environmental resources within the vicinity of the maritime port under the purview of the OHPA and areas of potential development that the OHPA may support within the planning horizon of this Strategic Master Plan. The focus of the environmental concerns will be those that are most critical to future planning activities for the OHPA and those entities that may play a role in growth to the area.

2.3.1 Water Resources

Waters of the U.S. are protected under Section 404 of the Clean Water Act (CWA) of 1972. The CWA defines waters as surface waters, rivers, lakes, estuaries, coastal waters, and wetlands. As part of CWA requirements, surface waters are required to be classified according to designated uses. In the State of Florida, surface waters have five distinct classifications as set forth by 62-302.400 of the Florida

Administrative Code (FAC) Section 303 of the CWA deals with impaired waters or waters that cannot meet their intended uses or state designated functions.

Groundwater is a shared resource that typically spans many local governmental jurisdictions. The principal federal regulation concerning the protection of groundwater is the Safe Drinking Water Act of 1974. This act was set forth to protect the nation's public water supplies, including groundwater, in areas where it is the main potable water source.

Wetlands are defined as areas that are inundated with surface or groundwater at a frequency or duration to allow the support of vegetation that requires saturated soil conditions. Wetlands are afforded protection by Section 404 of the CWA and are regulated by the USACE, which is the permitting authority for any necessary filling or alteration of wetlands.

The CWA provides protection and regulations for surface waters, stormwater, wetlands, groundwater and floodplains. Jurisdictional waters of the U.S. are regulated resources and are subject to federal authority under Section 404 of the CWA. This term is broadly defined to include navigable waters (including intermittent streams), impoundments, tributary streams, and wetlands.

2.3.1.1 Surface Waters

Surface water quality is an important issue within the study area as the waters in the vicinity of the Port of Fernandina are classified as Class III for "Recreation, Propagation and Maintenance of a Healthy, Well-Balanced Population of Fish and Wildlife" but also include nearby water as Class II for "Shellfish Propagation or Harvesting". Those Class II designated waters in the vicinity of the maritime port are considered Outstanding Florida Waters (62-302.400 FAC). This designation essentially prohibits any activities that would significantly diminish the ambient water quality. Water quality degradation is primarily a product of stormwater runoff, improper wastewater treatment, marinas improperly disposing of boater generated waste, landfill sites, hazardous material spills, pesticides and herbicides, and other external influences.

2.3.1.2 Stormwater

Stormwater is a major contributor of potential contaminants that can affect our surface waters, wetlands, and groundwaters. Federal and state regulations and guidelines have established directions to be taken to control the effects of stormwater runoff during construction of new projects as well as the operations of the developments moving forward. In the State of Florida, the Florida Department of Environmental Protection (FDEP) has oversight and permitting for stormwater runoff related to industrial activities through the National Pollutant Discharge Elimination System (NPDES) as well as port related stormwater runoff through an agreement with the St. Johns River Water Management District (SJRWMD). The SJRWMD has oversight of non-port related stormwater permitting and design review. The regulatory aspects of these permitting controls will be addressed below.

Controlling stormwater discharges from industrial activities that have the greatest potential to contaminate runoff. The applicable installation industrial sectors include roads; motor pools; landfills; wastewater treatment facilities; hazardous waste storage, treatment, or disposal activities; and others.

An approach known as Low Impact Development (LID) is often applied to stormwater management. The goal of LID is to maintain or restore the natural hydrologic functions of a site to achieve natural resource protection objectives and fulfill environmental regulatory requirements. LID employs natural and built features that reduce the run-off rate, filter out its pollutants, and facilitate the infiltration of water into the ground. By reducing water pollution and increasing groundwater recharge, LID helps to improve the quality of receiving surface waters and stabilizes the flow rates of nearby streams. These measures will include a series of integrated management practices to match the "pre-/post-" hydrologic conditions in the construction areas so that the runoff conditions after construction match the pre-construction conditions. Permitting through the FDEP or the SJRWMD require inclusion of "pre-post" design approaches in the state of Florida. Example Best Management Practices (BMP) that mitigate impervious surface include vegetated infiltration swales, dry detention basins, porous pavers, and bio-retention cells (rain gardens) with native plantings. For projects that may involve the OHPA but are not maritime port-related, stormwater quality/flow is regulated by the SJRWMD.

The goal of Stormwater Pollution Prevention Plans (SWPPP) is to provide an active management protocol to minimize the off-site discharge of pollutants through stormwater from industrial properties and to comply with the regulations as set forth in 40 Code of Federal Regulations (CFR) 122 as adopted by the State of Florida. This plan provides for a system of inspection, use of BMP, record keeping, and training to meet the goals of stormwater pollution minimization and to meet the compliance requirements in the Multi-Sector Generic Permit for Industrial Stormwater Discharges. The basis of the SWPPP are federal regulations as established at 40CFR122 and FDEP rule at Chapter 62-621.300(5), Florida Administrative Code (FAC). The FDEP rules in Chapter 62-621.300(5) became effective October 22, 2000. The SWPPP should be a "living" document requiring implementation into daily operations and modification as needed to adapt to changing site conditions and personnel. The three main components of the SWPPP are stormwater monitoring, BMP implementation, and site compliance evaluations.

2.3.1.3 Wetlands

Wetlands are protected by the CWA and Executive Order 11990, Protection of Wetlands. Lands that are subject to regulation as wetlands under Section 404 of the CWA (i.e., jurisdictional wetlands) are defined as "those areas that are inundated or saturated by surface or groundwater at a frequency and duration to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs, and similar areas.

The wetland impact areas of concern include:

- pollutants;
- loss of area; and
- loss of functionality

The potential for pollutants to impact a wetland will be evaluated by examining the risk of hazardous materials leaking or spilling and their proximity to the wetlands. The loss of area will be assessed by the total amount of delineated wetland area that will be directly removed either in loss of area or function as a result of the proposed action. The wetland functionality refers to the ability of the wetland to trap sediment and nutrients, retain water, maintain wildlife habitat (both flora and fauna), and provide recreational uses. The loss of functionality will refer to only the loss of the wetlands' ability to trap sediment and nutrients and retain water. This will be assessed by evaluating all of the direct and indirect impacts associated with the proposed action.

For the construction activities, the effects associated with activities in close proximity to any designated wetland or activities in the wetlands themselves will be considered. Runoff from nearby construction-sites may contain increased chemicals, heavy metals, nutrients, and/or sediment that could adversely affect those wetlands. Wetland impacts could result from changes in land uses and/or spills or leaks from construction operations and equipment. Loss of functionality can also occur if construction operations occur directly within the designated wetlands. Loss of wetland area would occur if the proposed action prescribes the direct removal of wetlands for alternate purposes.

The effects associated with the non-training operations include increase in potential spills and leaks from hazardous materials that may be stored in close proximity to designated wetlands. An indirect impact to existing wetlands may occur by altering the flow pattern of existing streams feeding into the wetlands. Indirect impacts to wetlands could also occur as a result in altered sedimentation of watercourses or drainage conveyances connected to wetland areas.

Through the U.S. Army Corps of Engineers (USACE) Section 404(b)(1) permitting process, documentation is provided to the USACE by an applicant to document the projected loss of wetlands where federal jurisdiction of those wetland occurs and provide an alternatives analysis to show measures considered to avoid, minimize, and when unavoidable, mitigate the loss of those wetlands. If appropriate, the USACE will issue an Individual Permit for the activities regulated under the CWA.

2.3.1.4 Groundwater

Floridan Aquifer System

The Floridan aquifer system, the principal source of ground water in northeastern Florida, underlies all of Florida, parts of Alabama, and Georgia. Industrial expansion and agricultural irrigation have led to concerns for future availability and quality of the groundwater resources.

The potentiometric surface of the Floridan aquifer system in northeastern Florida has gradually declined at a rate of about one-third to three-fourths foot per year as a result of increased pumping (U.S. Geological Survey [USGS], 1994). Associated with this decline in the potentiometric surface has been an increased potential for saltwater intrusion into the freshwater zones of the Floridan aquifer system along the coast. Gradual but continual increases in the chloride concentrations in water from the aquifer system have long been observed in several inland and coastal areas in Duval, Nassau, and St. Johns Counties. The potential for saltwater intrusion is expected to increase as population growth places greater demands on the groundwater resources of northeastern Florida (USGS, 1994).

Surficial Aquifer System

The surficial aquifer system underlies Fernandina and surrounding counties and can be described as having two water-producing zones separated by beds of lower permeability. The aquifer system generally is unconfined, but may be semi confined where beds of lower permeability are sufficiently thick and continuous. The thickness of the surficial aquifer system is variable, ranging from about 20 to 120 ft in northeast Florida (USGS, 1994).

Recharge to the aquifer is chiefly by the infiltration of rainfall and seepage from lakes, streams, and marshes but may also occur by lateral groundwater inflow from adjacent areas. Recharge may occur as a result of upward leakage in areas where the head in underlying artesian aquifers is higher than that in the surficial aquifer system (USGS, 1994). Water is discharged from the surficial aquifer system by evapotranspiration, infiltration into the underlying units where the head in the surficial aquifer system is higher than the potentiometric surface of the underlying artesian aquifers, seepage into surface waters, and lateral flow to adjacent areas (USGS, 1994).

The surficial aquifer system provides water for lawn irrigation, heat pumps, and domestic use. Well yields generally range from 10 to 25 gal/min in the upper part of the aquifer and 30 to 100 gal/min in the lower part of the aquifer where permeable limestone and shell beds are present (USGS, 1994).

The Fernandina permeable zone is a high-permeability unit that lies at the base of the Floridan aquifer system in parts of southeastern Georgia and northeastern Florida (USGS, 1994). There is little information with respect to the extent or thickness of the Fernandina permeable zone (USGS, 1994).

In Nassau County, sufficient water supplies can be obtained from wells completed in the overlying water-bearing zones, which eliminates the need to drill to great depths, even where the City of Fernandina permeable zone contains potable water (USGS, 1994).

2.3.1.5 Floodplains

Floodplains typically are described as areas likely to be inundated by a particular flood. The Federal Emergency Management Agency (FEMA) defines floodplains as relatively flat, low-lying areas adjoining inland and coastal waters that have a 1 percent or greater chance of flooding in any given year. A flood that has a one percent chance of occurring in any one year is the 100-year flood; a 500-year flood has a 0.2 percent chance of occurring in any one year. Floodplains, the low-lying lands subject to inundation from floodwaters, serve various functions, including water storage and conveyance, filtration of nutrients and other pollutants from runoff, erosion control, groundwater recharge, fish and wildlife habitat, and recreation. Section 2.3.5 includes language from both the Nassau County Comprehensive Plan and the City of Fernandina Beach Comprehensive Plan with respect to development within the 100-year floodplain.

2.3.2 Biological Resources

2.3.2.1 Aquatic Biology

In addition to water resources, part of the affected environment for aquatic resources that could be impacted by future port expansion or operational changes include nearby estuaries. Estuaries serve as important nursery grounds for many larval and juvenile species of fish, shellfish, and invertebrates. It is also foraging, resting, and transiting habitat for marine mammals such as dolphins and manatees.

2.3.2.2 Fish and Invertebrates

Many species and life stages of fish and invertebrates occur within the marine environment surrounding the Port of Fernandina. The most abundant species of fish include weakfish, Atlantic croaker, spot drum, star drum, bay anchovy, hogchoker, and southern hake (SAIC 2005b). Species such as killifish and grass shrimp are permanent residents in the nearby tidal creeks and silver perch and spot inhabit these areas during juvenile or larval stages (Alber et al 2005). Juvenile forms of some shark species such as Atlantic sharpnose and bonnethead hammerhead shark may be present during warmer times of the year. Red drum and spotted seatrout occur year-round in the affected environment and are popular recreational fisheries in the South Atlantic. Penaid shrimp and oyster species that serve as viable commercial fisheries are likely present in post-larval and juvenile life stages in the estuary. Crustaceans such as blue crab, stone crab, and fiddler crab are residents affected environment and serve as prey for avian, mammalian, and juvenile fish species that inhabit that area.

2.3.2.3 Marine Mammals

Marine mammals that are likely to be found in the vicinity of the affected environment include Atlantic bottlenose dolphin and West Indian manatee. The West Indian manatee is a federally listed as endangered species. Marine mammals are protected under the Marine Mammal Protection Act (16 USC 1361-1407). Atlantic bottlenose dolphins inhabit along the Atlantic coast south of Long Island, New York, to the Florida peninsula.

Table 2.3-1. Species and Essential Fish Habitat Association

Species	Life Stage	Habitat Association	HAPC	Time of Occurrence
Species Managed by Mid-Atlantic Fishery Management Council¹				
Black Sea Bass* (<i>Centristis striata</i>)	P/J/A	Estuarine emergent wetlands and oyster reefs	ND	J, P: Spring-Summer A: May-Oct
Bluefish (<i>Pomatomus saltarix</i>)	P/J/A	Estuarine water column	ND	Year-round
Species Managed by SAFMC				
Snapper-Grouper Complex	P/J/A	Estuarine emergent wetlands, subtidal unconsolidated bottoms, estuarine water column, and oyster reefs and shell banks	Oyster reefs and shell banks	P, A: Summer-Fall J: Year-round
Coastal Migratory Pelagics	J	Estuarine water column	ND	Spring-Fall
Penaeid Shrimp	P/J	Estuarine emergent wetlands, subtidal unconsolidated bottoms, and intertidal flats	ND	J-white and brown shrimp: Year-round J-pink: rare presence during winter
Species Managed by Atlantic States Marine Fisheries Commission²				
Red drum (<i>Sciaenops ocellatus</i>)	P/J/S/A	Estuarine emergent wetlands, subtidal unconsolidated bottoms, and oyster reefs	Same as identified for EFH	P,S, A: Summer-Fall J: Year-round
Weakfish (<i>Cynoscion regalis</i>)	P/L/J	Estuarine water column and unconsolidated bottoms	Nursery and spawning areas distributed along the coast from Maine to Florida.	Spring-Fall
Spot (<i>Leiostomus xanthurus</i>)	P/J	Estuarine emergent wetlands, subtidal unconsolidated bottoms	Estuaries	Spring-Fall; may overwinter
Spotted seatrout (<i>Cynoscion nebulosus</i>)	P/J	Estuarine emergent wetlands, subtidal unconsolidated bottoms, oyster reefs and shell banks	Seagrass beds	J: Year-round nursery; A: spring-summer
Atlantic menhaden (<i>Brevoortia tyrannus</i>)	P/J	Estuarine water column	Marine-subtidal: This habitat type is utilized by spawning adults	L: Dec-May J: spring-summer; may overwinter

Table 2.3-1. Species and Essential Fish Habitat Association

Species	Life Stage	Habitat Association	HAPC	Time of Occurrence
			(eggs), pre-estuarine immigrant larvae, post-estuarine emigrant juveniles and sub-adults. Estuarine-subtidal: In the Mid- and South Atlantic, estuarine habitat utilized for transformation and early development is one of the most critical and vulnerable habitats. Riverine-tidal: The interface with this habitat type and estuarine areas represent the upstream extent of larval movement for transformation and early juvenile development.	
Highly Migratory Atlantic Species Managed by NMFS				
Atlantic sharpnose shark (<i>Rhizopriononotus terraenovae</i>)	N/J	Estuarine water column	ND	Spring-fall
Bonnethead shark (<i>Sphyrna tiburo</i>)	N/J/A	Estuarine water column	ND	Spring-summer
Blacktip shark (<i>Carcharhinus limbatus</i>)	J/A	Estuarine water column	ND	Summer

Source: SAIC 2008

Notes: ¹The SAFMC also recognizes several species covered under Federal Fishery Management Plans of the Mid-Atlantic Fishery Management Council because EFH for those species extends as far south as the Florida Keys in the South Atlantic Area.

²The Atlantic States Marine Fisheries Commission coordinates management of interstate fisheries of Atlantic states (including Georgia), co-managing several species covered by SAFMC and the Mid-Atlantic Fishery Management Council Federal Fishery Management Plans and managing separate Federal Fishery Management Plans for several other species.

Legend: A – Adult; J – Juvenile; N – Neonate; ND – Not Determined; P – Post larval; S – Sub-adult.

2.3.2.4 Threatened and Endangered Species

Table 2.3-2 lists the threatened and endangered aquatic species likely to occur in the affected environment.

Table 2.3-2. Threatened and Endangered Aquatic Species

Species	Status/ Jurisdiction	Critical Habitat Designated within Affected Environment
Sea Turtles		
Loggerhead (<i>Caretta caretta</i>)	T	N
Leatherback (<i>Dermochelys coriacea</i>)	E	N
Kemp's Ridley (<i>Lepidochelys kempii</i>)	E	N
Green Turtle (<i>Chelonia mydas</i>)	E & T	N
Hawksbill (<i>Eretmochelys imbricata</i>)	E	N
Maine Mammals		
West Indian Manatee (<i>Trichechus manatus</i>)	E	Y
Fish		
Shortnose Sturgeon (<i>Acipenser brevirostrum</i>)	E	N
Smalltooth Sawfish (<i>Pristis pectinata</i>)	E	N
Atlantic Sturgeon (<i>Acipenser sturio</i>)	E	N

Legend: E-Endangered; T-Threatened

2.3.2.5 Sea Turtles

The sea turtle species potentially occurring in the open waters of the project area include loggerhead, green, leatherback, hawksbill, and Kemp's ridley sea turtles. However, hawksbill sea turtles are unlikely to occur in the area.

2.3.2.6 West Indian Manatee

The West Indian Manatee (also referred to as the "Florida Manatee") was listed as endangered in 1967. Manatees are long-lived, dark grey in color, average approximately 10 ft in length, and weigh between 800 and 1,200 pounds. They inhabit coastal tidal rivers and streams, mangrove swamps, salt marshes, and freshwater springs. Their main food source is emergent and submerged aquatic vegetation including smooth cordgrass (*Spartina alterniflora*) found in salt marshes and they have a very low tolerance for cold weather (U.S. Fish and Wildlife Service [USFWS] 2001). Critical habitat is designated for manatee south of the project area in the Intracoastal Waterway (IWW) from its confluences with the St. Marys River on the Georgia-Florida State Highway A1A bridge south of Coastal City Nassau and Duval Counties (50 CFR 17.95[a]). While designated critical habitat does not exist within the project area itself, tidal creeks that provide foraging habitat for manatees exist within the proposed project area. Manatees frequent the project area from early April through November. Primary threats to manatee populations are related to collisions with marine vessels.

2.3.2.7 Fish

The smalltooth sawfish, short-nose sturgeon, and Atlantic sturgeon are federally listed as endangered under the ESA. Juvenile smalltooth sawfish prefer shallow-water mangrove habitat that is typically found in south Florida and not coastal Georgia. Larger juvenile smalltooth sawfish use soft sediment and progressively deeper waters as they grow. Smalltooth sawfish occurrence in the action area has never been documented and is considered highly unlikely. The juvenile stages of the short-nose sturgeon and Atlantic sturgeon prefer lower salinities and, therefore, are unlikely to occur in the Proposed Action area. In addition, adult short-nose sturgeon also would not be expected to occur in the Proposed Action area from late spring (approximately May) to early autumn (approximately October).

2.3.3 Cultural Resources

Cultural resources consist of prehistoric and historic districts, sites, structures, artifacts, or any other physical evidence of human activity considered important to a culture, subculture, or community for scientific, traditional, religious, or other reasons. Cultural resources can be divided into three major categories: archaeological resources (prehistoric and historic), architectural resources, and traditional cultural properties. Historic districts can be classified under all three of these categories depending upon what they contain. Objects are defined in 36 CFR 60.3(j) as a material thing of functional, aesthetic, cultural, historical, or scientific value that may be, by nature of design, movable yet related to a specific setting or environment. Archaeological resources include any material remains of past human life or activities that are capable of providing scientific or humanistic understanding of past human behavior and cultural adaptation through the application of scientific or scholarly techniques (Archaeological Resources Protection Act of 1979, Section 3(l) 16 U.S.C. 470bb). For example, archeological resources include but are not limited to sites, pottery, baskets, basketry, weapons, weapon projectiles, tools, stone flakes, graves, or bottles.

Under the National Historic Preservation Act (NHPA) as amended, only historic properties warrant consideration of impacts from a proposed action and any associated mitigation. Historic properties are defined by the NHPA as any districts, sites, buildings, structures, or objects included on or eligible for inclusion on the National Register of Historic Places (NRHP). Historic properties include traditional cultural properties, and in general, must be more than 50 years old to be considered for protection under the NHPA. However, more recent structures associated with significant national events may warrant protection if they are “exceptionally significant.” To be considered significant, archaeological or architectural resources must meet one or more criteria as defined in 36 CFR 60.4, Criteria for Evaluation, for inclusion in the National Register.

Nassau County has a rich history and abundance of cultural resources. Any new developments will be reviewed by the SHPO's office to ensure that these resources are considered in the preliminary planning and assessment phase.

2.3.4 Air Quality

Air quality is defined by ambient air concentrations of specific pollutants determined by the USEPA to be of concern related to the health and welfare of the general public and the environment. Widespread across the U.S., the primary pollutants of concern are called “criteria pollutants” and include carbon monoxide (CO), sulfur dioxide (SO₂), nitrogen dioxide (NO₂), ozone (O₃), suspended particulate matter less than or equal to 10 microns in diameter (PM₁₀), fine particulate matter less than or equal to 2.5 microns in diameter (PM_{2.5}), and lead. Under the Clean Air Act (CAA), the USEPA has established National Ambient Air Quality Standards (NAAQS) (40 CFR Part 50) for these pollutants. These standards represent the maximum allowable atmospheric concentrations that may occur while ensuring protection of public health and welfare, with a reasonable margin of safety. Short-term standards (1-, 8-, and 24-hour periods) are established for pollutants contributing to acute health effects, while long-term standards (quarterly and annual averages)

are established for pollutants contributing to chronic health effects. The Florida Department of Environmental Protection (FDEP), Division of Air Resource Management has adopted the NAAQS, which are presented in Table 2.3-3.

Table 2.3-3. National Ambient Air Quality Standards

Pollutant	Averaging Time	Primary Standards	Secondary Standards
CO	8-hr	9 ppm (10 mg/m ³)	None
	1-hr	35 ppm (40 mg/m ³)	
Lead	Rolling 3-Month Average	0.15 µg/m ³	Same as Primary
NO₂	Annual (arithmetic average)	53 ppb	Same as Primary
	1-hr	100 ppb	None
PM₁₀	24-hr	150 µg/m ³	Same as Primary
PM_{2.5}	Annual (arithmetic average)	15.0 µg/m ³	Same as Primary
	24-hr	35 µg/m ³	Same as Primary
O₃	8-hr	0.075 ppm	Same as Primary
SO₂	Annual (arithmetic average)	0.03 ppm	None
	24-hr	0.14 ppm	None
	3-hr	None	0.5 ppm
	1-hr	75 ppb	None

Source: USEPA 2011

Notes: ppb – parts per billion; ppm – parts per million; mg/m³ – milligrams per cubic meter; µg/m³ – micrograms per cubic meter

2.3.4.1 Regional Air Quality

Air quality in a given location is described by the concentration of various pollutants in the atmosphere. A region's air quality is influenced by many factors including the type and amount of pollutants emitted into the atmosphere, the size and topography of the air basin, and the prevailing meteorological conditions. Pollutant emissions typically refer to the amount of pollutants or pollutant precursors introduced into the atmosphere by a source or group of sources. Pollutant emissions contribute to the ambient air concentrations of criteria pollutants, either by directly affecting the pollutant concentrations measured in the ambient air or by interacting in the atmosphere to form criteria pollutants. Primary pollutants, such as CO, SO₂, lead, and some particulates, are emitted directly into the atmosphere from emission sources. Secondary pollutants, such as O₃, NO₂, and some particulates are formed through atmospheric chemical reactions that are influenced by meteorology, ultraviolet light, and other atmospheric processes.

Areas that are and have historically been in compliance with the NAAQS are designated as better than national standards or unclassifiable/attainment. Nassau County maintains these designations for all criteria pollutants (40 CFR 81.310). Because the region is in attainment, the CAA General Conformity Rule (40 CFR Parts 51 and 93) does not apply.

2.3.4.2 Use of Low Sulphur Fuels:

Recent amendments to MARPOL Annex VI (*Prevention of air pollution from ships*) have formally established several Emission Control Areas (ECA) around the world, in which emissions of certain air pollutants from ships are subject to more stringent controls than the limits that apply globally. The ECA for North America took effect in 2012. Annex VI set limits on sulphur oxide (SO_x) and nitrogen oxide (NO_x)

emissions from ship exhausts. In these areas, ships must use fuel oil with sulphur content drastically lower than the global limit, or use some technological method to limit SOx emissions. Shipping lines calling at East Coast ports such as Fernandina will need to find a way to comply with ECA requirements.

The Port should work with the Shipping lines calling at the Port to ensure compliance with the new regulations. The Port should institute programs that can help to reduce the harmful effects of ship emissions on air quality. SOx compounds can be reduced directly by lowering the percent of sulfur in fuel oil. NOx compounds are not affected significantly by the type of fuel burned but can be reduced by controlling the combustion process. To achieve these goals the use of low sulfur distillate fuel is becoming mandatory in a growing number of coastal and port areas.

Shipping lines that are impacted by the new regulations will have three basic options:

1. Ultra-low sulphur distillate fuel is too expensive to use 100% of the time, so vessels can provide dual fuel tanks that will allow them to burn the right fuel in the right place, switching to low sulphur diesel when entering ECAs.
2. Exhaust Gas Scrubber (EGS) technology is being considered to remove sulphur and particulate matter from exhaust., and
3. Switch to the use of LNG as fuel. There are few LNG-fueled vessels in service, but a full range of approved designs from barges to ultra large container vessels already exist. Major marine engine manufacturers all offer dual fuel (i.e., LNG and distillate fuel oil) or total-LNG fueled engines.

2.3.5 Conservation and Floodplain Management

2.3.5.1 Nassau County

With respect to conservation management in Nassau County, the Nassau County Comprehensive Plan includes the following language:

"Conservation (CSV I and II)-from the Nassau County Future Land Use Element

The Conservation (CSV I and II) land use categories shall designate land areas of ecological value within the County on which development must proceed with restrictions. These are areas, which may be altered by development and so must be protected. Development on conservation lands in private ownership shall take place only in such a manner that will ensure the long-term function of natural hydrologic or ecological systems. Conservation I lands (which are jurisdictional wetlands) may be developed with all permitted development clustered on the upland portion of the site or on that portion of the site which will be least environmentally impacted by construction/development. Other permitted uses include passive recreation and silviculture. Development for purposes other than recreation or residential may be allowed as a special exception. If there is an indication that a wetland is present on a proposed development site, the developer shall be required to provide a wetland determination.

Consistent with Policy CS.02.11 of the Conservation Element, the Conservation land use designation is defined in the following manner:

Conservation I (CSV I): This land use designation includes all jurisdictional wetlands. This category of land use is not an overlay district and is shown on the Future Land Use Map (FLUM). Land uses allowed in this category include passive recreation uses, residential and agriculture uses that use BMPs and have received all required regional and state permits. Density shall be one unit per five acres or less. The only fill allowed in this type of wetland shall be the minimum necessary to allow for the construction of the proposed dwelling(s) clustered at the density allowed and for transportation access. A natural vegetative upland buffer, as established in Policy FL.04.01, shall be required and maintained between developed areas and contiguous (i.e., non-isolated) wetlands to protect the water quality of the wetlands.

Conservation II (CSV II): This land use designation is for publicly owned conservation lands. Development is limited to that which is allowed by the site's management plan or guidelines as administered by a State, Federal,

or County agency. For County lands that have no management plan or guidelines, development shall be limited to that which is deemed appropriate by a state or federal agency. A natural vegetative up-land buffer, as established in Policy FL.04.01, shall be required and maintained between developed areas and contiguous (i.e., non-isolated) wetlands to protect the water quality of the wetlands.

The County shall adopt the following overlay districts to be used in conjunction with the FLUM to promote more efficient development patterns, preserve community character, and protect natural resources.

Policy FL.02.01

100 -Year Floodplain Overlay District (see Map FLUMS-2)

This overlay includes all 100-year floodplains as determined by Federal Emergency Management Agency (FEMA) criteria. Development must be protected from flooding as required by the Nassau County floodplain regulations.

Development within the 100 year flood plain may develop as allowed by the underlying FLUM category unless otherwise restricted by the policies of this Comprehensive Plan and the County's Flood Plain Ordinance. Nassau County shall include controls in its Land Development Regulations based upon the latest version of the Flood Insurance Rate Maps promulgated by FEMA to establish the location of the 100-year floodplain and flood prone areas in Nassau County. The Land Development Code (LDC) shall require new construction in these areas to meet FEMA regulations. County policy will be to control development in flood prone areas to match FEMA requirements to qualify for Community Rating System.

In addition, the following criteria will apply to development in the 100-year floodplain:

Clearing of native vegetation will be minimized in the 100-year floodplain by requiring a 60% open space ratio for all new development. However, If the 100-year floodplain is also within a jurisdictional wetland (Conservation I), the clearing of native vegetation shall not be allowed except for that which is required to construct the dwelling and accessory structures and to maintain transportation access.

Agricultural uses are allowed if they use BMPs, where available, and have received all required regional and state permits. Passive recreation uses are also allowed in all jurisdictional wetlands.

Use of septic tanks in flood prone areas will be restricted as specified by the County Department of Health and all such sewage disposal systems may be required to connect to central sewage systems when system collection lines are made available consistent with Chapter 381.0065, Florida Statutes.

Any development within a flood prone area will maintain the natural topography and hydrology of the development site.

2.3.5.2 City of Fernandina Beach

With respect to conservation management in the City of Fernandina Beach, the City's Comprehensive Plan includes the following language:

- a. Lands that are natural resources such as wetlands shall be included in the Conservation land use designation in order to provide for the maximum long-term protection and preservation of environmentally sensitive natural resource systems. All wetlands, as verified by jurisdictional field delineation, are designated as limited development overlays and shall be protected by policies contained within the Conservation and Coastal Management Element of this plan.
- b. Potentially allowable uses in the Conservation land use category may include: docks, boardwalks, hiking trails, and picnic areas or other passive recreation uses.
- c. Development within the conservation land use category is limited to buildings that are supportive of and accessory to the Conservation land use category, such as an interpretative center, rest rooms, or covered picnic pavilions.

- d. Potentially allowable uses are limited in location and extent, and shall avoid adverse impacts on the hydrologic functions of wetlands, natural systems, habitats, water quality, shorelines, marine life, and coastal resources. Allowable uses shall serve to protect the safety and welfare of the natural resource.
- e. Any improvement within Conservation areas shall be developed using low impact development (LID) practices and sustainable building strategies.

The City's Comprehensive Plan addresses Floodplains with the following language:

All development that is wholly within or partially within any flood hazard area as determined by the City of Fernandina is subject to the regulations and permitting process of Chapter 22, Article V Floodplain Management of the Land Development Regulations in addition to all state and federal permitting requirements. A "flood hazard area" as defined by the City and the Florida Building Code, B, Section 1612.2;

1. The area within a floodplain subject to a 1-percent or greater chance of flooding in any year.
2. The area designated as a flood hazard area on the community's flood hazard map, or otherwise legally designated.

2.3.6 Navigation

The Port of Fernandina is served by a federal channel currently authorized to a depth of -36 ft Mean Lower Low Water (MLLW). The USACE Fernandina Harbor Channel Project Map is shown in Figure 2.3-1.

In 1994, the Acting Assistance Secretary of the Army authorized the Chief of Engineers to allocate funds for a navigation improvement project which consisted of deepening the channel to a project depth of -36 ft MLLW over an existing bottom width of 400 ft, channel realignment, and a new turning basin 1,000 ft wide with a depth of -36 ft MLLW. The Section 107 Study prepared by the USACE in the early 1990s had originally concluded that based upon the benefit-cost analysis of the port at the time that a channel depth of -37 ft MLLW, with channel realignment, and turning basin were the most feasible National Economic Plan improvements to satisfy the "existing and prospective needs of the study area" (USACE, 1994). However, due to budget constraints, the OHPA preferred a less expensive approach which resulted in a navigation improvement to a -36 foot project depth.

In 2010, the USACE agreed to a western realignment of both the Fernandina Harbor Channel and the Intracoastal Water Way to the west to allow a sufficient setback to these channels from marina improvements to the Fernandina Beach Marina. With the realignment, the IWW and main channel would have a minimum of 150 ft setback from the marina to the easterly most portions of the IWW and 100 ft from the Harbor channel.

The Intracoastal Waterway channel has a project depth of -12 ft MLLW with a varying channel width of 90 to 150 ft as is contained within the deeper and wider federal channel serving the Port of Fernandina.

Access to the Atlantic Ocean is achieved by the connection to the north of Fernandina to the Cumberland Sound Access channel (Kings Bay Entrance Channel [KBEC]) which serves as the entrance channel to the Trident submarine base at Kings Bay. The KBEC has a current project depth of -51 ft MLLW including 2-ft of allowable overdepth with a bottom channel width of 500 ft. Dredge disposal options for this project include upland, beach, nearshore, and offshore disposal with annual maintenance requirements of 1,950,000 cubic yards of shoal material. The next dredging operation is expected to occur in 2014 before the existing state and federal permits expire in April 2014.

Due to its naturally deep harbor, the last maintenance dredging of the Fernandina Harbor channel was completed in 1994. Approximately 793,000 cubic yards of material were removed and placed in a federally-approved offshore dredge material disposal site (ODMDS). The specifications restricted the work to be performed by a clamshell dredge with barge transport to the ODMDS.

Although unlikely based upon the history of the channel in the last twenty years and under existing demands of port users, should dredging need to occur these dredging activities are not anticipated to significantly impact surface water quality. The proposed dredging of the channel has the potential for short-term impacts on water resources due to the release of suspended sediments and the potential release of chemicals in the dredged materials from portions of the proposed dredge areas. Temporary physical impairment of the water column, resulting from dredging, occurs from short-term changes in dissolved oxygen, salinity, pH, and turbidity with a resultant decrease in light penetration. The degree of change or alteration of the water column's physical components depends on various physical and chemical parameters of the sediment (e.g., pH, oxidation/reduction potential, sediment size, organic matter content, concentration of reactive iron and manganese, etc.) as well as the dredging method being used. The water column near the proposed dredging would experience temporary physical impairment due to an increase in Total Suspended Solids (TSS) during dredging operations. Measures can be taken to control the surface water impacts from the dredging in selection of the dredge type and specific actions to control both the suspension and distribution of re-suspended sediments. Established upland sites possess various institutional and engineered controls designed to monitor and protect surface water quality enforced through the federal and local permitting process.

2.4 Expansion Opportunities and Constraints as Related to Land Use and Zoning

2.4.1 Zoning Designations of Port Properties

Figure 2.4-1 shows the current zoning designations of the parcels currently owned by the OHPA, and one by Nassau Terminals that is generally considered part of the port. Descriptions of each district and their permitted and special uses as stated in the City's Land Development Regulations are as follows:

Medium Density Residential (R-2) The R-2 District is intended for the development, redevelopment, or maintenance of stable medium-density residential neighborhoods. The medium-density residential designation includes a mixture of single- and multi-family structure types. Permitted uses include: essential public services, such as transmission lines and lift stations, public recreation buildings, single, two and three family residential. Special uses include: cemeteries, clubs (public or private, community and recreation centers, group homes, picnic areas, trails and nature facilities, religious facilities and schools.

Mixed Use (MU-1) The MU-1 District is intended for the development of a combination of residential, office, and limited neighborhood commercial uses. The Mixed Use District encourages well-planned development and redevelopment of areas that feature compatible, interrelated uses including single-family and multi-family residential units; medical, business, and professional offices; personal service establishments with limited inventory of goods; and limited neighborhood commercial uses. Permitted uses include: book and stationery store, drug store or pharmacy, essential public services, such as transmission lines and lift stations, financial institutions, banks and credit unions, funeral home and mortuary, grocery store, government and civic buildings, including library and museum, laundry and dry cleaning (pick-up only), music, dancing photography or art studios, personal services, such as beauty/barber shops, tattoo parlor, massage or acupuncture therapy, professional offices, single, two and three family, restaurant with or without drive-through window, retail stores, seasonal sales, specialty food stores such as bakeries or ethnic grocers, specialty and gift shops such as art, antiques, or jewelry shops, books, or stationers, theaters, movie or performing arts. Special uses include: bed and breakfast inn, cemetery, day care center, group home, liquor store, lounge or bar (without drive through), religious facilities, group residential and schools,

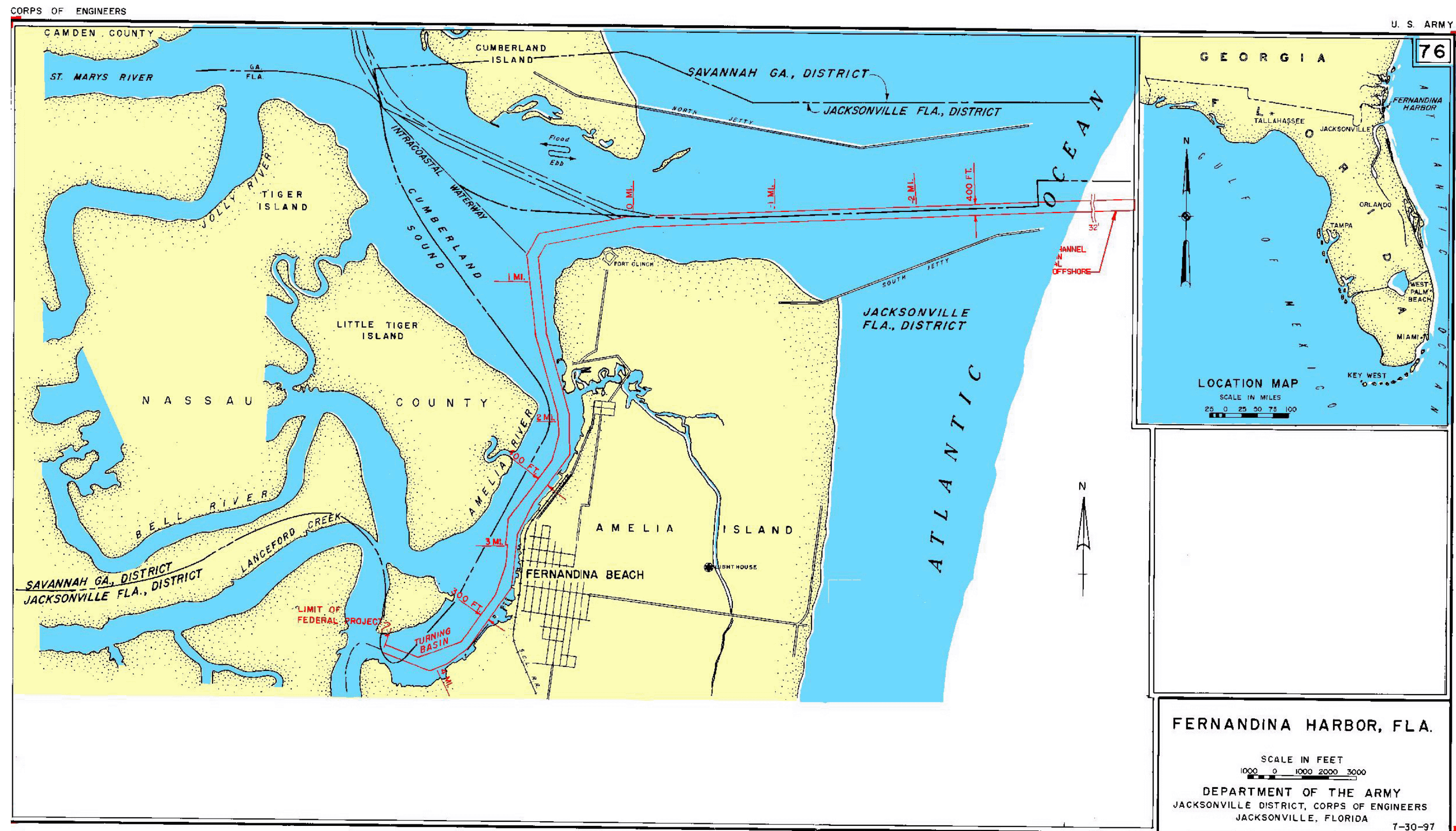


Figure 2.3-1. USACE Fernandina Harbor Channel Project Map

This page intentionally left blank.

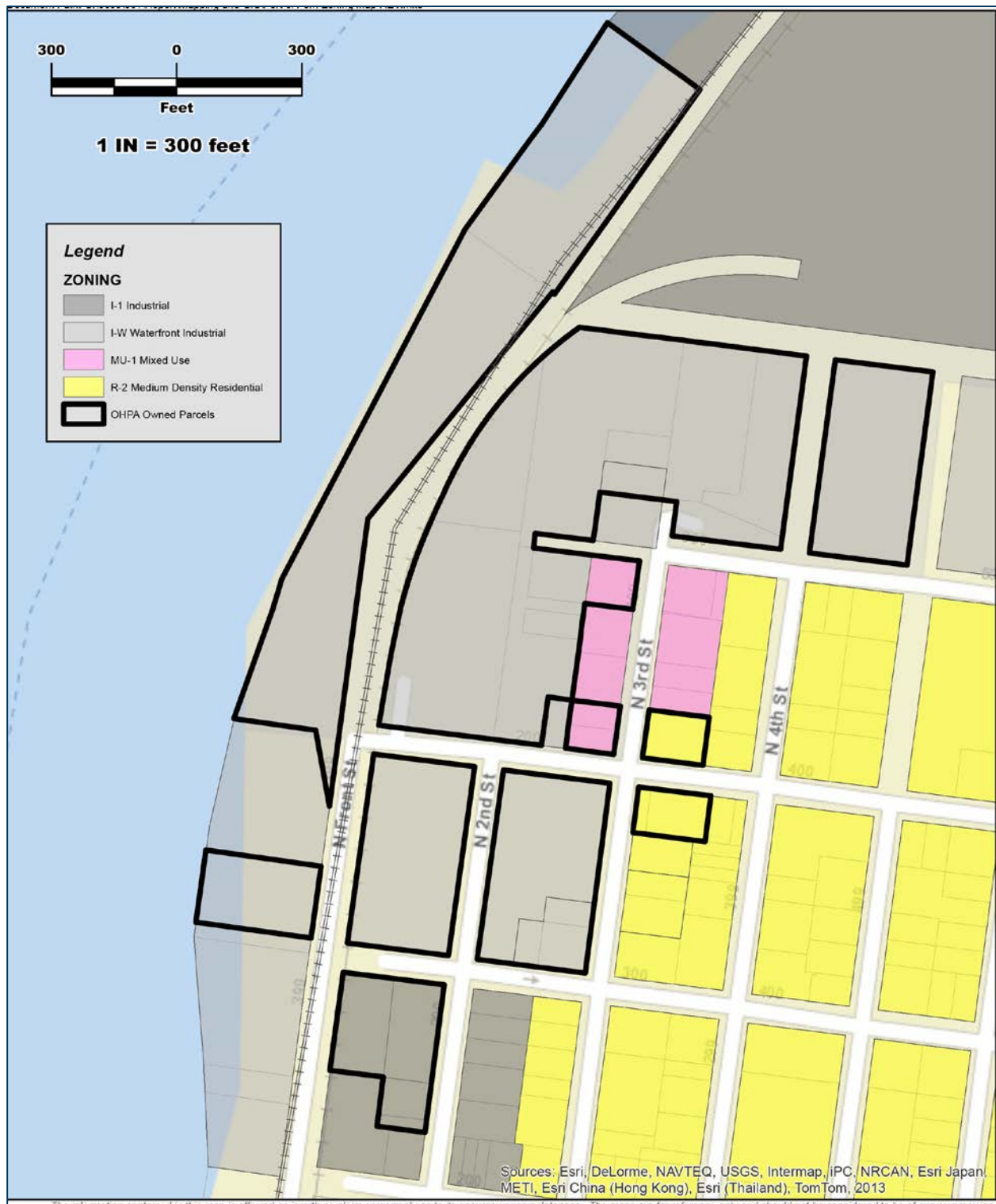


Figure 2.4-1. Current Zoning Designations

Industrial (I-1) The I-1 District is intended for the development of warehousing, fabrication, storage, and commercial services. The Industrial District recognizes existing development with locations that have access to major highways. The designation of land for the I-1 District shall be based on compatibility with surrounding land uses, considering environmental sensitivity, intensity of use, hours of operation, heat, glare, fumes, noise, and visual impacts. Permitted uses include: airports and heliports, animal hospital or veterinary clinics, automobile sales, automobile repair, garage, body shop, automotive rental agencies, bakery plant, book and stationery stores, bottling plants, bus terminals and taxi stations, business colleges, commercial, trade and vocational and arts schools, business services such as copying, mailing or printing, construction sales, and/or maintenance of boats and ships, marine supply, distribution packing and supply, drug store and pharmacy, essential public services, such as transmission lines and lift stations, financial institutions, banks and credit unions, freight and moving establishments, funeral home and mortuary, gasoline stations with or without a convenience store, golf course, grocery store, health clubs and gyms, laundry and dry cleaning on-site, including self-service laundry, light indoor manufacturing uses, including packaging and fabricating, liquor store, lounge, and bar (without drive-through window), lumber and building supply, manufacturing and heavy industry, medical and dental clinics, mini-storage or self-storage facility, music, dancing, photography or art studios, parking lots and parking garages, personal services, such as beauty/barber shops, tattoo parlor, massage or acupuncture therapy, Piers, docks and wharves, professional offices, railroad facilities, research and experimental laboratories, restaurant, with or without drive through window, retail stores, seasonal sales, small equipment or appliance repair shops, specialty food stores, such as bakeries or ethnic grocers, specialty gift shops, such as art, antique, or jewelry shops, books or stationers, terminals for freight or passengers, by ship, theaters, movie or performing arts, trades and repair services such as electrical, heating, and air mechanical, painting and plumbing, utility facilities, such as electric substations, water and wastewater treatment plants, warehouse (not including mini-storage), welding or sheet metal works and wholesale establishments. Special uses include: adult entertainment, asphalt or concrete plant, outside sales, picnic areas, trails and nature facilities, radio, television and telecommunication towers, recreation, indoor facilities, such as billiard parlors, bowling alleys, game rooms and skating rinks,

Waterfront Industrial (I-W) The I-W District is intended for the development of water dependent and water-related manufacturing, assembling, storage, distribution, sales, and port operations that are generally high intensity. The Waterfront Industrial District recognizes existing industrial development with locations that have access to transportation facilities by air, rail, ship, or highway. The designation of land for the I-W District shall be based on compatibility with surrounding land uses, considering environmental sensitivity, intensity of use, hours of operation, heat, glare, fumes, noise, and visual impacts. Permitted uses include: automotive rental agencies, bulk storage yards, clubs, public or private, commercial fishing facilities, construction, sales, and/or maintenance of boats and ships, marine supply, distribution, packing and shipping, essential public services, such as transmission lines and lift stations, gasoline station, with or without a convenience store, lumber and building supply, marine recreation, such as kayak or boat rentals, sailing schools, etc., marine research and educational facilities, parking lots and parking garages, public parks, piers, docks and wharves, public recreation buildings. Special uses include: Special: marina, private park or with stadium style lighting, picnic trails, and nature facilities, radio, television, and telecommunication towers, recreation, outdoor amusements, such as miniature golf or fishing piers, excluding amusement parks and drive-in theaters.

2.4.2 Fernandina Beach Historic District

The City of Fernandina Beach, recognizing the value in protecting its community's character, established an historic district on July 20, 1973 to preserve its cultural and architectural heritage. The City created the Historic District Council to carry out the task of ensuring the protection of the City's architectural heritage as stated in the City's Charter and Land Development Regulations. The Council serves as a design-review board for exterior alterations, repairs, moving or demolition of structures or historic landscape features

within the city's local historic districts. On May 28, 2002, the City became designated a Certified Local Government, enabling access to federal funding opportunities in addition to expert technical advice. In 2012, the City adopted its first Historic Preservation Element of the Comprehensive Plan and refined its historic preservation ordinance.

Figures 2.4-2 and 2.4.3 show the boundary of the Historic District. The Port owns properties located on 3rd street between Dade and Escambia Streets and also on 3rd street between Dade and Calhoun Streets. These properties are located within the Historic District Overlay and would be subject to the District's design standards and review by the Historic District Council.

2.4.3 Amelia River Waterfront CRA

In 2005, the City established the Amelia River Waterfront Community Redevelopment Area (CRA) after accepting a Finding of Necessity (completed in 2004) that conditions of blight were present in the City. The findings included: inadequate street layout and parking facilities, unsanitary or unsafe conditions, deterioration of site or other improvements and inadequate and outdated building density patterns. According to Policy 8.01.02 of the City's Comprehensive Plan, all plans for development within the CRA Overlay shall be reviewed by the Historic District Council.

As shown on Figures 2.4-2 and 2.4.3, the Port's parcel, located at Front Street and Calhoun, is located within the CRA and therefore subject to its policies. The parcel would be subject to height limitations of policy 8.01.02 D2, view corridor limitations of policy 8.01.02 D5 A and pedestrian access requirements of policy 8.01.02 D5 B.

2.4.4 Expansion Opportunities South of RockTenn

The boundaries of the Historic District and the Amelia River CRA surround the Port's properties to the south and most of the eastern edge. The next closest parcels for expansion consideration would be within the two blocks between Dade and Franklin streets and extending to 11th street. Using the Nassau County Property Appraiser's information, a study of these parcels found several vacant lots between 4th and 5th street, north of Dade Street and two vacant parcels owned by the City between 5th and 6th street, also north of Dade Street. These lots, while being south of parcels owned by the Port would essentially surround the northernmost portion of the Historic District. Other vacant lots were found to be owned by RockTenn.

2.4.5 Expansion Opportunities North of RockTenn

North of the RockTenn property there are four parcels found to be outside of the Historic District. Two of the parcels are owned by the Bosque Bello Cemetery. The parcel located south of Nassau Street, between N 12th and N 13th Streets and the parcel located north of Nassau Street, between N 13th and N 14th Streets are listed as vacant land owned by the City.

2.4.6 Expansion Opportunities North of Egans Creek

The four parcels located within the study area north of Egans Creek are in unincorporated Nassau County. The two southernmost parcels are owned and operated by the Nassau Fertilizer and Oil Company. Immediately north of the fertilizer plant is a vacant 1.19 acre parcel. Continuing further north is the site containing the boat ramp, owned by the County.

2.4.7 Expansion Opportunities in General

Based on this study it would be fair to say that the Port is physically constrained from expanding primarily due to the Historic District. An expansion of the Port would be dependent on what type of market it is targeting to serve and the facilities needed. With the physical boundary of the Historic District at the Port's edge, and few vacant lots, the Port might need to consider leasing portions of the RockTenn site or purchasing land from them.

This page intentionally left blank.

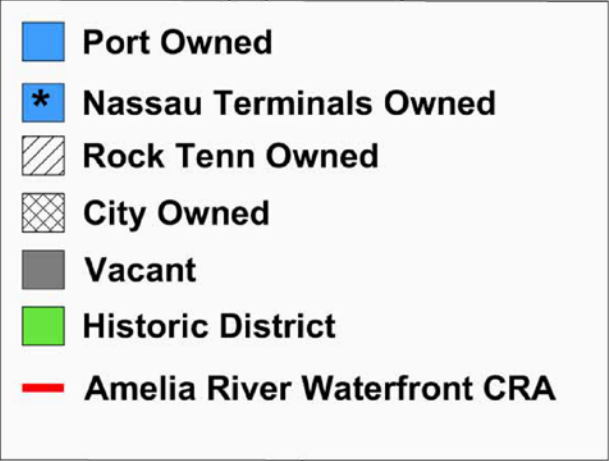


Figure 2.4-2. Historic District, CRA, and Port Parcels



Figure 2.4-3. Historic District, CRA, and Port Parcels Magnified

2.4.8 Regulatory Barriers Beyond the City of Fernandina

Additional regulatory barriers currently exist at the County level of government, where the extent of the OHPA Charter to operate beyond the immediate Port property lines and beyond the City limits, is not fully addressed within the Comprehensive Plan of Nassau County. The County Comprehensive Plan is largely silent in this regard, although it does contain several policies regarding the existing Port.

Coastal Management Element:

Policy CEV.07.01

The County shall review its Land Development Code and make revisions as necessary to control development in the coastal planning area in a manner that will be compatible with existing water-dependent uses, will reduce vulnerability to hurricane forces and will protect natural resources.

Policy WDU.02.02

The future land use plan and implementing land development regulations shall protect existing water dependent uses from intrusion by incompatible land uses.

Policy WDU.02.07

The County shall continue to support the Waterfronts Florida Partnership Program and the Fernandina Beach Waterfronts Partnership and assist in the protection and revitalization of local recreational and commercial working waterfronts.

Conservation Element:

Policy CS.06.05

Marinas and ports proposed for siting adjacent to Department of Environmental Protection (DEP) manatee sanctuaries, foraging areas, or in or adjacent to freshwater or warm water discharge habitat areas must receive DEP approval prior to requesting County permits for construction.

Economic Development Element:

Policy ED.06.01

The County shall coordinate with landowners and service providers of all modes transportation, state and regional agencies, and other local governments to promote the creation of a regional multi-modal transportation system that allows for the quick and efficient movement of people and freight within and out of the region. This shall include needed improvements to roads over truck traffic must travel to and from port-related facilities.

ED.06.02

The County, in conjunction with the Ocean, Highway and Port Authority (OHPA), shall work with the North Florida TPO, the Florida Department of Transportation, and other state and regional agencies to secure adequate funding.

Transportation Element:

OBJECTIVE T.06

County will coordinate transportation activities with other agencies, local governments, and state having planning and implementation responsibilities for highway, mass transit, railroad, air, and port facilities.

OBJECTIVE T.07

The County shall implement the following policies to protect ports, airports and related facilities from encroachment of incompatible land uses.

Policy T.07.01

The County shall adopt Land Development Codes that set standards for minimum setback , buffers and other methods to protect ports, airports and related facilities from encroachment by incompatible land uses.

Regional Coordination Element:

OBJECTIVE RC.01

The County shall implement new regional coordination mechanisms and/or continue existing agreements with all adjacent local, regional, state, and federal government agencies, the County School Board and public facility providers that share responsibility for land use development and urban development patterns.

Policy RC.03.02

The County shall abide by the mandatory dispute resolution process, established by rule by the Northeast Florida Regional Council in accordance with Sec. 186.509, F.S., to reconcile differences on planning and growth management issues between units of local government.

OBJECTIVE RC.05

The County shall support and encourage appropriate and effective participation and partnership with non-governmental organizations in meeting the goals, objectives, and policies of the Comprehensive Plan.

Policy RC.05.01

The County should encourage partnerships with local non-governmental organizations involved in economic development to assist targeted enterprises and developments in negotiating the local, regional and national regulatory infrastructure to improve the competitive position of the County in attracting and retaining the best economic activity.

RC.05.04

The County shall support and encourage the creation of appropriate public-private partnerships a model for structuring, funding and operating certain public facilities.

While these policies do not present any conflicts between the OHPA Strategic Master Plan and the County Intergovernmental Component with the City, both the OHPA Strategic Master Plan and County Comprehensive Plan needs to define the range and scope of Charter based Port activities that can be provided and could be provided within the planning horizon within the Local Governmental jurisdiction of the County.

Section 8 of this Strategic Master Plan details recommended actions to be considered by the OHPA regarding future activities. Recommendations include suggested revisions to language within the County Comprehensive Plan that would more fully acknowledge the Charter granted authority of the OHPA and potential development opportunities that may occur within the planning horizon of this Strategic Master Plan.

3.0 Opportunities and Constraints

3.1 Opportunities Based on Geographic Location

3.1.1 Northeast Florida

The State of Florida is near the juncture of road and rail lines serving both the east-west and north-south areas on the US. The Port of Fernandina, located in the northernmost county within the State is in a superior location for domestic distribution. Virginia, Tennessee, Mississippi and south Florida are all within a 500 mile reach of the Port for truck service. Additionally, having access to the CSX Class I rail service, by way of the First Coast Railroad, the Port can connect to all five eastern mega-regions and ports, serving nearly two-thirds of the nation's population.

3.1.2 Historical Hurricane Landfall

In addition to the Port's great location from a distribution stand point, its physical location is also a benefit to operations with respect to hurricane occurrence. As can be seen on Figure 3.1-1, the northeast portion of the State has historically not been the landfall location of hurricanes. This is significant in that ships cease any loading or unloading operations and head out to sea to avoid damage resulting from high winds and seas. Having to shut down operations results in added costs and time delays. Regionally, inland distribution centers and mission critical facilities have not experienced disruption of operation due to extreme storm events

NOAA's National Climatic Data Center, Asheville, N.C.



Figure 3.1-1. Historic Hurricane Strikes 1950-2011

3.1.3 Proximity to JAXPORT

Another benefit to the Port's location is its close proximity to JAXPORT, one of the state's largest container ports. Processing over 8.2 million tons of cargo in 2012, including over 923,000 TEUs, JAXPORT is currently studying the possibility of dredging to serve larger vessels. It is also the home port of the Carnival Fascination, a 2,052 passenger cruise ship that has service to the Bahamas and Key West. The Port of Fernandina could potentially offer schedule relief to congestion problems if they arise at JAXPORT. Both ports are within Foreign Trade Zone 64.

3.2 Charter Granted Opportunities

In 2005, House Bill No. 619, amended and reenacted the 'Charter' for the Ocean Highway and Port Authority. The Charter grants the OHPA broad powers with respect to financing, property acquisition and development opportunities. The following details the opportunities presented within the Charter, a copy of which has been included in Appendix B.

3.2.1 Development Authority

The Ocean Highway and Port Authority (OHPA) has the ability to acquire property or a right or interest in such property, by grant, purchase, gift, condemnation or exchange as deemed necessary for its purposes. According to the Charter, they have the authority to construct, purchase, enlarge, improve and operate "office and administrative buildings to be used or occupied in whole or in part by the authority, wharves, docks, slips, channels, jetties, piers, quays, terminals, sidings, shipyards, marine railways, terminal facilities, harbors, ports, waterways, moles, canals, cold storage plants, locks, tidal basins, trainways, cableways, anchorage areas, depots, warehouses, industrial parks, industrial and manufacturing plants, commercial, commercial, business, residential, mercantile, and other related projects, motels, conveyors, appliances for economical handling, storage, and transportation of freight and the handling of passenger traffic and all other harbor related facilities."

For harbor purposes, OHPA has been granted wide ranging authority over waterways within and adjacent to Nassau County, excluding federal and state waterways. OHPA has the authority "to improve and develop Fernandina Harbor and all navigable and nonnavigable waters" within Nassau County and "to create and improve for harbor purposes any waterways within or adjacent to the county". These improvements may include straightening, widening, dredging, or the creation of canals, slips, turning basins or channels.

The Charter also grants OHPA the authority to develop a great number of facilities that are unrelated to port activities. The Authority may acquire, operate, enlarge, maintain or develop "hotels, radio stations, and any and all recreational facilities, including yacht basins, docks, piers, wharves, fishing piers, public beaches, beach casinos, cabanas, pavilions, entertainment and eating places, swimming pools, bath houses, stadiums, athletic fields, parks, concert halls, auditoriums, golf courses, playgrounds, parking lots, gardens, conservatories".

The OHPA can acquire, condemn, construct, operate, maintain or improve roads and ferries, which are separate or part of roads, streets, alleys, parks, boulevards, viaducts, tunnels, causeways, bridges and other transportation facilities within Nassau County or continuing to and into the State of Georgia. The OHPA may charge fees or tolls for these facilities, subject to Federal Laws.

The authority may also provide public utility services including electricity, gas, water and sewer, within and without Nassau County or in Baker County or Duval County. This may be as a public utility and charging user fees or by entering into partnerships with municipalities and businesses to acquire, finance and construct connections and to maintain and operate utility systems which connect to and extend from existing utility systems.

The authority for three particular development opportunities is detailed separately within the Charter. The OHPA has the ability to acquire, enlarge, construct or equip a pulp and paper mill or to acquire, construct or equip an oil refinery and related facilities. Either of these may be leased to a private corporation for a period not to exceed forty years. The third development is for a toll road extending from the City of Fernandina Beach to the eastern side of US 17 in Yulee and then continuing north to Brunswick, Georgia. The OHPA is authorized to issue revenue bonds for all three of these development opportunities.

3.2.2 Financial Authority

The Charter grants OHPA the authority to generate revenue through the establishment and collection of wharfage, dockage, warehousing, storage and terminals charges. The OHPA may also establish and

collect fees, admissions, tolls, rates, rentals or user fees for any of their other facilities or services. Another source of income for the authority would be from user fees derived from the development and operation of a public utility. To finance the development opportunities afforded by the Charter, revenue bonds or certificates can be issued. Revenue bonds or certificates can be issued to finance development opportunities afforded by the Charter. Additionally, OHPA has the authority to pursue grants or loans from federal or state agencies.

3.3 Marine Opportunities

3.3.1 Global Shipping

It is anticipated that more than 80% of all global economic growth will occur outside of the United States over the next 50 years. China and other Asian countries are expected to continue their growth and lead future global trade. Latin American and Caribbean markets are also expected to continue at current background levels.

3.3.2 Feeder Services

Planned for completion in 2015, the Panama Canal expansion project will add new sets of locks and widen existing channels and change shipping routes worldwide. When completed, the Canal will be able to serve larger ships that can carry up to 12,600 TEU, known as Post-Panamax. For Eastern US and Gulf Coast Ports, this presents a significant opportunity. Traditionally, the East Coast receives shipments from Asian countries by way of intermodal rail or truck from US Pacific Coast ports. Wider ships with larger cargo capacity will be able to pass more easily through the less congested locks, saving time and money, making direct shipment to Eastern US and Gulf Coast Ports more competitive with US Pacific Coast ports.

Currently Baltimore, New York and Norfolk are the only east coast ports that can serve these larger ships that require a 50 foot deep channel. Miami, New York, Jacksonville, Savannah, Port Everglades and Charleston are all studying or have plans to accommodate this increased depth requirement. With funding and time constraints limiting the ability of East and Gulf Coast ports to serve the Post-Panamax ships, the development of transshipment hubs in the Caribbean will continue to grow. These hubs currently help to alleviate congestion and chokepoints (see Figure 3.3-1) and provide an alternative where domestic ship size limitations are an issue. With the need to maximize water based freight movements, opportunities for new transshipment hubs will continue. As new hubs are developed, feeder services will be required. Potential feeder service target markets include Aruba, Freeport, Caucedo, R.R. Barranquilla, Columbia, Puerto Rico, and Jamaica.

As East and Gulf Coast ports become able to serve the Post-Panamax ships, and their calls increase, new servicing opportunities will be created for smaller ships displaced by berthing schedules.

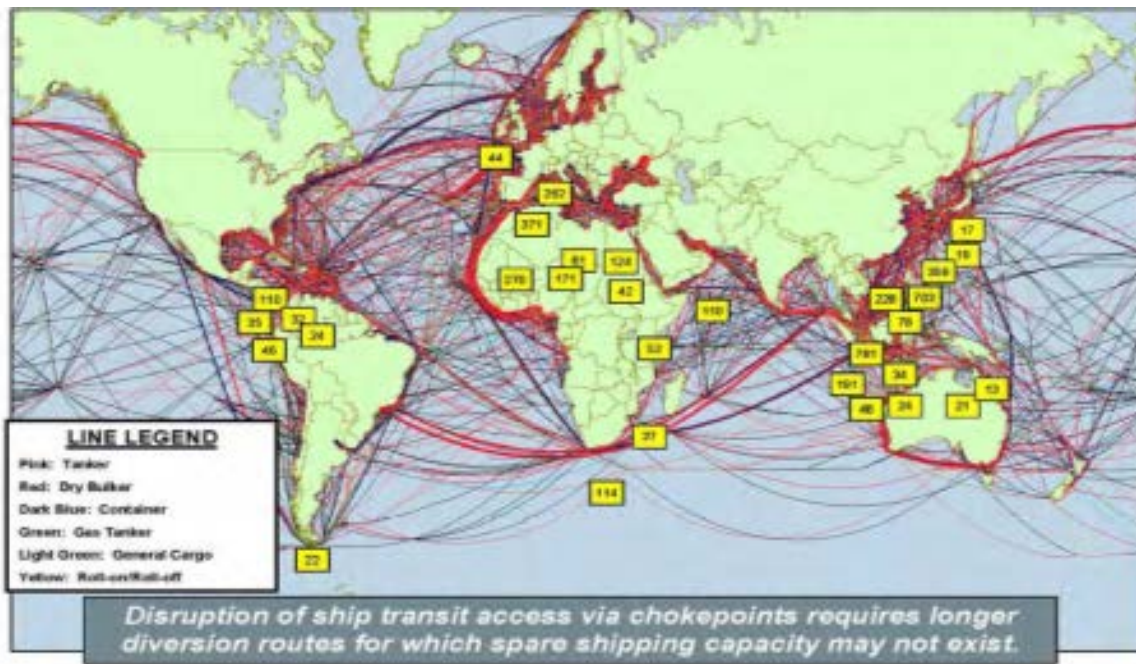


Figure 3.3-1. Daily 2012 Chokepoint Vessel Transits

3.3.3 Short-Sea Shipping

Faced with increasingly congested roads, ports and businesses are seeking alternatives to the road transport of cargo. Short-sea shipping, the transferring of freight between domestic ports either by ocean or inland waterways using barges and other smaller vessels, is one alternative.

Many studies have been conducted to examine how short-sea shipping could be a viable means of freight transport in the US. The Short-Sea and Coastal Shipping Options Study for the I-95 Coalition involving members of state DOTs, regional and local transportation agencies, toll authorities and additional stakeholders including members of law enforcement, transit, port and rail organizations from Maine to Florida, offers insight into the growing industry. Upon examination of current short-sea shipping activities, four key factors were found to be critical for successful short-sea shipping operations:

1. Modal access - Ports must have access to highway and rail mainlines as a means to get cargo to its final destination;
2. Berth availability - Short-sea ships are often given lower priority than ocean-going ships at larger ports. Underutilized ports can take advantage of this opportunity;
3. Crane/stevedore cargo handling capacity - Short-sea ports must have efficient loading/unloading operations to be competitive with other modes;
4. Capital - They must have money available to make improvements to infrastructure necessary to meet the requirements of existing users while growing their customer base.

3.3.3.1 Opportunities

One way to determine the opportunity for short-sea shipping within the North Florida/Georgia area is to review the types of products that are currently being transported by both water and roadway. As road congestion is becoming increasingly restrictive to the flow of freight, it is these goods that become prime opportunities to shift to water transport. Tables 3.3-1 through 3.3-4 show the imports and exports within Florida and Georgia and their mode of transport.

Table 3.3-1. Comparison of Product Movements by Road – Florida

Products Transported by Road	Imported (tons)	Exported (tons)
Agricultural Products and Fish	21,229,556	
Coal and Petroleum Products	20,623,652	
Pharmaceutical and Chemical Products	8,367,414	
Pharmaceutical and Chemical Products		5,119,154
Grains, Alcoholic Beverages, and Tobacco		3,148,644
Wood Products, Textiles and Leather		2,930,078

Source: I-95 Corridor Coalition Short-Sea and Coastal Shipping Options Study, Cambridge Systematics, Inc. November 2005.

Table 3.3-2. Comparison of Product Movements by Water – Florida

Products Transported by Water	Imported (tons)	Exported (tons)
Coal and Petroleum Products	33,325,034	
Furniture and Miscellaneous Products	5,312,752	
Pharmaceutical and Chemical Products	2,607,381	
Stone, Minerals and Ores		5,310,907
Furniture and Miscellaneous Products		2,125,371
Coal and Petroleum Products		89,984

Source: I-95 Corridor Coalition Short-Sea and Coastal Shipping Options Study, Cambridge Systematics, Inc. November 2005.

Table 3.3-3. Comparison of Product Movements by Road – Georgia

Products Transported by Road	Imported (tons)	Exported (tons)
Agricultural Products and Fish	23,256,015	
Grains, Alcoholic Beverages, and Tobacco	9,381,167	
Pharmaceutical and Chemical Products	8,277,309	
Wood Products, Textiles and Leather		8,355,447
Stone, Minerals and Ores		6,224,158
Grains, Alcoholic Beverages, and Tobacco		4,948,490

Source: I-95 Corridor Coalition Short-Sea and Coastal Shipping Options Study, Cambridge Systematics, Inc. November 2005.

Table 3.3-4. Comparison of Product Movements by Water – Georgia

Products Transported by Water	Imported (tons)	Exported (tons)
--------------------------------------	------------------------	------------------------

Coal and Petroleum Products	750,047	
Pharmaceutical and Chemical Products	195,520	
Furniture and Miscellaneous Products	31,995	
Furniture and Miscellaneous Products		81,422

Source: I-95 Corridor Coalition Short-Sea and Coastal Shipping Options Study, Cambridge Systematics, Inc. November 2005.

3.3.3.2 Constraints

Interviews with stakeholders in the I-95 Coalition Study identified the following obstacles to short-sea shipping opportunities:

- Shippers are hesitant to change operations to short-sea shipping. They want examples and proof that it is an effective choice. Clear and quantifiable cost and benefit information is lacking which would allow them to see the advantages.
- Lack of port-partnering to better alleviate congestion and make operations more efficient.
- Existing infrastructure may not fully meet the needs of short-sea shipping. Funding of improvements is thought not probable until a certain level of commercial activity is achieved and that level of activity is thought not likely to occur without infrastructure improvements.
- Operational costs (port fees and navigation fees) preventing short-sea shipping from being competitive with other modes of transport.
- A shortage of ships available for short-sea shipping exists. This is due in part to the Jones Act, a regulation that limits ships in domestic activity to only those built, owned and operated in the US. Also contributing to this shortage is that customers do not want to commit until the equipment is available for service and shipping companies do not want to invest in ships without a firm agreement with customers.
- Labor costs. Each transfer of the cargo adds to the cost

3.3.3.3 Barge Transport Potential

Inland waterways are used to carry goods to 38 states, serve industrial and agricultural centers and transport imports and exports from Gulf ports. Barges play a significant role in this process as they are well suited to transport coal, iron and steel, ore, timber products, grain, petroleum and containers. According to the Texas Transportation Institute, one loaded hopper barge can carry the equivalent of 16 rail cars or 70 trucks, reducing traffic congestion greatly. Additionally, barges create much less carbon dioxide than trucks or trains, making them a greener choice for transportation.

Typical characteristics for barges are listed in Table 3.3-5. While some barges are self-propelled many require the push or pull of a tug boat. Ranging in size from 117'x30' to more than 200'x45', towboats have a draft of 6.5'-9'.

Table 3.3-5. Barge Characteristics

Types of Barges	Length (ft)	Width (ft)	Draft (ft)	Capacity (tons)
Open Hopper Barges				
Standard	175	26	9	1,000
Jumbo	195-200	35	9	1,600
Super Jumbo	250-290	40-52	9	2,100-3,300
Covered Hopper Barges				
Standard	175	26	9	1,000
Jumbo	195-200	35	9	1,600
Integrated Chemical/Petroleum Barges				
Tanker	150-300	35-54	9	1,400-3,300

Nassau and Camden Counties have an abundance of inland waterways, some of which have been utilized for barge transport in the past. The determining factor for barge usage is tied to the depth of the waterway. As shown in the table above, barges typically require a minimum depth of 9 feet. Figure 3.3-2 illustrates a navigable path based on this minimum depth, using data from NOAA maps and the USACE of Engineers. There are approximately 57.2 mi of navigable waterways in the general vicinity of the Port of Fernandina upon which there is currently no active barge based in-bound or outbound freight movements. The potential for usable sites along this path is greatly reduced when wetlands, government lands and residential lots are factored in. Formerly occupied industrial sites such as the Dow Chemical Site, the Bayer Crop Science site and the Mill at St. Marys are viable sites for future barge transport. One other site worth noting is located on the St. Marys River, just east of Interstate 95. This vacant property is part of the East Nassau County Planning Area and has a proposed land use of Resort.

3.4 Landside Opportunities

Within Nassau County, and neighboring Camden County, Georgia, there exist a great number of industrial developments, both active and developing. As potential partners with the Port of Fernandina it is important to note these opportunity sites. Descriptions of these sites and their development status are detailed below. Each site has been rated based on the modes of transport available to each site. Sites with barge access, rail service and truck were given an “A” rating. Sites with rail service and truck or airport and truck were given a “B” rating. Sites that were only served by truck were given a “C” rating. See Figure 3.4-1 for locations.

3.4.1 Nearby Industrial Facilities

3.4.1.1 RockTenn CP LLC – Site Rating: A (barge/truck/rail)

The 215.78 acre parcel owned and operated by RockTenn, a manufacturer of KLB, is located within the city limits of Fernandina Beach, adjacent to the north side of the Port of Fernandina. The property is surrounded with a mix of uses including single-family residential, a cemetery, a church, offices and shops and industrial uses. While this parcel is not located within the Historic District many of the single-family homes to the immediate north and south are. Access is gained through Broswell Road, Franklin Street and N. 8th Street. Interstate 95 is approximately 18 mi to the west. This site has deep water access and short line freight railroad service provided by First Coast Railroad. The Future Land Use and Zoning designations are Industrial.

3.4.1.2 Rayonier Performance Fibers - Site Rating: A (barge/truck/rail)

The 259.67 acre parcel owned and operated by Rayonier Performance Fibers is located within the city limits of Fernandina Beach. It is separated from the residential properties to the east by CSX owned property used for short line freight rail service. To the north is a vacant mixed waterfront land use and to

the south is conservation land and property owned by the City. The Amelia River is located to the west. Access to the site is from Gum Street, a two lane road that connects to 8th Street, a major arterial road and authorized truck route, providing a connection to I-95. This site is approximately 1.5 mi via the authorized truck route to the Port of Fernandina or approximately 1 mi via the Amelia River. Interstate 95 is approximately 17 mi to the west. This site has water access and short line freight railroad service provided by First Coast Railroad. The Future Land Use and Zoning designations are Industrial and Conservation.

3.4.1.3 Nassau Fertilizer and Oil Company, Inc.(Pogy Plant) - Site Rating: B (barge/truck)

This site, located at 325 Pogy Place in unincorporated Nassau County, is comprised of two parcels totaling 11.45 acres. The property is bounded by a vacant 30 acre wetland parcel owned by Nassau County to the east, Egans Creek to the south, Amelia River to the west and a vacant parcel less than one acre in size to the north. Access to the site is from Pogy Place, a two lane local road which provides connection to 14th Street, a two lane collector road providing the primary access to the City of Fernandina Beach. The Port of Fernandina is approximately 2.5 mi from this site via land travel and just over 1 mi via the Amelia River. Interstate 95 is approximately 18 mi to the west. This site can be accessed by barge and road only. The Future Land Use and Zoning designations are Industrial and Industrial Warehouse (IW), respectively. Permitted uses include warehousing, storage or distribution establishments, light manufacturing, processing (including food processing), packaging or fabricating, container storage, outdoor storage yards, truck or other transportation terminals under the current zoning.

3.4.1.4 Fernandina Beach Municipal Airport - Site Rating: B (truck/airport)

The Fernandina Beach Municipal Airport is located on approximately 516 acres off of Amelia Island Parkway, 5 mi from the Port of Fernandina. The airport has three runways ranging in length from 5,000 to 5,300 ft in length and can serve equipment up to the Bombardier Global Express, a plane capable of carrying 26-30 passengers. Generally there are 136-216 flights per month with approximately a third of those being jets. Flights are primarily leisure related and small corporate. The airport experiences an increase in flights during the Concours D'Elegance in March and also during times when the Omni and Ritz are holding corporate events. There are no commercial or freight flights.

The airport's ability to serve as a source of transport for freight is limited to the maximum weight limit of its runways which is 73,000 pounds. The design aircraft is the Gulfstream G-IV which has been used by the military to carry up to 26 passengers or three freight pallets. A Gulfstream IV, weighing 70,500 pounds when fully fueled would not leave much weight room for freight and be able to take off. Inbound flights, having used up fuel during flight and weighing approximately 58,500 pounds would provide a greater opportunity for moving freight.

There are 52 T-hangars on-site that are fully occupied. Two other 10,000 square foot hangars are only partially occupied. Currently there is approximately 3,000 ft of office/warehouse space available to lease. Areas within the Airport site intended for corporate development range from approximately 1 to 10 acres. Currently zoned Industrial, permitted development opportunities would include distribution, packing and shipping, freight and moving establishments, light indoor manufacturing uses including packaging and fabricating and manufacturing and heavy industry.

Should future expansion of the Airport result in its ability to provide freight service, the Port of Fernandina is prepared to assist with the provision of transportation and logistics.

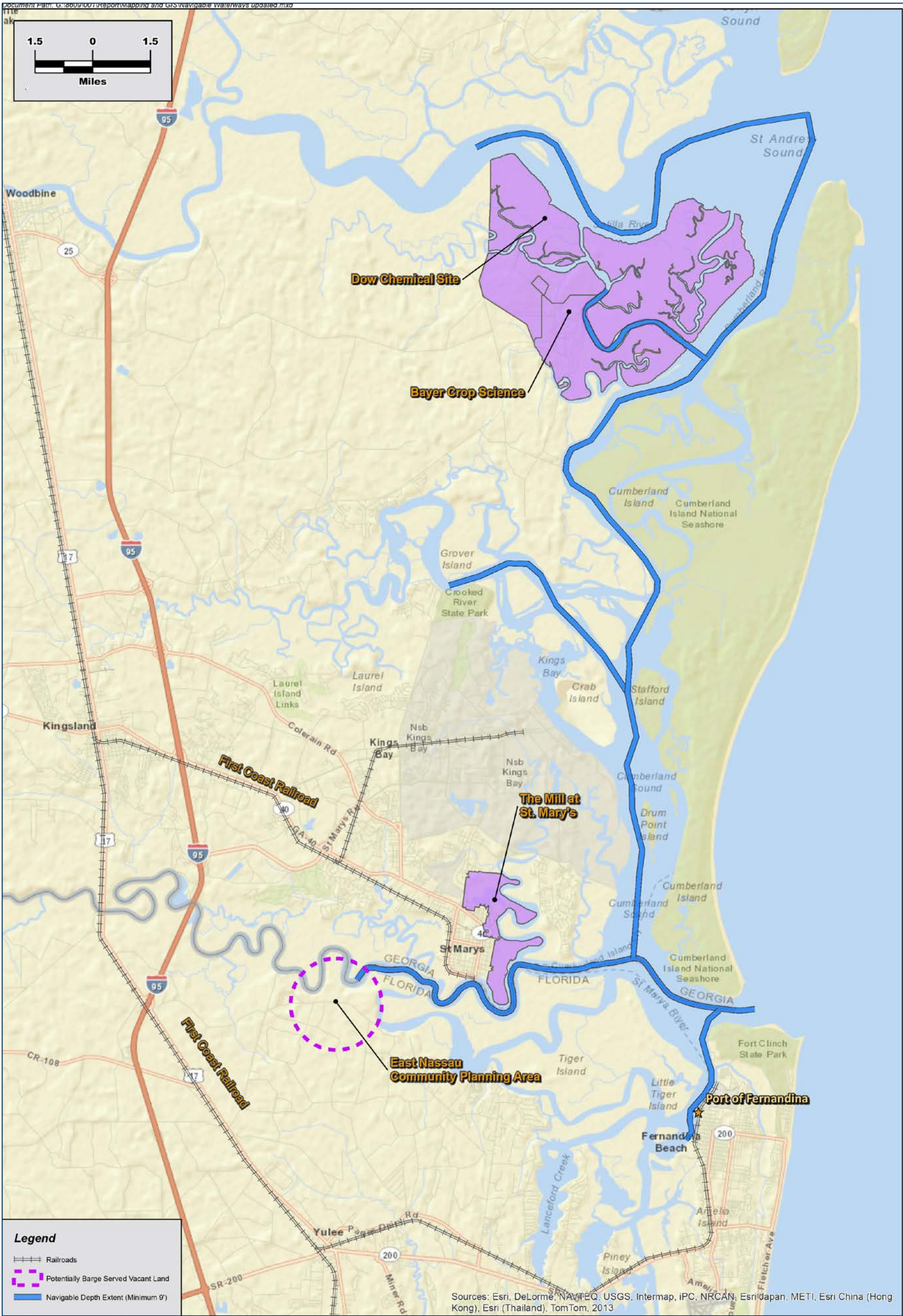


Figure 3.3-2. Navigable Waterways

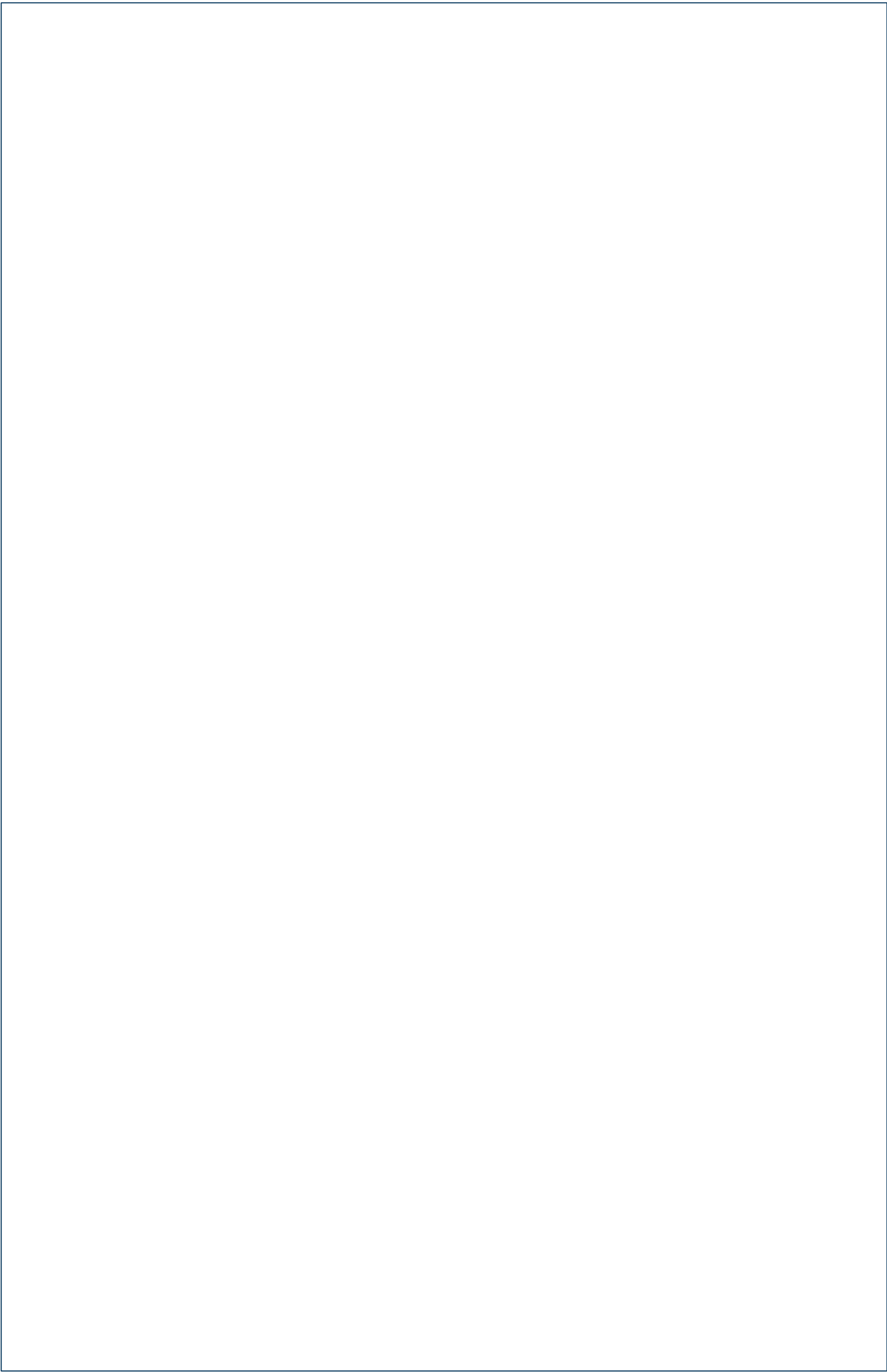


Figure 3.4-1. Industrial Sites

3.4.2 Economic Development Opportunity Areas (EDOAs) – Nassau County

Within the Comprehensive Plan of Nassau County are lands identified as Economic Development Opportunity Areas (EDOAs). Originally designated as such to guide decision making with respect to land development, these areas are well suited for growing industries. Criteria for this designation include minimum developable acreage and good access to major highways, rail or airports. The following EDOAs would provide opportune sites for Port related facilities:

3.4.2.1 Nassau Tradeplex - Site Rating: B (truck/rail)

This 200 acre site, located in Yulee, Florida was originally developed by OHPA as the Yulee Tradeplex in 1989. Located just off SR 200/A1A, this development is close to restaurants, retail and residential. It is rail served and is centrally located between the Port of Fernandina and Interstate 95 with each being ten mi away. Current tenants include: Georgia Pacific, Blue Linx, Coastal Plastics, Victaulic, Florida Machine Works, Nassau Holding Company, Nassau Land Holdings, JS Trevett Properties, Yulee Tradeplex Development and Scott Trucking. Approximately 103 acres are currently available for development with sites ranging from 1 to 36 acres. While most of the available sites are vacant, one parcel includes over 17 structures of approximately 572,102 sf, has space for service by 8 rail cars, a dock and 700 linear ft of grade level loading and unloading. Other parcels have the potential for rail service as well. The Tradeplex has water and sewer available on-site. In general the sites are designated Industrial Warehouse (IW) with one parcel being part of a Planned Unit Development. Permitted uses of interest to the Port of Fernandina include warehousing, storage or distribution establishments, light manufacturing, processing (including food processing), packaging or fabricating, outdoor storage yards, truck or other transportation terminals and radio broadcasting offices, studios, transmitters or antennas.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.2.2 Nassau Crossing Industrial Park - Site Rating: B (truck/rail)

This 197.54 acre site is being developed by Harts Road, LLC between US 17 and Harts Road, less than 5 mi to Interstate 95 and approximately 14 mi to the Port of Fernandina. The site contains 119.063 upland acres and 78.48 acres of wetlands. Access is from Harts Road where there is over 3,200 ft of frontage. A single tenant could potentially develop up to 1 million sf. The CSX rail line runs parallel to the site for 4,000 linear ft. Currently there is no rail to the site, however it has been approved for CSX serviced spurs. The property is zoned Industrial Warehouse (IW) and would permit warehousing, storage or distribution establishments, light manufacturing, processing (including food processing), packaging or fabricating, outdoor storage yards, truck or other transportation terminals and radio broadcasting offices, studios, transmitters or antennas.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.2.3 393 US Highway 17 - Site Rating: B (truck/rail)

This 36.71 acre site is located on the west side of US 17, south of SR 200 (A1A) and is less than 5 miles from Interstate 95 and approximately 14 mi to the Port of Fernandina. Of the 180,000 sf of warehouse space, 150,000 sf are currently available. One space consists of approximately 72,000 sf with a 40 ft ceiling height, 2 loading docks, rail access and space available for trucks loading containers. A 60,000 sf space with 40 ft ceiling height with 3 loading docks and a 17,000 sf space with no docks are also available. The site is zoned Industrial Heavy (IH) and would permit industrial, manufacturing, distribution or storage use, freight, trucking, shipping or other terminal, outdoor storage yards and all uses as permitted within the IW Zoning District.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.2.4 East Nassau Community Planning Area (ENCPA) - Site Rating: B (truck/rail)

The East Nassau Community Planning Area (ENCPA) is a Sector Plan containing approximately 22,675 acres. The ENCPA is located primarily on land located between I-95 and Chester Road on the north side of SR 200/A1A, approximately 13 mi to the Port of Fernandina. The Master Land Use Plan serves as a guide for the development pattern within the ENCPA. According to the Land Use Plan, residential and village centers are located east of US 17 while a regional center and an employment center are shown in the triangular shaped area between Interstate 95 and US 17, north of SR 200/A1A. Having access to major highways and the CSX rail running just east of US 17 makes this an ideal location for the regional and employment centers. The CSX staging railroad is located on the northwest corner of US 17 and SR 200/A1A. The regional center is intended to have a mixture of high density residential, highway commercial/interchange-related uses, regional scale retail, commercial, hotel, office, business/research parks and light industrial development. The employment center sub-category is intended to include residential, office, research park, technology, office and service areas, manufacturing, warehousing distribution, commercial and civic uses. A Preliminary Development Plan is required to have a minimum of 100 gross acres. While utilities are not currently available on-site, the Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.2.5 Crawford Diamond Industrial Park - Site Rating: B (truck/rail)

This undeveloped, 1,814 acre site is located within unincorporated Nassau County, 4 mi to US 1, 16 mi to US 90 and Interstate 95 and 18 mi to Interstate 10. Approximately 1,500 acres is designated Industrial Land Use while the other 300 acres are Conservation. It is zoned Industrial Park with heavy industrial uses permitted. The overall site is approved for 10.5 million sf with a development intention of 7.35 million sf for high cube warehouse, 2.1 million sf for General Light Industrial and 1.05 million sf for Manufacturing. The property has dual Class I rail frontage on-site with access to both CSX and Norfolk Southern rail lines providing connections from Baldwin, FL to Waycross, GA and from Jacksonville, FL to Valdosta, GA. The Port of Fernandina is approximately 31 mi by highway and 51 mi by rail. Jacksonville International Airport is 14 mi. This site is a McCallum Sweeney Certified Megasite, zoned Industrial Park and approved for up to 10.5 million sf of industrial uses. Of interest to the Port would be permitted uses such as forest products and agricultural product manufacturing and processing, warehousing, storage and/or distribution establishments including high cube warehouses, heavy manufacturing, freight, trucking, shipping or other similar terminals, port related activities, tire and synthetic rubber manufacturing, regional train/railroad yards, bulk storage of petroleum products, chemical manufacture, paper and pulp manufacture and textile product mills and petroleum refining and/or bulk storage of petroleum products, including flammable liquids and acids.

The Crawford Diamond site has received the attention of the Florida's Governor as a site with the potential to significantly facilitate the transportation network in Northeast Florida. The site's strengths are its proximity to two Class I rail providers, US-1, and land available for development of an intermodal site and other distribution and warehousing facilities. The Crawford Diamond site is not in close proximity to the Port of Fernandina, and rail between these two locations is inefficient due to the slow and circuitous path through downtown Jacksonville to get to the site. Rail time from the Port to the Crawford Diamond site could be greatly reduced should one of the proposed rail corridors adjacent to the Jacksonville International Airport be constructed. These rail corridors are currently under study by the North Florida TPO. It is recommended that the OHPA help promote the development of this new rail corridor and consider providing a portion of its funding, given that it will better connect the Port of Fernandina with the Crawford Diamond site.

The Crawford Diamond could offer economic development benefits to the Port of Fernandina as an intermodal site for truck drayage between the Port and Crawford Diamond. It is a very short round trip between the sites and containers unloaded at the Port could be feasibly drayed over to Crawford Diamond for transloading to rail.

Despite the current logistical challenges the Crawford Diamond site poses in relation to the Port of Fernandina, the Crawford Diamond site still offers significant opportunity for economic development in Nassau County if developed. The Crawford Diamond site does not currently have water or sewer at the site. The OHPA could, with their bonding ability in their charter, help finance the extension of utilities from Callahan to the site to accelerate the development of the site, provided there are firm commitments by end users to develop there. In December 2012, OHPA passed Resolution Number 2012-9 which formally provided authorization for the authority to enter into negotiations with the City of Callahan for a public-public partnership as related to water and sewer utilities. The Resolution permits the authority in collaboration with the Town to plan, finance, acquire and construct connections, and to maintain and operate utility systems which connect to and extend from existing utility systems within the corporate limits of the Town of Callahan to the area of Crawford. A copy of this resolution is located in Appendix C.

3.4.2.6 Exit 380 (I95/US17) Unnamed Business Park - Site Rating: B (truck/rail)

This undeveloped site of approximately 92 acres is located where Interstate 95 and US 17 intersect, providing both accessibility and visibility. Although the site is 20 mi from the Port of Fernandina, it is close to the CSX rail line running west of US 17. It is zoned IW and can accommodate up to 860,000 sf of industrial/distribution/warehouse space when completely developed. Other permitted uses include light manufacturing, processing (including food processing), packaging or fabricating, outdoor storage yards and truck or other transportation terminals.

While utilities are not currently available on-site, the Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.3 Other Nassau County Sites of Interest

3.4.3.1 Hilliard Airpark – Site Rating: B (truck/airport)

Hilliard Airpark is a 29.64 acre facility with a 3,600' grassed runway located on the westside of Eastwood Road within the Town limits. The Airpark is owned by the Town and managed by Hilliard Aviation, Inc. There are 21 fully occupied hangars on the site but no repair or fuel facilities. The Town is currently in the early stages of their master planning effort for the Airpark. In the near future, potential expansion efforts may include additional hangars, a fuel station (primarily for aviation purposes but may eventually include fuel for public works vehicles) and security upgrades. Further into the future, the plans may include land acquisition to the north and south, the realignment of Pea Farm Road to expand the north end of the runway and eventually paving the runway.

The property is zoned R-1, Residential, Single-family with a Land Use designation of Public Buildings and Grounds. To the west of the airpark is a 58 acre parcel, owned by Nassau County, which has the same land use and zoning designations. This adjacent site contains a fire station and areas used to stockpile materials. Other land uses adjacent to the airpark include a mix of residential uses, churches and some retail/office space.

Having grassed runways limits the type of aircraft generally to single engine aircraft less than 12,000 lbs. or helicopters. In the past, this facility has been considered for an air ambulance station but was not selected.

The Airpark is closed twice a year to serve as a location for community events. Timberfest is held each November and a fireworks display is held on the 4th of July. During these events the runway is roped off to prevent damage.

The Hilliard Airpark is approximately 37 mi from the Port of Fernandina. A CSX rail line is located less than one mile to the west on the other side of US 1/US 301. This is the same line that runs through the Town of Callahan where it connects to an east west line that runs by the Crawford Diamond Industrial Park (approximately 15 mi away).

Should future expansion of the Airpark result in its ability to provide freight service, the Port of Fernandina is prepared to assist with the provision of transportation and logistics.

3.4.3.2 Potential Regional Distribution Site - Site Rating B (truck/rail)

This undeveloped site, located at the intersection of US 17 and Interstate 95 contains approximately 350 acres and is part of a much larger landholding of approximately 6,400 acres. In addition to truck accessibility, this site has access to a CSX Class I rail line. Also of significance to this site is its large expanse of uplands. The land currently has a Land Use designation of Agricultural and an Open Rural zoning designation. This site is approximately 20 miles to the Port.

While utilities are not currently available on-site, the Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4 Beyond Nassau County

3.4.4.1 The Mill at St. Marys - Site Rating: A (barge/truck/rail)

Formerly known as Gilman Paper and the Durango Paper Mill, this 718 acre site is located 6 mi east of Interstate 95 (34 land mi from the Port of Fernandina). It is approximately 8 mi from the Port by way of the Amelia, St. Marys and North Rivers. During its operation the Mill produced pulp, paper, multi-wall shopping bags, bleached paperboard and specialty packaging. It ceased operation in 2002 and has remained vacant since. The site has short line rail access provided by the St. Marys Railroad and barge access. Water, sewer and gas are available on-site and all former structures have been demolished.

The Port of Fernandina is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.2 Camden County Industrial Park - Site Rating: C (truck)

This industrial park is located on the south side of Harriett's Bluff Road, west of Old Still Road and east of Kinlaw Road in Camden County. It is approximately ¼ mi west of the Interstate 95 Exit 7 interchange and is solely accessible by truck. It is approximately 28 mi from the Port of Fernandina. The total site contains 164 acres, with 65 acres remaining to be developed. These undeveloped tracts range in size from 3.9 acres to 42 acres. There is one vacant 12,000 sf building currently available. The Park has both General Industrial (I-G) and Wholesale and Light Industrial (I-L) zoning but the remaining sites are available for I-L uses only. Manufacturing, repair, assembly or processing facilities that generally do not produce noise, odors, pollution or congestion are appropriate. This site is owned by the Camden County Joint Development Authority. Water, sewer and gas are on-site. This Industrial Park is ready for site permitting.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.3 Eagle Bluff Industrial Site - Site Rating: C (truck)

This undeveloped 297 acre industrial park is located on the north side of Harriett's Bluff Road just west of the Interstate 95 Exit 7 interchange. Access to the site would be through land owned by the Camden County Joint Development Authority that extends from the intersection of Harriett's Bluff Road and Commercial Drive to the site. Water, sewer and gas are on-site and the wetlands have also been delineated. There is no rail service to this site. It is zoned General Industrial (I-G) which is the city of Kingsland's heaviest industrial designation. Manufacturing, processing, fabrication, repair and servicing of

certain chemicals and uses involving petroleum are permitted by special exception. The site master plan has not been submitted for this development as yet.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.4 Kingsland Business Park - Site Rating: B (truck, rail)

This undeveloped 144 acre industrial park site is located on the south side of Highway 40, approximately two mi east of Interstate 95 and is approximately 25 mi from the Port of Fernandina. Commercial Drive provides access from Highway 40 to the site. In addition to truck access, this site has over 1,300 ft of short line railroad frontage served by the St. Marys Railroad. Water, sewer and gas are on-site. It is zoned General Industrial (I-G) which is the City of Kingsland's heaviest industrial designation. Manufacturing, processing, fabrication, repair and servicing of certain chemicals and uses involving petroleum are permitted by special exception. A conceptual rendering shows the opportunity for over 900,000 sf. of industrial development. This park is ready for site permitting.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.5 St. Marys Airport Industrial Park - Site Rating: B (truck/airport)

Approximately 33 mi from the Port of Fernandina is the St. Marys Airport Industrial Park. The main airport parcel contains 381.6 acres. To the east of the airport, and accessed from Point Peter Road is an industrial park containing approximately 94 acres of which 24.43 are currently vacant. To the west of the airport is an undeveloped industrial park of approximately 53 acres located on the north and south sides of Douglas Drive. It is surrounded on three sides by the St. Marys Airport to the south, east and west. To the north of these industrial parcels is a wooded buffer of approximately 150 ft in depth. Tracts within this industrial park range in size from 1.97 acres to 9.57 acres. There is a vacant parcel located within the main airport site that is 2.47 acres and another located to the south that is 19.36 acres. This site is located approximately 7 mi to Interstate 95, travelling on Douglas Drive and Martha Drive (both two lane streets) to reach the designated truck route, Highway 40. Water and sewer are available to the site but gas is not. This site is not served by rail.

The airport is located approximately 2 mi from the Kings Bay Naval Submarine Base. Following the September 11, 2001 attack on the World Trade Center and the Pentagon, Navy officials expressed concerns that a plane crash could potentially disrupt Naval operations and pose a threat to National Security. Since 2002, City Officials have been exploring the possibility of relocating the airport. Should this occur, the airport land would be available for development. Note: If the airport were to relocate this site would be rated C for truck access.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.6 Dow Chemical Site - Site Rating: B (barge/truck)

This 4011.54 acre site was previously occupied by Union Carbide (a subsidiary of Dow Chemical). It is 7 mi east of the Interstate 95 Exit 7 interchange by way of Harriett's Bluff Road/Union Carbide Road. The Cumberland River is its northern boundary while Floyd's Creek is to the east. Floyd Basin essentially bisects the property leaving less than half of the land available for development. Municipal water and sewer are not available on-site, nor is gas, but wells, wastewater treatment and electricity are in place. All buildings have been demolished. The property is zoned Conservation and Preservation District (CP) and General Industrial (I-G). The later designation would permit manufacturing, fabrication, processing, assembly, packaging, treatment or storage of heavy materials, products or equipment. In addition to truck access, this site has a high potential for barge access from the ocean to either the Cumberland or Saltilla Rivers. Depth limitations may exist in the Floyd Basin. With dredging where the Cumberland and Crooked

Rivers meet and the Cumberland Sound area, it appears that barges could reach the Port of Fernandina. By land it is 43 land mi to the Port.

In recent years there has been great interest in this site. The Camden County Joint Development Authority has been exploring this site, in combination with the Bayer Crop Science site, for the development of an aero-spaceport facility and as a possible relocation site for the St. Marys Airport. With its location remote from residential properties and close proximity to the ocean, it would be conducive to aeronautical activities including both vertical and horizontal.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.7 Bayer Crop Science - Site Rating: B (barge/truck)

This 7,788.18 acre site was formerly occupied by Bayer Science and is located immediately to the east of the previously described Dow Chemical Site. It is also accessed from Interstate 95 by way of Harriett's Bluff Road/Union Carbide Road. This site has been accessed by barge in the past and appears to have no limitations to access from the ocean. The property is zoned Conservation and Preservation District (CP) and General Industrial (I-G). Manufacturing, fabrication, processing, assembly, packaging, treatment or storage of heavy materials, products or equipment would all be permitted uses. Electricity, wells and wastewater treatment are available and the site is considered ready for development.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.8 Woodbine Industrial Park - Site Rating: C (truck)

The Woodbine Industrial Park site consists of 13.73 acres and is located west of US 17 in Woodbine, about 36 mi to the Port of Fernandina. It is owned by the City of Woodbine and has water, sewer and gas available to the site. The site does not have rail access but it does have approximately 1,360 ft of frontage on US 17 and is located on the outskirts of the City. The Interstate 95, Exit 14 interchange is less than 5 mi away.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.9 Gross Property at Harriett's Bluff - Site Rating: C (truck)

This undeveloped 601.74 acre Industrial Park site is located at the Interstate 95 Exit 7 interchange and is approximately 28 mi to the Port of Fernandina. The site is currently zoned General Industrial (I-G) and General Agriculture – Forestry District (A-F) and would require going through the Developments of Regional Impact (DRI) process and rezoning before any development could take place. Water, sewer and gas are in the area but not to the site as yet. Wetlands have not been delineated either.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.4.10 Villages of Kingsland - Site Rating: B (truck, rail)

This site is part of a 15,000 acre parcel located west of US 17 approximately at the western end of Harriett's Bluff Road. The site is approximately 2 miles from Interstate 95 and can be accessed by either Exit 6 or 7. It is approximately 28 mi to the Port of Fernandina. The upland acres total 1,225, with the remaining 375 acres in wetlands. The site is bounded on the east by a short line rail with service provided by FCRD, the same service line that runs directly to the Port. This has been designated a GRAD site (Georgia Ready for Accelerated Development). To receive this designation, the site has been reviewed by a third party with respect to minimum acreage (50), ownership security, zoning designation, road and rail accessibility, utility service and wetlands and stream delineation. While the site will have water, sewer and gas service, no

utilities are on-site at this time. The site is currently zoned Planned Development (PD) and would require rezoning for development to take place. It is part of a DRI that is permitted for 13.5 million sf of development.

The Port of Fernandina, through its Charter granted authority, is prepared to assist future businesses with on-site and off-site utility connections in addition to the provision of transportation and logistics.

3.4.5 Intermodal Transportation Facilities

All identifiable existing Intermodal Transportation Facilities that have potential, with improvements, for enhanced utilization are provided herein based upon linkages to the existing and planned transportation infrastructure. The analysis does not include adjacent land that may not currently function with regard to the Intermodal potential or consider available land that may not currently represent the highest and best use under available regulatory and physical constraints.

The OHPA may utilize land acquisition, land lease or operations and management agreements with land owners or facility operators in the course of providing enhancements to the logistic and intermodal Port facilities and related business opportunities. Potential Intermodal Transportation Facilities in off-port locations are generally related to adjacent rail yards that could be expanded to meet freight volumes and supplemented with intermodal transfer equipment. Future Land Use adjustments to accommodate actual utilization of the property will range from expansion of the existing un-designated rail ROW to inclusion of Intermodal Transportation Facilities as a Public Land use and inclusion of this Land use within the local governmental Comprehensive Plan and LDR's. It is not recommended that further expansion of Industrial Land, by OHPA or local Government, be pursued solely for Intermodal functions since Industrial Land use has a much broader range of allowable uses within local governmental regulatory framework.

Areas previously mapped as Industrial within the Future Land Use of Nassau County and Industrial Waterfront in the City of Fernandina Beach may also have potential for Intermodal Transportation functions where the allowable use includes Distribution and Freight Services. These existing Industrial sites are considered secondary to the existing four primary identified Intermodal facilities, since they do not have direct or adjacent linkages to existing transportation infrastructure or represent sites more suitable to manufacturing and distribution. It should be noted that both the Nassau County and City of Fernandina Comprehensive plans will need to be updated to incorporate Intermodal Transportation Facilities since these documents are silent in this regard. This will be considered a content based inconsistency that cannot be solely resolved with the structure of the OHPA Strategic Master Plan and still meet the requirements of the Seaport Planning Act.

The recommended OHPA Strategic Master Plan ITF program includes:

- 1) Identification of the existing Fernandina rail-siding yard as an Intermodal Transportation Facility within the Local government Comprehensive Plan via mapping and text amendment.
- 2) Identification of the existing shared rail, road access, and water frontage between the existing OHPA Port Facilities and the adjacent paper mills as a strategic logistic relationship for all entities and recognition of the need to cooperatively approach Intermodal capacities and usage options with each other. Formal agreements in the future planning horizon may become necessary to address equipment, land utilization, operations or services to facilitate business expansion for any or all entities where rail spur extensions and yard storage, berth extension, or parking is desirable within the context of facilitating water based or inland Intermodal efficiencies.
- 3) Identification of the existing Yulee rail-siding yard as an Intermodal Transportation Facility within the Local government Comprehensive Plan via mapping and text amendment.
- 4) Identification of the existing shared Class 1 rail lines, Yulee rail yard, rail spurs and road access, and the existing OHPA Port Facilities as a strategic logistic relationship for supporting all Industrial Land use in the region and recognition of the need to cooperatively approach

Intermodal capacities and usage options within the Local Government Comprehensive Plan. Formal agreements in the future planning horizon may become necessary to address equipment, land utilization, operations or services to facilitate increased freight business associated with land already designated Industrial within the local government Future Land Use Map series. (FLUM)

- 5) Identification of the existing Class 1 rail crossing under I-95 as a strategic link to a broader network of rail, highway and Industrial land use in the region that reinforces an East-West and North –South capability to provide efficient Intermodal capacity and transfer to National scale logistic services.
- 6) Dual use of ITF with existing Industrial Land Use areas where such use can be offered via an operational agreement with the end-user or property owner.
- 7) Acquisition or lease of property or extension of infrastructure service agreements within the County or OHPA Charter service region having rail, gas-pipeline, fiber-optic trunk lines and/or arterial access where the scale of developable land allows for the promotion of the mission of the OHPA within the region.
- 8) Acquisition, or lease of property in Camden County having rail, barge and arterial access where the scale of developable land allows for the promotion of the mission of the OHPA within the region and promotes business opportunities not available within a single County.

3.4.6 Potential Developments of Regional Significance

3.4.6.1 Import Center

Over the prior period since the 2002 OHPA Master Plan, several site selection efforts focused on the southeastern U.S. for large scale (1,000 acre+) import center operations to serve the automobile, retail and microprocessor industries. Nassau County has been in consideration for these large scale operations due to available land area net of natural resource sensitivity as a result of extensive pine plantation forestry practices. Coupled with these land assets are arterial interstates, highways, gas pipelines, fiber-optic trunk lines and Class I rail with regional connectivity to multiple ports.

New statewide initiatives to identify and position megasites or private sector site selection activity could result in additional developments of regional significance occurring within the 10 year planning horizon.

3.4.6.2 Kingsport

The City of Kingsland, Georgia has developed a plan for a 60,000+ acre megaproject in Camden County, named Kingsport. The site is located along I-95 with the Intracoastal to its east, the Saltilla River to the north and the Crooked River to the South. The plans for Kingsport, shown in Figures 3.4-3 and 3.4-4, include a Post-Panamax port with 30 mi of dockage and 11,000 acres for container yards, petrochemical storage and refining, LNG export, ship repair and construction and dry bulk shipping.

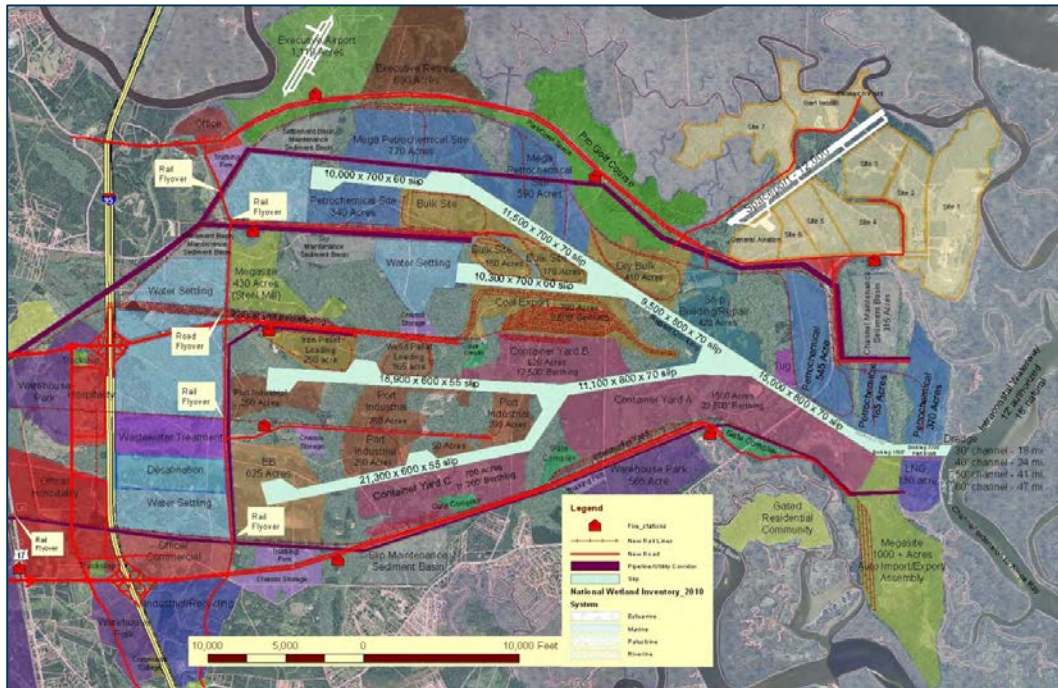


Figure 3.4-2. Kingsport – East of I-95

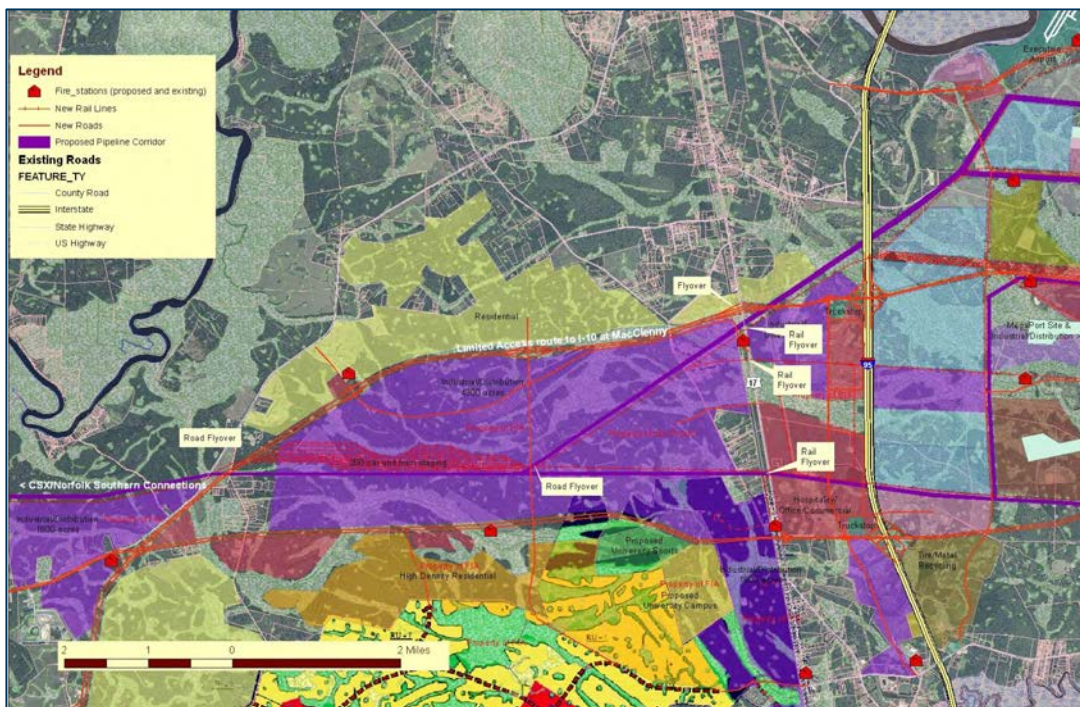


Figure 3.4-3. Kingsport – West of I-95

3.4.6.3 Energy Facility

Figure 3.4-5 illustrates a conceptual plan for a liquid natural gas (LNG) distribution facility on a portion of the former Durango Paper Mill site. This facility could address port and near port energy needs.



Figure 3.4-4. Potential LNG Distribution Facility

3.4.6.4 North Ancillary Property

The following figure is a conceptual development plan for a cruise terminal and related facilities for the parcels currently owned and operated by the Nassau Fertilizer and Oil Company and the adjacent vacant parcel to their north. This site holds many opportunities including as a facility for a cruise ship port of call or home port terminal with P3 or JAXPORT participation as shown in Figure 3.4-6. The site could also be used for barge staging and ship provisioning. Another alternative would be the use of this site for Port of Fernandina security and administration functions, freeing up space within the Port facility for other uses.



Figure 3.4-5. Conceptual Cruise Terminal Illustration

3.5 Future Rail Corridor Opportunity

Currently being studied is a future rail connection between CSX's Kingsland line running north and the CSX line to the west that runs to Jessup, Georgia. This connection would greatly improve the east-west movement of freight, eliminating the need to go into Jacksonville for transfer. As shown on Figure 3.5.1, multiple alignments are being considered. The addition of this connection would open up more opportunities for intermodal activity from the Port. Rail access to Jacksonville International Airport and more direct access to Crawford Diamond could provide valuable opportunities in mode choice and time and cost efficiency.



Source: North JIA Rail Corridor Study Consultants, RS &H

Figure 3.5-1. Potential North JIA Rail Corridor Alignments

3.6 Land and Marine Opportunities

3.6.1 Global Fiber

Fiber optic cables contain glass fibers that transmit LED or semiconductor laser converted data into electronic flashes of light. These cables can support voice, video and data all at once and are used for cable television, land line telephones and internet services. Fiber optic cables are also used to connect our "wireless" communication system which actually uses cabling between the wireless towers. This technology, while generally thought of as 'new' has actually been in use since the first link was installed in Chicago in 1976. Proven to be more reliable and secure than formerly used copper wire, fiber optic cables have become the backbone of the world communication system.

Allied Fiber LLC is currently installing a new fiber optic cable network with cable running from Miami through Jacksonville to Atlanta. This \$40 million project will use 754 mi of railroad routes for connection. Telephone companies, both (wired and wireless), cable companies and other businesses can access this new network. With this network comes local opportunities for internet based distribution centers and network connectivity. Figure 3.4-1 shows Allied Fiber's Preliminary Routes.



Figure 3.4-1. Allied Fiber's Preliminary Fiber Optic Routes

Opportunities may also exist for submarine communication cable systems, that is, cable installed on the ocean floor between land-based stations. Figure 3.4-2 shows the locations of submarine cable systems as of 2010. Along the eastern coast of the US, there is a concentration of cables radiating from the New York City area as well as several from the Miami area. In 2011, America Movil began construction of the world's first 100 gigabit per second transmission capable cable system that will link Jacksonville, Miami, San Juan (Puerto Rico), Puerto Barrios (Guatemala), Barranquilla and Cartagena (Columbia), Fortaleza, Salvador de Bahia and Rio de Janeiro (Brazil) and Cancun (Mexico). Completion of this 17,500 kms system is anticipated for late 2013.



Figure 3.4-2. Submarine Cable Systems, 2010

Internet-based distribution and warehousing opportunities will be created regionally for the areas able to provide low-industrial-rate electricity, coupled with traditional logistics, in proximity to this new fiber system.

3.7 Economic Constraints

3.7.1 Regulatory Weight Limitations

Florida law regulates the size and weight of each truck and load. Information on determining size and weight is the responsibility of the Florida Department of Transportation (FDOT), Office of Motor Carrier Compliance (OMCC). In general, the Maximum size and weight limits that have been set by Florida DOT is for a Gross Weight not to exceed 80,000 lbs, and that the Single Axle Maximum Rate is 22,000 lbs and that Tandem Axle Maximum weight is 44,000lbs. Special permits may be obtained in certain circumstances for oversize and/or overweight vehicles and loads which cannot be broken down.

While the 80,000 lbs limit is determined by the USDOT, Federal Highway Administration (FHWA), the FHWA allows, at State discretion, sealed shipping containers moving in international commerce to be carried at GVWs over 80,000 pounds under nondivisible load permits.

In the past, this has been an operating constraint to Florida ports, as in the State of Georgia a 40' box container was allowed a gross vehicle weight of 100,000 pounds on a five (5) axle tractor/trailer combination and a 20' box container is allowed 80,000 pounds with a tandem weight of 44,000 pounds. Also a 20' box container transported on a 40' center mount or center-mount triaxle trailer is allowed a vehicle gross weight of 100,000 pounds on a five (5) or more axle tractor/trailer.

However, this competitive advantage for the State of Georgia changed in February 2013 when Florida DOT issues a blanket permit to allow the shipping of 100,000 lb containers on Florida highways. This blanket permit was signed and adopted on February 5, 2013.

4.0 Future Markets and Projections

4.1 Background

The Port of Fernandina, while being a relatively small port when compared to nearby competing ports, has several distinct water-side advantages. The Port of Fernandina's main competitive advantage, when compared to other ports, is its proximity to the Atlantic Ocean that is unencumbered by airdraft limitations. The Port of Fernandina also benefits from the common deep water channel used by the US Navy for the Kings Bay Naval Base, and is afforded the benefit of the U.S. Government ensuring that the common channel depth is maintained. The Navy's use of the channel is infrequent and has not created a delay for shipping traffic to the Port. The Port of Fernandina has an approximate 2.2 mi channel length, significantly shorter than the 38 mi channel in Savannah or the 20 mi channel length at JAXPORT or the 17 mi length in Charleston. The channel configuration to the Port of Fernandina is also without restrictions for two way ship traffic or access restrictions while other ships are at fueling stations. In many cases ships equipped with bow thrusters can enter and exit the Port without the assistance of tugs.

The Port of Fernandina competes with 14 Florida ports for port business as well as State & Federal financial resources. Brunswick, Savannah and Charleston are the primary out-of-state East Coast Ports in the region that directly compete for Eastern U.S. cargo.

The Port of Fernandina is a non-union port for all operations, but because of its small size, may be able to provide broader services to both International Longshoreman's Association (ILA) and non-ILA serviced ships that are in the market and move between union and non-union ports.

The Port of Fernandina is underutilized for its existing size and configuration and is under marketed given the apparent market opportunities. The Port of Fernandina currently functions as an export port for a limited number of export products that are manufactured in close proximity to the Port. The Port primarily exports steel manufactured locally and from other southeastern steel manufacturers. The Port also exports kraft fiber liner board made at the Fernandina RockTenn plant, along with paper products from other southeastern manufacturers.

The Port has the potential to increase business on traditional regionally exported freight as well as imports destined for distribution in the Southeast and consumed in the substantial import market of Florida. Specific markets and business development opportunities defined to grow beyond existing capacities will have to address adequate storage space, ancillary acreage, berthing facilities, intermodal capabilities, and the availability of equipment.

The potential business markets, market capture and projections within a 3, 5 and 10 year horizon are discussed below in more detail.

4.2 Global Shipping Market

The Panama Canal expansion scheduled for 2015 is expected to produce an 18% increase in container freight volume moving through the canal. This increase is further projected to produce 2% more container volume specifically destined for the Eastern U.S. ports. Since this increased volume will be housed in Post-Panamax scale ships, several ports have begun substantial infrastructure investments to accommodate the larger ships. Many other ports are not yet able to fund expansion based on ship size issues related to physical channel or air draft restrictions. This global shipping trend creates two new local market opportunities that can be targeted by the Port of Fernandina.

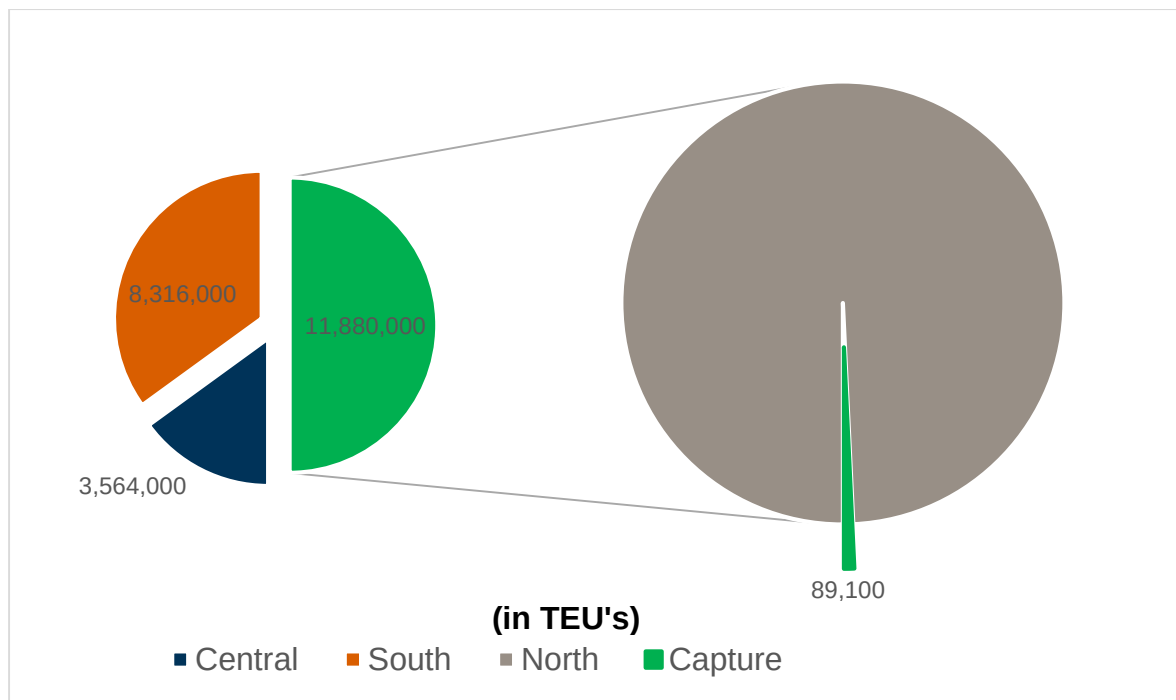
4.2.1 Transshipment Hubs in the Caribbean

Based on discussions with industry executives in Panama and direct knowledge of specific island transshipment facilities, we estimate that 18,760,000 (TEU) containers will hub transfer via Post-Panamax ships in northern, central and southern Caribbean locations during the period of 2015 to 2016. The 2014 period will still be focused on infrastructure construction and business development activities related to this expected increase in Post-Panamax freight volume. This trans-hub based freight will serve as one large target market for the Port of Fernandina, where smaller ships can provide U.S. distribution and drop exported freight destined for more extended Asian markets into these Caribbean hubs. We further estimate this Caribbean Transshipment Hub market to grow to 23,760,000 TEU by 2017 on an annual basis as new Post-Panamax ships currently in the development pipeline are delivered into this market space. Future growth in this submarket will depend on global economic activity and the ability of the Caribbean economies to finance port and port-side infrastructure.

Projecting flat growth from 2017 forward, with a targeted business development effort, the Port of Fernandina can expect to capture a maximum of 0.5 % of this total Caribbean Hub freight movement volume, where Southeastern U.S. distribution is needed and the Port can accommodate exports from the same region destined for transshipment hubs. We expect new charter based feeder ships and carriers already in the regional market to be active in this submarket given the proximity to the Caribbean and ability to access South eastern U.S. rail and interstate systems. Specific short term business development targets include:

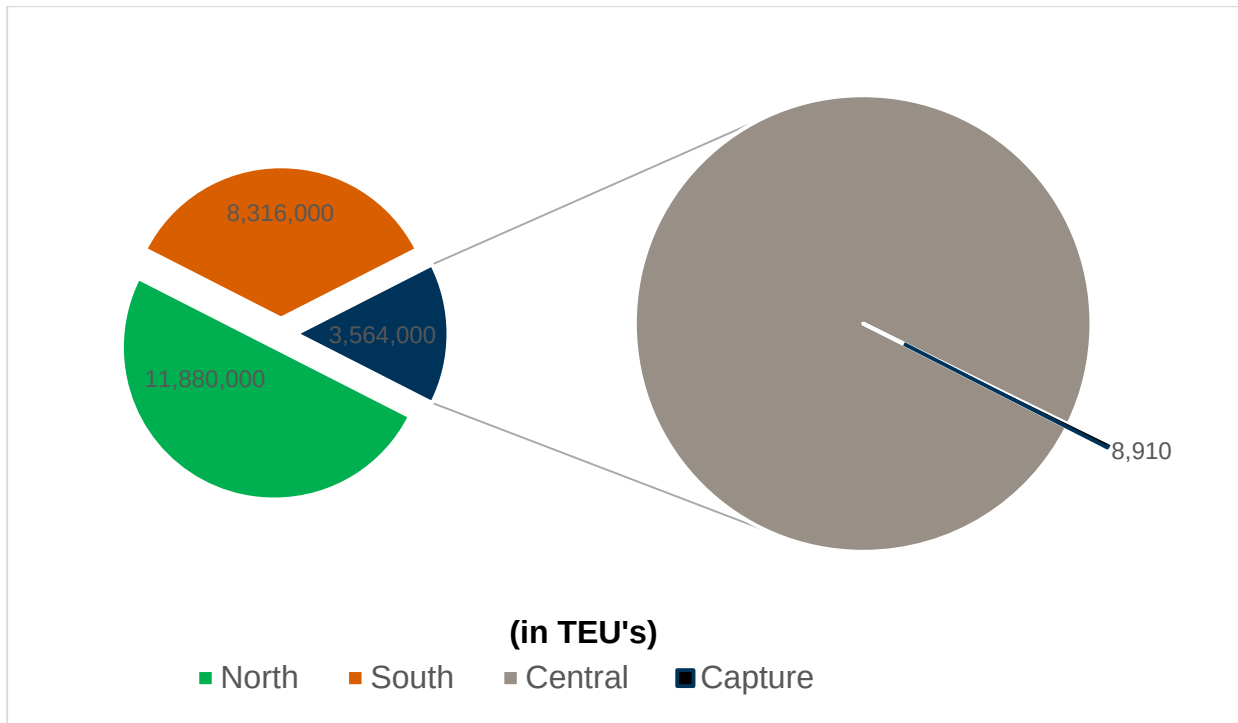
- X-PRESS FEEDERS, Florida Caribbean Express (CASFCX), Sea Star Lines, National Shipping & Other existing carriers active in the region with small ship inventory.

Our list of carrier specific executive contacts will be provided upon request to OHPA board members or staff assigned to support business development activities. Reference graphs below for sub market projections.



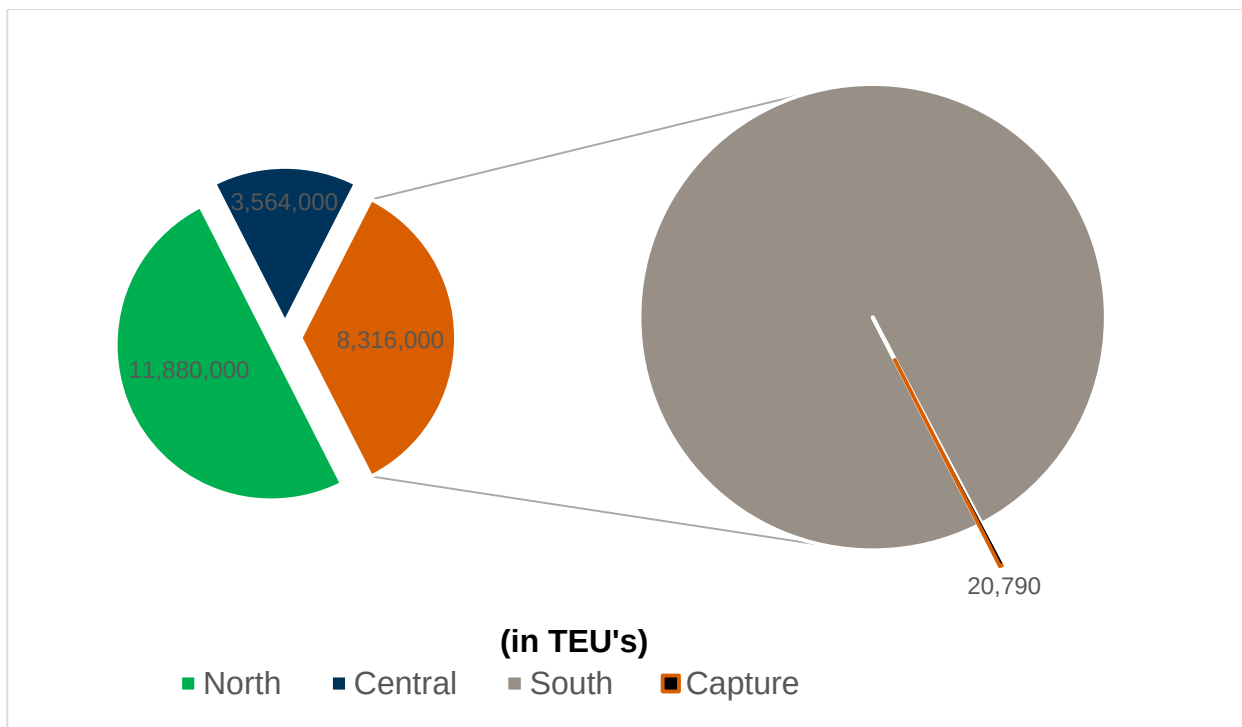
Marshall Strain Enterprises & Genesis Group 2013

Figure 4.2-1 . Northern Caribbean Transshipment Market



Marshal Strain Enterprises & Genesis Group 2013

Figure 4.2-2 . Central Caribbean Transshipment Market



Marshal Strain Enterprises & Genesis Group 2013

Figure 4.2-3 . Southern Caribbean Transshipment Market

4.2.2 Relocated Small Ships

This market is created as smaller ships are displaced by larger ships at the Eastern U.S. Post-Panamax capable ports, with infrastructure to accommodate Post-Panamax ships but not also able to service the same number of smaller ships due to limited berthing length/availability or availability of landside support.

Industry executives have estimated that Southeastern U.S. ports are expected to receive 2% of the increasing Panama Canal container volume in the form of Post-Panamax ships. Distributing this in terms of the number of Post-Panamax ships projected, route times, ship container volume and port call time between the three East coast ports capable of receiving these ships during the 2015 to 2017 period can provide a numerical understanding of the market potential for smaller ships to migrate towards smaller ports that can be responsive to call schedules. Given the geographic dispersion of the initial Post-Panamax capable ports, we cannot project local ship migration opportunities for the Port of Fernandina until Savannah begins Post-Panamax operations in 2018. Given the Savannah River channel width restrictions for ship movements, Elba Island restrictions for ship movements and berth length crane limitations at the Port of Savannah, we can project small ship displacement as potential market volume in the region that will migrate towards Brunswick, the Port of Fernandina and JAXPORT.

Based upon the arrival of Post-Panamax container volume projected in Savannah, we calculate a potential total small ship displacement volume in TEU, based on ship berthing and landside support, to be approximately 360,000 on an annual basis. This market should be approached in 2018-19 and should focus on the shipping lines currently calling in Savannah with ships below 2,500 TEU.

Target Carriers include:

- HANJIN, COSCO, K LINE, YANG MING
- GRAND ALLIANCE - HAPAG LLOYD, NYK, & OOCL, ACL
- CMA CGM, ANL, MARFRET
- NYK, HYUNDAI, EVERGREEN LINE, MAERSK LINE

The Fernandina Port should be able to attract 20% of this regional Relocated Small Ship container market or a maximum of 72,000 TEU on an annual basis beginning in 2019. Some of the major shipping lines might have contract issues with the labor arrangements at the Port, since the current operator uses non-ILA labor. However, in the past, shipping lines have been able to justify a call at Fernandina because of the general lack of unionized longshore labor in the immediate area. (Analysis and estimates provided by Marshal Strain Enterprises & Genesis Group 2013)

4.3 National & Regional Markets

The population concentrated along the U.S. Eastern I-95 corridor and reinforced by multiple Class I Rail lines, highways and numerous ports creates both direct freight import/export market volume as well as intermodal market volume as the freight business seeks savings in both time and cost across any available mode or travel. The strategic position of the Port of Fernandina supports development of both of these markets.

4.3.1 Inland Intermodal

The proximity of CSX, Norfolk-Southern, and FEC rail systems supports the movement of rail-to-port and port-to-rail freight as part of the larger Eastern U.S. import/export market. This import/export market can be defined by rail carrier data with freight origins or destinations at Ports along the East coast. An analysis of CSX in this regard indicates that this one rail network moved 6.4 million TEU in 2012. The intermodal only market volume was 2.5 million TEU for the same period. It should be noted that the intermodal only market segment has grown at a rate of 15% since 2009, which has been considered a depressed economic period for the overall transportation market.

The ability of the Port of Fernandina to effectively participate in both of these markets exists in the current condition since the short-haul line connecting the Port to CSX is capable of carrying double stack containers, and has significant room for increased railcar capacity. Genesee & Wyoming estimates a 1,000 railcar capacity exists, which greatly exceeds the on-site railcar handling capacity of the three major industrial properties including the Port of Fernandina. The Rock-Tenn property currently holds only 23 railcars at a time and the Port holds 20. The Rayonier paper mill will hold 110. It should be noted that the side yard area south of Centre Street effectively serves as ancillary port infrastructure for railcar handling and dwell time requirements and will support 350 railcars. This adjacent storage and handling capacity will allow multiple deliveries of 60 to 80 railcars at a time, which is a desirable transport size for efficiency of time and cost and will easily operate within existing rail and roadway intersection constraints.

Utilization of the regional rail and interstate network and Florida Strategic Intermodal System to contribute to market share through the Port of Fernandina, would require the identification of inland intermodal locations that can be cost effectively developed with infrastructure to support Port operations and enhance dwell-time capacity currently limited by land area available at or near the Port.

Given the limited scope of this market analysis to support the ten year planning horizon of this master plan, we cannot allocate or project a specific increase in Port freight market share related solely to available or programmed inland intermodal capacities, since many of the critical components of transport (time, cost, land and infrastructure) are regional, cross jurisdictions, are not currently in place or would likely consume the entirety of available resources for the OHPA to aggressively pursue.

The OHPA should however consider supporting regional transportation initiatives to construct new short haul rail connections or alignments to existing rail lines that support the east-west movement of freight between the regional Class I rail lines and the regional ports. The identification of inland land parcels that can support private sector manufacturing/distribution/warehouse functions as well as offer operational agreements to the OHPA under a joint land use designation of inland-intermodal will be a first step in a longer process of attracting the necessary business capital. It should be noted that the State of Florida has added Intermodal and Logistics to the list of Qualified Targeted Industries that share state and local tax and grant incentives.

The ability of the OHPA to exercise its charter in the form of Public Private Partnership projects or co-operation agreements will create additional incentives necessary in today's economic climate to produce both jobs and business for the Port. Shorter term business development opportunities based on specific markets that desire rail service, should be pursued without concern for constraints based on the rail infrastructure serving the Port.

4.3.2 Import – Export

Since the Port of Fernandina has rail service to the Port, a logical business development partner is the rail line services that will benefit from improved volume through the Port. This market segment would be focused on the types and volumes of freight that would benefit from rail service and may already utilize CXS service in other ports along the East Coast. A review of the carriers that currently fall into this category, and serve as the top rated volume clients of CSX include the following:

- CMA/CGM, MSC, CROWLEY, APL, ZIM, HAMBURG/SUD, MOL
- MAERSK, HAPAG/LLOYD, HYUNDAI

We cannot accurately project a specific local market capture from the broadly defined export-import freight volume that would also utilize rail as the preferred modes of movement. However, the joint business development opportunities that exist between the locally headquartered, CSX and Genesee & Wyoming should be investigated as a strategic part of a business development plan for the Port.

4.3.3 Short-Sea Freight Market

The short sea initiative for the Eastern U.S. coast is focused on the relief of inland traffic congestion by transferring trucked freight travel modes towards barge or ship services where the predominant pattern of movement is north-south. A significant volume of imports to Florida arrive via truck from other Ports over 450 mi away. This freight volume (defined in section 3.2) is split across all types of products, so the comparative value of time and the actual expense of comparable travel modes become the predominant data points to project market volume by mode of transport. Based on our analysis of this potential market, including the cost and time efficiencies of the interstate and highway systems to support trucked freight, combined with the last mile of distribution requirements for truck delivery, we conclude that short-sea shipping (port to port) is not yet positioned economically to capture freight market volume from the current mode splits. However, the trend toward traffic congestion pricing, tolled highway improvements, limited federal highway trust funds and the deferred maintenance expense of our bridges and drainage facilities, will create local and regional opportunities for short-sea shipping to become more competitive over the next ten years. This market can be monitored for shifts that would make short-sea more viable, but should not receive the business development efforts of the Port of Fernandina for the next five years. No growth is projected in this submarket for the Port of Fernandina during the planning horizon.

4.3.4 Barge Opportunities

The presence of numerous regional navigable waterways connected to the Port of Fernandina including the Intracoastal Waterway combined with organized entities such as the Florida Inland Navigation District, USACE and others creates opportunities to distribute or receive freight by barge. The specific regional waterways with direct connections, without requiring an open sea connection, create another unique feature for the Port of Fernandina that should be developed as part of a business development strategy. It is anticipated that the highest probability of regional barge traffic will be derived from southeast Georgia economic development efforts and less so from Florida due to navigation restraints on the Intracoastal Waterway south of Fernandina. The identification of “A” rated industrial manufacturing/distribution-sites that are regionally significant and connected to this barge navigable network of waterways has been identified in Section 3, as well as “B” rated sites without barge potential. Based on the size and location of these sites, we can project a total freight transport capacity of approximately 2,818,400 TEU per year at build-out based on industry standards. This freight volume can be split between rail, road or barge from these key regional industrial sites. The OHPA strategic position, in this regard, is to support the reservation of compatible land use designations and to support the potential development or expansion of these sites through the exercise of infrastructure investment consistent with the OHPA Charter where private sector or government sector development opportunities arise.

These industrial sites collectively can be projected to produce annual freight volumes split between modes as follows:

- Truck – 2,391,085
- Rail – 422,760
- Barge – 4,555

Actual mode splits for the target “A” listed site may be different depending on the actual density of site development and manufacturing characteristics. The development of industrial sites of this size can typically take between two to three years depending on the specific types of permits and equipment needs both for construction and operations. Active participation with regional economic development initiatives, for manufacturing based business development targeted at industries that are well matched to the “A” list sites, and participation in deal-flow with prospects will be required as part of a business development plan. We would expect at least one of these sites will become developed in the next five years generating freight exports to the Port via all modes of transport.

Independent Barge Carriers include: Crowley Barge Services, Trailer Bridge Barge Services, Banacol, McAllister, Crescent, Columbia Coastal, and Stevers Towing.

4.4 Targeted Freight Markets

The influence of Post-Panamax shipping and related logistics, although significant, does not itself create the regional market for freight, which still requires a buyer and seller to operate within normal business parameters. Since the Port of Fernandina has been shown to be a cost effective port option for small volume freight in the past, it will be important to create relationships with specific business sectors that are engaged in the region or projected to grow. Business development activities will need to include representatives from both the Port Operator and Port Ownership to successfully obtain new business partners. Target regional markets include the following:

4.4.1 Forest Products

4.4.1.1 Lumber

The Southeastern U.S. is one of the main growth areas for new housing. There is a great deal of lumber moving through ports in this area because of the strength of the housing market. A very strong case can be made for direct shipment into the closest port where the product is being used.

4.4.1.2 Wood Pulp and Chips

There is also a continuing demand in the building trade for the manufacturing of linerboard / press-wood. There are significant supplies of this raw material within a 180 mi radius of the Port.

4.4.1.3 Hardwood

With the increase of Central & South American hardwoods being imported into the U.S. for the housing market, the Port has a good opportunity to capture some of this business.

4.4.1.4 Wood Pellets

Wood pellets are increasingly being used in the UK and Northern European market in their thermal utilities industry.

Collectively increasing these forest products will require additional enclosed storage and the completion of the extended dock that is currently permitted. These facilities could be used to store additional dry cargoes and the dock will accommodate any additional barge traffic.

4.4.2 Bulk Products

4.4.2.1 Phosphates & Fertilizer

Phosphates are generally a marginal product for the Port Industry as a bulk product. It is best handled in proximity to the end user or near the origin of the product. The Port of Tampa has just added a million-ton facility in addition to an existing facility. This expansion was through their efforts of working with CSX. The new facility, called "Rockport", is in addition to the existing Eastern Terminal that was already in existence.

Although phosphates are a regionally mined product, because of the cost margins in the marketplace, it is typically transported to the closest port in the region. Fertilizer on the other hand is a Northeast Florida regionally manufactured product sometimes comprised of bi-products that originate from the manufacturing of paper products and other industrial processes common in the region. The relative market value of finished fertilizer combined with the easier handling and storage requirements align well for the Port and warrant business development efforts.

Specific targets in this submarket include the import of fertilizer in bulk for companies like Mayo Fertilizer, exporting phosphates mined in nearby White Springs, Florida. Liquid Natural Gas (LNG)

The U.S. is increasingly producing and permitting for export bulk LNG in specialty ships and ISA containerized freight that moves by rail or truck. Several ports are building fuel platforms in association with new product transmission lines or are linking up to existing fuel bunker terminals to export LNG. There are major challenges for the Port of Fernandina to overcome if they want to export bulk LNG: cost of construction, space, security and port operation interruption. The initial cost would be significant because it is a new product with its own requirements for unloading, storage, transmission, and safety. LNG facilities also require a great deal of space, and with little or no available space in close proximity to the Port, and because the Port of Fernandina shares a channel with the Kings Bay Naval Base, there will likely be blast zone security issues associated with the establishment of a bulk LNG commodity. Port activities will also have to be coordinated with an LNG ship arrival and unloading. When an LNG ship arrives at a port, the port has to shut down for approximately three hours while it unloads. The product also has to be kept in a cold state while shipping. Accordingly we do not consider this to be a supportable market for the Port.

The Containerized ISA form of LNG export is well suited to the Port of Fernandina and is the preferred method of delivery and distribution in the Caribbean market which is undergoing a conversion away from diesel and gasoline for their trucking fleets, electric generation and desalinization plants. New regional pipelines, compression stations and delivery business ventures and distribution partnerships are actively creating business development opportunities for the Port that need to be addressed in the next year, if the Port is going to participate in this market space.

Business development opportunities in this regard should include Kinder Morgan with their ability to provide introductions into their primary business units and industry contacts. We have identified Belvedere Terminals as a specific opportunity for the Port due to their focus on the Georgia, Florida, and Caribbean fuel distribution markets. Belvedere is interested in partnering with the OHPA to both provide ISA tanker distribution through the Port (via rail) and development of an import platform for refined fuels at an ancillary location. Specific business volumes remain confidential, until a non-disclosure agreement can be executed.

4.4.2.2 Compressed Natural Gas (CNG)

The U.S. Environmental Protection Agency is targeting ports to improve their air quality as part of their "Green Ports" initiative. There will be more demand for CNG for ships as they will be required to convert over to CNG from diesel fuel as they enter and dock at a port. Most of the ports on the West Coast have already begun requiring ships to switch over to CNG when in the port which will save on electricity and other utilities that were normally using fossil fuels.

4.4.3 Breakbulk

4.4.3.1 Steel & Metals

With the Port already handling steel product, wire, steel sheets, re-bar and aluminum rolls, we can project continued growth in this submarket as the "feeder to hub" logistic plan is implemented over the next three years.

4.4.3.2 Fruits and Vegetables

The Port of Fernandina is strategically located for handling fruits and vegetables from South America and is supported by the proximity of distribution centers for three of the major food chains (Wal-Mart, Publix and Bi-Lo). A pilot program in South Florida is targeting this market which seeks to shorten the traditional Philadelphia based distribution to Florida. This pilot study should be monitored over the next two years while business development contacts are pursued. The Port would need a fumigating facility for the bananas and refrigerated storage to handle the product until it is ready to be shipped. The Port would need space for additional parking of trucks while the ships are unloaded and the cargo is inspected and loaded on the trucks.

4.4.3.3 Containers

Container traffic has been the mainstay at the port as far back as Emerald Lines calling from Fernandina to Bermuda. Since then there have been several smaller lines calling the Port from Central and South America, but the container business at the Port of Fernandina has been very cyclical due to market fluctuations. The shipping industry has changed over the years whereby a port the size of Fernandina can play an important role in the movement of freight. With the completion of the Panama Canal widening in 2015, the Port of Fernandina can offer a gateway to the Midwestern states. The transit time from the Port of Freeport Bahamas is ideal for a shuttle operation. Access to the port could afford a carrier access around the clock via barge, as well as, ships. The proposed 600 foot wharf extension for a barge operation would provide the ability of the port to work two modes of transportation at the same time which would be desirable for carriers.

In addition, the Port has always been able to handle general cargo from the medium-size vessels but a concerted effort must be made to take advantage of the Port's physical attributes.

The Fernandina Rayonier plant delivers approximately 2,434 Asian bound containers each year that are currently being shipped out of other competing ports. These could efficiently be converted to the adjacent Port of Fernandina by participating in the feeder to Caribbean hub to Panama Canal Post-Panamax Shuttle program.

Several national furniture retailers have distribution centers in the region. While researching this submarket, discussions with Michael's and Rooms-to-Go representatives revealed that they are two of the largest importers of furniture in the U.S. Collectively they will import 1.7 million containers into the U.S. in 2013. These two companies will also import 106,700 containers to two distribution centers located in Jacksonville and Eustis, Florida.

In researching their growth opportunities, both companies expressed the willingness to use the Port of Fernandina under the right conditions, that being cost effectiveness and timely customer service. The upside of adding an additional port of call at Fernandina gives them a second logistic resource to insure timely freight flow. After further conversation Rooms to Go stated they could commit 20% of their imports and Michael's stated they could commit 15% of their imports to the Port of Fernandina. The OHPA Board should insure that an immediate effort is made to secure this business through Kinder Morgan or other acceptable Port representation.

4.5 Summary of Market Capture

The feedback from direct industry representatives and potential customers indicate that there is a definite opportunity for cargo growth at the Port and surrounding identified intermodal sites. The Market Capture and Cargo Throughput Projections summarized below will likely exceed the capacity of the Port of Fernandina by itself, and this potential growth will support the expansion and development of both local and regional intermodal facilities in the Nassau County and southern Georgia area.

Table 4.5-1. OHPA Projected Market Capture Summary

	2014-2015	2016-2018	2019-2023
Container-Rail		145,930	61,200
Container-Truck	42,010	218,894	291,600
Containers-Barge			1,141
Bulk-Rail			239,108
Bulk-Truck			42,276
Bulk-Barge			n/a
Breakbulk-Barge	100	150	250
Ro-Ro			n/a

Notes: All volume state in TEU

Projections by Marshal Strain Enterprises & Genesis Group 2013

Values do not include existing port freight business volumes projected beyond 2013

Values are not cumulative across time periods

Table 4.5-2. Cargo Throughput Projections 2010 to 2023

Cargo Summary	2010	2011	2012	2015	2018	2023
Containers						
Containers (boxes)	20,540	16,330	11,312	18,002	74,180	139,324
Containers (tons)	146,652	102,969	60,384	113,032	547,855	1,348,657
TEUs	32,113	22,005	14,018	23,327	100,515	203,376
Breakbulk Cargo (tons)						
Kraft Liner Board (KLB)	221,186	207,543	149,770	125,000	87,500	75,000
Lumber	2,966	8,530	16	3,500	3,500	3,500
Rebar	106,136	112,430	51,284	74,000	85,750	96,500
Steel	142,576	207,416	94,501	100,000	135,750	158,000
Woodpulp	7,714	4,970	8,054	9,000	6,912	11,500
Misc. General Cargo	1,611	3,216	20,388	22,500	27,313	30,000
Bulk Cargo	0	0	345	845	1,095	1,250
Total General Tons	482,189	544,105	324,358	334,845	347,820	375,750
Total Tons	628,841	647,074	384,742	447,877	895,675	1,724,407

Projections by Marshal Strain Enterprises & Genesis Group 2013

4.5.1 Business Development Recommendations

- The OHPA will have to begin an aggressive marketing program by hiring a Port Executive or Senior Marketer with a marketing/sales support staff or an Executive that can serve in both rolls. Kinder Morgan would remain in the capacity of operator of the terminal. The Port Executive or Senior Marketer would have the responsibility of contacting all the customers that will use the port and its facilities.
- Ensure that the U.S. Customs could and will have the manpower to handle the increase in freight to the port.
- The extension of the wharf must be completed in order for the port to handle additional ship and barge cargoes from the Bahamian shuttle or the numerous other shuttles that are being planned in the Caribbean.
- If the port can add additional land adjacent to the existing Port property, it would provide more flexibility and capacity.

4.5.2 Other Assets and Equipment Needed to Improve Port Functionality

- On Dock Storage – Need to add a cold storage for fruits/vegetables
- Fumigation facilities for bananas
- Special handling equipment as needed
- Yard cranes to work barges

4.5.3 Development of Marketing Plan

A Business development Plan should be developed to promote the Port by the Port Executive or Senior Marketer. The marketing plan should include the following:

- Develop literature that highlights all of the positive traits of the port
 - o Water Depth
 - o Distance and time from ocean channel to Port
 - o Storage Space (both covered and open)
 - o Equipment on hand
 - o Specialized Facilities
 - o Cranes
 - o Types of Rolling Stock
- Make a key customer list of targeted corporations, products and ocean carriers
- Have port partners provide a representative with information they provide to/from the port
- Develop arguments for a customer to choose the Port of Fernandina
- Make a schedule of targeted accounts and call on them regularly

This page intentionally left blank.

5.0 Facility Improvement Plan

5.1 Port Development Considerations

The purpose of this Strategic Master Plan is to provide the Port of Fernandina with the necessary information and insight on the potential for changes to the Port's current operations. These changes include the potential for increasing or decreasing cargo handling opportunities and forecasted reductions as well as recommendations on modifications that the port needs to make as a result of the forecasted changes in cargo handling requirements. This Strategic Master Plan covers the ten year period from 2013 to 2023. Although there are a number of considerations that are important to establishing a plan for cargo handling activities for the next ten years, the three most critical considerations are the market demand and projections for cargo growth over this time period, the expected trends in vessel types and sizes expected to call at the port, and the existing conditions and constraints of the port. As noted previously, the Port of Fernandina is well positioned to provide feeder service to various container hubs throughout the Caribbean. As such, the Port needs to be well informed about the potential for growth in the next ten years and how the impacts of growth will influence the port and their need to plan for the future.

5.2 Cargo Forecast

As calculated in Table 2.1.7, the existing container storage capacity was estimated to range from approximately 30,000 TEUs to 35,000 TEUs per year depending on dwell times and other operational factors. As discussed in Section 4, the potential market opportunities indicated that the current and planned industrial development in Nassau County and the surrounding region is forecast to have significant growth in the containerized cargo market. The market opportunities developed in Section 4 are summarized in Table 5.2-1. The comparison of the annual container handling capacity of between 30,000 to 35,000 TEUs/year today at the Port to the forecasted container throughput number indicates that if operations remain unchanged, the port will not have the capacity to handle the projected container cargo volumes beyond the next several years and substantial market opportunities will be lost to other regional ports.

The steady annual growth rate noted for the general cargo and the significant growth forecast for the containerized cargo are illustrated in Figures 5.2-1 and 5.2-2, respectively.

Table 5.2-1. Potential Cargo Opportunities 2015 - 2023

Containers	2015	2018	2023
Containers (boxes)	18,002	74,180	139,324
Container (tons)	113,032	547,855	1,348,657
Total Equivalent Units (TEUS)	23,327	100,515	203,376
Breakbulk Cargo (tons)			
Kraft Liner Board (KLB)	125,000	87,500	75,000
Lumber	3,500	3,500	3,500
Rebar	74,000	85,750	96,500
Steel	100,000	135,750	158,000
Woodpulp	9,000	6,912	11,500
Misc. General Cargo	22,500	27,313	30,000
Bulk Cargo	845	1,095	1,250
Total General Tons	334,845	347,820	375,750
Total Tons	447,877	895,675	1,724,407

Figure 5.2-1. Breakbulk Cargo Opportunities

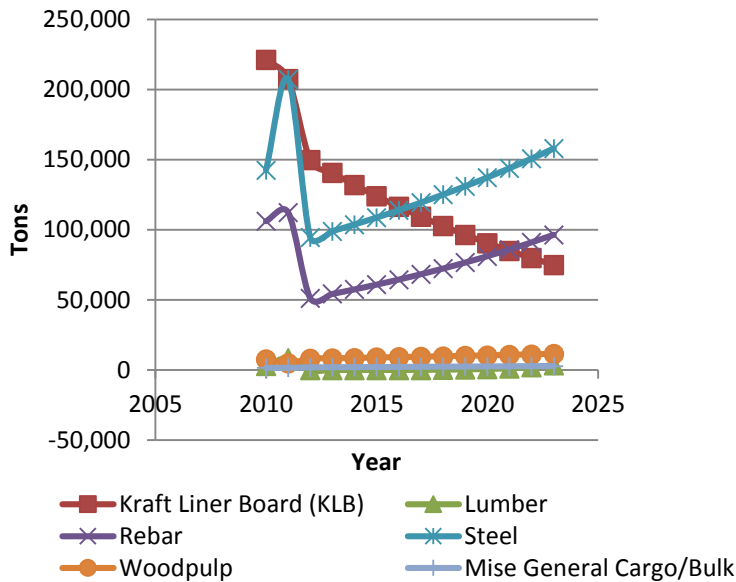
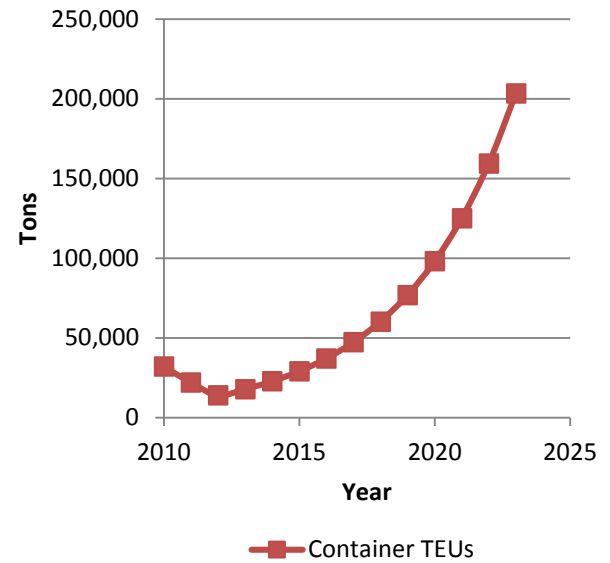


Figure 5.2-2. Containerized Cargo Opportunities



By 2023, the main cargo opportunities for the Port of Fernandina will be mainly in handling containerized cargo as shown in Figure 5.2-3.

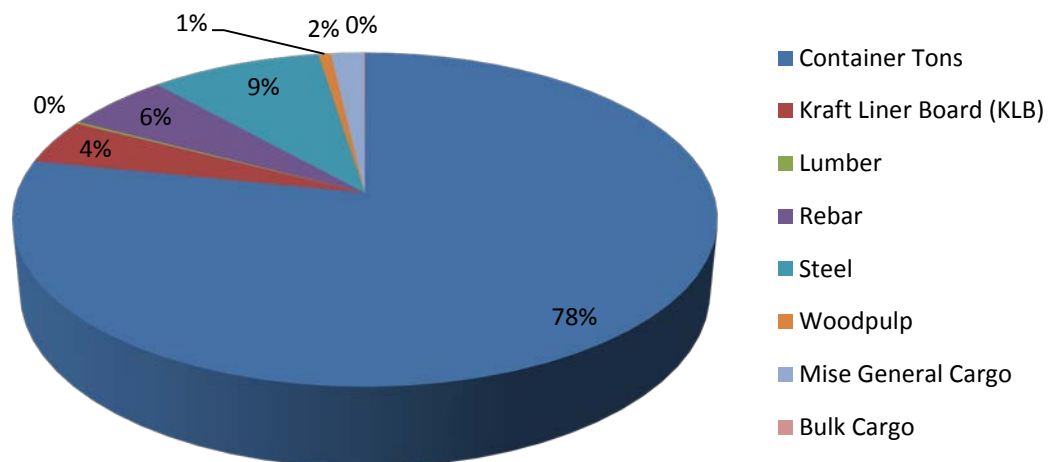


Figure 5.2-3. Potential 2023 Cargo Opportunities

Finally, as presented in Chapter 2, the current Port of Fernandina Beach site is severally constrained by the adjacent historic zone, surrounding residential and industrial areas and environmental conservation areas. The future Facility Improvement Plan for the Port needs to recognize these site constraints, while evaluating potential developmental concepts that can maximize the future capacity of the Port by identifying potential options for port expansion. This Facility Improvement Plan identifies a phased approach to optimizing the container throughput potential of the Port. The recommended Facility Improvement Plan begins by identifying ways to maximize cargo throughput on the existing footprint and then identified possible improvement projects that will allow capacity to increase to meet the future cargo demand on the Port. Because of the various constraints to expansion at the existing site, the options are somewhat limited.

With the identified market/cargo opportunities indicating that the majority of the growth in the region will be associated with containerized cargo growth, the focus of the Facility Improvement Plan will be to identify ways to improve container capacity within the Port. The weather sensitive breakbulk cargo market (pulp, Kraft board, etc.) is forecasted to remain somewhat steady staying around 350,000 to 375,000 tons per year. This will be within the capacity of the existing warehouses at the Port (approximately 375,000 tons per year) and approximately what the port handled in 2011, so the existing warehouse capacity appears to be adequate to handle this cargo type over the next few years. Therefore, the Facility Improvement Plan focuses on modifications that will optimize container handling, while considering the impacts of the change in vessel sizes that are expected to call at the Port of Fernandina and the constraints of the existing port boundaries, as discussed below.

5.3 Vessel Size

The Market Study Chapter identified the development of regional “transshipment” hubs in the Caribbean that are being developed in response to the widening of the Panama Canal and the introduction of larger “Post-Panamax” container vessels in the South Atlantic. While the Port of Fernandina Beach is not expecting to see the large “mega” vessel calling, we would however anticipate that as vessel sizes throughout the region grow, it can be expected that larger, Class C type vessels would want to call at Fernandina Beach. This Class C container vessel is commonly used to support feeder services between the US South Atlantic ports and the various hubs in the Caribbean. As shown in Table 5.2.2, the typical vessel calling at the Port today is a regional coastal vessel that has a capacity of 900- 2,000 TEUs, a LOA of up to 640 ft, and a draft of 36 ft. While this vessel will still call at the Port, we envision that the vessels which will want to call at the Port of Fernandina in the future are expected to increase in size over the 10 year planning period. The Class C Container Vessel has a capacity of from 2,000 to 2,900 TEUs, a LOA of up to 800-ft, and a draft up to 38 to 40-ft that should be recognized in the Port’s planning window. We feel that for the Port to be able to meet the cargo demands of the region, the Port facilities must be improved to meet the requirements of this vessel type. The specifications for this type of feeder vessel are listed below.

Table 5.3-1. Feeder Vessel Specifications

Feeder Vessel Specifications			
<i>Vessel Type</i>	<i>Capacity (TEUs)</i>	<i>LOA</i>	<i>Draft</i>
Coastal	900-2,000	345 – 640 ft	23-36 ft
Class C	2,000 – 2,999	775 – 800 ft	38 – 39 ft

Considering a maximum design vessel with an LOA of 800 ft and a draft of 40 ft, the channel and berthing depth requirements would be 45 ft and 40 ft, respectively. With a 6-foot tide, the current channel depth could possibly accommodate these larger vessels on a limited basis, but for the Port to reach maximum potential both berth and channel improvements would be required.

5.4 Use of Adjacent Properties to Increase Capacity

As discussed, the Port of Fernandina is highly constrained by the existing Port boundary and the limited ability to expand the footprint of the Port. The Port is constrained to the north by RockTenn and to the east and south by the historic district of the City of Fernandina Beach. Therefore, in order to support cargo growth, improvements at the Port must include efforts to maximize the existing space, identify options for the expansion of the port in the available adjacent properties, and identify off-site areas that could be acquired by the port and used to support port operations. While off-site support facilities tend to increase port operation costs due to the increased cargo handling requirements, they also help to increase port productivity and efficiency. Operations with minimal value added potential could be moved off-site to maximize those operations with high value added potential. For instance, the chassis storage yard could be moved off-site and the existing general cargo operation consolidated in this area to allow further expansion of the container yard. These are the types of factors that the Facility Improvement Plan evaluates when making recommendations for port development. Figure 5.4-1 illustrates the existing Port of Fernandina and several of the current and potential off-site properties that could potentially be used to support port activities.

An approach to the current site constraints might be for the OHPA to evaluate how various land parcels located outside of the existing Port of Fernandina Beach boundaries might help to support future cargo operations and hence support Port growth.

The Port utilizes an off-port site on the outskirts of the City of Fernandina Beach, owned by Nassau Terminals. This property could be used as a staging area to storage empty containers or other cargo prior to ship arrival. If the cargo is transferred to the Port more than 5 days before schedule vessel departure, this intermediate staging area could provide additional storage capacity for the Port. Likewise, if inbound cargo stays at the marine terminal more than a reasonable number of days, say 3-5, then the Port could move the boxes to an area outside of the marine terminal. Under both conditions, some additional handling costs would be expected because of the need to dray the cargo to/from the marine terminal, but that costs could be offset by additional "storage fees" charged to the shippers for using Port property. Such a charge might make the Port more efficient in reducing the average "dwell times" for cargo at the marine terminal.

The other potential offsite property to consider as potential port use is the Nassau Fertilizer and Oil Company site (Pogy Plant) located to the northeast of the existing Port. This site has been used for waterfront related uses in the past and could be purchased/developed by the OHPA to provide for such uses as a barge transfer facility or possibly leased to a cruise line or others to support port-of-call type cruise operations.

Other similar properties might be available to the OHPA to support intermodal rail operations or other methods to increase the overall capacity of the Port to respond to anticipated market opportunities in the future.

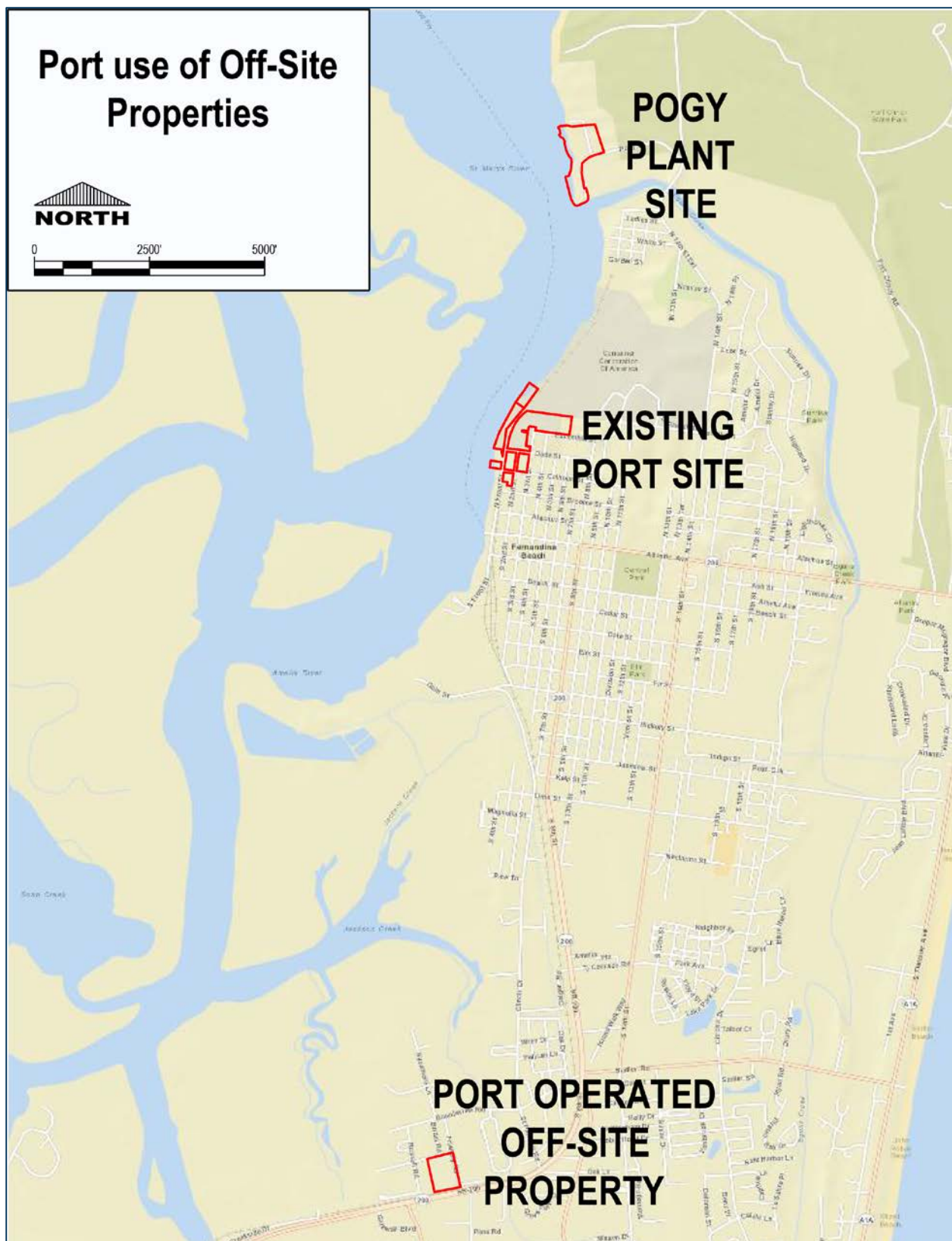


Figure 5.4-1. Existing Port Site and Vicinity

5.5 10-Year Facility Improvement Plan

5.5.1 Phase 1 Improvements

The most immediate need for the Port will be to maximize container throughput capacity within the existing footprint of the port. As presented previously, there are very few options for expanding the Port outside of the existing footprint. Between land use restrictions and the environmental conservation area, there are limited options for Port expansion. What options there are will likely take from 2-4 years to be completed, so the ability to maximize throughput within the existing terminal will be critical. Under the initial Development Plan (Phase 1) a portion of the outside, breakbulk (steel, re-bars, etc.) storage could be relocated to the operational area behind the existing wharf and gantry cranes, west of the railroad tracks, allowing for the expansion of a higher density container storage operations into the existing flex-breakbulk handling area. Refer to Figure 5.5.1 for the site layout plan. The container storage yard would be expanded by approximately 2 ac, with 1.3 ac remaining for breakbulk storage in the existing yard, plus using the area behind the berth for miscellaneous storage. This storage area is approximately .6 acres in size, resulting in a total breakbulk storage area of 1.9 ac.. By expanding the container yard operation and relocating a portion of the breakbulk handling area, the port is still able to handle the maximum annual throughput of breakbulk cargo and the container throughput capacity would be increased from 35,000 TEUs to approximately 60,000 TEUs annually. This annual capacity assumes the dwell time of empties would stay at around 12 days for all cargo. (Annual throughput capacity would increase as dwell times became smaller, resulting in more “tons” throughout the year.)

Cargo dwell time is just one of several factors that impact the actual capacity of any cargo handling yard or facility. Other key factors include size of storage area, cargo handling equipment, and storage density. Table 5.5-1 identifies some of the assumptions made to estimate the breakbulk storage capacity. Based on the assumptions in the table, and with a total of approximately 1.9 acres of storage yard available, the maximum amount of non-weather sensitive breakbulk (steel, rebar, etc.) that can be stored at one time is approximately 16, 300 tons. Applying the average dwell of 33 days to the static capacity, the theoretical annual throughput capacity is estimated at approximately 180,000 tons. This storage area would then be adequate to handle the 175,000 tons of steel and rebar type cargoes that are estimated for 2015. With the additional dedicated container storage, there still appears to be adequate storage for these non-weather sensitive breakbulk cargoes over the next few years.

Similar assumptions and a similar process has been used for estimating container handling capacity. The additional area set aside for Container Storage would increase the amount of dedicated container storage at the Port to approximately 7 acres and would increase the total number of “Ground Slots” for containers from roughly 1000 (existing) to 2500, assuming new 5 wide, 1 over 4 RTGs. (Each Ground Slot is capable of storing a 20-ft container, i.e., a 40-ft container would occupy 2-Ground Slots). The assumption is that to maximize container storage and throughput the operating system would need to be as “dense” as possible. At least 2 additional RTGs would be required to maximize the throughput capacity of the additional container storage yard. As noted above, the capacity of the container yard with the expansion of the high density container storage yard is estimated at between 60,000 to 65,000 TEUs per year depending on dwell times and mix of cargo. (Capacity dwell time was assumed to remain near 12 days per container.) If an “empty” storage area was established at the existing Port owned property and empty containers “drayed” to the marine terminal when required by the shipping lines, the capacity would be towards the higher end of the range, as empty containers traditional have the longest dwell time of any containers in the Port. As noted previously, an improvement in dwell time by just a couple of days would have a significant impact on actual yard capacity.

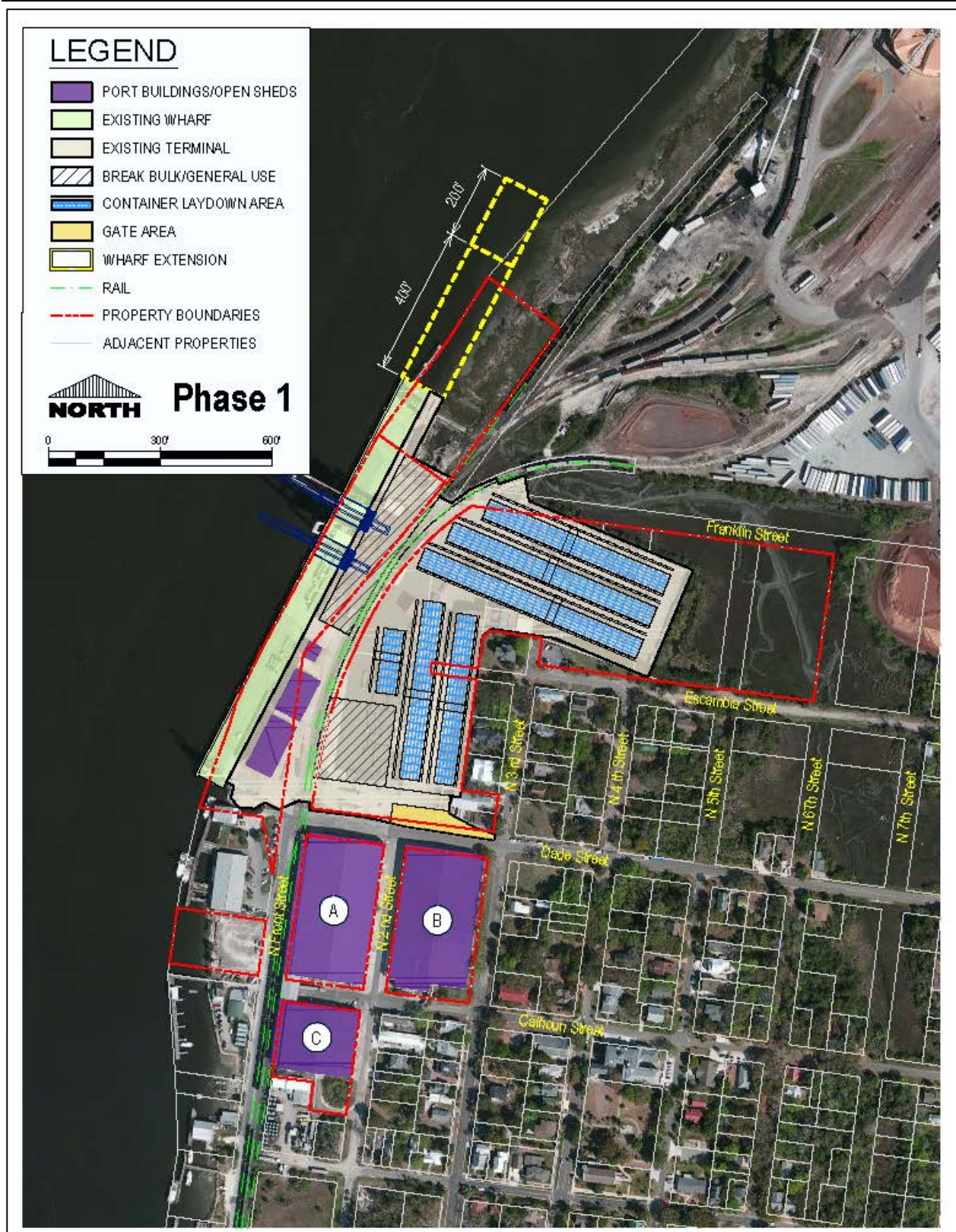


Figure 5.5-1. Phase 1 Site Layout

Table 5.5.1. Breakbulk Storage Areas – Phase 1

	Existing Steel/Rebar Storage Area		Additional Breakbulk Area West of RR	
Gross Breakbulk Area	1.3	gross ac	0.7	gross ac
Net Storage Area (assume 75% of gross area)	1.0	net ac	0.5	net ac
Yard Strength	0.65	tons/sf	0.65	tons/sf
Average Dwell Time	33	days	33	days
Average Cycles per Year	11	turns	11	turns
Maximum Storage Density	0.25	tons/sf	0.25	tons/sf
Maximum Static Capacity	10,890	tons	5,445	tons
Annual Throughput Capacity	119,790	tons	59,900	tons

Total Breakbulk (steel, re-bar, etc.) annual capacity would be approximately 179,700 tons per year with this storage arrangement, adequate to handle estimated demand.

Improved operational efficiency, with lower dwell times, has the capability to increase annual throughput significantly without increasing the footprint of the port. It also assumes that the equipment is provided that can achieve higher stacking densities in the yard. Using a 1 over 4 RTG, and assuming an 80% stacking efficiency, the 750 ground slots would have a static capacity of approximately 2,400 TEUs.

Phase 1 Costs

In order to implement this initial expansion, there would be some additional equipment costs associated with the implementation of Phase 1, as additional RTGs would be required. Smaller RTGs cost \$1.3 million (new) with larger models somewhat more expensive. There is also likely a “used” equipment market where used RTGs could be available at a lower cost. The Capital Costs for this improvement would also depend on the existing pavement strengths in the proposed new container yard. Assuming that the pavement is designed for heavy breakbulk storage (steel, etc.) and the containers would be stacked only 4 to 5 high, little pavement improvement costs would be anticipated. Assuming a 3” Asphalt Pavement Overlay for approximately 3-4 acres would cost approximately \$550,000 (assuming no other capital improvements are required). Total costs, with equipment and contingencies, etc. would then be approximately \$4 million. The increase in container handling capacity is associated with optimizing the efficiency of the space currently used within the port’s footprint. Based on market projections, it is anticipated that the improved efficiency associated with Phase I and the relocation of the cargo handling activities will be sufficient to support cargo handling increases through 2015 - 2017.

5.5.2 Phase 2 Facility Development Plan

The implementation of any improvements beyond Phase 1 will be contingent on actual cargo growth realized at the port. For infrastructure planning purposes, it is assumed that cargo will grow consistent with the forecasted cargo opportunities, but all projects and phased implementations beyond Phase 1, should only be implemented on an as-needed basis.

The second phase of the development plan would consist of several capital projects aimed at increasing the overall capacity of the Port to handle the anticipated future cargo and shipping opportunities. The Phase 2 Facility Development Plan would take place between 2015 and 2018 and would include three possible projects to expand the capacity and footprint of the existing port.

- Filling in the 0.7 acre area behind the northern end of the existing wharf;
- Expanding the existing wharf an additional 400 ft and possibility including an additional 200 ft expansion with concurrence from RockTenn;
- If possible for an environmental permitting standpoint, fill in the 1.25 ac. area behind the wharf extension to provide additional operational and cargo storage area.

These projects are described in more detail in the following sections and can be seen in Figure 5.5-2.

Fill Behind Existing Wharf

Because of the limited available options for expansion of the current Port footprint, the initial project could be to fill in the small 0.7 acre area behind the existing wharf. This project would cost approximately \$500,000, but would provide for additional operational and breakbulk storage area so that the existing storage yard could be converted to additional container storage.

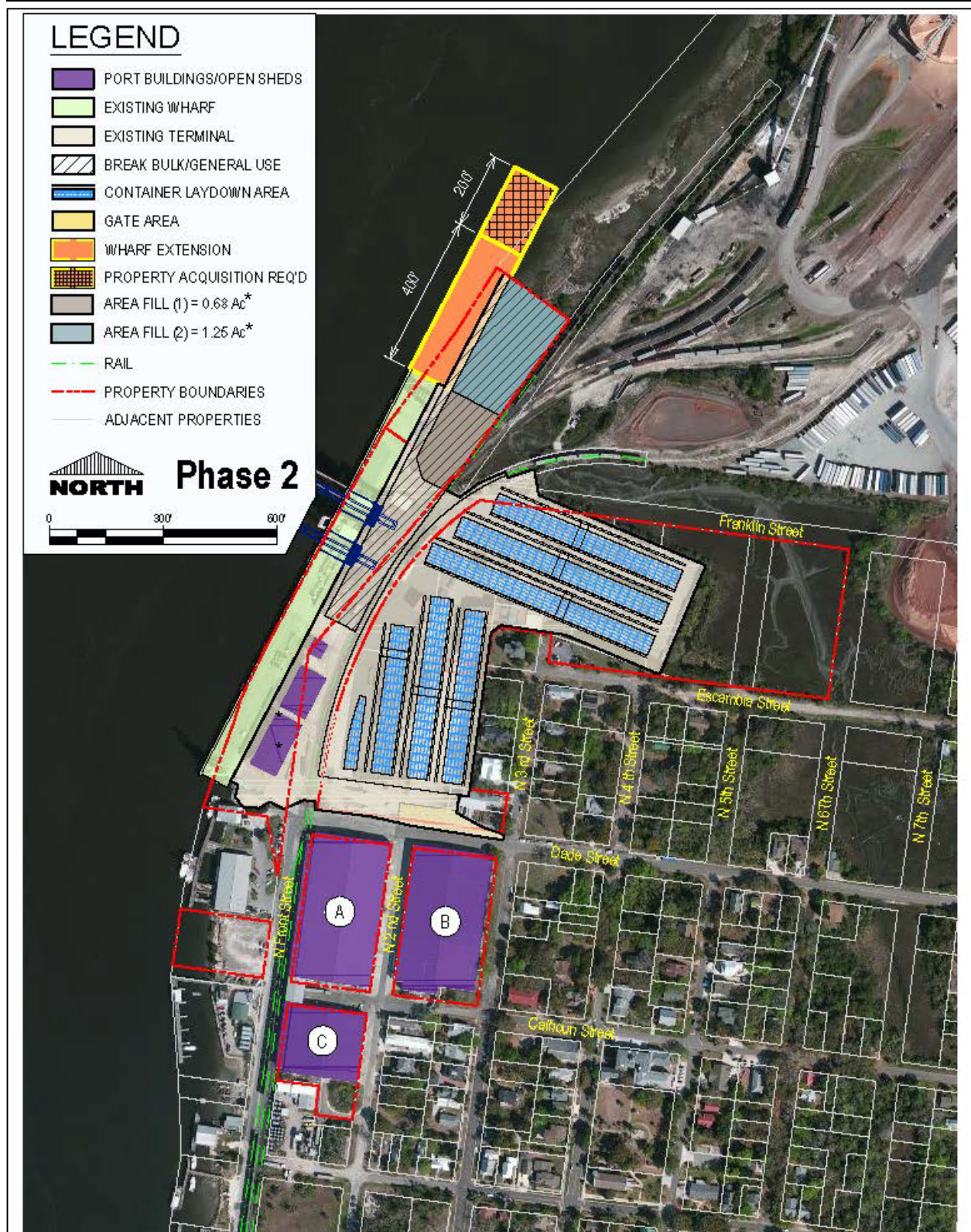
Extend the Existing Wharf

Based on the changes that will be happening to the shipping industry within the South Atlantic and Caribbean region, we believe that vessel sizes throughout the region will be getting larger as the new, wider Panama Canal comes on-line. While the Port of Fernandina will not see the new Panamax sized vessels calling at the Port, we do believe that with the development of multiple “Transshipment” hubs throughout the region, there will be an overall increase in the use of the larger, Class C container vessel being used as the main “feeder” type vessel in the region. This class of vessel has a capacity of 2,000-2,900 TEUs and has a maximum length of approximately 800 ft and a maximum draft of 40 ft.

In order for the Port of Fernandina to be able to fully serve this growing feeder industry, there will be a need to have at least two berths for operations available. While the existing 1,200 foot wharf provides for two berths for the smaller coastal vessels that now call at the Port (average length of 600 ft), a two berth operation under the assumption that the Class C vessel will call at the Port, would require at least 1,600 ft of berthing. At this extended length, the overall wharf length would accommodate the simultaneous berthing of a 640 ft vessel and an 800 ft vessel, with additional space required for mooring lines, etc. A 1,800 foot long berth would accommodate two Class C vessels (800 ft in length) simultaneously.

Increasing the port's capability to service two larger ships at the same time is critical to improving both productivity and berth utilization. Adding a berth to allow for the simultaneous berthing of two larger vessels increases maximum berth occupancy factors from a maximum of 35% - 40% for a single berth, to a maximum of 55% - 60% for a 2-berth terminal. This increased berth occupancy for the larger vessels results in maximizing the “berth availability” that is critical to attracting shipping companies to the Port. (Ports need to have adequate berth availability in order to be attractive to the shipping lines.)

Currently, the port's property lines would support a 400 foot extension of the existing wharf. This 400 foot extension would increase the length of the wharf from 1,200 ft to 1,600 ft. This extension has been discussed for several years and preliminary plans and environmental permits have been developed. However, the current preliminary plans were based on the wharf extension supporting a bulk type cargoes and do not include the extension of the current crane rails needed to support the current STS container cranes. The recommendation of this Facility Development Plan is to revisit the current wharf extension plan and to include the provision/designs for the extension to include crane rails for the STS (Ship-to-Shore) cranes and to be able to handle container vessels at this extended berth.



*These areas were previously permitted under FDER Permit # 451730689 with mitigation completed. This permit has since expired and would require filing a new permit. The intended use for this area may occasionally include pre-staging cargo but would not be considered a cargo deck or container laydown area.

Figure 5.5-2. Phase 2 Site Layout

In order to extend the wharf an additional 200 ft (to a 1,800 ft total length), it will be necessary to negotiate an agreement with RockTenn to either purchase the property rights for the additional 200 ft extension or to agree to jointly extend the wharf. This full wharf extension would give the port the capacity to accommodate two Class C Container Vessels (2,500 TEU capacity) berthed at the wharf at the same time.

A more detailed shipping/berthing study is recommended to determine the specific requirements of the Port before this wharf extension program is finalized.

Dredging Requirements

An issue that will need to be addressed during the implementation of a final berthing/shipping analysis will be the possible need for additional dredging of the channel, widening and deepening the existing turning basin and required dredging at the berth. The existing channel is “declared” at 36 ft. While it is much deeper along the majority of the channel there are several locations where the channel is less than the -43 to -45 ft of water depth required by a fully-loaded Class C vessel.

In addition to the need to deepen the navigational channel, the existing Turning Basin would also need to be widened and deepened. Under “normal conditions”, today’s container vessels require approximately 1.5 times LOA for a turning basin. The existing vessels that are 600 ft (+/-) can turn within the existing 900 foot diameter turning basin. However, a vessel that is closer to 800 ft long will require a 1,200 foot diameter turning basin. Because of the shallow nature of the western side of the existing Turning Basin, dredging an additional 300 ft of turning area would result in a significant cost.

Finally, the possible need for dredging at the berth should be analyzed. The existing berth water depth is -36 ft. Dredging to allow for the berthing of a vessel with a -40 foot draft might result in some structural issues with the existing wharf structure. The berth dredging and impact on the existing wharf will need to be addressed in the detailed shipping/berthing study.

More details on the proposed dredging requirements and issues are included in section 5.7.

Filling Behind the New Wharf Structure and Expand Container Yard

The third project proposed for expansion of the existing Port would be the filling and reclamation of approximately 1.25 acres between the proposed wharf extension and the existing railroad. This expansion area would allow the Port to provide additional storage area for general port operations and for the storage of various non-weather sensitive breakbulk cargoes. This expansion would allow all breakbulk activity to be consolidated in this area behind the wharf, freeing up additional space for expanded container operations in the existing port storage yards. This expanded container yard would increase annual throughput by approximately 10,000 TEUs per year, increasing total capacity to approximately 75,000 TEUs, assuming the same dwell times discussed in Phase 1. The viability of this reclamation project is contingent on the applicable environmental regulations and the ability to get the necessary permits to place fill material behind the wharf.

If both infill projects are completed, the breakbulk storage areas behind the wharf would increase by approximately 1.9 acres, resulting in a total of approximately 2.6 acres available for breakbulk storage and additional operational areas behind the wharf. Assuming that 75% of this area is available for breakbulk storage, and dwell times can be improved by 10% to an average of 30 days (the industry standard), then there would be adequate capacity to storage the anticipated 2023 breakbulk requirement for open storage.

Table 5.5.-3. Breakbulk Storage Behind Wharf

Gross Open Storage Area	2.6	gross ac
Net Storage Area (assume 75% of gross area)	2.0	net ac
Average Dwell Time	30	days
Average Cycles per Year	12	turns
Maximum Storage Density	0.25	tons/sf
Maximum Static Capacity	21,780	tons
Annual Throughput Capacity	261,360	tons
Projected Open Storage Requirements (2023)	255,000	tons

Based on the assumptions used in these calculations, the implementation of the additional storage areas increases annual breakbulk open storage capacity to approximately 261,000 tons. Developing the entire existing storage area into a higher dense (i.e., RTG operations) container storage area will increase overall container throughput capacity to approximately 75,000 TEUs per year, approximately double current storage capacity.

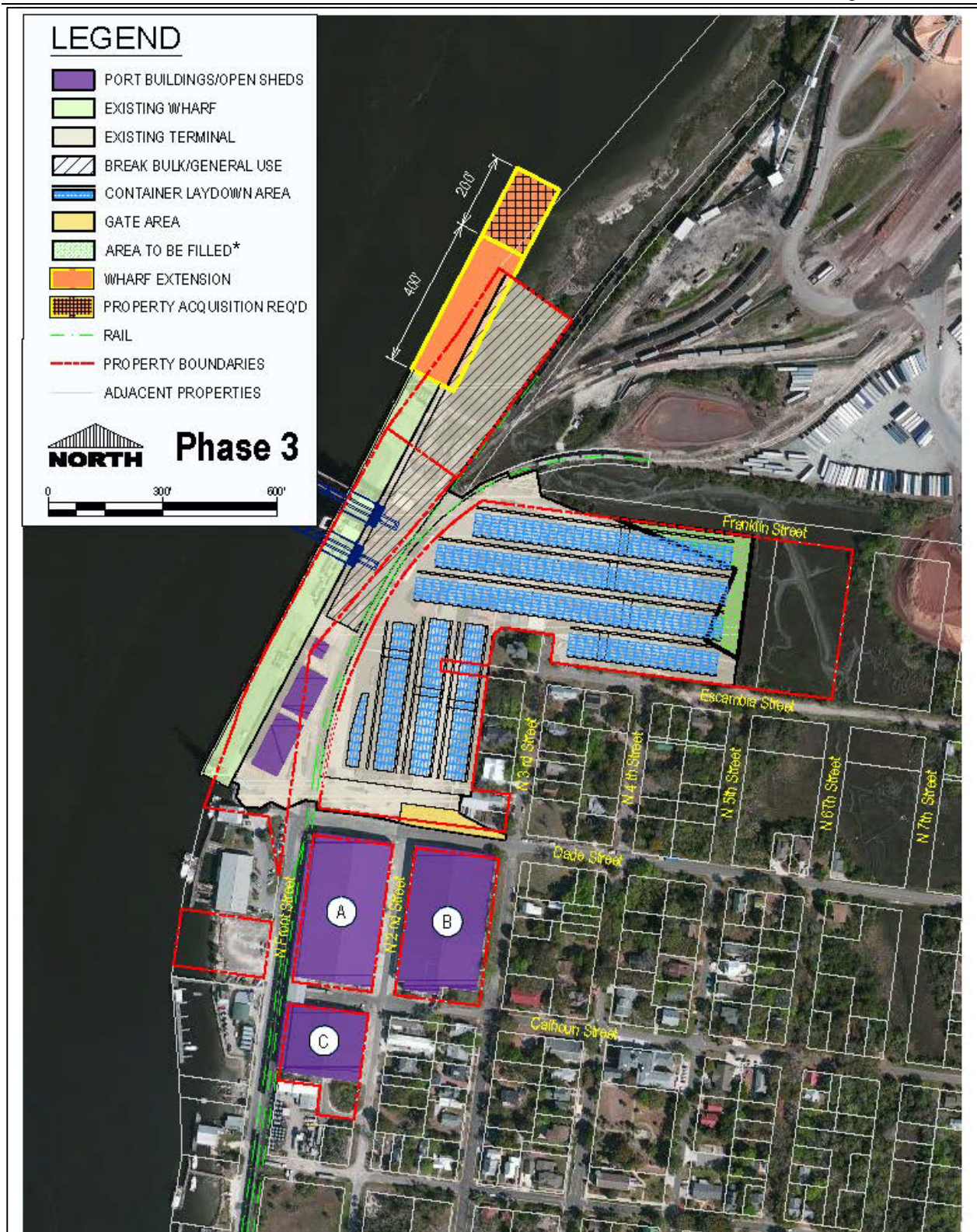
As discussed previously, the actual capacity will depend on the efficiency of the operations procedures utilized. One factor that will have a significant impact on the operational efficiency will be the availability of off-site property to support port activities. For instance, if empties and/or chassis can be stored off-site, there is more space available for cargo handling and dwell times can be kept at a minimum. As discussed previously, shorter dwell times translate into greater throughput capacity.

Development Plan Costs

The cost associated with the various projects could be included as one major improvement program or as separate projects. Even if proposed as separate projects, it is assumed that the projects would be designed and constructed concurrently and that the resulting capacities could support the projected cargo growth through 2018. The capital costs associated with these improvements are summarized below:

- Fill in 0.7 acres behind the existing wharf structure – Cost of \$500,000;
- Expand the existing Wharf 400 ft as a General cargo/Bulk Wharf - \$10 million (w/Contingencies)
- Expand the existing Wharf 400 ft as a Container Berth, with crane rail - \$15 million (with contingencies)
- Expand the existing Wharf 600 ft as a Container berth, with crane rail - \$21 million (with contingencies)
- Fill in 1.25 acres of wetland behind the extended wharf - \$1 million (with environmental mitigation and contingencies)

Additional equipment costs will be required to add additional RTG storage for the containers. Two or three additional RTGs would likely be required to maximize container storage and hence throughput capacity.



*This is part of a designated conservation easement and not permitted for fill. Filling in this area would be inconsistent with OHPA Resolution 2014-4 (Appendix H). Alternative efficiency improvements may be identified over time.

Figure 5.5-3. Phase 3 Site Layout

5.6 Environmental Constraints

All of the above projects will be dependent on obtaining environmental approval from both the FDEP and the USACE. While the initial fill project (0.7 acres of previously disturbed jurisdictional lands) appears to be environmentally permissible with mitigation, the wharf extension project and the larger infill behind the new wharf will likely both require new environmental studies and might be difficult to permit.

For the initial project of filling behind the existing wharf structure, the area is less than an acre and is currently a highly disturbed area which, while considered a jurisdictional wetland, has little natural resource function. The existing area has considerable riprap and broken pieces of concrete piles scattered throughout. The identified project will have some improved efficiency from a storage and transfer standpoint to have this area filled to eliminate the gap between the existing pier and the rail line going into the RockTenn mill. In the short term, it would likely not be permissible to fill this small area since there are no salt marsh mitigation banks in the region that the OHPA could purchase credits to offset the limited impacts of filling this small wetland area. There is a mitigation bank that is near final approval that would serve this area and due to the disturbed nature and sufficient justification for the natural resource agencies; it is possible that permits could be obtained from the USACE and FDEP to fill this area in the foreseeable future.

The existing plans for the wharf extension have been reviewed and (as we understand) an existing permit for that plan is currently available. However, if the design of the proposed wharf extension changes, then the new project would likely need to go through a new environmental review and permitting process.

The third project of filling behind the proposed wharf extension would also require environmental reviews and a possible new environmental permit study, such as an Environmental Assessment (EA). If the extension of the existing wharf is approved, there would be approximately 1.25 acres behind the new wharf that would be proposed to be filled to serve as port storage/operational area (see Figure 5.3-3 Phase 3 Site Vicinity). This area is currently high salt marsh wetlands today. The OHPA would have to go through the formal process of trying to avoid and minimize these impacts through creative design and engineering before employing mitigation to achieve the purpose and need for filling these wetlands. Strong justification would be required for the USACE Regulatory Division to determine that filling these wetlands would be the Least Environmentally Damaging Practicable Alternative under its Section 404b(1) guidelines. It is possible that a National Environmental Policy Act EA would need to be completed to analyze the spectrum of environmental impacts, including cumulative impacts, from the proposed action.

Figure 5.5-3 shows a portion of the wetland area east of the storage area that could be considered for fill in Phase 3 in order to square off the corner of the storage area and improve the overall efficiency of the storage area. This fill in the marsh, currently included in the recorded environmental conservation easement area, would be approximately 0.75 acres. This acreage is located within a permanent conservation easement and is part of a Mitigation Plan created in 1990 for Port Expansion (see Appendix D for Mitigation Plan and a map of the conservation easement). While the filling of this area would be subject to all environmental permitting requirements, the OHPA does not find it appropriate or economically feasible to fill these wetlands for the purpose of expanding the cargo storage deck area.

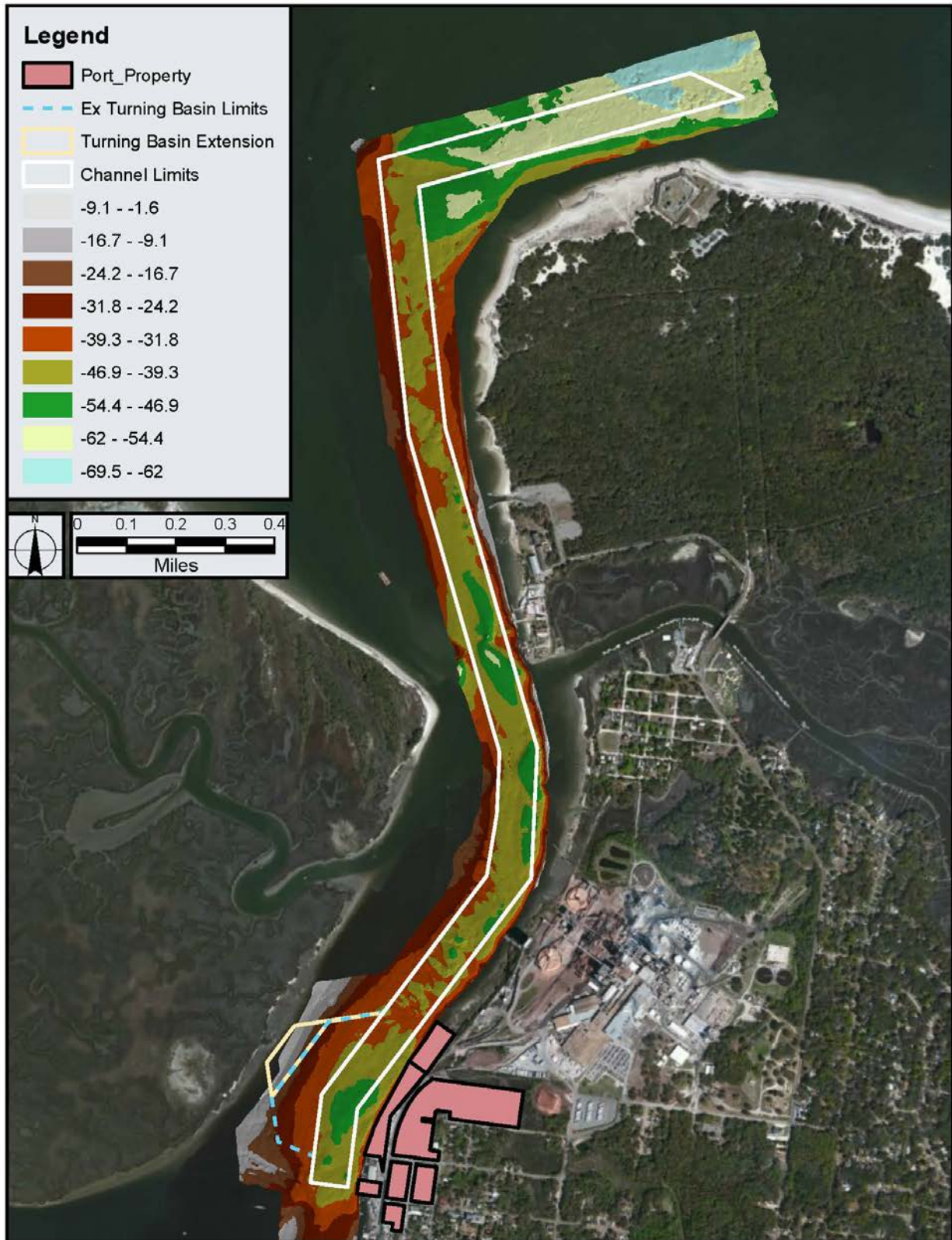


Figure 5.7-1. Dredge Requirements

5.7 Dredging – Detailed Analysis

As discussed previously one of the most significant issues that the Port will need to address is the amount of dredging that might be required to accommodate a larger class of container feeder vessel in the future. The Port's ability to service a Class C container vessel without any operational constraints will require additional dredging along the face of the wharf extension, as well as deepening and widening the turning basin and some dredging along the navigational channel. See Figure 5.7-1. The design vessel will require the channel and berth frontage to be dredged from an existing depth of 36 ft MLW to over 40 ft MLW. Impact to the structural integrity of the wharf will have to be accounted for during the design. The estimated dredging volume for the Berth area is 37,500 cubic yards (CY).

Access to and from the berths at the Port of Fernandina is through the Amelia River, which connects the Port to the St. Mary's River Channel and the Atlantic Ocean. The Amelia River Channel and turning basins are authorized at a depth of 36 ft MLW and the St. Mary's River Channel is authorized to a depth of 47 ft MLW. The berthing areas are currently maintained to a depth of 36 ft.

For the Port to support the Class C design vessel, the Amelia River Channel will need to be dredged to a depth of 43 - 45 ft MLW to accommodate the full depth of the vessel, "squat" (the amount of additional draft required when the vessel is "under way") and safety and over-dredge factors. In addition, the turning basin will have to be dredged and the radius increased in size. The estimated required dredging volume for the channel and the turning basin are 838,000 CY and 633,000 CY respectively.

Alternatives to dredging might require that any larger vessel that needs to call at the Port to enter the port at high tide, call at less than full capacity (meaning that the vessel is at less than full "draft") or call at the Port under some other operational restriction. Regardless of the operational constraint on the shipping line, any operational restriction imposed on the shipping lines will have a negative impact on the "attractiveness" to call at the Port of Fernandina. If the Port can only serve up to a maximum vessel that is 650 (+/-) ft in length and with a maximum draft of -36 ft, some of the opportunity for the Port to attract the growing container market in the region might very well be lost to other regional ports without such restrictions.

Dredging Costs

The ability to get federal funding for dredging projects has become much more difficult in recent years. The USACE has a limited capital improvement budget and, even if the projects are approved, would only fund 50% of any new capital dredging project.

For the OHPA, the cost of dredging the approach channel, turning basin and berthing areas to accommodate larger vessels could be prohibitive. Assuming disposal of the material in the federally approved ocean disposal site (the Ocean Dredged Material Disposal Site [ODMDS]) it is estimated that dredging would cost around \$15 - \$20 per CY. This pricing would result in Capital costs of:

- Channel Dredging (estimated at 840,000 CY) = \$12.6 million to \$16.8 million
- Turning Basin Dredging (estimated at 635,000 CY) = \$9.5 million to \$12.7 million
- Berth Dredging (estimated at 37,500 CY) = \$562,500 to \$750,000

Total dredging costs could therefore range from \$22.7 million to \$30.3 million. At best, with USACE approval, the OHPA would still need to fund 50% of the total amount as the "local sponsor". However, the USACE may determine that these costs are not justified based upon revenues generated by the port and require that the OHPA pay 100% of these costs for the channel deepening and widened Turning Basin and future maintenance cost if their benefit/cost analysis does not support federal cost-sharing of these costs.

Dredge Disposal Sites

Should dredge activities occur within the next 10 years the spoil disposal would be apportioned towards the following sites in descending order of preference and depending on the quality of the spoil and relative expense of disposition:

- 1) Spoil disposal in cooperation with ACOE, DEP & City/County beach or coastal zone re-nourishment programs.
- 2) Fill behind the bulkhead where needed and possible based on project engineering and permitting
- 3) Fill within other contiguous Port operation area slated for expansion of port storage yards or within retaining walls to be placed along existing limits of fill/wetlands.
- 4) Spoil disposal in cooperation with the Florida Inland Navigation District program and identified disposal sites.
- 5) Export of spoil to Counties outside of Nassau County where active landfill operations require fill and Tip Fee credits or revenues may be negotiated to off-set haul distance
- 6) Export of spoil to Locations in the County or adjacent Counties where large scale site development or roadway development is occurring or scheduled to occur.
- 7) Disposal of excess spoil to the ACOE maintained off shore disposal area.

Dewatering facilities would be site designed to consist of a fully diked area to enclose the disposal area, thereby isolating the dredged material from the surrounding environment. Following placement of dredged material, the sediments would be allowed to consolidate, settle, and dewater. The effluent water would be contained until sufficient time to meet state water quality standards and would be allowed to be returned to surrounding water bodies via overflow through a weir system. After the water no longer flows over the weir, the remaining water would evaporate or percolate into the ground. The exterior slopes of the dredge dewatering facility berms would be seeded with grass to minimize erosion and regularly inspected during the dredging operation to ensure their operational integrity.

5.8 Summary of Port Development Plan

In summary, while potential cargo opportunities being developed in Nassau County and the surrounding region will continue to grow, it will be difficult for the Port of Fernandina to capture these opportunities because of the existing constraints to being able to expand the current port site. Developing properties that are located outside of the current port boundaries could help to improve port operational efficiencies and hence improve cargo throughput capacities, but will also impact overall operational costs for the various shippers and beneficial cargo owners.

That said, several projects have been identified that could increase cargo handling capacity at the existing port site. These include:

- Initial relocation of some of the open breakbulk storage areas to underutilized areas behind the existing wharf and expanding the high dense container storage operation (i.e., using RTGs) into the current bulk storage area. Capital Costs of \$650,000, plus equipment costs.
- Filling in the .7 acres of open space behind the existing wharf. Capital cost of \$500,000.
- Extending the existing wharf a minimum of 400 ft to be able to accommodate simultaneous berthing of larger feeder type vessels. Capital cost from \$10 million to \$15 million depending on incorporating STS crane rails into the design.
- If the wharf is extended, filling the additional 1.25 ac. area between the wharf extension and the existing rail siding to be used for cargo storage. Capital cost of \$1 million.

-
- Developing the entire existing Port storage yard to a high-dense container storage operation. Capital cost of \$500,000 plus additional equipment costs.

A key issue that will need to be addressed in a more detailed berthing/shipping study is the potential to serve larger, Class C, container feeder vessels. These vessels have a larger capacity (2,000-2,900 TEUs) than the vessels that are currently calling at the Port, and have a LOA of approximately 800 ft and a draft of 40 ft. The potential for these vessels to call at the Port will result in the need to deepen the current navigational channel and berths, plus deepen and widen the existing turning basin. If all the required dredging is funded at 100% by the OHPA, then total dredging cost could range from \$22.7 to \$30.3 million. More study on this issue is clearly warranted.

This page intentionally left blank.

6.0 Transportation Analysis and Impacts

6.1 Future Transportation Analysis and Impacts

In support of the future market potential of the Port of Fernandina, a future conditions analysis has been prepared to assess the landside transportation impacts, which examines the future anticipated operations of the regional and local roadway network as well as the First Coast Railroad (FCRD) shortline that directly services the Port of Fernandina. The analysis evaluates the projected roadway level of service (LOS) conditions for the 2023 horizon year for projected background traffic as well as how the proposed six-laning of portions of SR 200 (SR A1A) will benefit the transportation system. In addition, the analysis assesses the impact of project additions truck traffic due to anticipated increased cargo volume moving through the Port of Fernandina. Impacts have also been evaluated for the potential cruise line terminal and related facilities to north of the Port of Fernandina on the property owned by the Nassau Fertilizer and Oil Company.

6.1.1 Future (2023) Base Traffic Conditions - Regional Roadway Network

As previously stated, the primary roadway leading into the Port of Fernandina is SR 200 (SR A1A) running west to east from Interstate 95 to the City of Fernandina Beach, where it is locally named 8th Street. In Section 2.2.1, Table 2.2-1 provided existing and 10-year historical traffic volumes (2003 – 2012) for Florida Department of Transportation (FDOT) traffic counts for the region as well as an average annual growth rate. The trend showed that over the last 10 years, traffic volumes in the immediate service area and region have remained generally constant with some areas, especially within the City of Fernandina Beach, showing a negative trend. While it has been a common phenomenon throughout the State of Florida and nationwide as a result of the slowing economy over the last decade, and may continue, the future conditions analysis assumes that there will be an upward trend in the coming decade.

Table 6.1-1 provides a projection of the daily traffic volumes for 2023 on the regional and local roadway network. The table indicates the calculated historical annual growth trend as well as the minimum annual growth rate applied in the analysis. If the historical growth trend was calculated to be less than one percent (1.00%), then a minimum of one percent (1.00%) annual growth per year has been applied. If the historical growth trend was calculated to be greater than one percent (1.00%), then the actual calculated growth rate has been applied.

Figures 6.1-1 through 6.1-4 provide a series of maps depicting the projected future (2023) AADT volumes. This map series illustrates the forecasted daily vehicle volumes in the City of Fernandina Beach and on the regional roadways in Nassau County that provide access to the Port of Fernandina.

Table 6.1-1. 2023 Projected Daily Traffic Volumes

Roadway	Count Location	2012 AADT (FDOT)	Historical Growth Rate	Growth Rate Analyzed	2023 Projected AADT
N. 8 th Street	s/o Dade St.	3,100	-3.48%	1.00%	3,500
SR A1A	100' n/o Duval Co.	3,700	0.01%	1.00%	4,100
SR A1A/SR105	.1 mi. s/o SR105A	10,000	-1.18%	1.00%	11,200
SR A1A	300' e/o SR105A	4,600	0.17%	1.00%	5,100
SR A1A	.2 mi. n/o Sandpiper	5,600	-0.52%	1.00%	6,200
SR A1A	300' s/o CR108	6,800	0.66%	1.00%	7,600
SR A1A	300' n/o CR108	6,100	0.53%	1.00%	6,800
SR A1A	n/o Kentucky Ave	5,600	0.63%	1.00%	6,200
SR A1A	200' s/o SR200	4,800	0.55%	1.00%	5,400
SR200/SR A1A	200' w/o Jean Lafitte	7,300	-0.12%	1.00%	8,100
SR200/SR A1A	300' e/o 14 th St.	8,100	0.33%	1.00%	9,000
SR200 (Atlantic)	250' w/o 14 th St.	5,500	-1.99%	1.00%	6,100
SR200 (Atlantic)	100' e/o 8 th St.	4,400	-2.98%	1.00%	4,900
SR200/A1A/8 th	300' s/o Atlantic	10,000	-0.36%	1.00%	11,200
SR200/A1A/8 th	200' s/o Lime St.	16,800	-0.82%	1.00%	18,700
SR200/SR A1A	.2 mi. e/o Amel. Is. Pky	29,000		1.00%	32,400
SR200/SR A1A	w/o Amelia River Br.	38,000	0.68%	1.00%	42,400
SR200/SR A1A	e/o Chester Rd.	36,500	2.12%	2.12%	46,000
SR200/SR A1A	0.4 mi. e/o US17	33,500	2.65%	2.65%	44,700
SR200/SR A1A	0.4 mi. w/o US17	18,939	1.69%	1.69%	22,800
SR200/SR A1A	1 mi. w/o I-95	10,500		1.00%	11,700
N. 14 th St.	0.1 mi. n/o Atlantic	3,200		1.00%	3,600
N. 14 th St.	0.1 mi. s/o Atlantic	7,200		1.00%	8,000
N. 14 th St.	350' n/o Sadler Rd.	20,500		1.00%	22,900
Dade St.	w/o 8 th Street	650	-9.47%	1.00%	700

Table 6.1-1. 2023 Projected Daily Traffic Volumes

Roadway	Count Location	2012 AADT (FDOT)	Historical Growth Rate	Growth Rate Analyzed	2023 Projected AADT
Jasmine St.	0.1 mi. e/o SR200	1,100		1.00%	1,200
Sadler Rd.	e/o 14 th Street	15,200	-0.59%	1.00%	17,000
Amelia Is. Pkwy	0.1 mi. s/o SR200	9,000		1.00%	10,000
Amelia Is. Pkwy	0.1 mi. n/o SR105	4,700		1.00%	5,200
Julia St.	0.1 mi. s/o SR105	2,000		1.00%	2,200
CR105A	0.1 mi. n/o Fletcher	8,200		1.00%	9,100
CR107S	0.1 mi. s/o SR200	8,300		1.00%	9,300
CR107N	0.1 mi. n/o SR200	1,600		1.00%	1,800
Chester Rd.	0.1 mi. n/o SR200	10,500		1.00%	11,700
Chester Rd.	0.1 mi. n/o Pages Dairy	4,700		1.00%	5,200
SR5/US17	0.25 mi. s/o SR200	11,300	3.09%	3.09%	15,800
SR5/US 17	North of RR in Yulee	11,600	0.76%	1.00%	12,900
SR5/US17	0.1 mi. s/o CR108	10,000		1.00%	11,200
SR5/US 17	0.1 mi. s/o GA Line	3,100	0.32%	1.00%	3,500
CR108	0.1 mi. w/o US17	3,100		1.00%	3,500
I-95	1.5 n/o Pecan Pk Duval	60,440	-2.42%	1.00%	67,400
I-95	2.0 mi. n/o SR200	46,500	1.34%	1.34%	53,800
I-95	2..0 mi. s/o GA Line	55,639	-0.09%	1.00%	62,100

This page intentionally left blank.

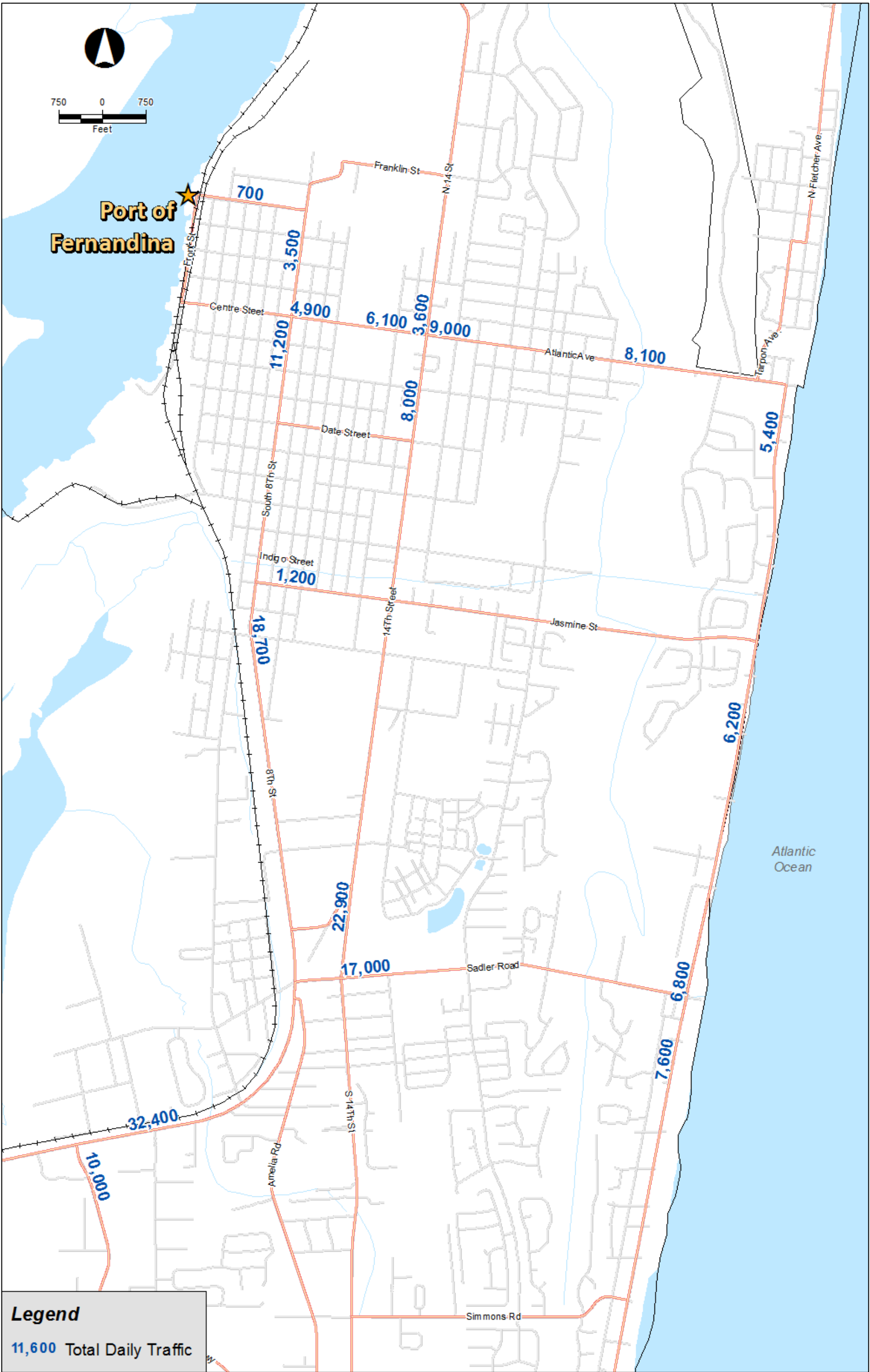


Figure 6.1-1. Projected (2023) Daily Traffic Volumes

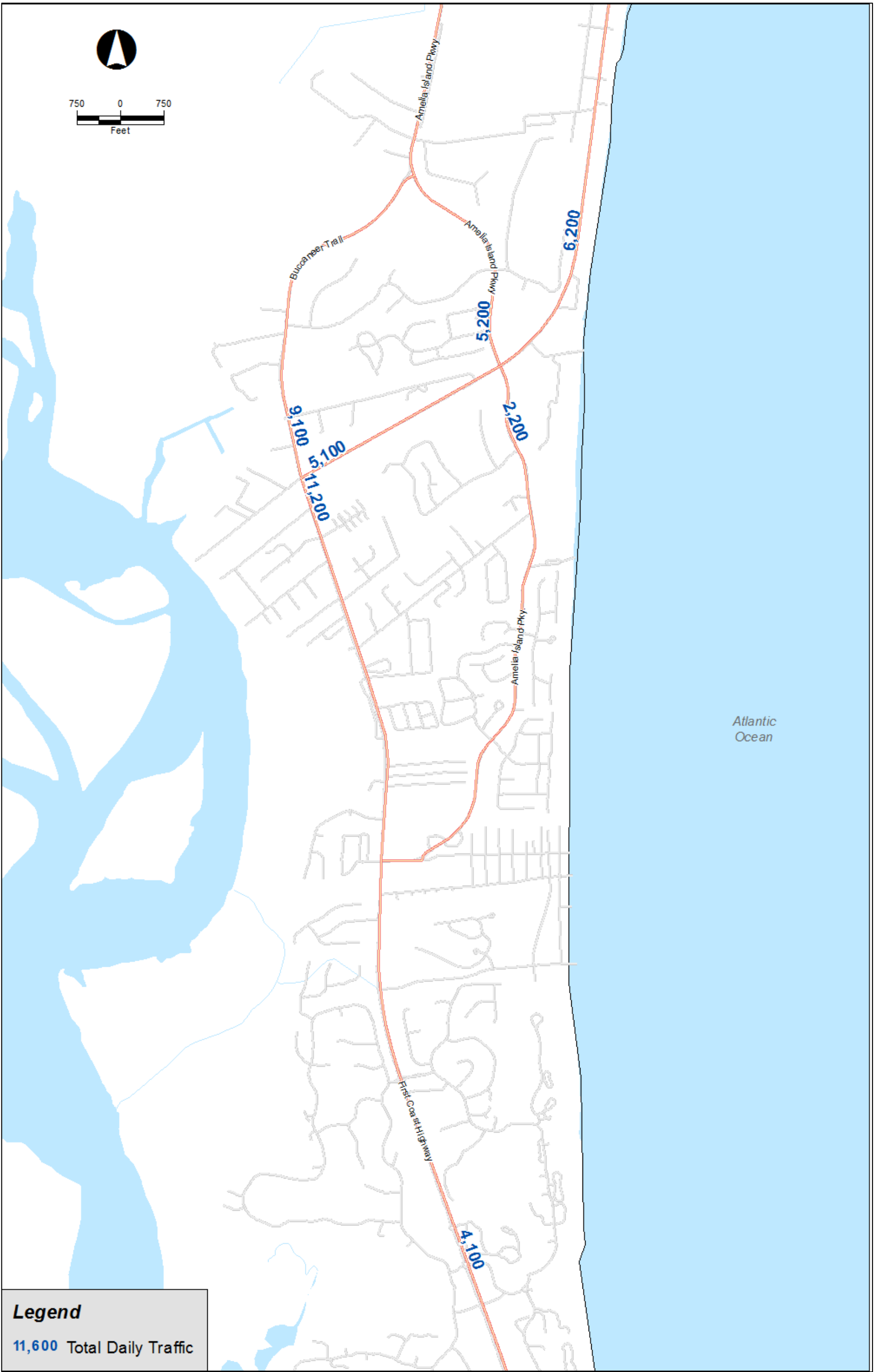


Figure 6.1-2. Projected (2023) Daily Traffic Volumes



Figure 6.1-3. Projected (2023) Daily Traffic Volumes

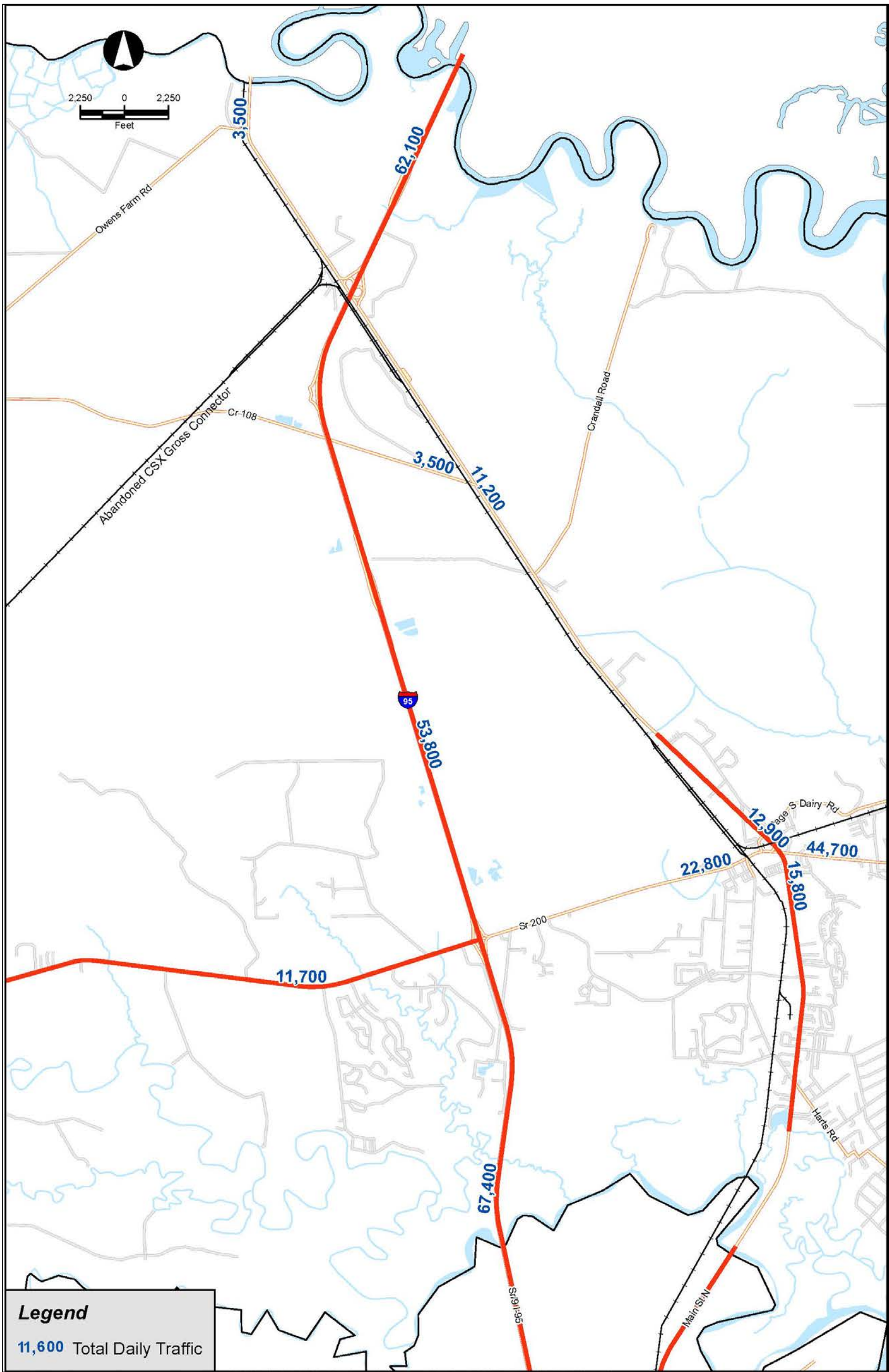


Figure 6.1-4. Projected (2023) Daily Traffic Volumes

6.1.2 2023 PM Peak Hour Traffic Conditions (Background Traffic)

Using the most recent adequate public facilities (APF) data contained in Nassau County's Transportation Analysis Spreadsheet, dated August 8, 2013, PM peak traffic volumes on regional and local roadways have been projected to 2023 based on the growth rates reported in Table 6.1-1. Roadway segments have been analyzed to determine which segments (or links) are forecasted to be either "critical" or "deficient" with respect to the PM peak hour capacity of the segments. If the existing plus committed PM peak hour demand is between 90% - 100% of the capacity, then the segment is considered to be "critical." If the existing plus committed demand exceeds 100%, then the segment is identified as "deficient." Table 6.1-2 provides a list of the forecasted 2023 critical and deficient roadway segments in the area. Figure 6.1-5 shows the same critical and deficient segments on a map. The forecast shows that all segments of SR 200 (SR A1A) from Rubin Lane (east of US 17) to Old Nassauville Road and SR 200 (SR A1A) from Amelia Island Parkway to Sadler Road in Fernandina Beach continue to be deficient. Figure 6.1-6 provides a graphic of the critical signalized intersections along the deficient segments of SR 200 (SR A1A). Table 6.1-3 follows providing the estimated 2023 PM peak hour LOS conditions for roadways that are near the Port of Fernandina or would have a high potential of carrying port-related traffic.

Table 6.1-2 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic)

Link No.	Roadway	Segment	Percent Capacity Used	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	105%	Deficient
45	SR 200 / SR A1A	US 17 to Rubin Lane	117%	Critical
45A	SR 200 / SR A1A	Rubin Lane to Chester Road	114%	Deficient
46	SR 200 / SR A1A	Chester Road to Blackrock Road	136%	Deficient
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	133%	Deficient
103	Centre Street	Front Street to 8 th Street	94%	Critical

Source: Estimates based on projecting data provided by Nassau County Transportation Analysis (August 8, 2013): Critical Segments are projected to operate at 90-100% capacity based on existing plus committed demand. Deficient segments are projected to operate at greater than 100% capacity.

This page intentionally left blank.

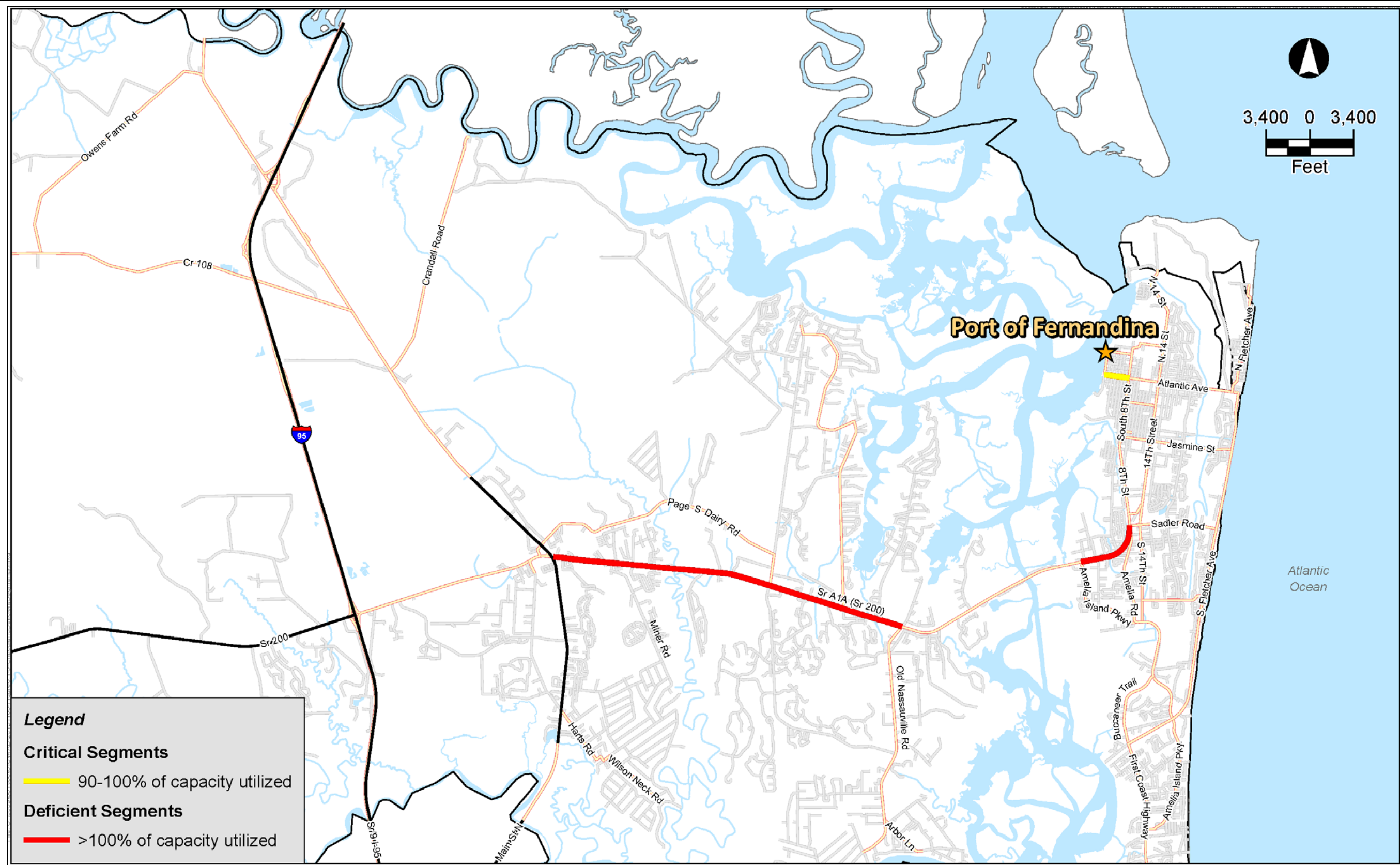


Figure 6.1-5. 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic)

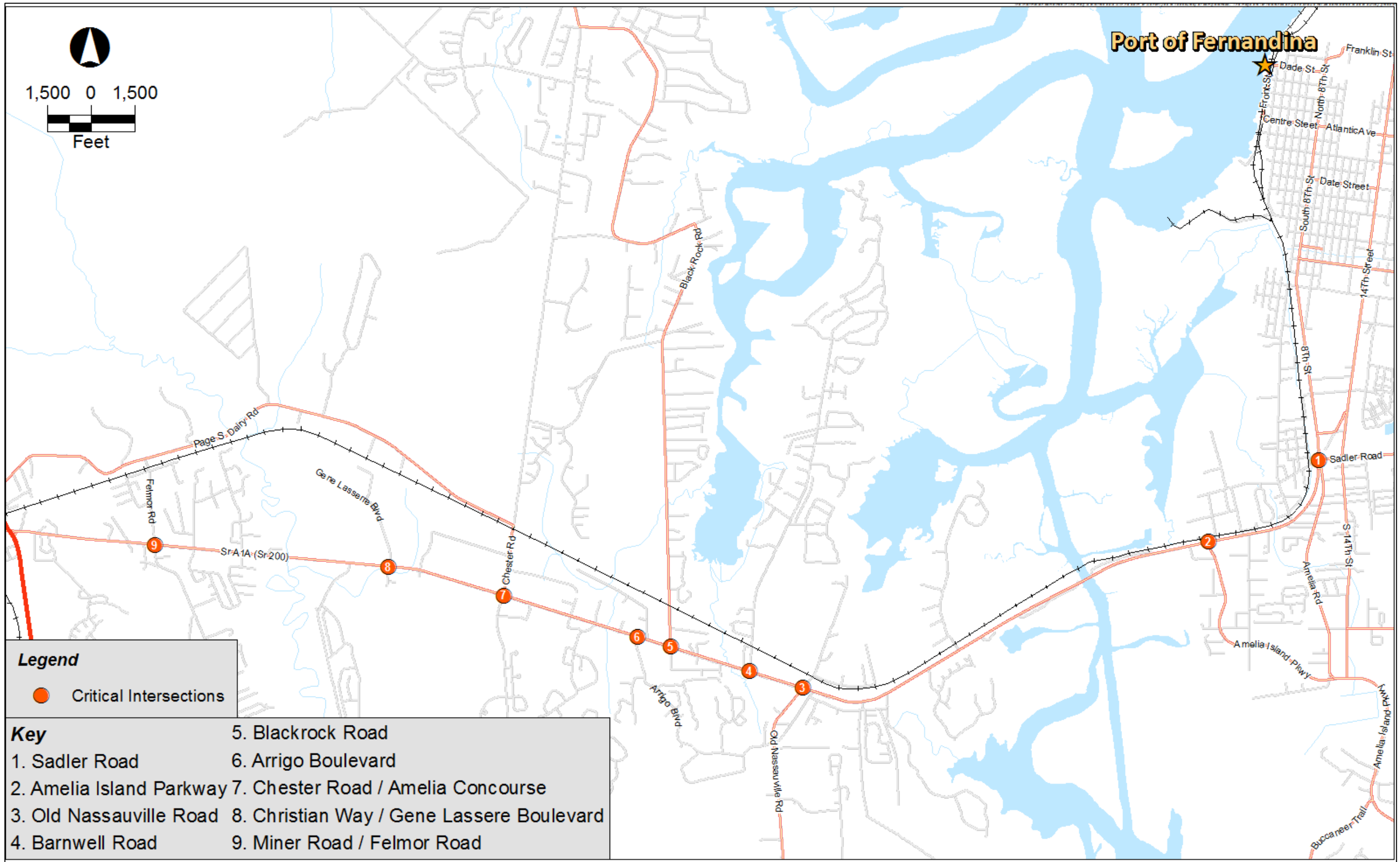


Figure 6.1-6. 2023 Critical Intersections (Background Traffic)

Table 6.1-3. 2023 PM Peak Roadway Level of Service Conditions (Background Traffic)

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	3,748	3,580	Deficient
2	S. 8 th Street	Sadler Road to Lime Street	1,670	3,580	OK
3	S. 8 th Street	Lime Street to Atlantic Avenue	994	1,590	OK
4	Atlantic Avenue (SR A1A)	8 th Street to 14 th Street	437	1,510	OK
6	Atlantic Avenue (SR A1A)	14 th Street to Fletcher Avenue	805	1,510	OK
8	Fletcher Avenue (SR A1A)	Atlantic Avenue to Sadler Road	477	1,510	OK
10	Fletcher Avenue (SR A1A)	Sadler Road to Simmons Road	676	1,510	OK
11	Fletcher Avenue (SR A1A)	Simmons Road to Amelia Island Pkwy	557	1,510	OK
12	Fletcher Avenue (SR A1A)	Amelia Is. Pkwy to Buccaneer Trail	457	1,510	OK
14	14 th Street	Pogy Place to Atlantic Avenue	342	660	OK
15	14 th Street	Atlantic Avenue to Hickory Street	964	1,510	OK
16	14 th Street	Hickory Street to Jasmine Street	1,299	1,510	OK
16A	14 th Street	Jasmine Street to Lime Street	1,299	1,510	OK
17	14 th Street	Lime Street to Sadler Road	1,655	3,420	OK
18	14 th Street	Sadler Road to Amelia Island Pkwy	785	1,530	OK
19	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	958	1,530	OK
20	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	958	1,530	OK
21	Amelia Island Parkway	Buccaneer Trail to Fletcher Avenue	458	1,530	OK
22	Amelia Island Parkway	Fletcher Avenue to Scott Road	555	2,170	OK
22A	Amelia Island Parkway	Scott Road to SR A1A/Julia Street	329	2,170	OK
23	Buccaneer Trail (C-105A)	Gerbing Rd/S. Fletcher to Canopy Dr.	912	2,170	OK
23A	Buccaneer Trail (C-105A)	Canopy Drive to Amelia Island Pkwy	859	1,530	OK
29	Sadler Road	8 th Street to 14 th Street	2,132	3,420	OK
30	Sadler Road	14 th Street to Fletcher Avenue	1,077	3,420	OK
31	Lime Street	8 th Street to 14 th Street	274	690	OK

Table 6.1-3. 2023 PM Peak Roadway Level of Service Conditions (Background Traffic)

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
32	Lime Street	14 th Street to Citrona Drive	389	690	OK
38	Jasmine Street	14 th Street to Citrona Drive	320	1,590	OK
40	I-95	Duval Co. Line to SR 200/SR A1A	6,654	7,710	OK
41	I-95	SR 200/SR A1A to US 17	4,781	7,710	OK
42	I-95	US 17 to Georgia State Line	5,721	7,710	OK
44	SR 200 / SR A1A	I-95 EB Off Ramp to Still Quarters Rd.	2,016	2,790	OK
44A	SR 200 / SR A1A	Still Quarters Rd. to US 17	2,015	3,360	OK
45	SR 200 / SR A1A	US 17 to Rubin Lane	3,916	3,360	Critical
45A	SR 200 / SR A1A	Rubin Lane to Chester Road	3,842	3,360	Deficient
46	SR 200 / SR A1A	Chester Road to Blackrock Road	4,551	3,360	Deficient
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	4,484	3,360	Deficient
48	SR 200 / SR A1A	Old Nassauville Rd to Amelia Is. Pkwy	3,778	5,900	OK
50	CR 107N (Black Rock Rd)	Chester Road to SR 200/SR A1A	286	840	OK
51	CR 107S (Old Nassauville)	SR 200 / SR A1A to Amelia Concourse	679	1,310	OK
51A	CR 107S (Old Nassauville)	Amelia Concourse to Santa Juana Rd.	714	1,310	OK
52	Chester Road	SR 200/SR A1A to Pages Dairy Rd.	841	1,230	OK
53A	Amelia Concourse	SR 200 SR A1A to CR 107S	761	2,330	OK
54	Barnwell Road	SR 200/SR A1A to Oyster Bay Dr.	345	840	OK
54A	Miner Road	Haddock Road to SR 200 / SR A1A	750	840	OK
55	US 17 (SR 5)	Duval Co. Line to Harts Road	1,172	2,190	OK
56	US 17 (SR 5)	Harts Road to SR 200 / SR A1A	1,123	2,190	OK
57	US 17 (SR 5)	SR 200/SR A1A to Pages Dairy Rd.	1,415	2,890	OK
58	US 17 (SR 5)	Pages Dairy Road to CR 108	1,438	2,190	OK
59	US 17 (SR 5)	CR 108 to I-95	1,009	1,350	OK
60	US 17 (SR 5)	I-95 to Georgia State Line	308	2,190	OK

Table 6.1-3. 2023 PM Peak Roadway Level of Service Conditions (Background Traffic)

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
100*	8 th Street	Alachua Street to Port	308	660	OK
101	8 th Street	Atlantic Avenue to Alachua Street	477	660	OK
102	Alachua Street	Front Street to 8 th Street	170	660	OK
103	Centre Street	Front Street to 8 th Street	619	660	Critical
104	Ash Street	Front Street to Ash Street	235	660	OK
105	N. Fletcher Avenue	1 st Street to North	158	660	OK
106	N. Fletcher Avenue	Atlantic Avenue to 1 st Street	168	660	OK
107	Beech Street	14 th Street to Citrona Street	237	660	OK
108	Beech Street	8 th Street to 14 th Street	130	660	OK
109	Gum Street	3 rd Street to 8 th Street	215	660	OK
110	3 rd Street	Gum Street to Ash Street	102	660	OK
111	Jasmine Street	Citrona Street to S. Fletcher Avenue	253	660	OK

Source: Nassau County Transportation Analysis (August 8, 2013).

Note: LOS indicators highlighted in yellow indicate "critical" segments and those highlighted in red indicate "deficient" segments.

*Dade Street provides the connection to the Port from 8th Street.

6.1.3 Planned and Programmed Transportation Improvements

As discussed in Section 2.2.3, there are scheduled improvements to expand SR 200 (SR A1A) from I-95 to East of CR 107/Scott Road from four (4) to six (6) lanes. Construction of the multilane improvement is scheduled to be completed by 2018. Table 6.1-4 identifies the planned and programmed transportation improvements identified in FDOT's Five-Year Work Program (Fiscal Years [FY] 2013/14 – 2017/18) and the North Florida Transportation Planning Organization's Transportation Improvement Program (FY 2013/14 – 2017/18).

Table 6.1-4. Planned and Programmed Transportation Improvements

Facility	Improvement Description	Work Type & Year	Source
SR 200 (SR A1A) From US 17 to CR 107	4 Lane to 6 Lane (8.181 mi.)	PE 2014	FDOT NFLTPO
SR 200 (SR A1A) From I-95 to W. of Still Quarters Road	4 Lane to 6 Lane (2.166 mi.)	PE/ROW/CON 2018	FDOT NFLTPO
SR 200 (SR A1A)	4 Lane to 6 Lane	PE/ROW/CON	FDOT

From W. of Still Quarters Road to West of Rubin Lane	(1.542 mi.)	2016	NFLTPO
SR 200 (SR A1A)	4 Lane to 6 Lane	ROW/CON	FDOT
From West of Rubin Rd to East of CR 107/Scott Rd	(5.031 mi.)	2018	NFLTPO
SR 200 (US 301)	4 Lane to 6 Lane	PE	FDOT
From North of Thomas Creek to South of Callahan	(7.124 mi.)	2014	NFLTPO
Port of Fernandina Berth Dredging	Seaport Berth	PD&E	FDOT
		2018	NFLTPO
Port of Fernandina Pier Extension Project Phase 2	Seaport Capacity Project	CAP	NFLTPO
		2014	
Chester Road	2 Lane to 4 Lane	CST	NFLTPO
SR 200 (SR A1A) to Green Pine Road	(2.343 mi.)	2017	

FDOT – Florida Department of Transportation Work Program (FY 2013/14 – 2017/18)

NFLTPO – North Florida Transportation Planning Organization Transportation Improvement Plan (Fiscal Years 2013/14 – 2017/18)

Abbreviations: PE – Preliminary Engineering, ROW – Right of Way, CON/CST – Construction, PD & E – Project Development & Environmental, CAP – Capacity

6.1.4 2023 PM Peak Hour Traffic Conditions (Background Traffic + Programmed Improvements)

Improving portions of SR 200 (SR A1A) from four (4) to six (6) lanes provides for much needed additional roadway capacity along the primary route to the City of Fernandina Beach for all local and regional traffic, including port-related traffic. The following provides a level of service (LOS) analysis for the regional roadway network based on the construction of the programmed improvement. Table 6.1-5 lists the forecasted 2023 critical and deficient roadway segments in the area and reflects the improvements to SR 200 (SR A1A). Figure 6.1-7 shows the critical and deficient segments on a map that remain after the improvements are made. The analysis shows that the segment of SR 200 (SR A1A) from Amelia Island Parkway to Sadler Road in Fernandina Beach continues to be deficient. Figure 6.1-8 provides a graphic of the critical signalized intersections along the deficient segments of SR 200 (SR A1A). Table 6.1-6 follows providing the estimated 2023 PM peak hour LOS conditions with the programmed improvements.

**Table 6.1-5. 2023 PM Peak Hour Critical and Deficient Roadway Segments
(Background Traffic + Programmed Improvements)**

Link No.	Roadway	Segment	Percent Capacity Used	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	105%	Deficient
103	Centre Street	Front Street to 8 th Street	94%	Critical

Source: Estimates based on projecting data provided by Nassau County Transportation Analysis (August 8, 2013): Critical Segments are projected to operate at 90-100% capacity based on existing plus committed demand. Deficient segments are projected to operate at greater than 100% capacity.

This page intentionally left blank.

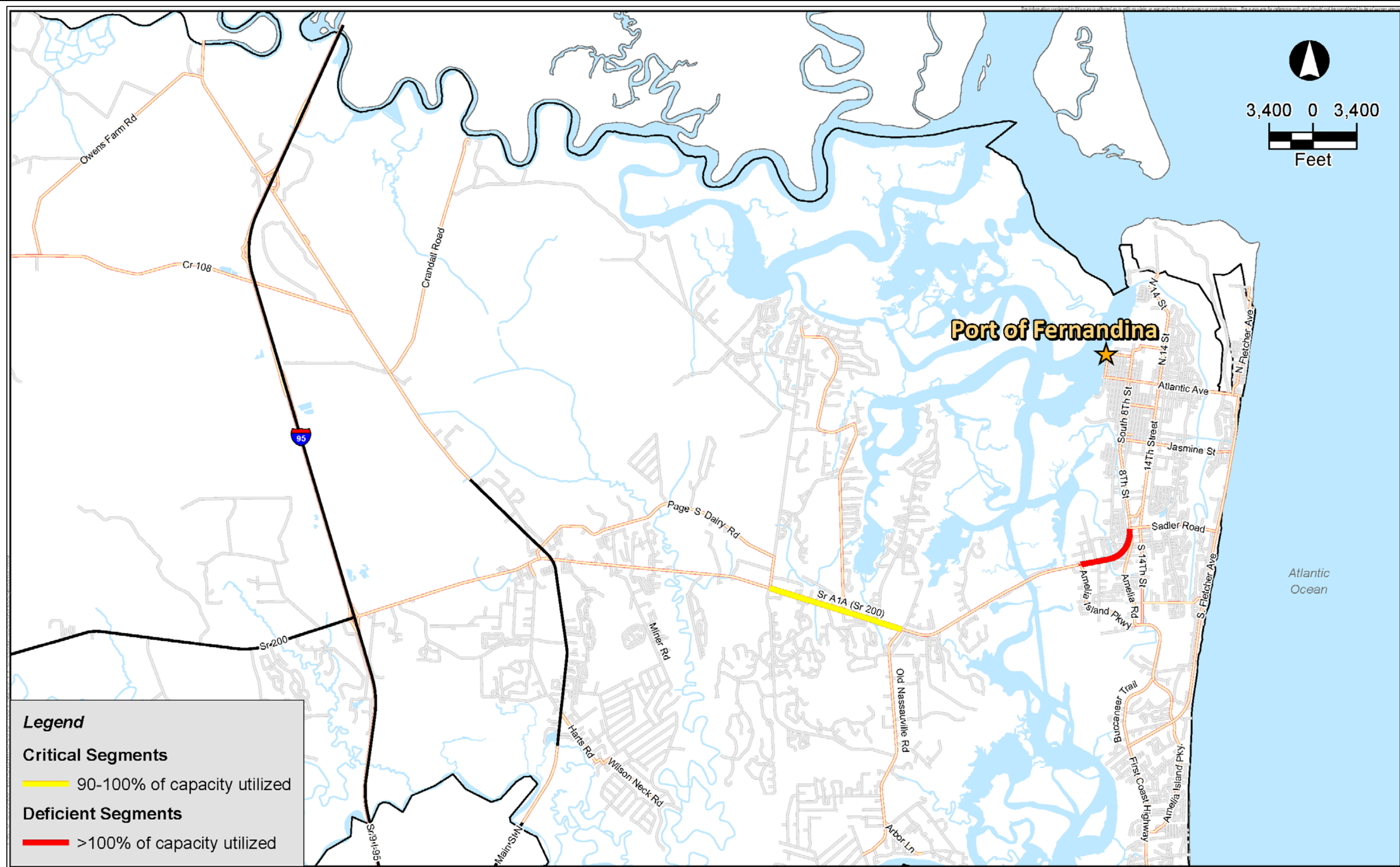


Figure 6.1-7. 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic + Programmed Improvements)



**Table 6.1-6. 2023 PM Peak Roadway Level of Service Conditions
(Background Traffic + Programmed Improvements)**

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	3,748	3,580	Deficient
2	S. 8 th Street	Sadler Road to Lime Street	1,670	3,580	OK
3	S. 8 th Street	Lime Street to Atlantic Avenue	994	1,590	OK
4	Atlantic Avenue (SR A1A)	8 th Street to 14 th Street	437	1,510	OK
6	Atlantic Avenue (SR A1A)	14 th Street to Fletcher Avenue	805	1,510	OK
8	Fletcher Avenue (SR A1A)	Atlantic Avenue to Sadler Road	477	1,510	OK
10	Fletcher Avenue (SR A1A)	Sadler Road to Simmons Road	676	1,510	OK
11	Fletcher Avenue (SR A1A)	Simmons Road to Amelia Island Pkwy	557	1,510	OK
12	Fletcher Avenue (SR A1A)	Amelia Is. Pkwy to Buccaneer Trail	457	1,510	OK
14	14 th Street	Pogy Place to Atlantic Avenue	342	660	OK
15	14 th Street	Atlantic Avenue to Hickory Street	964	1,510	OK
16	14 th Street	Hickory Street to Jasmine Street	1,299	1,510	OK
16A	14 th Street	Jasmine Street to Lime Street	1,299	1,510	OK
17	14 th Street	Lime Street to Sadler Road	1,655	3,420	OK
18	14 th Street	Sadler Road to Amelia Island Pkwy	785	1,530	OK
19	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	958	1,530	OK
20	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	958	1,530	OK
21	Amelia Island Parkway	Buccaneer Trail to Fletcher Avenue	458	1,530	OK
22	Amelia Island Parkway	Fletcher Avenue to Scott Road	555	2,170	OK
22A	Amelia Island Parkway	Scott Road to SR A1A/Julia Street	329	2,170	OK
23	Buccaneer Trail (C-105A)	Gerbing Rd/S. Fletcher to Canopy Dr.	912	2,170	OK
23A	Buccaneer Trail (C-105A)	Canopy Drive to Amelia Island Pkwy	859	1,530	OK
29	Sadler Road	8 th Street to 14 th Street	2,132	3,420	OK
30	Sadler Road	14 th Street to Fletcher Avenue	1,077	3,420	OK
31	Lime Street	8 th Street to 14 th Street	274	690	OK

**Table 6.1-6. 2023 PM Peak Roadway Level of Service Conditions
(Background Traffic + Programmed Improvements)**

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
32	Lime Street	14 th Street to Citrona Drive	389	690	OK
38	Jasmine Street	14 th Street to Citrona Drive	320	1,590	OK
40	I-95	Duval Co. Line to SR 200/SR A1A	6,654	7,710	OK
41	I-95	SR 200/SR A1A to US 17	4,781	7,710	OK
42	I-95	US 17 to Georgia State Line	5,721	7,710	OK
44	SR 200 / SR A1A	I-95 EB Off Ramp to Still Quarters Rd.	2,016	4,300	OK
44A	SR 200 / SR A1A	Still Quarters Rd. to US 17	2,015	5,060	OK
45	SR 200 / SR A1A	US 17 to Rubin Lane	3,916	5,060	OK
45A	SR 200 / SR A1A	Rubin Lane to Chester Road	3,842	5,060	OK
46	SR 200 / SR A1A	Chester Road to Blackrock Road	4,551	5,060	OK
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	4,484	5,060	OK
48	SR 200 / SR A1A	Old Nassauville Rd to Amelia Is. Pkwy	3,778	5,900	OK
50	CR 107N (Black Rock Rd)	Chester Road to SR 200/SR A1A	286	840	OK
51	CR 107S (Old Nassauville)	SR 200 / SR A1A to Amelia Concourse	679	1,310	OK
51A	CR 107S (Old Nassauville)	Amelia Concourse to Santa Juana Rd.	714	1,310	OK
52	Chester Road	SR 200/SR A1A to Pages Dairy Rd.	841	3,360	OK
53A	Amelia Concourse	SR 200 SR A1A to CR 107S	761	2,330	OK
54	Barnwell Road	SR 200/SR A1A to Oyster Bay Dr.	345	840	OK
54A	Miner Road	Haddock Road to SR 200 / SR A1A	750	840	OK
55	US 17 (SR 5)	Duval Co. Line to Harts Road	1,172	2,190	OK
56	US 17 (SR 5)	Harts Road to SR 200 / SR A1A	1,123	2,190	OK
57	US 17 (SR 5)	SR 200/SR A1A to Pages Dairy Rd.	1,415	2,890	OK
58	US 17 (SR 5)	Pages Dairy Road to CR 108	1,438	2,190	OK
59	US 17 (SR 5)	CR 108 to I-95	1,009	1,350	OK
60	US 17 (SR 5)	I-95 to Georgia State Line	308	2,190	OK

**Table 6.1-6. 2023 PM Peak Roadway Level of Service Conditions
(Background Traffic + Programmed Improvements)**

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
100*	8 th Street	Alachua Street to Port	308	660	OK
101	8 th Street	Atlantic Avenue to Alachua Street	477	660	OK
102	Alachua Street	Front Street to 8 th Street	170	660	OK
103	Centre Street	Front Street to 8 th Street	619	660	Critical
104	Ash Street	Front Street to Ash Street	235	660	OK
105	N. Fletcher Avenue	1 st Street to North	158	660	OK
106	N. Fletcher Avenue	Atlantic Avenue to 1 st Street	168	660	OK
107	Beech Street	14 th Street to Citrona Street	237	660	OK
108	Beech Street	8 th Street to 14 th Street	130	660	OK
109	Gum Street	3 rd Street to 8 th Street	215	660	OK
110	3 rd Street	Gum Street to Ash Street	102	660	OK
111	Jasmine Street	Citrona Street to S. Fletcher Avenue	253	660	OK

Source: Nassau County Transportation Analysis (August 8, 2013).

Note: LOS indicators highlighted in yellow indicate "critical" segments and those highlighted in red indicate "deficient" segments.

*Dade Street provides the connection to the Port from 8th Street.

6.1.5 Port of Fernandina – 2023 Forecasted Traffic (Trucks and Passenger Vehicles)

For the future conditions analysis of the Port of Fernandina, the buildout (Phase 3) scenario has been assumed. The auto or passenger vehicle (PV) trips are a function of Port of Fernandina employment whereas the truck trips are calculated based upon the cargo type and mode of transportation. Based on the analysis provided in Table 6.1-7, the Phase 3 buildout scenario is estimated to generate 603 daily truck trips and 203 daily passenger vehicle trips.

Table 6.1-7. 2023 Port of Fernandina Daily Traffic Forecast (Trucks and Passenger Vehicles)

Year / Phase Personnel Traffic	Existing - 2012	Existing - at 2012 capacity	Phase 1	Phase 2	Phase 3
Total number of On- Port Employees	80	81	94	95	101
Auto Trips per Employee per day	2	2	2	2	2
Average Weekday Traffic (AWDT)	160	162	189	190	203

Table 6.1-7. 2023 Port of Fernandina Daily Traffic Forecast (Trucks and Passenger Vehicles)

Year / Phase Personnel Traffic	Existing - 2012	Existing - at 2012 capacity	Phase 1	Phase 2	Phase 3
Hours of Operation	14	14	14	14	14
Average Hourly Traffic	11	12	14	14	15
Peak Hour Factor	1.5	1.5	1.5	1.5	1.5
Peak Hour Traffic (Passenger Vehicles)	17	17	20	20	22
Truck Traffic					
Number of Boxes by Truck	11,312	46,137	66,711	74,265	86,425
Days per Year of Operations	286	286	286	286	286
Percentage of Two Way Trucks	25%	25%	25%	25%	25%
Percent of Empty Trucks	0%	0%	0%	0%	0%
Peak Week Factor	1.1	1.1	1.1	1.1	1.1
Peak Day Factor	1.1	1.1	1.1	1.1	1.1
Peak Hour Factor	1.5	1.5	1.5	1.5	1.5
Annual Truck Trips	19,796	80,741	116,745	129,964	151,244
Average Daily Truck Trips	70	283	409	455	529
Peak Daily Truck Trips	84	342	494	550	640
Gate Hours of Operation	14	14	14	14	14
Port Generated Container Traffic					
Average Daily Truck Trips	70	283	409	455	529
Port Generated Breakbulk Traffic					
Throughput (tons)	324,358	324,358	334,845	347,820	375,750
Assume 30% Handled by Rail	97,307	97,307	100,454	104,346	112,725
Throughput Handled by Truck (tons)	227,051	227,051	234,392	243,474	263,025
Maximum Truck Capacity (tons)	25	25	25	25	25
Average Daily Truck Trips	64	64	66	69	74

Table 6.1-7. 2023 Port of Fernandina Daily Traffic Forecast (Trucks and Passenger Vehicles)

Year / Phase Personnel Traffic	Existing - 2012	Existing - at 2012 capacity	Phase 1	Phase 2	Phase 3
Total Port Generated Traffic					
Average Daily Truck Trips	134	347	475	524	603
Average Daily Auto Trips	160	162	189	190	203
Total Average Daily Vehicle Trips	294	509	664	714	806

Notes/Assumptions: The gate operates 14 hours per day and 286 days per year. The percentage of two-way container trucks is 25% and 5% of the container cargo is handled by rail. All breakbulk handled by truck are assumed to be one-way trucks and 30% of the breakbulk cargo is handled by rail.

To evaluate the forecasted port-related traffic impacts, peak hour traffic volumes have been estimated to measure against the peak traffic conditions of the regional and local roadway network. Table 6.1-8 provides an estimate of the PM peak truck and employee traffic anticipated to be generated by the Port of Fernandina under Phase 3 (buildout) conditions in 2023. For future PM peak hour conditions, the Port is forecasted to generate 65 truck trips and 22 employee passenger vehicle (PV) trips.

Table 6.1-8. 2023 Port of Fernandina PM Peak Traffic Forecast (Trucks and Passenger Vehicles)

	Truck Traffic	Employee Traffic (Passenger Vehicles)	Total Trips
Daily Trips	603	203	806
Passenger Car Equivalency Factor	1.5	1.0	
Daily Passenger Car Equivalents*	905	203	1,108
Hours of Operation (Per Day)	14	14	14
Trips Per Hour	65	14	79
Peak Hour Factor (PHF)	1.0	1.5	
Total Peak Hour Traffic	65	22	87

Note: As a conservative measure, a passenger-car equivalency of 1.5 from the 2000 Highway Capacity Manual was applied to the truck traffic forecasted to be generated by the Port.

All truck traffic associated with the Port of Fernandina is anticipated to follow the routes that are used today. All local access to and from the port facility is via 8th Street/SR 200 (SR A1A) to US 17 and I-95. Figure 6.1-9 illustrates the truck traffic distribution used in the forecasted traffic analysis.

6.1.6 2023 PM Peak Hour Traffic Conditions (Background Traffic, Programmed Improvements, and Port of Fernandina Traffic)

To estimate the impacts of the 2023 Phase 3 (buildout) scenario of the Port of Fernandina, the truck and employment traffic has been added to the forecasted background traffic to assess the impacts to the regional and local roadway network. The programmed capacity improvements to SR 200 / SR A1A are assumed to be constructed. Table 6.1-9 lists the forecasted 2023 critical and deficient roadway segments with the addition of truck and employment traffic from the Port. The list shows that there are no additional roadway segments that become deficient due to the addition of the port-related traffic. Figure 6.1-10 shows the corresponding critical and deficient segments on a map and Figure 6.1-11 illustrates the critical signalized intersections along the deficient segments of SR 200 (SR A1A). Table 6.1-10 summarizes the estimated 2023 PM peak hour LOS conditions with the programmed improvements with the addition of Port of Fernandina traffic.

Table 6.1-9. 2023 PM Peak Hour Critical and Deficient Roadway Segments (Background Traffic, Programmed Improvements, and Port of Fernandina Traffic)

Link No.	Roadway	Segment	Percent Capacity Used	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	107%	Deficient
46	SR 200 / SR A1A	Chester Road to Blackrock Road	91%	Critical
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	90%	Critical
103	Centre Street	Front Street to 8 th Street	94%	Critical

Source: Nassau County Transportation Analysis (August 8, 2013): Critical Segments are projected to operate at 90-100% capacity based on existing plus committed demand. Deficient segments are projected to operate at greater than 100% capacity.





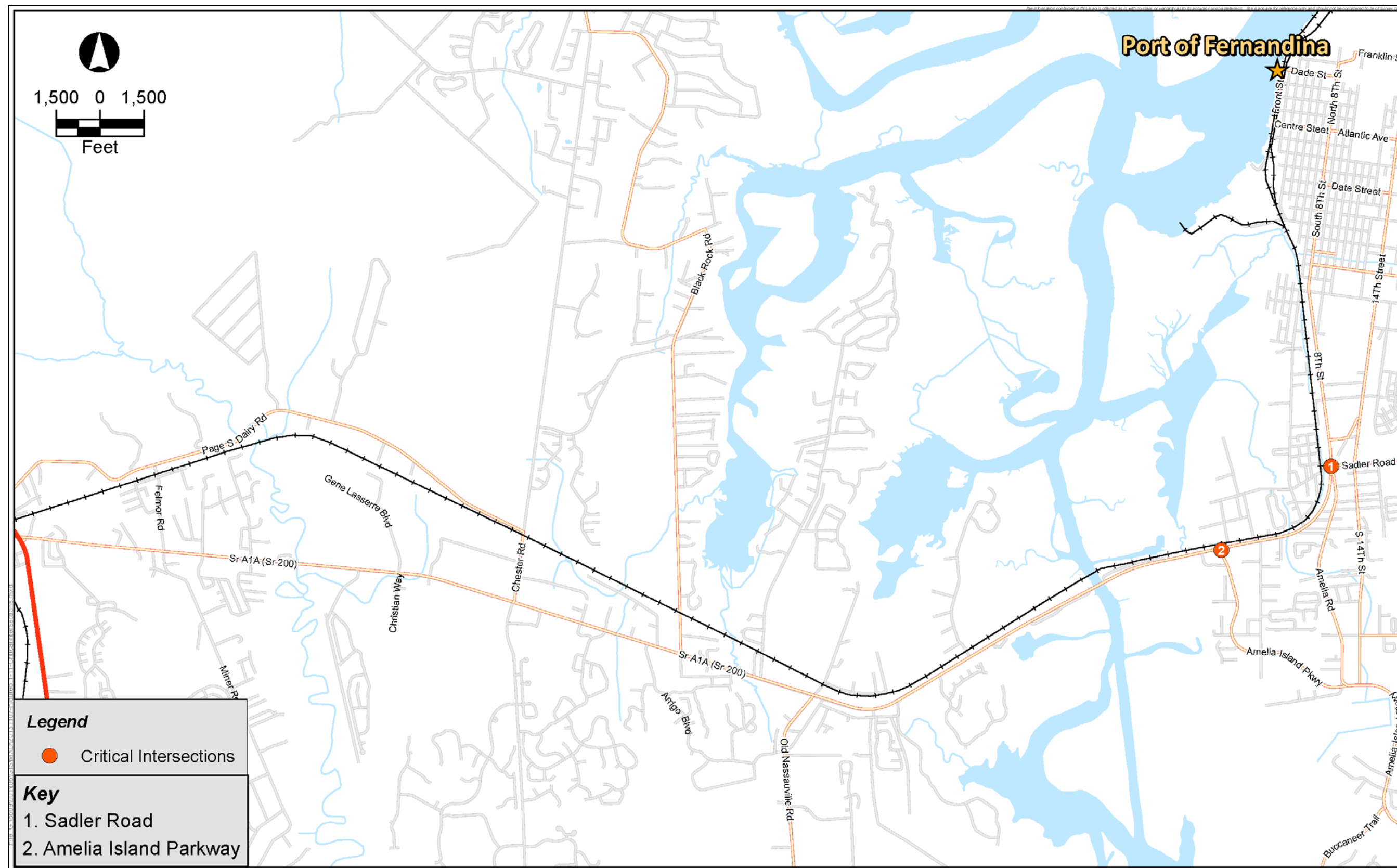


Figure 6.1-11. 2023 Critical Intersections (Background Traffic, Programmed Improvements and Port of Fernandina Traffic)

This page intentionally left blank.

**Table 6.1-10. 2023 PM Peak Roadway Level of Service Conditions
(Background Traffic, Programmed Improvements and Port of Fernandina Traffic)**

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	3,823	3,580	Deficient
2	S. 8 th Street	Sadler Road to Lime Street	1,748	3,580	OK
3	S. 8 th Street	Lime Street to Atlantic Avenue	1,074	1,590	OK
4	Atlantic Avenue (SR A1A)	8 th Street to 14 th Street	444	1,510	OK
6	Atlantic Avenue (SR A1A)	14 th Street to Fletcher Avenue	807	1,510	OK
8	Fletcher Avenue (SR A1A)	Atlantic Avenue to Sadler Road	478	1,510	OK
10	Fletcher Avenue (SR A1A)	Sadler Road to Simmons Road	676	1,510	OK
11	Fletcher Avenue (SR A1A)	Simmons Road to Amelia Island Pkwy	557	1,510	OK
12	Fletcher Avenue (SR A1A)	Amelia Is. Pkwy to Buccaneer Trail	457	1,510	OK
14	14 th Street	Pogy Place to Atlantic Avenue	342	660	OK
15	14 th Street	Atlantic Avenue to Hickory Street	969	1,510	OK
16	14 th Street	Hickory Street to Jasmine Street	1,303	1,510	OK
16A	14 th Street	Jasmine Street to Lime Street	1,302	1,510	OK
17	14 th Street	Lime Street to Sadler Road	1,657	3,420	OK
18	14 th Street	Sadler Road to Amelia Island Pkwy	786	1,530	OK
19	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	958	1,530	OK
20	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	1,368	1,530	OK
21	Amelia Island Parkway	Buccaneer Trail to Fletcher Avenue	458	1,530	OK
22	Amelia Island Parkway	Fletcher Avenue to Scott Road	555	2,170	OK
22A	Amelia Island Parkway	Scott Road to SR A1A/Julia Street	329	2,170	OK
23	Buccaneer Trail (C-105A)	Gerbing Rd/S. Fletcher to Canopy Dr.	912	2,170	OK
23A	Buccaneer Trail (C-105A)	Canopy Drive to Amelia Island Pkwy	859	1,530	OK
29	Sadler Road	8 th Street to 14 th Street	2,132	3,420	OK
30	Sadler Road	14 th Street to Fletcher Avenue	1,077	3,420	OK
31	Lime Street	8 th Street to 14 th Street	274	690	OK

**Table 6.1-10. 2023 PM Peak Roadway Level of Service Conditions
(Background Traffic, Programmed Improvements and Port of Fernandina Traffic)**

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
32	Lime Street	14 th Street to Citrona Drive	389	690	OK
38	Jasmine Street	14 th Street to Citrona Drive	320	1,590	OK
40	I-95	Duval Co. Line to SR 200/SR A1A	6,690	7,710	OK
41	I-95	SR 200/SR A1A to US 17	4,791	7,710	OK
42	I-95	US 17 to Georgia State Line	5,750	7,710	OK
44	SR 200 / SR A1A	I-95 EB Off Ramp to Still Quarters Rd.	2,062	4,300	OK
44A	SR 200 / SR A1A	Still Quarters Rd. to US 17	2,088	5,060	OK
45	SR 200 / SR A1A	US 17 to Rubin Lane	3,989	5,060	OK
45A	SR 200 / SR A1A	Rubin Lane to Chester Road	3,914	5,060	OK
46	SR 200 / SR A1A	Chester Road to Blackrock Road	4,625	5,060	Critical
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	4,558	5,060	Critical
48	SR 200 / SR A1A	Old Nassauville Rd to Amelia Is. Pkwy	3,853	5,900	Deficient
50	CR 107N (Black Rock Rd)	Chester Road to SR 200/SR A1A	286	840	OK
51	CR 107S (Old Nassauville)	SR 200 / SR A1A to Amelia Concourse	679	1,310	OK
51A	CR 107S (Old Nassauville)	Amelia Concourse to Santa Juana Rd.	714	1,310	OK
52	Chester Road	SR 200/SR A1A to Pages Dairy Rd.	841	3,360	OK
53A	Amelia Concourse	SR 200 SR A1A to CR 107S	764	2,330	OK
54	Barnwell Road	SR 200/SR A1A to Oyster Bay Dr.	345	840	OK
54A	Miner Road	Haddock Road to SR 200 / SR A1A	750	840	OK
55	US 17 (SR 5)	Duval Co. Line to Harts Road	1,172	2,190	OK
56	US 17 (SR 5)	Harts Road to SR 200 / SR A1A	1,123	2,190	OK
57	US 17 (SR 5)	SR 200/SR A1A to Pages Dairy Rd.	1,441	2,890	OK
58	US 17 (SR 5)	Pages Dairy Road to CR 108	1,464	2,190	OK
59	US 17 (SR 5)	CR 108 to I-95	1,034	1,350	OK
60	US 17 (SR 5)	I-95 to Georgia State Line	315	2,190	OK

**Table 6.1-10. 2023 PM Peak Roadway Level of Service Conditions
(Background Traffic, Programmed Improvements and Port of Fernandina Traffic)**

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
100*	8 th Street	Alachua Street to Port	395	660	OK
101	8 th Street	Atlantic Avenue to Alachua Street	564	660	OK
102	Alachua Street	Front Street to 8 th Street	170	660	OK
103	Centre Street	Front Street to 8 th Street	619	660	Critical
104	Ash Street	Front Street to Ash Street	235	660	OK
105	N. Fletcher Avenue	1 st Street to North	158	660	OK
106	N. Fletcher Avenue	Atlantic Avenue to 1 st Street	168	660	OK
107	Beech Street	14 th Street to Citrona Street	237	660	OK
108	Beech Street	8 th Street to 14 th Street	130	660	OK
109	Gum Street	3 rd Street to 8 th Street	215	660	OK
110	3 rd Street	Gum Street to Ash Street	102	660	OK
111	Jasmine Street	Citrona Street to S. Fletcher Avenue	253	660	OK

Source: Nassau County Transportation Analysis (August 8, 2013).

Note: LOS indicators highlighted in yellow indicate "critical" segments and those highlighted in red indicate "deficient" segments.

*Dade Street provides the connection to the Port from 8th Street.

6.1.7 2023 Truck Traffic

6.1.7.1 Future Truck Traffic

The following provides an overall assessment of the combined forecasted 2023 truck traffic associated with the Port of Fernandina, the RockTenn Company to the north of the Port of Fernandina and Rayonier's Performance Fibers Mill to the south. Figure 6.1-12 provides a summary of the truck traffic and employment estimates of these three entities.

6.1.7.2 Future (2023) Port of Fernandina Truck Traffic

With the projected buildout of the Port, truck traffic is anticipated to increase significantly from 134 daily trips (67 trucks) to 603 daily trips (302 trucks). The primary access to the Port will continue to be via 8th Street through the City of Fernandina Beach to main entry on Dade Street. In addition to the truck traffic, employment is anticipated to increase from approximately 80 in 2012 to 101 in 2023.

6.1.7.3 Future (2023) RockTenn Company Truck Traffic

Under existing conditions, the RockTenn Company has approximately 350 trucks coming in every 24-hours delivering cut pine tree timber or wood chips. In addition, approximately 50-70 chemical trucks make deliveries each day for a total of approximately 420 trucks per day. Along with the truck traffic there are approximately 490 total employees, 400 of which are on a three-shift schedule (7:00 am–3:00 pm, 3:00 pm–11:00 pm, and 11:00 pm–7:00 am). The remaining 90 employees are salaried administrative employees that start work during the morning shift. The current traffic volumes associated with the RockTenn Company is not anticipated to change in the future, so there are no forecasted additional impacts to the transportation network.

6.1.7.4 Future (2023) Rayonier's Performance Fibers Mill Truck Traffic

Currently, the Rayonier site generates approximately 250 trucks, all of which access the site on Gum Street via 8th Street. Over the next 10 years, the plant anticipates an increase in output of approximately 10%. An increase in 10% would project Rayonier to generate approximately 275 trucks per day (550 truck trips). Employment on-site on a given day would increase from 250 to approximately 275.

6.1.8 2023 Railroad Traffic

6.1.8.1 Port of Fernandina Railroad Traffic

The Port of Fernandina currently has an annual demand of approximately 2,000 to 4,000 rail cars and is used for transporting breakbulk cargo. While demand for transporting breakbulk cargo is anticipated to increase by 2023, the Port is also forecast to have approximately 4,500 container boxes moving through annually by rail. At 1.5 TEUs per box, this equates to 6,750 TEUs. A rail car can transport two (2) containers, so it is anticipated that an additional 3,375 rail cars would be needed to serve the Port in 2023. As a result, it is anticipated that the Port would have a demand for approximately 5,375 to 7,375 rail cars in 2023 (15 to 21 rail cars per day).

6.1.8.2 RockTenn Company Railroad Traffic

The RockTenn facility does not anticipate an increase in the number of trains over the next 10 years. Operations are expected to remain constant. A typical day sees between 12 and 15 rail cars come and go from the plant (approximately 4,200 to 5,250 per year). In addition to this volume, the plant receives 75 to 100 coal fuel cars every 10 to 15 days, which equates to approximately 2,500 coal fuel cars per year (or approximately 7 rail cars per day). Between the regularly scheduled daily service and the coal fuel cars, the RockTenn plant receives approximately 6,700 to 7,750 total rail cars per year (or 19 to 22 total rail cars per day); a throughput that is expected to be sustained through 2023.

6.1.8.3 Rayonier's Performance Fibers Mill Railroad Traffic

The Rayonier site anticipates no more than 10% growth in output over the next 10 years. Currently, Rayonier has approximately 1,100 rail cars per year (22 per week / 3 to 4 per day). An increase in 10% would result in approximately 1,200 rail cars per year (24 per week / 4 per day).

With an overall daily rail volume of approximately 55 rail cars, the First Coast Railroad (FCRD) will continue to operate well below its capacity. Figure 6.1-13 provides a summary of the projected 2023 railroad volumes for the Port of Fernandina, RockTenn, and Rayonier sites on the Genesee & Wyoming short line.

6.1.9 2023 PM Peak Hour Traffic Conditions – Proposed Cruise Line Terminal

In addition to the growth in background traffic and the buildout of the Port of Fernandina, an analysis has been prepared to evaluate the impacts of constructing a cruise line terminal located north of the Port on parcels owned by the Nassau Fertilizer and Oil Company. The facility would be similar to the JAXPORT cruise terminal that currently services the *Carnival Fascination*. On an average day, it is anticipated that the terminal would receive a ship in by 6:00am for passengers to disembark. The ship would then be serviced and prepared for the next cruise. Passengers for the next cruise would embark in the afternoon and the ship would leave port by 4:00pm. With the ship leaving by 4:00pm, most traffic generated by the cruise terminal would occur outside of the PM peak hour.

The Institute of Transportation Engineer's (ITE) does not provide sufficient information in the *Trip Generation Manual* to provide a trip generation rate for a cruise terminal. However, a recent traffic study was conducted in 2012 for the cruise facility at Port Canaveral in Brevard County. Based on traffic volumes associated with the loading and unloading of four (4) different cruise ships on four (4) different days, an average daily rate was reported of 0.86 vehicle trips per passenger. An average of 12% of the daily trips was determined to be during the PM peak.

In addition to the proposed cruise terminal, the site would contain a marina with docking to accommodate 36 slips/berths. For this land use, ITE's Land Use Code 420 (Marina) has been used to estimate daily and PM peak trips. Table 6.1-11 provides the trip generation calculations for the proposed cruise terminal.

Table 6.1-11. Proposed Cruise Terminal Trip Generation

	Cruise Terminal Vehicle Traffic	Marina Traffic	Total Trips
Land Use Intensity	2,052 passenger capacity	36 berths	
Daily Trip Rate	0.86 (trips/passenger)	2.96 (trips/berth)	
Daily Trips	1,765	107	1,872
PM Peak Rate	12% of daily	0.19 (trips/berth)	
PM Peak Trips	212	7	219

Note: A passenger capacity of 2,052 was used as it is the capacity of the Carnival Fascination that currently is serviced by the JAXPORT cruise terminal. The Fascination is one of the smaller ships in Carnival's fleet and is assumed to be the size that could be accommodated by the proposed cruise terminal in Nassau County.

All cruise terminal traffic will use N. 14th Street as the primary access. As passengers travel to and from the terminal it is anticipated that both 8th and 14th Street would be the preferred routes as well as SR 200 (SR A1A) to I-95. Figure 6.1-14 illustrates the cruise line traffic distribution used in the traffic analysis.

Table 6.1-12 lists the forecasted 2023 critical and deficient roadway segments with the addition of the cruise line terminal traffic to the Port of Fernandina traffic and programmed improvements. No additional roadway segments become deficient with the added impacts of the cruise line terminal. Figure 6.1-15 shows the

corresponding critical and deficient segments on a map and Figure 6.1-16 illustrates the critical signalized intersections along the deficient segments of SR 200 (SR A1A). Table 6.1-13 summarizes the estimated 2023 PM peak hour LOS conditions with the addition of the cruise line terminal.

Table 6.1-12. 2023 PM Peak Hour Critical and Deficient Roadway Segments (with Cruise Line)

Link No.	Roadway	Segment	Percent Capacity Used	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	112%	Deficient
16	14 th Street	Hickory Street to Jasmine Street	95%	Critical
16A	14 th Street	Jasmine Street to Lime Street	95%	Critical
46	SR 200 / SR A1A	Chester Road to Blackrock Road	95%	Critical
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	94%	Critical
103	Centre Street	Front Street to 8 th Street	94%	Critical

Source: Nassau County Transportation Analysis (August 8, 2013). Critical Segments are projected to operate at 90-100% capacity based on existing plus committed demand. Deficient segments are projected to operate at greater than 100% capacity.

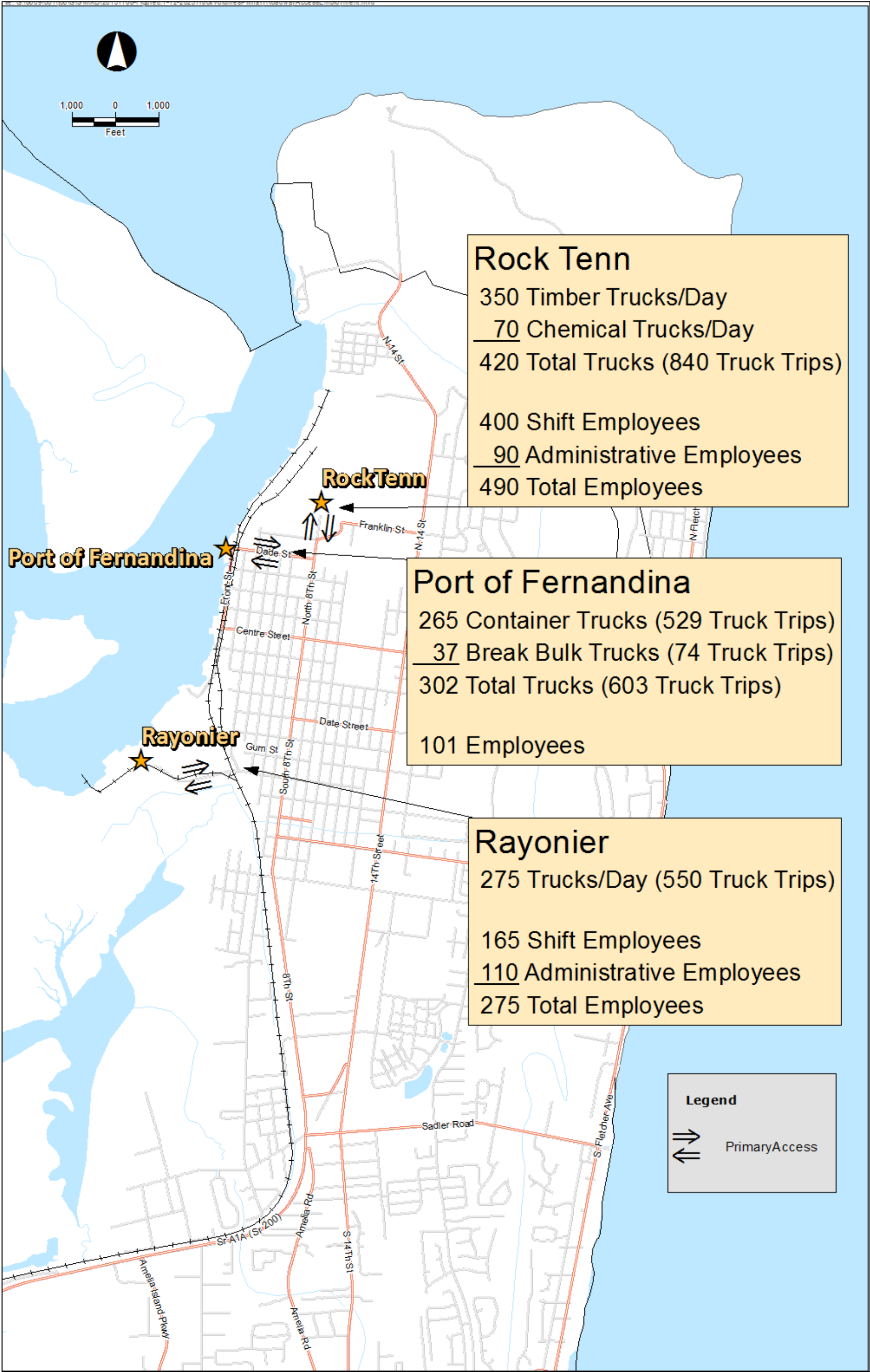


Figure 6.1-12. 2023 Truck Volumes, Primary Roadway Access & Employment

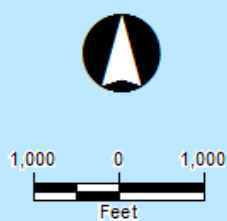


Figure 6.1-13. 2023 Railroad Volumes



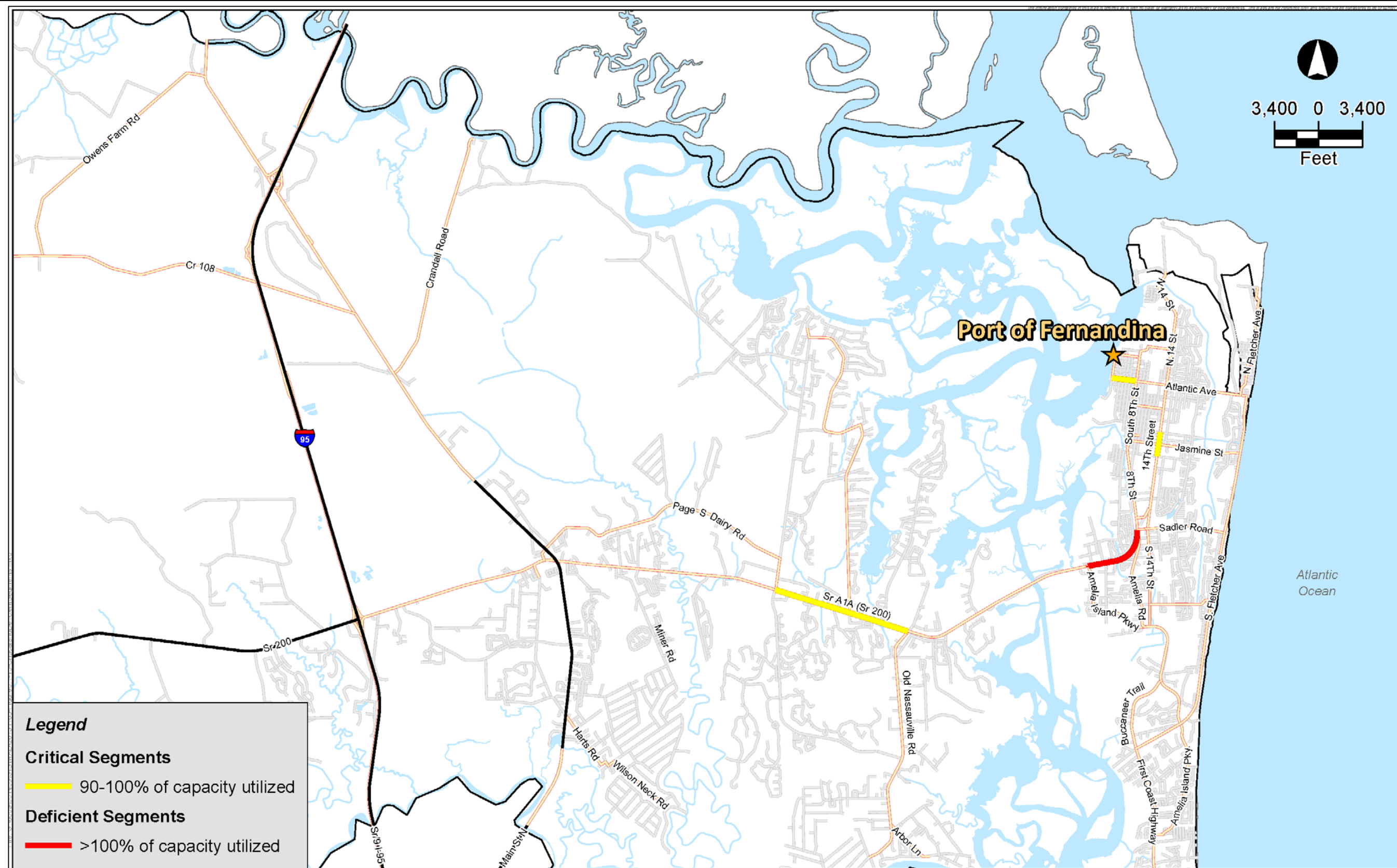


Figure 6.1-15. 2023 PM Peak Hour Critical and Deficient Roadway Segments (with Cruise Line)

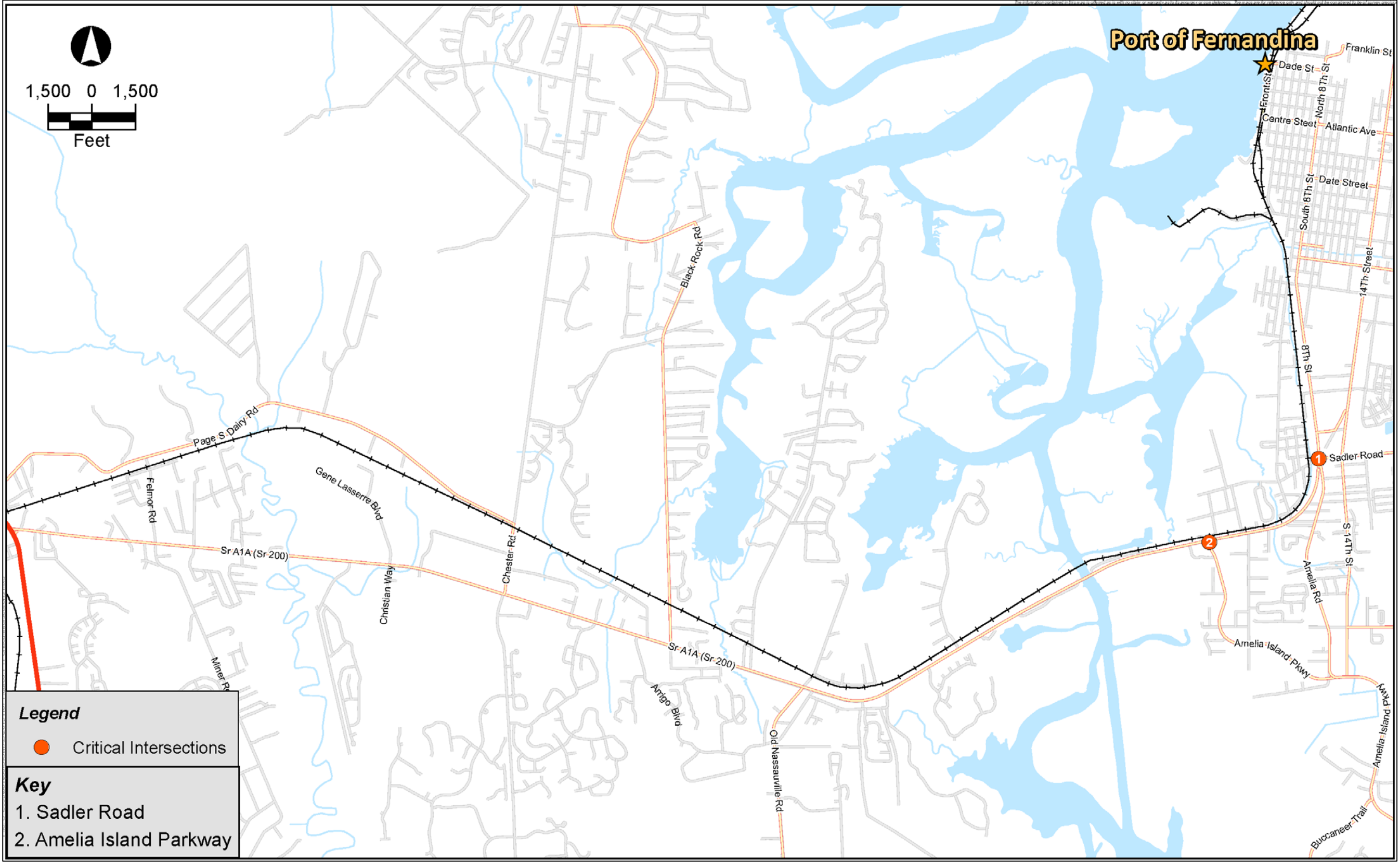


Figure 6.1-16. 2023 Critical Intersections (with Cruise Line)

This page intentionally left blank.

Table 6.1-13. 2023 PM Peak Roadway Level of Service Conditions (with Cruise Line)

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
1	SR 200 / SR A1A	Amelia Island Parkway to Sadler Road	4,020	3,580	Deficient
2	S. 8 th Street	Sadler Road to Lime Street	1,813	3,580	OK
3	S. 8 th Street	Lime Street to Atlantic Avenue	1,140	1,590	OK
4	Atlantic Avenue (SR A1A)	8 th Street to 14 th Street	510	1,510	OK
6	Atlantic Avenue (SR A1A)	14 th Street to Fletcher Avenue	829	1,510	OK
8	Fletcher Avenue (SR A1A)	Atlantic Avenue to Sadler Road	500	1,510	OK
10	Fletcher Avenue (SR A1A)	Sadler Road to Simmons Road	698	1,510	OK
11	Fletcher Avenue (SR A1A)	Simmons Road to Amelia Island Pkwy	579	1,510	OK
12	Fletcher Avenue (SR A1A)	Amelia Is. Pkwy to Buccaneer Trail	479	1,510	OK
14	14 th Street	Pogy Place to Atlantic Avenue	561	660	OK
15	14 th Street	Atlantic Avenue to Hickory Street	1,100	1,510	OK
16	14 th Street	Hickory Street to Jasmine Street	1,435	1,510	Critical
16A	14 th Street	Jasmine Street to Lime Street	1,433	1,510	Critical
17	14 th Street	Lime Street to Sadler Road	1,788	3,420	OK
18	14 th Street	Sadler Road to Amelia Island Pkwy	786	1,530	OK
19	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	958	1,530	OK
20	Amelia Island Parkway	SR 200/SR A1A to 14 th Street Ext.	1,368	1,530	OK
21	Amelia Island Parkway	Buccaneer Trail to Fletcher Avenue	458	1,530	OK
22	Amelia Island Parkway	Fletcher Avenue to Scott Road	555	2,170	OK
22A	Amelia Island Parkway	Scott Road to SR A1A/Julia Street	329	2,170	OK
23	Buccaneer Trail (C-105A)	Gerbing Rd/S. Fletcher to Canopy Dr.	912	2,170	OK
23A	Buccaneer Trail (C-105A)	Canopy Drive to Amelia Island Pkwy	859	1,530	OK
29	Sadler Road	8 th Street to 14 th Street	2,263	3,420	OK
30	Sadler Road	14 th Street to Fletcher Avenue	1,077	3,420	OK
31	Lime Street	8 th Street to 14 th Street	274	690	OK

Table 6.1-13. 2023 PM Peak Roadway Level of Service Conditions (with Cruise Line)

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
32	Lime Street	14 th Street to Citrona Drive	389	690	OK
38	Jasmine Street	14 th Street to Citrona Drive	320	1,590	OK
40	I-95	Duval Co. Line to SR 200/SR A1A	6,821	7,710	OK
41	I-95	SR 200/SR A1A to US 17	4,856	7,710	OK
42	I-95	US 17 to Georgia State Line	5,816	7,710	OK
44	SR 200 / SR A1A	I-95 EB Off Ramp to Still Quarters Rd.	2,259	4,300	OK
44A	SR 200 / SR A1A	Still Quarters Rd. to US 17	2,284	5,060	OK
45	SR 200 / SR A1A	US 17 to Rubin Lane	4,185	5,060	OK
45A	SR 200 / SR A1A	Rubin Lane to Chester Road	4,111	5,060	OK
46	SR 200 / SR A1A	Chester Road to Blackrock Road	4,821	5,060	Critical
47	SR 200 / SR A1A	Blackrock Road to Old Nassauville Rd	4,755	5,060	Critical
48	SR 200 / SR A1A	Old Nassauville Rd to Amelia Is. Pkwy	4,050	5,900	OK
50	CR 107N (Black Rock Rd)	Chester Road to SR 200/SR A1A	286	840	OK
51	CR 107S (Old Nassauville)	SR 200 / SR A1A to Amelia Concourse	679	1,310	OK
51A	CR 107S (Old Nassauville)	Amelia Concourse to Santa Juana Rd.	714	1,310	OK
52	Chester Road	SR 200/SR A1A to Pages Dairy Rd.	841	3,360	OK
53A	Amelia Concourse	SR 200 SR A1A to CR 107S	764	2,330	OK
54	Barnwell Road	SR 200/SR A1A to Oyster Bay Dr.	345	840	OK
54A	Miner Road	Haddock Road to SR 200 / SR A1A	750	840	OK
55	US 17 (SR 5)	Duval Co. Line to Harts Road	1,172	2,190	OK
56	US 17 (SR 5)	Harts Road to SR 200 / SR A1A	1,123	2,190	OK
57	US 17 (SR 5)	SR 200/SR A1A to Pages Dairy Rd.	1,441	2,890	OK
58	US 17 (SR 5)	Pages Dairy Road to CR 108	1,464	2,190	OK
59	US 17 (SR 5)	CR 108 to I-95	1,034	1,350	OK
60	US 17 (SR 5)	I-95 to Georgia State Line	315	2,190	OK

Table 6.1-13. 2023 PM Peak Roadway Level of Service Conditions (with Cruise Line)

Link No.	Roadway	Segment	2023 Peak Volume	PM Peak Capacity	Link Status
100*	8 th Street	Alachua Street to Port	395	660	OK
101	8 th Street	Atlantic Avenue to Alachua Street	564	660	OK
102	Alachua Street	Front Street to 8 th Street	170	660	OK
103	Centre Street	Front Street to 8 th Street	619	660	Critical
104	Ash Street	Front Street to Ash Street	235	660	OK
105	N. Fletcher Avenue	1 st Street to North	158	660	OK
106	N. Fletcher Avenue	Atlantic Avenue to 1 st Street	168	660	OK
107	Beech Street	14 th Street to Citrona Street	237	660	OK
108	Beech Street	8 th Street to 14 th Street	130	660	OK
109	Gum Street	3 rd Street to 8 th Street	215	660	OK
110	3 rd Street	Gum Street to Ash Street	102	660	OK
111	Jasmine Street	Citrona Street to S. Fletcher Avenue	253	660	OK

Source: Nassau County Transportation Analysis (August 8, 2013).

Note: LOS indicators highlighted in yellow indicate "critical" segments and those highlighted in red indicate "deficient" segments.

*Dade Street provides the connection to the Port from 8th Street.

7.0 Economic and Funding Analysis

7.1 Economic Analysis

The economics for OHPA over the next ten years look very strong. The Port Authority revenues that are generated by the Port activities come from a variety of sources, but the main revenue sources are:

- Dockage
- Wharfage
- Operator Use Fee

The dockage charges are based on vessel length and an ascending rate scale accessed on a per foot basis per day. The wharfage is accessed on a short ton (st) basis, and is \$2.98 per st on break-bulk cargo and \$2.45 per st on containerized cargo. The Operator Use Fee is paid by the operator to the Port Authority at \$1.50 per st. for all cargo types.

Together these charges average over \$5.25 per short ton of cargo handled at the Port.

Based on the assumptions on vessel size and time at berth, each short ton of breakbulk earns the port approximately \$4.87 and each TEU (based on 20% empties and an average of 10 st per loaded TEU) would earn the Port Authority approximate \$34.80. Based on the current cargo throughput of 350,000st of break-bulk and approximately 30,000 TEUs of container cargoes, annual Port Authority revenues would be approximately \$2.7 million. (Note that the various cargo handling, vessel length and other assumptions used in the economic analysis are shown on the following table.)

Table 7.1-1. Assumptions Used in Economic Analysis

Bulk Cargo	Current	2016-2018	2019-2023
Annual Tonnage (Short Ton)	350,000	334,845	347,820
Avg. Ton/Vessel	20,000	20,000	20,000
Number of Vessels	17.5	16.74225	17.391
Avg. length of Vessel	600	600	600
Avg. Ton/Hr.	500	500	500
Non-working Time (hrs.)	6	6	6
Total Time at berth	46	46	46
Avg. Days at Berth	1.9	1.9	1.9
Containers:			
TEUs Handled (Annual)	30,000	36,005	75,000
% Empty	20%	20%	20%
Loaded TEUs (Annual)	24000	28804	60000
Avg. Short Ton (st) per Loaded TEU	10	10	10
Total Container Short Ton	240,000	288,040	600,000
Avg TEU Per Vessel	1000	1000	1600
Number of Vessels	30	36	47

Avg. Length of Vessel	600	600	720
TEU per Box	1.5	1.5	1.5
Avg. Moves per vessel (10% restow)	733	733	1173
Avg. Moves/Hr. (2 cranes)	60	60	60
Non -Working Time (hrs.)	6	6	6
Avg, Time at berth (hrs.)	18.2	18.2	25.6
Avg, Days at berth	0.76	0.76	1.06

If the proposed full development plan is implement within the next five years (completed by 2018), we have projected that annual container throughput could increase to 75,000 TEUs per year after the improvements are made. Net revenue per TEU could increase to approximately \$35.00 per TEU, as the increased size in vessel length could result in additional dockage per vessel call. From the operating and throughput assumptions, we estimate that an increase of 35,000 TEUs (to an annual throughput of 75,000) would therefore result in an increase in Port Authority revenues of \$1.225 million per year to a total annual revenue to the Port Authority of over \$4 million from Port operations.

Table 7.1-2. Projected Annual OHPA Revenues From Port Operations

Break-Bulk Revenue:	Rates	Current	2016 - 2018	2019-2013
Dockage (lin. Ft per Day)	\$6.85	\$131,887.07	\$131,887.07	\$136,997.60
Wharfage (per ton)	\$2.98	\$997,838.10	\$997,838.10	\$1,036,503.60
Operator Use Fee	\$1.50	\$502,267.50	\$502,267.50	\$521,730.00
Total Break-Bulk Revenue		\$1,705,856.25	\$1,631,992.67	\$1,695,231.20
Total Revenue per st Bulk Cargo		\$4.87	\$4.87	\$4.87
Container Revenue:				
Dockage (lin. Ft per Day)	\$7.20	\$98,400.00	\$118,096.40	\$258,750.00
Wharfage (per ton of loaded container)	\$2.45	\$588,000.00	\$705,698.00	\$1,470,000.00
Operator Use Fee	\$1.50	\$360,000.00	\$432,060.00	\$900,000.00
Total Revenue Container Cargo		\$1,046,400.00	\$1,255,854.40	\$2,628,750.00
Total Revenues per TEU (includes Empties)		\$34.88	\$34.88	\$35.05
Total OHPA Revenue (Dockage/Wharfage/Op Use Fee)		\$2,752,256.25	\$2,887,847.07	\$4,323,981.20

If the entire \$56 million in development projects (including \$30 million in dredging costs, or 100% of the dredging) is included in the cash flow analysis, the following Internal Rate of Return (IRR) and Net Present Value (NPV) are calculated.

Table 7.1-3. Economic Evaluation of Investments for 10 and 20 Years

IRR -10 years	-10%
NPV	\$453,239.72
IRR - 20 years	6%
NPV	\$3,832,356.85

The results indicate that it would be difficult to get a return on the proposed investments during this initial planning period (the 10 years between 2013 and 2018), as the projects are assumed not to be completed until around 2018, leaving only half of the planning period (5 years) to generate a return. However, over the long term, even looking to 2023, the additional revenue that the Port Authority would earn based on being able to handle the larger vessels and more container cargo, would start to make a positive Internal Rate of Return (IRR). If the investments are made by 2018, the IRR will be around 6% by 2023.

Funding opportunities for Fernandina Port aligned in three funding categories.

- Federal Funding Strategies
- State Funding Strategies
- Local and Private Capital Funding Strategies

7.2 Federal Funding Opportunities

Federal funding for ports can be used to support a port's needs in a number of areas, including navigation channel improvements, landside transportation access, infrastructure development, economic development, and security. Funding sourced for a federal channel navigation improvement project, and sourced for landside transportation access projects through the US DOT and FDOT, will be covered separately in conjunction with identified project opportunities. This section will cover federal grants associated with port security, the TIGER program, and EDA.

7.2.1 Port Security Grant Program (PSGP) Funding Opportunity Announcement (FOA)

Program Overview and Priorities

PSGP directly supports maritime transportation infrastructure security activities. PSGP is one tool in the comprehensive set of measures authorized by Congress and implemented by the Administration to strengthen the Nation's critical infrastructure against risks associated with potential terrorist attacks.

The vast majority of U.S. maritime critical infrastructure is owned and/or operated by State, local, and private sector maritime industry partners. PSGP funds available to these entities are intended to improve port-wide maritime security risk management; enhance maritime domain awareness; support maritime security training and exercises; and to maintain or reestablish maritime security mitigation protocols that support port recovery and resiliency capabilities. PSGP investments must address U.S. Coast Guard (USCG) identified vulnerabilities in port security and support the prevention, detection, response, and/or recovery from attacks involving improvised explosive devices (IED) and other non-conventional weapons.

Program Objectives

PSGP plays an important role in the implementation of the National Preparedness System (NPS) by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal (NPG) of a secure and resilient Nation. Delivering core capabilities requires the

combined effort of the whole community, rather than the exclusive effort of any single organization or level of government. PSGP's allowable costs support efforts to build and sustain core capabilities across Prevention, Protection, Mitigation, Response, and Recovery mission areas.

Grantees under the FY 2013 PSGP are encouraged to build and sustain core capabilities through activities such as:

- Strengthening governance integration;
- Enhancing Maritime Domain Awareness (MDA)
- Enhancing IED and Chemical, Biological, Radiological, Nuclear, Explosive (CBRNE) prevention, protection, response and supporting recovery capabilities within the maritime domain
- Enhancing cybersecurity capabilities
- Maritime security risk mitigation projects that support port resilience and recovery capabilities
- Training and exercises
- Transportation Worker Identification Credential (TWIC) implementation

In general, the following match requirements apply for PSGP (including ferry systems):

- Public Sector. Public sector applicants must provide a non-Federal match (cash or in-kind) supporting at least 25 percent (25%) of the total project cost for each proposed project.
- Private Sector. Private sector applicants must provide a non-Federal match (cash or in-kind) supporting at least 50 percent (50%) of the total project cost for each proposed project.

7.2.2 Transportation Investment Generating Economic Recovery (TIGER) program

TIGER provides discretionary grants utilizing U.S. general treasury funds for port infrastructure projects, among others. TIGER is the only general federal funding source for port-related infrastructure projects, which are critical to U.S. exports and the competitiveness of the U.S. economy.

Each applicant should provide evidence that the expected benefits of the project *justify* the costs (recognizing that some costs and benefits are difficult to quantify). If it is clear that the benefits do not justify the costs, the Department will not award a TIGER Discretionary Grant to the project. Benefits include the extent to which residents of the United States as a whole are made better off as a result of the project.

The best applications are often prepared by transportation agencies that have used in-house economic expertise and benefit-cost analysis (BCA) to influence the design of the project from the beginning. All Applicants should also consult the TIGER BCA Resource Guide available on the USDOT TIGER website (www.dot.gov/tiger) that will provide supplemental information, standard monetized values (where available), and updates for preparing a BCA. If applicants need additional help, DOT staff are available to answer questions and offer technical assistance until the final application deadline has passed.

The following provides general information and guidance on conducting an analysis. (Also see OMB Circulars A-4 and A-94-<http://www.whitehouse.gov/omb/circulars/>)

The content is divided along the following topics.

1. A description of the current infrastructure baseline (including anticipated changes over the analysis period) and identifies the problem that the project will address.
2. A description of the project including cost - initial and ongoing, funding sources, and how the project would change the current status/baseline and problem to be addressed
3. A description of the impact of that change and the corresponding population that it affects, including the economic nature of those benefits.
4. A summary of the results, including an explanation of how the analysis was done and the benefits calculated.

7.2.3 Economic Development Assistance Programs - Cooperative Agreement Grant

Background

The Economic Development Administration's (EDA) mission is to lead the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for economic growth and success in the worldwide economy. EDA fulfills this mission through strategic investments and partnerships that create the regional economic ecosystems required to foster globally competitive regions throughout the United States. EDA supports development in economically distressed areas of the United States by fostering job creation and attracting private investment. Specifically, under the Economic Development Assistance Programs (EDAP) Federal Funding Opportunity (FFO) announcement, EDA will make construction, non-construction, and revolving loan fund investments under the Public Works and Economic Adjustment Assistance Programs. Grants made under these programs will leverage regional assets to support the implementation of regional economic development strategies designed to create jobs, leverage private capital, encourage economic development, and strengthen America's ability to compete in the global marketplace. Through the EDAP FFO, EDA solicits applications from rural and urban communities to develop initiatives that advance new ideas and creative approaches to address rapidly evolving economic conditions.

EDA's programs provide economically distressed communities and regions with comprehensive and flexible resources to address a wide variety of economic needs and are designed to lead to the creation or retention of jobs and enhanced private investment. EDA's programs support local and regional economic development efforts to establish a foundation for vibrant economies throughout the United States. Through these programs, EDA supports bottom-up strategies that build on regional assets to spur economic growth and resiliency. EDA encourages its partners throughout the country to develop initiatives that present new ideas and creative approaches to advance economic prosperity in distressed communities.

EDA Investment Priorities

Through the competitive grant process outlined in this funding opportunity, all proposed projects are evaluated to determine the extent to which they align with EDA's investment priorities, create or retain jobs, leverage public and private resources, demonstrate the ability to start the proposed project promptly and use funds quickly and effectively, and provide a clear scope of work and specific, measureable outcomes.

EDA's investment priorities are designed to provide an overarching framework to guide the agency's investment portfolio to ensure its investments have the greatest impact. All applications for EDA assistance should align with at least one of the following investment priorities:

1. Collaborative Regional Innovation
2. Public/Private Partnerships
3. National Strategic Priorities
4. Global Competitiveness
5. Environmentally-Sustainable Development
6. Economically Distressed and Underserved Communities

7.3 State of Florida

The State of Florida has one of the most progressive port support programs in the U.S. and under the current Governor these programs have expanded to historic levels. During the October AAPA Convention in Orlando the 15 deep water ports that comprise the Florida Ports Council gave the Governor its first-ever

award recognizing contributions to Florida's ports. This section will describe Florida's port programs, followed by a highlight of recent events.

- Florida Seaport Transportation and Economic Development Program (Florida Statute 311.07)
 - \$15M available each year
 - Funds are available for dredging, wharf rehabilitation, equipment acquisition, environmental protection, intermodal access and development of port master plans
 - 50-50 matching funding
 - Ports must comply with state water quality provisions, and must have a comprehensive master plan
 - Projects involving rehabilitation of wharves, docks, berths, bulkheads, or similar projects require 25% match of funds.
 - Application guidelines are as defined by the Florida Seaport Transportation and Economic Development Council
- Strategic Port Investment Initiative
 - Signed by Rick Scott June 2012
 - The initiative operates within the FDOT
 - \$35M annually available from State Transportation Trust Fund
 - The FDOT will maintain a priority list of projects that meet the state's economic development goal of becoming a hub for trade, logistics, and export-oriented activities by:
 - Providing important access and major on-port capacity improvements
 - Providing capital improvements to strategically position the state to maximize opportunities in international trade, logistics, or the cruise industry
 - Achieving state goals of an integrated intermodal transportation system
 - Demonstrating the feasibility and availability of matching funds through local or private partners
- Intermodal Logistics Center Infrastructure Support Program
 - Signed by Rick Scott in June 2012
 - Provides \$5M a year for roads, rail, or other methods to move goods through a seaport
 - The initiative operates within the FDOT
 - The FDOT provides up to 50% of the required funding under this initiative
 - The FDOT must consider the following criteria when evaluating projects for intermodal logistics center infrastructure assistance:
 - The ability of the project to serve a strategic state interest.
 - The ability of the project to facilitate the cost-effective and efficient movement of goods.
 - The extent to which the project contributes to economic activity, including job creation, increased wages, and revenues.
 - The extent to which the project efficiently interacts with and supports the transportation network
 - A commitment of a funding match.
 - The amount of investment or commitments made by the owner or developer of the existing or proposed facility.

- The extent to which the owner has commitments, including memoranda of understanding or memoranda of agreements, with private sector businesses planning to locate operations at the intermodal logistics center.
- Demonstrated local financial support and commitment to the project.

Enterprise Florida

- Tax refunds, credits, incentive grants to promote economic development in Florida
 - Qualified Target Industry Tax Refund (QTI) – incentives to attract high wage jobs
 - Capital Investment Tax Credit – annual credit against corporate income tax to attract and grow capital-intensive industries in the clean energy, biomedical technology, financial services, information technology, silicon technology, transportation equipment manufacturing or corporate headquarters
 - High Impact Performance Incentive Grant (HIPI) – Negotiated grant to attract and grow high impact facilities.

Recent News

Highlighted by Governor Rick Scott's commitment to Florida's ports, on October 17, he announced a commitment of nearly \$35 million for strategic port projects across Florida that will be recommended to the Legislature for the upcoming legislative session. The additional investments will be included in the Florida Department of Transportation's (FDOT) Work Program. Governor Scott made the announcement at the American Association of Port Authority's (AAPA) Annual Convention in Orlando.

Governor Scott said, "We're on the right track to growing more jobs for families with increased investments in our seaports. With this nearly \$35 million commitment for critical port projects, we'll enhance our ports' ability to move more goods which will position Florida to play an even greater role in global trade. Our strategy to make Florida the gateway for global trade is working."

The three Florida ports included in the Governor's proposal for additional funding are:

- Port Canaveral – \$9.7 million for development of a container yard.
- Port Everglades – \$14.7 million to support the Turning Notch project.
- Port of Tampa – \$10.4 million to improve its container yard.

Between 2011 and 2014, \$642 million has been allocated for on-port projects, including waterside projects for Canaveral, Miami and Jacksonville, and terminal and rail improvements at Tampa. Just last month, Governor Scott and the Cabinet approved the proposed bond issuance of \$150 million to fund 16 important projects at Florida seaports. In this current fiscal year, the state of Florida (including projects funded through the upcoming bond issuance) is funding over \$275 million directly on seaport projects.

In October 2013, the Florida Seaport Transportation and Economic Development (FSTED) Council approved \$15 million in allocations to seaport projects around the state. The FSTED Council is comprised of the port directors for Florida's 15 public seaports, and representatives from the Florida Department of Transportation (FDOT) and the Department of Economic Opportunity. There are 10 port projects included in these allocations, which now will become part of the FDOT 2014/15 Work Program that comes before the Florida Legislature for approval this next Legislative Session.

"Florida continues to be proactive in attracting future business to our state by strategically investing in seaport infrastructure," said Manuel Almira, chair of the FSTED Council and port director for the Port of Palm Beach. "The process of identifying and vetting seaport projects using the depth of practical knowledge and experience represented on the Council has been extremely effective in making sure that state dollars are used wisely to boost the economy and create jobs in Florida."

The Council also approved allocations under the new Strategic Port Investment Initiative within FDOT, which requires a minimum of \$35 million be invested in priority seaport projects annually. This program was created by the Florida Legislature in 2012.

7.4 Local and Private Funding Opportunities

7.4.1 Waterway Assistance Program

The Florida Inland Navigation District offers the Waterway Assistance grant program, established by the Florida Legislature for the purpose of assisting local governments with funding for projects associated with the Atlantic Intracoastal Waterway and associated waterways within the District. Municipalities, counties, port authorities and taxing districts are eligible to submit applications for funding. Eligible candidates are sent an application package in January with a filing deadline of April 1st.

Eligible projects include navigation channel dredging, channel markers, navigation signs or buoys, boat ramps, docking facilities, fishing and viewing piers, waterfront boardwalks, inlet management, environmental education, law enforcement equipment, boating safety programs, beach re-nourishment, dredge material management, environmental mitigation and shoreline stabilization.

Annually, the district distributes approximately \$6.2 million dollars. Funding is limited by the Legislature to be equal to the tax revenue that the District receives from the County in which the project is located. For public projects, the District may provide up to 75% for public navigation projects. From 1986-2012, projects within Nassau County have received \$989,775 for improvements.

7.4.2 Ad Valorem

Ad valorem taxation may be a funding mechanism available to the Port of Fernandina. According to 189.404 (3) FS, *General laws or special acts that create or authorize the creation of independent special districts and are enacted after September 30, 1989, must address and require the following in their charters:*

(b) The powers, functions, and duties of the district regarding ad valorem taxation, bond issuance, other revenue-raising capabilities, budget preparation and approval, liens and foreclosure of liens, use of tax deeds and tax certificates as appropriate for non-ad valorem assessments, and contractual agreements.

(l) If an independent special district has the authority to levy ad valorem taxes, other than taxes levied for the payment of bonds and taxes levied for periods not longer than 2 years when authorized by vote of the electors of the district, the millage rate that is authorized.

The Charter for OHPA (House Bill No. 619) codifies the powers and duties of the authority including authorizing the issuance of bonds and other instruments of indebtedness. A review of the charter found no reference to ad valorem taxation as appears to be required under 189.404 (3).

The Tampa Port Authority is the only Florida port with a dedicated ad valorem tax. Their current assessment, \$0.1750 per \$1,000 of property valuation, is used to fund capital improvements. Having this additional funding reduces the Port's dependency on operational funds.

7.4.3 Public-Private Partnerships (P3)

To address the need for timely and cost effective development of improvements that serve a public purpose, Governor Rick Scott in June 2013 signed into law, House Bill 85 which provides expanded opportunities for public-private partnerships (P3). Under Florida Statute 287.05712 counties, municipalities or special districts may enter into agreements with private entities for the purpose of developing qualified projects. According to the statute, qualified projects include:

1. *A facility or project that serves a public purpose, including, but not limited to, any ferry or mass transit facility, vehicle parking facility, airport or seaport facility, rail facility or project, fuel supply facility, oil or gas pipeline, medical or nursing care facility, recreational facility, sporting or cultural facility, or*

educational facility or other building or facility that is used or will be used by a public educational institution, or any other public facility or infrastructure that is used or will be used by the public at large or in support of an accepted public purpose or activity;

2. *An improvement, including equipment, of a building that will be principally used by a public entity or the public at large or that supports a service delivery system in the public sector;*
3. *A water, wastewater, or surface water management facility or other related infrastructure; or*
4. *Notwithstanding any provision of this section, for projects that involve a facility owned or operated by the governing board of a county, district, or municipal hospital or health care system, or projects that involve a facility owned or operated by a municipal electric utility, only those projects that the governing board designates as qualifying projects pursuant to this section.*

Public entities may solicit or receive unsolicited proposals for qualifying projects with procurement procedures stipulated in the statute for either scenario. The statute also calls for the establishment of a task force charged with recommending guidelines for the creation of a uniform process for establishing these partnerships. The task force's recommendations are due to the Governor, House and Senate by July 2014.

Public-private partnerships have been used primarily for transportation projects in the past. Faced with shrinking budgets, these partnerships have been proven an effective method to fund needed improvements to public infrastructure and government facilities often much sooner and at a lower cost than public dollars. The \$1.8 billion expansion of I-595 and the Port of Miami Tunnel is expected to be completed in five years instead of the 15 to 20 years if the Florida Department of Transportation were to develop it based on available funding. Additionally, the reported cost is approximately \$200 million less than the original estimate by reusing some existing bridges and other innovative strategies.

With the expanded list of qualified projects extending beyond transportation facilities and the potential development opportunities of the Port of Fernandina's charter, public-private partnerships will be a valuable funding option.

The OHPA Charter, although empowered, has not yet been activated to support general economic development opportunities, or to seek opportunities for the generation of revenues thru the mechanisms of Improved Land Leases, Intermodal Operations in ancillary locations, Utility Services, or participation in P3 business opportunities. This broad base of potential business operations will create hybrid finance methods such as Credit Tennant Lease (CTL) or Conventional Credit Line formation based on cash flow or Equity formation.

This page intentionally left blank.

8.0 Moving Forward

8.1 Recommended Actions

Through the Strategic Master Plan planning process, “actions” have been identified to eliminate barriers and/or to increase opportunities as the Port of Fernandina moves forward into this next planning phase. These actions include recommendations for policy revisions, business development activities, and off port projects to promote economic development.

8.1.1 Revisions to the City of Fernandina Beach Comprehensive Plan

In the past, the City’s Comprehensive Plan included a Port Element which contained general policies for agency coordination, expansion and funding. Florida Statute 163.3178(2)(k) requires the Coastal Management Element include a component that addresses the Port’s Strategic Master Plan. Appendix E contains recommended policies for the City to consider in its Coastal Management Element update process.

8.1.2 Revisions to the Nassau County Comprehensive Plan

The Economic Development Element of the County’s Comprehensive Plan details the history of the Port Of Fernandina and the creation of the OHPA. The role of the OHPA should be further described and defined in the Comprehensive Plan as a Public Authority authorized to provide infrastructure within the County consisting of transportation, highways, Bridges, utility services including gas, electric, water, sewer, fiber optic, chilled water, reclaimed water, geothermal services and other Charter based activities. The OHPA should also be described and defined in the Comprehensive Plan as a Public Authority authorized to provide infrastructure or utility services and participate in related business opportunities within the County as a property owner or via land lease, or operations and service agreements with private entities or in association with P3 projects as defined by Florida Statutes.

There are several areas within the Economic Development Element that should be revised to further define the authority of the OHPA. Appendix F contains recommended revisions for the County to consider.

8.1.3 Revisions to the Nassau County Code of Ordinances

Chapter 19 of the County Code of Ordinances should be updated to reflect the latest version of the OHPA Charter (a copy of which has been included in Appendix B of this Strategic Master Plan). .

8.1.4 Business Development Recommendations

The OHPA will have to begin an aggressive marketing program by hiring a Port Executive or Senior Marketer with a marketing/sales support staff or an Executive that can serve in both rolls. Kinder Morgan would remain in the capacity of operator of the terminal. The Port Executive or Senior Marketer would have the responsibility of contacting all the customers that will use the port and its facilities.

- Ensure that the U.S. Customs could and will have the manpower to handle the increase in freight to the port.
- The extension of the wharf must be completed in order for the port to handle additional ship and barge cargoes from the Bahamian shuttle or the numerous other shuttles that are being planned in the Caribbean.
- If the port can add additional land adjacent to the existing Port property, it would provide more flexibility and capacity.

Other Assets and Equipment Needed to Improve Port Functionality

- On Dock Storage – Need to add a cold storage for fruits/vegetables
- Fumigation facilities for bananas
- Special handling equipment as needed
- Yard cranes to work barges

Development of Marketing Plan

A Business development Plan should be developed to promote the Port by the Port Executive or Senior Marketer. The marketing plan should include the following:

- Develop literature that highlights all of the positive traits of the port
 - o Water Depth
 - o Distance and time from ocean channel to Port
 - o Storage Space (both covered and open)
 - o Equipment on hand
 - o Specialized Facilities
 - o Cranes
 - o Types of Rolling Stock
- Make a key customer list of targeted corporations, products and ocean carriers
- Have port partners provide a representative with information they provide to/from the port
- Develop arguments for a customer to choose the Port of Fernandina
- Make a schedule of targeted accounts and call on them regularly

8.1.5 Programmed Projects

Programmed Projects within the County that are projected to occur within the planning horizon are as follows:

- Ownership and operations of existing utility lines along A1A and any required improvements or extensions.
- Construction, ownership and operations of utility lines servicing the Town of Callahan in accordance with the established MOU between the OHPA and the Town of Callahan.

Programmed Projects that are under consideration and may occur within the planning horizon are as follows:

- Improvements to near port facilities (within 3 miles) to improve Intermodal Transportation Facilities and capabilities, parking, security, storage, logistics or business opportunities related to the water based assets within the Coastal Zone of Nassau County.
- Improvements to infrastructure in support of private sector Industrial sites to facilitate business development opportunities for the Port and Charter based services. These may include Fiber-Optic Data Centers; Gas Liquefaction Plant, Power co-generation facilities; and Commercial Greenhouse facilities, together with related infrastructure development.
- Improvements, ownership or operations of infrastructure as a public service designed to support new business opportunities within the County where such utility services are necessary to secure new business opportunities.
- Operation and Service agreements associated with Industrial Land Use or Public Land Use where such agreements can assist in the Qualification of Targeted Industries (QTI) incentives, grant programs or mitigation of transportation impacts via Intermodal facility support by OHPA

The OHPA Charter based services, projects and operations can be accommodated under Public land Use designations or other mapping conventions for infrastructure or facilities not typically defined or controlled by FLUM Elements. Examples of infrastructure facilities not currently mapped within the County FLUM Element include:

Rail lines & siding yards

Electric Distribution & Transmission

Electric Substation or interconnect systems

Telecommunication lines, co-location huts or landing stations

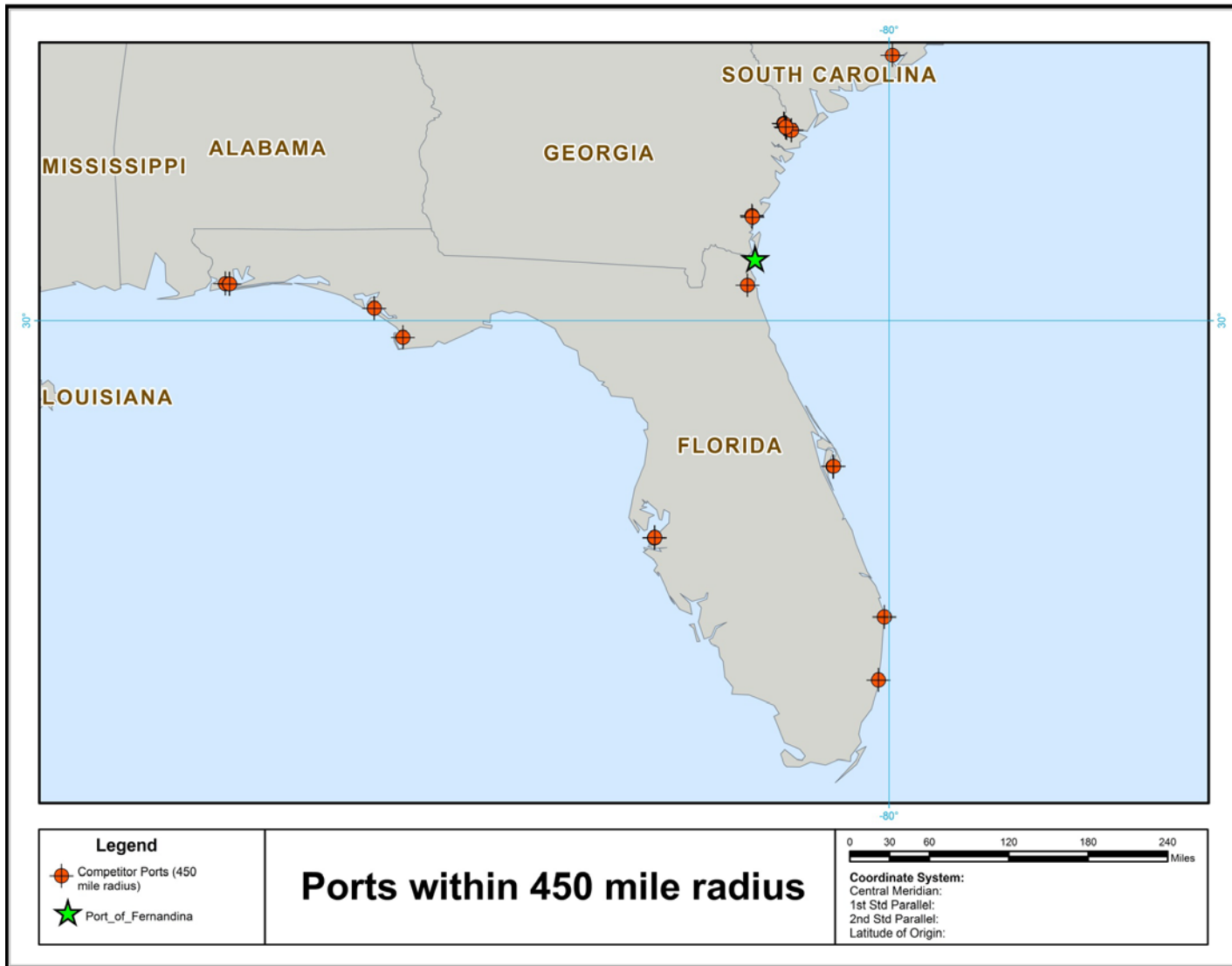
Water & Sewer lines, pump stations, pressure stations

Gas liquefaction and co-generation projects, together with ancillary businesses such as commercial greenhouse operations. LNG and CNG operations for both domestic consumption and export to other markets.

This page intentionally left blank.

Appendix A Competing Ports

This page intentionally left blank.



Name	Town	No. of Berths	Berth Length (ft)	Depth (ft)	Open storage area (ac)	Warehouse storage area (Sq. Ft)	Remarks2	Cargo Type	Operator	Purpose
Atlantic Wood Industries Wharf.	Port Wentworth	1	400	26	35	---	---	Distillate, Residual & Other Fuel Oils; Lube Oil & Greases, Petroleum Pitches, Coke, Asphalt, Naptha a	Atlantic Wood Industries, Inc.	Shipment of timber and timber products.
Canaveral Port Authority, South Cargo Pier No. 4	Cape Canaveral	1	800	38	---	---	---	---	Canaveral Port Authority; Mid-Florida Freezer Warehouses Ltd.; and Cargill, Inc., Salt Division.	Receipt and shipment of general cargo; receipt of salt and paper products; shipment of perishable food commodities
Canaveral Port Authority, South Cargo Piers Nos. 1, 2, and 3.	Cape Canaveral	3	1616	34	---	---	---	---	Canaveral Port Authority; Coastal Fuels Marketing, Inc.; and Mid-Florida Freezer Warehouses, Ltd.	Receipt and shipment of general cargo; receipt of paper products, asphalt, and petroleum products; shipment of perishable food commodities; bunkering vessels; and mooring pilot boats.
City of Pensacola, Berth No. 2.	Pensacola	1	400	33	---	144,000	Warehouse 1 - 72,000 Sq. FT Warehouse 5 - 72,000 Sq. FT	Crude Petroleum, Petroleum Pitches, Coke, Asphalt, Naptha and Solvents, Forest Products, Lumber, Logs, Woodchips, Paper & Allied Products, Primary Iron and Steel Products (Ingots, Bars, Rods, etc.), Other Agricultural Products; Food and Kindred Products	Port of Pensacola and Coastal Fuels Marketing, Inc.	Receipt and shipment of conventional general cargo in foreign and domestic trade, including lumber, steel, paper products, and scrap metal; receipt of crude oil; receipt and shipment of asphalt.
City of Pensacola, Berths Nos. 3 and 5.	Pensacola	2	952	33	---	317,000	Warehouse 1 - 72,000 Sq. FT Warehouse 5 - 72,000 Sq. FT Warehouse 6 - 90,000 Sq. FT Warehouse 8 - 83,000 Sq. FT	Coal, Lignite & Coal Coke, Crude Petroleum, Distillate, Residual & Other Fuel Oils; Lube Oil & Greases	Port of Pensacola and Coastal Fuels Marketing, Inc.	Receipt and shipment of conventional general cargo in foreign and domestic trade, including bagged food, lumber, steel, paper products, and scrap metal; receipt of crude oil; receipt and shipment of asphalt.
East Coast Terminal Co. Wharf, Berths Nos. 3, 4, 5, 6, and 7.	Savannah	5	1800	34	28	55,000	Shed - 55,000 Sq. FT	General cargo; dry-bulk commodities including liner board and woodpulp; and heavy-lift items includ	East Coast Terminal Co.	Receipt and shipment of conventional and containerized general cargo, steel products, liner board, and woodpulp; receipt of cement clinker, bauxite, gypsum, and liquid sulphur.
Florida Coast Paper Co. Wharf.	Port St. Joe	7	1500	29	---	42,900	Transit Shed - 42,900 FT	Distillate, Residual & Other Fuel Oils; Lube Oil & Greases, Other Chemicals and Related Products, Pap	Florida Coast Paper Co., LLC.	Receipt of caustic soda and fuel oil for plant consumption; shipment of paper products.
Georgia Kaolin Terminals, Savannah Wharf.	Savannah	---	795	36	---	---	Warehouse - 130,000 Sq. FT Direct transfer is provided from rail to vessel or storage, truck to storage, or storage to vessel, rail, or truck.	Dry-bulk materials, including kaolin, lumber, steel products, bagged clay.	Georgia Kaolin Terminals, Inc.	Shipment of dry-bulk materials, including kaolin; receipt and shipment of break-bulk materials, including lumber and steel products; shipment of bagged clay.
Georgia Ports Authority, Brunswick Mayor's Point Terminal Wharf.	Brunswick	---	1750	36	7.9	355,000	Transit Shed #1 - 305,000 Sq. FT Transit Shed #2 - 50,000 Sq. FT	---	---	---
Georgia Steamship Co., Savannah Wharf.	Port Wentworth	---	800	36	48	230,000	Warehouses - 230,000 Sq. FT	Conventional general cargo, paper rolls, lumber, plywood, supplies, and equipment.	Georgia Steamship Co., a subsidiary of Georgia-Pacific Corp.	Receipt and shipment of conventional general cargo, paper rolls, lumber, plywood, supplies, and equipment.
International Paper Corp., Savannah Barge Wharf.	Savannah	---	250	14	---	50,000	Warehouse - 50,000 Sq. FT	paperboard by barge	International Paper Corp.	Shipment of paperboard by barge.
Jacksonville Port Authority, Blount Island Marine Terminal Berths Nos. 3, 2, and 1.	Jacksonville	---	2500	38	---	240,000	240,000 sq ft of transit shed	Container, Ro/Ro, Breakbulk and General Cargo	Jacksonville Port Authority. (See Remarks.)	Receipt and shipment of conventional general cargo in foreign and domestic trade; receipt of steel products; shipment of paper products and shipment of fructose and corn syrup (directly from rail cars).
Manatee County Port Authority, Berth No. 11.	Palmetto	---	480	40	---	118,000	Transit Shed #6 - 58,000 chill warehouse Transit Shed #8 - 60,000 Sq. FT	General Cargo, Break Bulk, Containers and Liquid Bulk.	Manatee County Port Authority; Port Manatee Forestry Terminal, Inc., and Del Monte Fresh Produce Co.	Receipt and shipment of conventional and containerized general cargo; receipt of fruits, vegetables, lumber, liner board, steel, and automobiles; mooring vessels.
Manatee County Port Authority, Berth No. 12.	Palmetto	---	1000	40	---	174,000	Transit Shed #1, Dry warehouse - 174,000 Sq. FT	General Cargo, Break Bulk, Containers.	Manatee County Port Authority.	Receipt and shipment of conventional general cargo; receipt of lumber, fruits, and vegetables.
Manatee County Port Authority, Berth No. 6.	Palmetto	---	668	40	---	---	Private Cement Mill Silos	Dry Bulk, Liquid Bulk, Break Bulk	Manatee County Port Authority; Florida Rock Industries; Citrosuco North America, Inc.; and Port Manatee Forestry Terminal, Inc.	Receipt and shipment of conventional general cargo; receipt of cement, cement clinker, lumber, steel, and juice concentrate.
Manatee County Port Authority, Berth No. 7.	Palmetto	---	790	40	---	505,000	Transit Shed #2 - 110,000 Sq. FT Dockside Freeze warehouse - 30,000 Sq. FT Chill warehouse - 20,000 Sq. FT Combined Chill warehouse - 50,000 Sq. FT Ambient warehouse - 60,000 Sq. FT Kinder M	---	---	---
Marine Port Terminals, Brunswick East River Terminal Berths 1-3.	Brunswick	3	1665	30	15	293,000	Transit Shed #1 - 57,000 Sq. FT Transit Shed #2 - 26,000 Sq. FT Transit Shed #4 - 30,000 Sq. FT Warehouse 1 - 50,000 Sq. FT Warehouse 2 - 60,000 Sq. FT Warehouse 3 - 70,000 Sq. FT	Diverse mix of breakbulk and bulk commodities.	Marine Port Terminals, Inc., Division of Logistec Stevedoring U.S.A., Inc.	Receipt and shipment of conventional, break bulk, and roll-on/roll-off general cargo and of dry-bulk commodities.
Nassau Terminals, Port of Fernandina Wharf.	Fernandina Be.	1	1320	36	---	412,000	Forest Products Warehouses 200,000 Sq. FT, Stuffing & Stripping Warehouse 50,000 Sq. FT, Off-Port Distribution Warehouse 162,000 Sq. FT	Exports: Forest products, including Kraft Liner Board and wood pulp, machinery, treated lumber, steel billets, rebar, and coils. Imports: Wood pulp, lumber, hardwoods. The containerized commodities moving through the Port include automobile parts, wood pulp, steel products, plastics, beverages, frozen foods, machinery, consumer goods and building materials.	Nassau Terminals, LLC	Receipt and shipment of containerized and conventional general cargo in foreign and domestic trade; shipment of timber products, liner board, and wood pulp.
North Carolina State Ports Authority, Berths Nos. 1 and 2.	Wilmington	2	1213	38	6.5	31,200	Transit shed T-2 - 31,200	Conventional general cargo, bulk fertilizer and salt, wood chips	North Carolina State Ports Authority.	Receipt and shipment of conventional general cargo in foreign and domestic trade; receipt of bulk fertilizer and salt; shipment of wood chips.
North Carolina State Ports Authority, Berths Nos. 3, 4, and 5.	Wilmington	3	2100	38	6.1	680,827	Warehouse W3 - 64,800 Warehouse W4 - 59,949 Warehouse W5 - 96,800 Transit shed C-1 - 269,175 Transit shed T-4 - 72,485 Transit shed T-5 - 117,618	Conventional general cargo, fruit, wood pulp.	North Carolina State Ports Authority.	Receipt and shipment of conventional general cargo in foreign and domestic trade; receipt of fruit; shipment of wood pulp.

Name	Town	No. of Berths	Berth Length (ft)	Depth (ft)	Open storage area (ac)	Warehouse storage area (Sf)	Remarks2	Cargo Type	Operator	Purpose
North Carolina State Ports Authority, Morehead City Berths 6 and 7.	Morehead City	2	1090	40	24.1	426,490	Transit Shed T-6 - 182,000 Transit shed T-7 - 244,490	Petroleum Pitches, Coke, Asphalt, Naptha and Solvents, Forest Products, Lumber, Logs, Woodchips,	North Carolina State Ports Authority; Atlantic Shippers, Inc.; and Owens Corning Corp., Trumbull Division.	Receipt and shipment of conventional general cargo, dry-bulk materials, including lumber, steel, potash, salt, and fish meal, and heavy-lift items in foreign and domestic trade; receipt of asphalt.
Pensacola Shipyard Wharf.	Pensacola	1	740	10	32	7,000	Warehouse - 3,600 Sq. FT, Open Shed 3,400 Sq. FT			
Port Everglades, Berth No. 29.	Hollywood	-----	800	40	18	-----	-----	Neobulk, Containers	Port Everglades, Department of Broward County.	Receipt and shipment of conventional and containerized general cargo, steel, lumber, and newsprint.
Port of Palm Beach District, Berth No. 7.	Riviera Beach	1	464	33	-----	-----	-----	Containers	Port of Palm Beach District.	Receipt and shipment conventional and containerized general cargo; receipt and
Port of Pensacola, Berth No. 6.	Pensacola	1	476	33	-----	245,000	Warehouse 5 - 72,000 Sq. FT Warehouse 6 - 90,000 Sq. FT Warehouse 8 - 83,000 Sq. FT	Sand, Gravel, Stone, Rock, Limestone, Soil, Dredged Material, Paper & Allied Products, Other Agricult	Port of Pensacola.	Receipt and shipment of conventional general cargo and paper products in foreig
Savannah River Wharf Co. Wharf.	Savannah	-----	1100	36	13	-----	-----	Dry-bulk commodities, including wood chips and aggregate	Savannah River Wharf Co.	Receipt and shipment of dry-bulk commodities, including wood chips; receipt of aggregate.
South Carolina State Ports Authority, Georgetown Terminal, State Pier No. 31 Berth A.	Georgetown	1	500	27	-----	-----	-----	Steel, cement, aggregates, and forest products.	South Carolina State Ports Authority; and International Paper Co.	Receipt and shipment of conventional general cargo in foreign and domestic trade; receipt of lumber and steel; shipment of forest products.
South Carolina State Ports Authority, Georgetown Terminal, State Pier No. 31 Berth B.	Georgetown	1	700	27	6.5 leased 23	-----	3 Lumber storage sheds	Miscellaneous dry-bulk materials and conventional general cargo, salt, lumber, and steel.	South Carolina State Ports Authority; and Akzo Nobel Salt, Inc.	Receipt and shipment of miscellaneous dry-bulk materials and conventional general cargo in foreign and domestic trade; receipt of salt, lumber, and steel.
Southern Bulk Industries, Savannah Wharf.	Savannah	-----	750	36	8	179,000	Warehouse #1 - 54,000 Sq. FT Warehouse #2 - 100,000 Sq. FT Warehouse #3 - 25,000 Sq. FT	Kaolin and miscellaneous dry-bulk commodities; break-bulk commodities, including logs, steel, and gypsum board.	Southern Bulk Industries.	Receipt and shipment of kaolin and miscellaneous dry-bulk commodities; receipt and shipment of break-bulk commodities, including logs, steel, and gypsum board.
Stone Container Corp., Panama City Plant No. 1 Dock.	Panama City	1	400	32	-----	-----	-----	Distillate, Residual & Other Fuel Oil; Lube Oil & Greases, Forest Products, Lumber, Logs, Woodchips	Stone Container Corp.	Receipt of fuel oil for plant consumption; occasional receipt of wood chips.
Stone Container Corp., Panama City Plant No. 2 Dock.	Panama City	-----	924	30	-----	-----	-----	Pulp and Waste Paper, Paper & Allied Products	Stone Container Corp.	Shipment of paper products and wood pulp.
Westvaco Corp., North Charleston Wharf.	North Charleston	-----	655	28	-----	-----	-----	Paper & Allied Products	Westvaco Corp., Kraft Division.	Shipment of paper products.

This page intentionally left blank.

Appendix B OHPA History and Charter

This page intentionally left blank.

Ocean Highway and Port Authority History

Amelia Island and the City of Fernandina have a colorful past.

Known as the Isle of Eight Flags, Amelia Island has seen the ebb and flow of history through its harbor. At the outbreak of the American Revolution, Florida remained loyal to Britain and Fort Tonyn was erected by the English in the Port of Fernandina. During the Revolution many English from northern states fled to Florida and, by the end of the Revolution, nearly 16,000 refugees were in Florida. In 1783, England returned Florida to Spain. This brought about one of the largest exoduses ever to take place in the New World. Amelia Island, having the finest natural harbor on the east coast of Florida, was the debarkation point.

In 1807, American ports were closed to foreign shipping as a provision of the Jefferson Embargo Act. Still controlled by Spain, Fernandina was the closest “east coast free port” to the United States. As a result of this proximity and its natural harbor, Fernandina became a haven for smugglers, pirates, slave traders, etc. In December of 1817, the United States assumed control of Amelia Island and the rest of Florida in 1821. In 1824, Nassau County was formed with Fernandina as the county seat and in 1845 Florida became a state.

During the 1850's, the cross-state railroad, which was promoted by Senator David Yulee, opened up the central portions of the state and connected the Port Of Fernandina, on the Atlantic Coast, with Cedar Key on the Gulf Coast. The opening of the railroad provided a steady flow of goods to the Port of Fernandina for further shipment to northern cities. In time, extensive wharves, railroad maintenance facilities and warehouses were built on the waterfront.

The closing of the 19th century brought with it a great deal of activity in connection with the Spanish American War. The Port of Fernandina was a base for shipping military supplies to Cuba and this greatly stimulated the economy of the area with increased shipments of lumber, cotton, naval stores and phosphate. During this time, the harbor and wharves were filled with sailing ships for transporting Fernandina's products. This new prosperity lasted approximately 20 years and then began a steady decline. The reason for its decline can be attributed to changes in freight rates and the opening of the Florida East Coast Railroad by Henry Flagler. The Florida East Coast Railroad crossed the St. Johns River at its narrowest point, Jacksonville, and this city became the new break point between rail and ship for major growth.

December 5, 1985 was a new beginning for the Port of Fernandina. To capitalize on a new deeper entrance channel construction by the U.S. Navy, the Ocean Highway and Port Authority issued bonds to finance construction of a modern seaport terminal. Old, rotten wood pilings were replaced with a new, concrete paved marshaling yard, cranes, and new warehouses. These improvements allowed the Port Authority to bring the Port back to life as a major contributor to Nassau County's economic development.

Ocean Highway and Port Authority, Nassau County

Organization and Powers

The Ocean Highway and Port Authority is governed by five elected commissioners representing the five voting districts of Nassau County. They serve staggered four year terms.

The Port Authority was originally chartered in 1941 as a body politic and corporate and a subdivision of the State of Florida having a corporate title of Fernandina Port Authority. The name was changed in 1961 to Ocean Highway and Port Authority. As the Port's governing body, the Port Authority has policy-making, budgeting and general oversight responsibilities for all port activities. The Port Authority employs Nassau Terminals, LLC, a private port operator company, to manage, market, and administer the port under the terms of an Operating Agreement dated December 1, 1990.

The Port Authority does not have authority to tax.

The Port Authority is also exempt from taxation by the State of Florida, or by any county, municipality or political subdivision on those properties it owns. The Port Authority must rely on the financial viability of each project to pay for the cost of its operations. The Port Authority may acquire property or property interests through negotiation or condemnation; set tariffs; enter into secure agreements with governmental entities; incur indebtedness; plan, develop or lease its properties; and regulate land use and buildings on Port lands. The Port Authority has powers similar to those of a unit of local government and is accountable to the electorate residing in Nassau County.

The Port Authority serves the principal public purpose to encourage economic development in Nassau County. One way it has fulfilled this responsibility has been by renovating the deepwater port facilities to meet the maritime shipping needs of this growing region. In so doing, the Port Authority gives appropriate consideration to the impacts upon and relationships with surrounding communities, the economic goals of the State and region and the regulatory requirements of numerous governmental agencies.

The following is the Charter of the Ocean Highway and Port Authority:

CHAPTER 2005-293

House Bill No. 619

An act relating to the Ocean Highway and Port Authority, Nassau County; codifying, reenacting, amending, and repealing special acts of the Ocean Highway and Port Authority; providing for its membership, terms of office, officers, quorum, and meetings; defining the powers and duties of the authority; providing for compensation of authority members; authorizing the issuance of bonds and other instruments of indebtedness; providing for road and other projects; repealing chapters 21418 (1941), 24733 (1947), 26048 (1949), 27763 (1951), 30290 (1955), 67-1737, 67-1739, 67-1748, 69-1328, 83-471, 83-474, 84-486, 86-371, 87-439, and 91-347, Laws of Florida; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Pursuant to section 189.429, Florida Statutes, this act constitutes the codification of all special acts relating to the Ocean Highway and Port Authority. It is the intent of the Legislature in enacting this law to provide a single, comprehensive special act charter for the district, including all current legislative authority granted to the district by its several legislative enactments and any additional authority granted by this act.

Section 2. Chapters 21418 (1941), 24733 (1947), 26048 (1949), 27763 (1951), 30290 (1955), 67-1737, 67-1739, 67-1748, 69-1328, 83-471, 83-474, 84-486, 86-371, 87-439, and 91-347, Laws of Florida, are codified, reenacted, amended, and repealed as herein provided.

Section 3. The Ocean Highway and Port Authority is reenacted, and the charter for the district is re-created and reenacted to read:

Section 1. Popular name; status.—This act may be cited as the Charter of the Ocean Highway and Port Authority.

Section 2. Definitions.—As used in this act:

(1) “Authority” means the Ocean Highway and Port Authority created in section 3 of this act.

(2) “Board” means the board created in section 3 of this act.

Section 3. Authority created; election of board; terms; vacancies; officers.—There is hereby created in the County of Nassau a port authority to be known as “Ocean Highway and Port Authority,” an independent special district, to be governed by a board of port commissioners consisting of five members serving staggered terms of 4 years each. There shall be five port commissioners’ districts, which shall be numbered one through five, inclusive, and shall be congruent with the Nassau County county commissioners’ districts. The port commissioners’ districts shall be numbered in such a fashion that port commissioner district one shall include the same geographical area as Nassau County county commissioners’ district number one, port

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

commissioner district two shall include the same geographical area as Nassau County county commissioners' district number two, port commissioner district three shall include the same geographical area as Nassau County county commissioners' district number three, port commissioner district four shall include the same geographical area as Nassau County county commissioners' district number four, and port commissioner district five shall include the same geographical area as Nassau County county commissioners' district number five. There shall be one port commissioner for each of such port commissioners' districts, who shall reside in each district and who shall be elected by the qualified electors of Nassau County. At each general election, successors to the members of the board whose terms are about to expire shall be elected for terms of 4 years each. Vacancies on the board resulting from resignation, death, removal, or otherwise shall be filled by appointment by the board, the appointee to hold office until the next following general election, when such vacancy shall be filled for the unexpired term by election in the manner herein prescribed. The members of the board shall qualify by taking an oath of office on the second Tuesday following their election in the manner required by county officers. The board shall reorganize by selection of one of its members to act as chair and one of its members to act as vice chair and shall also appoint a secretary and a treasurer, but the same member may be designated to act as secretary and treasurer. The treasurer shall give bond, the amount, terms, and conditions of which shall be fixed and may be revised from time to time by the board.

Section 4. Adoption of rules and bylaws; quorum; funds of authority; withdrawal; investment.—The board may make and adopt such rules, bylaws, and regulations for its own guidance and for the conduct of its affairs as it may deem necessary and expedient. A majority of the members of the board in office shall constitute a quorum and any motion or resolution of the board shall be effective upon approval by a majority vote of the members present at the meeting at which such motion or resolution is presented. The board shall have the exclusive control of the revenues derived from the public works, improvements, and facilities acquired, constructed, or owned and operated by the port authority, and of the expenditure thereof, and shall designate a bank or banks in which such revenues or other funds of the authority shall be deposited and the manner of withdrawing the same by warrants, checks, or vouchers. The board may cause the available funds of the authority to be invested in real estate mortgages and bonds and may sell such investments when deemed advisable.

Section 5. Salaries of commissioners, port director, agents, and employees; retirement plan; health insurance plan.—Each member of the board shall receive a salary not to exceed \$24,000 per annum as may be fixed from time to time by the board. The board may employ a port director, who shall be the administrative officer of the port authority and shall perform such duties as the board may determine. The compensation of the port director shall be fixed by the board and shall be paid from the revenues of the port authority. The board may appoint such other agents and employees as may be necessary and fix their compensation, which shall be paid from the revenues of the port authority. The board may institute an actuarially sound retirement plan. The board may also establish a health insurance plan for

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

those members who choose to participate. These plans shall be funded from the revenues of the port authority.

Section 6. Corporate powers; vesting of state lands in authority.—The authority shall constitute a body politic and corporate and a political subdivision of the state having the corporate title of “Ocean Highway and Port Authority”; it may adopt and use a corporate seal and alter the same; it may contract and be contracted with; and it may sue and be sued in its corporate name and may plead and be impleaded in all of the courts of the state and the courts of the United States having jurisdiction over it.

Section 7. Specific powers.—The authority shall have the following powers, in addition to all other powers conferred by this act:

(1) To acquire by grant, purchase, gift, condemnation, exchange, or otherwise all property, real or personal, or any estate, right, or interest therein, which by resolution of its board shall be determined to be necessary for the purposes of the authority, and to improve, maintain, sell, lease, convey, exchange, or otherwise dispose of the same or any part thereof, or any interest or estate therein, upon such terms and conditions as the authority shall by resolution determine. The power of condemnation provided above may be exercised by the authority directly, as an agency of the County of Nassau, or may be exercised by the County of Nassau, for and on behalf of the authority. Such power of condemnation shall be exercised and carried out in the manner provided by the general laws of the state.

(2) To lay out, construct, condemn, purchase, own, acquire, add to, extend, enlarge, maintain, conduct, operate, build, equip, manage, furnish, replace, enlarge, improve, lease, sell, regulate, finance, control, repair, and establish office and administrative buildings to be used and occupied in whole or in part by the authority, wharves, docks, slips, channels, jetties, piers, quays, terminals, sidings, shipyards, marine railways, terminal facilities, harbors, ports, waterways, moles, canals, cold storage plants, terminal icing plants, refrigerating plants, precooling plants, locks, tidal basins, trainways, cableways, anchorage areas, depots, warehouses, industrial parks, industrial and manufacturing plants, commercial, business, residential, mercantile, and other related projects, motels, conveyors, appliances for economical handling, storage, and transportation of freight and the handling of passenger traffic, and all other harbor improvements and facilities which by resolution the board of commissioners may determine to be necessary; and to perform all customary services, including the handling, weighing, measuring, regulation, control, inspection, and reconditioning of all commodities and cargoes received or shipped through any port or harbor within the jurisdiction of the authority.

(3) Subject to the jurisdiction of the United States of America and the state, to improve and develop Fernandina Harbor and all navigable and nonnavigable waters within the County of Nassau; to create and improve for harbor purposes any waterways within or adjacent to the county; to regulate and control all such waters and all natural or artificial waterways within the county; to straighten, widen, deepen, and otherwise improve any and all waters, watercourses, inlets, bays, lakes, or streams, whether navigable or

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

not, located within the county; to construct inlets and turning basins and to dredge and deepen any natural or artificial waterways within the county; to apply for permission from the Government of the United States of America to create, improve, regulate, and control all such waters and natural and artificial waterways within the county and to construct and maintain such canals, slips, turning basins, and channels upon such terms and conditions as may be required by the United States of America; and to enact, adopt, and establish, by resolution, rules and regulations for the complete exercise of jurisdiction and control over all waters and any port within the jurisdiction of the authority.

(4) To make any and all applications required by the Treasury Department and other departments or agencies of the United States Government as a condition precedent to the establishment within the County of Nassau of a free port or area for the reception from foreign countries of articles of commerce and the handling, processing, and delivery thereof into foreign commerce free from the payment of customs duties and to enter into any agreements and payments required by such departments or agencies in connection therewith and to make like applications, agreements, and payments with respect to the establishment within the county of one or more bonded warehouses.

(5) To fix rates of wharfage, dockage, warehousing, storage, and port and terminal charges and rates and charges for the use of all improvements, port, or harbor facilities located within the county and owned or operated by the authority.

(6) To lay out, construct, condemn, purchase, own, acquire, add to, maintain, conduct, operate, build, equip, manage, replace, enlarge, improve, regulate, control, repair, and establish roads, ferries, either separately or as parts of roads, streets, alleys, parks, boulevards, viaducts, tunnels, causeways, bridges, and other transportation facilities within Nassau County, extending beyond Nassau County, or extending to or into the State of Georgia and may avail of any applicable federal law with respect to any such roads, ferries, streets, alleys, parks, boulevards, viaducts, tunnels, causeways, bridges, and other transportation facilities in the construction and operation thereof and the charging of tolls and fees for the services and facilities thereof; to lay out, construct, condemn, purchase, own, acquire, add to, maintain, conduct, operate, build, equip, manage, replace, enlarge, improve, regulate, control, repair, and establish hotels, radio stations, and any and all recreational facilities, including yacht basins, docks, piers, wharves, fishing piers, public beaches, beach casinos, cabanas, pavilions, entertainment and eating places, swimming pools, bath houses, stadiums, athletic fields, parks, concert halls, auditoriums, golf courses, playgrounds, parking lots, gardens, conservatories, and all necessary or convenient appurtenances to any or all of same; and to lay out, construct, condemn, purchase, own, acquire, add to, maintain, conduct, operate, build, equip, manage, extend, replace, enlarge, improve, regulate, control, repair, and establish any works or property, real or personal, for supplying public utility services, including electricity, gas, water, sewer, and local transportation within and without Nassau County or in Baker County or Duval County, and to use the streets, roads, avenues, and other public places in connection therewith, provided

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

that no such utility properties shall be acquired, constructed, owned, operated, or maintained by such port authority within the limits of any incorporated city or town unless and until the governing body of such city or town shall have by appropriate ordinance consented thereto. The authority is hereby authorized and empowered to establish, charge, and collect necessary and reasonable fees, admissions, tolls, rates, rentals, and charges for any or all of the services or facilities of any works, undertakings, or properties. The authority is authorized to finance the cost of any such project, in whole or in part, from the proceeds of revenue obligations issued pursuant to this act.

(7) The authority shall constitute a "state public body" within the meaning and application of the Housing Cooperation Law, as now contained under chapter 422, Florida Statutes, or as the Housing Cooperation Law may hereafter be amended or revised, and the authority, in its corporate name, is hereby authorized and empowered to perform and carry out all of the duties, functions, and purposes of the Housing Cooperation Law as now provided or as may hereafter be amended.

(8) To exercise such police powers as may be necessary for the effective control, regulation, and protection of the improvements, works, and facilities and for the effective exercise of its jurisdiction over the improvements and facilities. The terms "improvements," "works," "projects," "undertakings," "services," and "facilities," wherever used in this act, shall be deemed to include any one or more of the objects or purposes concerning which power is granted by this section to the authority.

(9) To borrow money on the anticipated receipt of funds from any source and in evidence thereof issue notes, warrants, or debentures bearing interest at a rate not exceeding the maximum rate authorized by law and maturing not more than 5 years from date of issue, subject, however, to any limitation and restrictions on the issuance thereof which may be contained in the proceedings under which any bonds, certificates, or other obligations are authorized to be issued under this act.

Section 8. Purposes.—The purposes for which the authority is by this act created and which it is authorized to carry out are hereby declared to be public purposes of benefit to the citizens of the County of Nassau and the state.

Section 9. Transactions authorized with public entities and agencies.—The authority shall have power to apply for and to accept grants or loans from or to enter into any contracts or agreements deemed advisable with the United States of America or any agency or instrumentality thereof, the State of Florida or any agency or instrumentality thereof, the State of Georgia or any agency or instrumentality thereof, or any other political subdivision, public body, or agency concerning any of the powers conferred in this act and to comply with any conditions or restrictions imposed in connection with such grants or loans or covenants in connection therewith and further to enter into covenants and agreements with the holders of any bonds, certificates, or obligations issued by the authority concerning the use and disposition of any grants or loans received by it from any such parties.

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

Section 10. Tax exemption.—All revenues and income derived from the services and facilities of the authority shall be exempt from all taxation by the state or by any county, municipality, or political subdivision thereof. Bonds, certificates, or other obligations issued pursuant to this act shall, together with the income thereon, be exempt from all taxation by the state or any county, municipality, or other political subdivision thereof. Notwithstanding the foregoing, the exemption granted by this section shall not be applicable to any tax imposed by chapter 220, Florida Statutes, on interest, income, or profits on debt obligations owned by corporations.

Section 11. Eminent domain.—In order to carry out any of the purposes provided in this act, the authority shall have power to acquire by condemnation any properties necessary therefor either directly, as an agency of the County of Nassau, or through the County of Nassau, acting for and on behalf of the Ocean Highway and Port Authority. All property so acquired by condemnation as provided herein shall be acquired in the manner provided for the exercise of eminent domain by the general laws of the state.

Section 12. Control or jurisdiction over authority.—It shall not be necessary for the authority to obtain any certificate of convenience or necessity, franchise, license, permit, or other authorization thereof from any county, municipality, or political subdivision of the state, and this act shall be full and complete authority for the powers granted in this act. The rates, rentals, tolls, and other revenues and income of the authority and its contracts, agreements, and acts shall not be subject to regulation by the state or any board, body, agency, or political subdivision thereof.

Section 13. Use of state rights-of-way, easements, lands under water, etc.—Subject to the consent of the state or the appropriate political subdivision, the authority shall be authorized to use any right-of-way, easement, lands under water, or other similar property right necessary, convenient, or desirable in connection with the construction, acquisition, improvement, operation, or maintenance of such works or undertakings held by the state or any political subdivision thereof, and the state hereby consents to such use whenever necessary to carry out the powers provided in this act.

Section 14. Acquisition of property in State of Georgia.—The authority shall be authorized to acquire any lands, buildings, or properties, real or personal, located within the State of Georgia as shall be necessary or convenient or desirable in connection with the construction, acquisition, or improvement of any of such works or undertakings located in part within the State of Georgia and to exercise generally such powers and rights with respect to any of such properties, works, or undertakings located within the State of Georgia as shall be agreed upon between the authority and the State of Georgia or the appropriate board, agency, or political subdivision thereof.

Section 15. Acts, contracts, agreements validated.—All contracts and agreements heretofore executed or entered into by the authority, and all proceedings or acts of the authority heretofore taken or had, prior to June 13, 1949 (the effective date of chapter 26048 (1949), Laws of Florida), be and the same are hereby in all respects ratified, confirmed, and validated as valid and legally binding contracts, agreements, proceedings, and acts of the authority.

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

Section 16. Issuance of bonds or certificates; conditions, terms, procedures.—

(1) The authority is hereby authorized to issue negotiable revenue bonds or negotiable revenue certificates to finance or refinance, in whole or in part, the cost of any of the works, undertakings, improvements, or facilities expressed in this act and to pledge to the payments of the bonds or certificates and the interest thereon all or any part of the revenues of any one or more of such works, undertakings, improvements, or facilities and, if authorized at an election in the manner required by the State Constitution, may mortgage or pledge any of its real estate, personal property, or franchises to secure the payment of the bonds or certificates issued for money borrowed to finance such works, undertakings, improvements, or facilities. The authority shall have power to make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers herein granted, or in the performance of its covenants and duties, or in order to secure the payment of such bonds or certificates, provided no encumbrance, mortgage, or pledge of property of the authority (unless authorized at an election as above provided) or of the County of Nassau or of any municipality or district therein is created hereby, and provided no debt on the credit of the state, of the County of Nassau, or of any municipality is incurred in any manner for any purpose. Such revenue bonds or certificates shall bear interest at such rate or rates, not exceeding the maximum rate authorized by law, payable semiannually, may bear such date or dates, may mature at such time or times, not exceeding 40 years from their respective dates, may be payable at such place or places, may contain such registration privileges, may be subject to such terms of redemption, may be executed in such manner, may contain such terms, covenants, and conditions, and may be in such form, either coupon or registered, as the resolution authorizing the issuance thereof may provide. Whenever the authority has issued its revenue bonds or certificates, the rates of fees, admissions, tolls, rentals, or other charges for any or all of the services or facilities of the works, undertakings, or properties shall be continuously fixed and collected so that the revenues therefrom after payment of all costs of maintenance, operation, and replacements will be sufficient to pay the interest on and meet the sinking fund charges and principal payments of such revenue bonds or certificates as the same become due. Such revenue bonds or certificates may be sold, all at one time or in blocks from time to time, at public or private sale, or if refunding revenue bonds or certificates may also be delivered in exchange for the outstanding obligations to be refunded thereby, in such manner as the authority shall determine, and at such price or prices not, however, less than 95 percent of the par value thereof. Such revenue bonds or certificates, or any part thereof, may also be issued in payment for any improvements, works, projects, undertakings, or facilities for the account of which they have been authorized, at the price or prices provided above in this section, and upon such terms and conditions as the authority shall by resolution determine. Pending the preparation and execution of any such revenue bonds or certificates, temporary or interim bonds or certificates may be issued with or without interest coupons as may be provided in the resolution authorizing the issuance thereof. Notwithstanding the form or tenor thereof and in the absence of any express recital on the face thereof that it is nonnegotiable,

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

each such revenue bond and certificate shall be a negotiable instrument within the meaning and application of the laws of Florida.

(2) The cost of any of the improvements, works, projects, undertakings, or facilities provided for in this act shall be deemed to include, without being limited to, engineering, architectural, and legal expenses; interest on bonds or certificates prior to, during, and until 6 months after the completion of the construction of such improvements, works, projects, undertakings, or facilities; the amounts deemed necessary and advisable for the first two principal maturities of bonds or certificates, or part thereof, or as an initial reserve fund for debt services on such bonds or certificates; the fees of fiscal, financial, and legal advisers or other experts which the authority is hereby authorized to employ; a reasonable amount of working funds; and such other costs and expenses as are necessary in connection with the construction and establishment of such improvements, works, projects, undertakings, or facilities and the financing thereof authorized by this act.

Section 17. Elections authorizing.—Any election required by this act to be held to authorize the borrowing of money or the issuance of bonds or certificates secured in whole or in part by a mortgage, pledge, or other encumbrance of or upon property owned, held, or controlled by the authority shall be called by resolution of the board and the board shall canvass the returns and declare the result. In other respects, such election shall be held and conducted in the manner provided by the general laws of Florida applicable to the holding and conducting of elections under the provisions of Section 12 of Article VII of the State Constitution.

Section 18. Validity of bonds preserved.—Revenue bonds or certificates issued under this act, and the coupons if any attached thereto, executed by the officers in office on the date of execution thereof shall be valid and binding notwithstanding that before the delivery thereof and payment therefor any or all of the persons whose signatures appear thereon shall have ceased to be officers of the authority. The validity of the revenue bonds or certificates shall not be dependent on or affected by the validity or legality of any proceedings relating to the acquisition, establishment, construction, or improvement of any of the works, undertakings, or facilities to finance which such bonds or certificates are issued. The resolution providing for the issuance of the revenue bonds or certificates may provide that they shall contain a recital to the effect that they are issued pursuant to this act, which recital shall be conclusive evidence of their validity. The authority to issue any bonds or certificates under the provisions of this act and the validity thereof may be determined in proceedings in the circuit court for the validation thereof in the manner provided by general law.

Section 19. Covenants and conditions of bonds or certificates.—

(1) Any resolution authorizing the issuance of bonds or certificates under this act, or a separate resolution, may contain covenants as to rates, fees, or charges to be made for the services, facilities, or commodities furnished or produced by any of the projects operated and maintained under the authority of this act; the use and disposition of the revenues thereof; the creation and maintenance of reserves of sinking funds and the regulation,

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

use, and disposition thereof; the purpose or purposes to which the proceeds of the sale of bonds or certificates may be applied and the use and disposition of such proceeds; events constituting default and the rights and liabilities arising thereon and the terms and conditions upon which the holders of bonds or certificates issued under this act may bring any suit or action thereon or on the coupons appurtenant thereto; the issuance of other or additional bonds or certificates payable from or constituting a charge against the revenues of any or all of such projects; the insurance to be carried upon such projects and the use and disposition of insurance moneys; books of account and the inspection and audit thereof; the terms and conditions upon which any and all of the revenue bonds or certificates shall become, or may be declared, due before maturity and as to the terms and conditions upon which any such declaration and its consequences may be waived; the rights, liabilities, powers, and duties arising upon the breach by the authority of any covenants, conditions, or obligations; the vesting in a trustee or trustees the right to enforce any covenant made to secure or to pay the bonds or certificates and relating to the powers and duties of such trustees and the limitations of liabilities thereof and as to the terms and conditions upon which the holders of the bonds or certificates or any specified portion or percentage of them may enforce any covenant made under this act or duties imposed hereby; procedure by which the terms of any resolution authorizing bonds or certificates or any other contract with holders thereof, including an indenture of trust or similar instrument, may be amended or abrogated and, as to the amount of bonds or certificates, the holders of which must consent thereto and the manner in which such consent may be given; the manner of collecting the rates, fees, or charges for the services, facilities, or commodities furnished or produced by any of the projects referred to in this act.

(2) Nothing in this section or in any other section of this act shall be deemed in any way to authorize the authority to do anything in any manner or for any purpose which would result in the creation or incurring of a debt or the issuance of any instrument which would constitute a bond or debt within the meaning of any provision, limitation, or restriction of the State Constitution relating to the creation or incurring of a debt or the issuance of bonds payable from taxes on property, except in the manner authorized by and subject to the provisions of the State Constitution.

Section 20. Security for revenue bonds.—Revenue bonds or certificates issued under this act, unless other provision for the security or payment thereof shall be approved by the qualified electors who are freeholders residing in Nassau County in the manner provided by the State Constitution, shall not be payable from, or charged upon, any funds other than the revenues pledged to the payment thereof, nor shall the County of Nassau or any political subdivision or taxing district therein be subject to any pecuniary liability thereon, and no holder or holders of such bonds or certificates shall ever have the right to compel any exercise of the taxing power of the County of Nassau or of any political subdivision or taxing district therein to pay any such bonds or certificates or the interest thereon or to enforce payment thereof against any property in the county, nor shall any such bond or certificate constitute a charge, lien, or encumbrance, legal or equitable, upon any property in the county. Each such bond or certificate which shall not have been authorized at an election as provided in section 17 shall recite in

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

substance that such bond or certificate, including interest thereon, is payable solely from the revenues pledged to the payment thereof and that the holder of the bond or certificate shall have no recourse to the power of taxation.

Section 21. Rights of bondholders.—

(1) Subject to any contractual limitation binding upon the holders of any issue of bonds or certificates or upon the trustee therefor, any holder of bonds or certificates or trustee therefor shall have the right and power, for the equal benefit and protection of all holders of bonds or certificates similarly situated:

(a) By mandamus or other suit, action, or proceeding at law or in equity to enforce his or her rights against the authority and any of its officers, agents, and employees and to require and compel the authority or such officers, agents, or employees to perform and carry out its and their duties and obligations under this act and its and their covenants and agreements with holders of such bonds or certificates.

(b) By action or suit in equity to require the authority and the board to account as if they were the trustee of an express trust.

(c) By any action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the bonds or certificates.

(d) To bring suit upon the bonds or certificates or the interest coupons appurtenant thereto, subject to the provisions of this act.

(2) No right or remedy conferred by this act upon any holder of bonds or certificates, or upon any trustee therefor, is intended to be exclusive of any other right or remedy, but each such right or remedy is cumulative and in addition to every other right or remedy and may be exercised without exhausting and without regard to any other remedy conferred by this act or by any other law.

Section 22. Bonds of authority constitute legal securities.—Notwithstanding any provisions of any other law or laws to the contrary, all bonds, certificates, or other obligations issued pursuant to this act shall constitute legal investments for savings banks, banks, trust companies, executors, administrators, trustees, guardians, and other fiduciaries and for any board, body, or instrumentality of the State of Florida, or of any county, municipality, or other political subdivision thereof, and all bonds, certificates, or other obligations issued pursuant to this act shall be and constitute securities which may be deposited as security for deposits of state and municipal funds.

Section 23. Receivership of authority.—The authority may covenant in the proceedings authorizing any bonds, certificates, or other obligations pursuant to this act that in the event of a default in the payment of the principal of or interest thereon or in the performance of any obligations or duties imposed upon the authority by this act or by any covenant or agree-

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

ment entered into with the holders of any bonds, certificates, or other obligations that any holder or holders thereof (unless the proceedings authorizing the issuance of such bonds, certificates, or other obligations shall limit the right to the appointment of a receiver to a specified number or percentage of such holders), either acting for himself, herself, or themselves alone or also acting for all other holders of such bonds, certificates, or other obligations, shall be entitled as of right to the appointment of a receiver of the property and facilities of the authority financed by the issuance of such bonds, certificates, or other obligations. Jurisdiction is hereby conferred upon the Circuit Courts of the State of Florida in any action brought for the appointment of a receiver, and such receiver is hereby authorized upon his or her appointment to take over the operation, management, and control of such properties and facilities and to collect the income and revenues therefrom to the same extent and in the same manner as the authority is authorized to do. Such receiver shall so operate, manage, and control such properties or facilities under the supervision and direction of the court, and such operation, management, and control shall be in the name of the authority and shall be so managed, operated, and controlled by such court and its receivers for the joint protection and benefit of such authority and the holders of such bonds, certificates, or other obligations. The fees or other expenses of such receiver and of the person or persons making application for the appointment thereof, subject to court approval, shall be a first lien on the revenues and income of such properties and facilities as long as they are in the control of such receiver, and the remainder of such revenues and income shall be applied in conformity, as nearly as may be, with the provisions of the proceedings authorizing the issuance of such revenue bonds, certificates, or other obligations. When all defaults of the authority shall have been cured and made good, such receivership shall be terminated by the court appointing such receiver.

Section 24. Refunding bonds.—The authority may at any time issue refunding bonds, certificates, or obligations under the provisions of this act to pay, fund, or refund maturing obligations, or obligations redeemable prior to maturity, or obligations not matured when the holders thereof consent to such refunding. All of the applicable provisions of this act shall apply to such refunding bonds, and the authority may further by resolution confer upon the holders of such refunding bonds, certificates, or other obligations all rights, powers, and remedies to which the holders would be entitled if they were the owners and had possession of the original bonds, certificates, or other obligations being refunded, including, but not being limited to, the preservation of the lien of such original bonds, certificates, or other obligations on the properties, revenues, and income of the authority without extinguishment, impairment, or diminution thereof. In the event the authority exercises the powers conferred by this section, each refunding bond, certificate, or other obligation shall contain a recital to the effect that the holder thereof has been granted the additional security provided for in this section and each bond, certificate, or other obligation refinanced by such refunding bonds, certificates, or other obligations shall be kept intact and shall not be canceled or destroyed until such refunding bonds, certificates, or other obligations, and the interest thereon, have been finally paid and discharged, and each shall be stamped with a legend to the effect that such bond, certificate, or other obligation has been refinanced pursuant to this act.

11

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

Section 25. State covenants with debtors.—The State of Florida hereby covenants with the holders of any bonds, certificates, or other obligations issued pursuant to this act, and the interest coupons appertaining thereto, that it will not in any manner limit or alter the power and obligation vested by this act in the authority to fix, establish, and collect, in the manner provided in this act, such fees, tolls, rentals, or other charges for the facilities and services of the works and undertakings authorized by this act, as will always be sufficient to pay the expenses of operation, maintenance, and repair of such works or undertakings, the principal of and interest on all bonds, certificates, or other obligations issued to finance such works or undertakings, including reserves therefor, and to comply fully with and fulfill the terms of all agreements and covenants made by the authority with the holders of such bonds, certificates, or other obligations until all such bonds, certificates, or other obligations, together with all interest accrued or to accrue thereon, are fully paid and discharged or adequate provision made for the payment and discharge thereof.

Section 26. Paper mill; acquisition and construction.—It is hereby found, determined, and declared that:

(1) The continued development of commerce and industry in economic stability and promotion of the general welfare of Nassau County is a joint responsibility of the state, Nassau County, the authority, and other political subdivisions located within such county.

(2) The acquisition, extension, expansion, enlargement, construction, and equipping by the authority of a pulp and paper mill and related facilities to be leased for operation to a private corporation are in part a discharge of such responsibility and constitute a public purpose for the financing of which revenue obligations of the port authority may be issued.

Section 27. Authorization.—The authority is authorized to acquire, construct, extend, expand, enlarge and equip a pulp and paper mill and related facilities, including, but not limited to, buildings, site improvements, fixtures, machinery and equipment.

Section 28. Authority to lease.—The authority is authorized to lease for operation such pulp and paper mill and related facilities for a term not exceeding 40 years to a private corporation.

Section 29. Issuance of revenue bonds; authorization.—The authority is authorized to provide by resolution at one time or from time to time for the issuance of revenue bonds of the port authority for the purpose of paying all or a part of the cost of such pulp and paper mill and related facilities, as authorized in section 27. The principal of and interest on such bonds shall be payable from the rentals received by the port authority pursuant to lease agreements entered into between the port authority and such private corporation pursuant to the authority granted under section 28 and from such funds legally available for such purpose. The provisions of this act not found in this section, except insofar as the same are inconsistent with provisions of this act, shall apply in all respects to the authorization, issuance, sale, and delivery of the revenue bonds herein authorized.

12

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

Section 30. Oil refinery; acquisition and construction.—It is determined and declared that:

(1) The continued development of commerce in economic stability and promotion of the general welfare of Nassau County is a joint responsibility of the state, Nassau County, the authority, and other political subdivisions located within such county.

(2) The acquisition, construction, and equipping by the authority of an oil refinery and related facilities to be leased for operation to a private corporation are in part a discharge of such responsibility and constitute a public purpose for the financing of which revenue obligations of the port authority may be issued.

Section 31. Authorization.—The authority is authorized to acquire, construct, and equip an oil refinery and related facilities, including, but not limited to, buildings, site improvements, fixtures, machinery, and equipment.

Section 32. Lease authorized.—The authority is authorized to lease for operation such oil refinery and related facilities for a term not exceeding 40 years to a private corporation.

Section 33. Issuance of revenue bonds.—The authority is authorized to provide by resolution at one time or from time to time for the issuance of revenue bonds of the authority for the purpose of paying all or a part of the cost of such oil refinery and related facilities, as hereinabove more particularly described. The principal of and interest on such bonds shall be payable from the rentals received by the port authority pursuant to lease agreements entered into between the port authority and such private corporation pursuant to the authority granted under this section and from such other funds legally available for such purpose. The provisions of this act, except insofar as the same are inconsistent with the provisions of this section, shall apply in all respects to the authorization, issuance, sale, and delivery of the revenue bonds herein authorized.

Section 34. Toll road; authority to construct.—The authority shall have power to construct a toll road from a point or points in the City of Fernandina Beach, Nassau County, as the southeastern terminus and from a point or points within 1 mile northerly of the intersection of U.S. Highway Number 17 and State Highway Number 200 at Yulee, Nassau County, as the southwestern terminus, which southwestern terminus shall not cross over, under, or extend westerly of U.S. Highway Number 17, to a point or points in the vicinity of Brunswick, Georgia, as its northerly terminus, or any part or parts thereof.

Section 35. Sale of bonds authorized.—Such toll road referred to in section 34, or any part or parts thereof, may be constructed and financed by the Ocean Highway and Port Authority in the manner provided in this act, and other statutes relating to the authority. It is the express intention of this section that the authority may construct and finance the toll road in its entirety at the general locations referred to in section 34, or any part or parts thereof, either at one time or separately from time to time, and that the exact

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

locations of the routes and termini of the toll road, or any part or parts thereof, shall be determined in the administrative discretion of the authority, and that such determination of such exact routes and termini shall not be required prior to the authorization, validation, or sale of any bonds or other obligations issued by the authority to finance the toll road, or any part or parts thereof.

Section 36. Lease-purchase agreements; generally.—The authority shall have power, in addition to all other powers of the authority under any other law or laws, to construct, acquire, improve, operate, and maintain revenue-producing projects located partly within the State of Florida and partly within the State of Georgia. The term “revenue-producing projects” as used in this article shall mean toll roads, bridges and approaches thereto, ferries, causeways, or any other revenue-producing projects which the authority is authorized by any law or laws, including this act, to construct or acquire, which are located partly within the State of Florida and partly within the State of Georgia. In order to finance the construction, acquisition, or improvement of the revenue-producing projects located partly within the State of Florida and partly within the State of Georgia, the authority shall have power to issue its revenue bonds or other obligations in the manner provided in this act; and any such revenue bonds or other obligations issued for the purposes provided in this act may contain all of the conditions and terms provided for in the statutes referred to or in any other law or laws applicable to the authority.

Section 37. Lease-purchase agreements; authorized with States of Florida and Georgia.—The authority is hereby authorized to enter into lease-purchase agreements or other agreements with the Florida Department of Transportation relating to any part or parts of such revenue-producing projects located within the State of Florida, and into lease-purchase agreements or other agreements with the state highway department of Georgia, or any other agency, board, or instrumentality of the State of Georgia, relating to any part or parts of such revenue-producing projects located within the State of Georgia. The lease-purchase agreements or other agreements shall be in such form, shall be for such periods of time, and shall contain such other terms and provisions as shall be agreed upon among the authority, the Florida Department of Transportation, and the state highway department of Georgia, or any other agency, board, or instrumentality of the State of Georgia.

Section 38. Florida Department of Transportation authorized to contract by lease-purchase.—The Florida Department of Transportation is hereby authorized to enter into lease-purchase agreements or other agreements with the authority relating to any part or parts of such revenue-producing projects located within the State of Florida and is further authorized, as part of the consideration (for such lease-purchase agreements or other agreements), to covenant and agree with the authority to pay all the cost of operation, maintenance, and repair of the part or parts of the revenue-producing projects located within the State of Florida, during the term of such lease-purchase agreements or other agreements.

Section 39. Legality of lease-purchase agreements, bonds, and other agreements; received; rights of bondholders.—

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

(1) Any lease-purchase agreement or other agreement entered into between the authority and the Florida Department of Transportation relating to any part or parts of such revenue-producing projects located within the State of Florida pursuant to this act shall not be subject to the provisions of any other law or laws, general or special, of the State of Florida relating to lease-purchase agreements, and the authority and the Florida Department of Transportation may, in the lease-purchase agreements or other agreements, enter into such terms and conditions relative to the operation, control, and management of such revenue-producing projects located partly within the State of Florida and partly within the State of Georgia as shall be deemed advisable and necessary, including the payment of all rentals or other payments due under such lease-purchase agreements or other agreements to a bank or trust company as trustee. The authority and the Florida Department of Transportation may further enter into covenants and agreements in the lease-purchase agreements or other agreements in order to better secure the holders of any revenue bonds issued by the authority and to obtain greater marketability of the revenue bonds, relating to the following matters:

(a) The deposit with a bank or trust company, as trustee, of the proceeds of bonds issued by the authority to finance the acquisition, construction, or improvement of the revenue-producing projects.

(b) The maintenance of fees, tolls, rentals, or other charges for the use of the services and facilities of the revenue-producing projects.

(c) The pledging to the holders of revenue bonds or other obligations issued pursuant to this act of all or any part of the fees, tolls, rentals, or other charges derived from the operation of the revenue-producing projects.

(d) The deposit with a bank or trust company, as trustee, of all or any part of the fees, tolls, rentals, or other charges derived from the operation of such revenue-producing projects, and the use and application thereof.

(e) The rank and priority between any revenue bonds or other obligations issued by the authority for the construction, acquisition, or improvement of the revenue-producing projects.

(f) The payment of all or any part of the cost of operation, maintenance, and repair of the revenue-producing projects.

(g) Covenants or agreements with the state highway department of the State of Georgia, or any other agency, board, or instrumentality of the State of Georgia, relating to such revenue-producing projects which are authorized by this section or any other law or laws of the State of Florida or the State of Georgia.

(h) The appointment of a receiver for the revenue-producing projects and the manner and terms of appointment thereof and the rights of the holders of revenue bonds or other obligations issued under the provisions of this section relative thereto.

(i) Any other covenants, terms, and conditions which in the opinion of the authority are necessary or advisable.

Ch. 2005-293

LAWS OF FLORIDA

Ch. 2005-293

(2) All such covenants and agreements of the Florida Department of Transportation and the authority shall be and constitute valid and legally binding obligations of the authority and the Florida Department of Transportation and shall be fully enforceable by the holders of any of the revenue bonds or other obligations, or the interest coupons appertaining thereto, in any court of competent jurisdiction in the state.

Section 40. Other projects not to affect undertakings under this act.— The provisions of this act shall not in any manner affect any lease-purchase agreements entered into between the authority and the Florida Department of Transportation relative to any projects which are located wholly within the state, and the general laws of the state or any other special acts applicable thereto shall remain in full force and effect for any such projects located wholly within the state. It is the express intention of this act, however, that no other general or special law of the state relative to lease-purchase agreements shall have any application to revenue-producing projects located partly within the state and partly within the State of Georgia which are financed by the authority under the provisions of this act.

Section 4. Chapters 21418 (1941), 24733 (1947), 26048 (1949), 27763 (1951), 30290 (1955), 67-1737, 67-1739, 67-1748, 69-1328, 83-471, 83-474, 84-486, 86-371, 87-439, and 91-347, Laws of Florida, are repealed.

Section 5. This act shall take effect upon becoming a law.

Approved by the Governor June 17, 2005.

Filed in Office Secretary of State June 17, 2005.



STAFF REPORT
PAB 2014-05- OHPA Strategic Master Plan & Comp Plan Amendments
Planning Advisory Board Hearing
November 12, 2014

APPLICATION:

OWNER/APPLICANT:	City of Fernandina Beach on behalf of Nassau County OHPA
AGENT:	City of Fernandina Beach
REQUESTED ACTION:	Incorporation by reference of the OHPA Strategic Master Plan and to Delete Goal 9 (Port Element) and Add new Goal 5P in the Conservation and Coastal Management Element to contain Port related goals, objectives and policies

*** All required application materials have been received. All fees have been paid. All required notices have been made. All copies of required materials are part of the official record and have been made available on the City's website and at the Community Development Department Office. ***

The full OHPA Strategic Master Plan Update and all appendices along with public comments received and the staff report may be located online at www.fbfl.us/CompPlan.

SUMMARY OF REQUEST AND BACKGROUND INFORMATION:

The Port of Fernandina was originally developed in agreement with the City of Fernandina Beach through a Preliminary Development Agreement in February 1986 (Resolution #801). The agreement was modified in April of the same year and formally amended in May 1987. In February 1988, the agreement was amended a second time to expand the Port property. A year later (February 1989), the City approved Resolution #962 to permit the Port of Fernandina as a Development of Regional Impact. In December 1990, the City agreed to the construction of a 200 foot extension of the existing berth at the Port of Fernandina (Resolution #90-35). The following February 1991, the City approved Resolution# 91-04 which amended the DRI Resolution #962 and provided for a mitigation plan as part of the berth extension. It is within this mitigation plan that 4.06 acres of wetlands are identified as a conservation area along the back marshlands side of Alligator Creek. The mitigation plan itself states "This conservation easement will eliminate the concern of future impacts by terminating any possible future expansion to the north and east into Alligator Creek." In August 1991, the City approved an amendment under Resolution #91-25 to the DRI resolution #962 to extend the build out date of the Port to December 1992. In March 1992 the City passed Resolution # 92-07 rescinding Resolution #91-25 for not satisfying "all of the prerequisites contained in prior resolutions, including the payment of equitable annual fees as required by paragraph 51 of Resolution Number 962." In March 1997, the original DRI Resolution #962 was amended twice through Resolutions 97-10 and 97-11 to provide for additional conditions, allowed a warehouse development and revised the time table for build out of the DRI.

The City amended its Comprehensive Plan in August 1995 to include a new element titled "Port Facilities Element." This was the first time the City had a Port Element contained within its Comprehensive Plan as was required by the state laws at that time. The Port Facilities Element was amended through the City's 1999 Evaluation and Appraisal Review (EAR) based amendments in January 2000. In July 2003, the City adopted the April 2002 Port Master Plan and associated Comp Plan amendments. The amendments made in 2003 serve as the existing Comp Plan Goals, Objectives, and Policies pertaining to the Port of Fernandina.

When City staff began working on the Evaluation and Appraisal report in 2008-2009, an update to the Port Master Plan as well as associated Comprehensive Plan (Comp Plan) amendments was identified as an area for future consideration. As part of the later EAR- based Comp Plan Amendments City staff reached out to Port staff to request a copy of their master plan in word form so that the formatting of the City's revised plan could be made consistent. At that time, Port staff explained that they would be looking to complete a full master plan update within the next few



STAFF REPORT
PAB 2014-05- OHPA Strategic Master Plan & Comp Plan Amendments
Planning Advisory Board Hearing
November 12, 2014

years. The City received the requested documentation from Port Commissioner, Brian Reaves. In late 2011, the City finalized its EAR-based Comprehensive Plan Update.

Port Commissioner Brian Reaves reached out to City Staff in early 2013 to advise that the Port Authority had started the process of updating its 2002 Port Master Plan in order to become compliant with State Law requirements for providing an amended master plan every 10 years. Through a meeting with Commissioner Reaves, City Staff strongly encouraged a thorough and detailed Public Participation Program as part of their overall efforts and offered support, as needed. By the summer of 2013, the OHPA had hired a consultant team, Genesis Group, to work with them on developing a revised Master Plan. The consultant met with City Staff to obtain documents and materials necessary for their analysis. Through these meetings City Staff again encouraged the consultant to engage the public early in the process of developing a revised Port Master Plan. To date, neither a Public Participation Program nor an outline of public outreach activities has ever been provided to City Staff.

City Staff received a draft copy of the OHPA Port Master Plan for its initial review in mid- January 2014. By the end of that month, Staff had provided feedback to the consultant indicating that the document needed to reference existing Comp Plan policies, Staff expressed concern about the proposed filling of wetlands referenced in the draft as being in conflict with Coastal Management Objectives 5.08 and 5.09. Staff again provided the consultant with reference documents for the City's Comp Plan and Land Development Code. In March, City Staff requested that DEO provide some procedural direction on how to incorporate the Master Plan and Comp Plan amendments. Given the request to adopt the Master Plan update by reference and requirements to specifically cite a date and version, the Port decided to wait until they made a few adjustments.

In July 2014, City staff circulated the document for a courtesy level review among state reviewing agencies, obtained feedback, and provided the information back to OHPA via their consultants. Agencies choosing to comment included the Florida Department of Transportation – District 2 Office, Department of State- State Historic Preservation Office, and the St. Johns River Water Management District. The OHPA agreed to make changes to address the comments received by those commenting agencies.

The Port Master Plan Update and associated amendments were initially presented to the Planning Advisory Board (PAB) August 13, 2014. At that meeting, the PAB created a three member subcommittee to review the documents and collect public comments. The PAB subcommittee met on three dates in September to discuss various topics and concerns raised by citizens. Public input was permitted at all meetings. Comments received by email through September 8, 2014 were compiled into a single document and provided to the OHPA for their consideration at the OHPA Regular meeting held on September 10, 2014.

The OHPA subsequently requested a meeting with the PAB and City Staff. The meeting was held on Wednesday, October 1, 2014. PAB members were not present since the location was outside of the jurisdictional limits. The City Attorney and Senior Planner attended on behalf of the City. The primary issue presented by Staff was concern with action items contained in the Plan to fill wetlands. These action items would be inconsistent with the existing adopted policies contained in Objective 5.08 of the Conservation and Coastal Management Element which disallows filling of wetlands. The OHPA directed changes to the document in an attempt to address these concerns through a resolution (2014-04) passed at their regular meeting held on Wednesday, October 8, 2014.



STAFF REPORT
PAB 2014-05- OHPA Strategic Master Plan & Comp Plan Amendments
Planning Advisory Board Hearing
November 12, 2014

The changes to the document by the Port's consultant following OHPA Resolution 2014-04 are as follows:

- Added subtitles "A REALM OF POSSIBILITIES" "Data and Strategic Analysis performed as mandated by FS 311.14(2)"
- References to the OHPA Master Plan now include the word "strategic"
- Appendix "B" changed to contain Port History and Charter discussion
- Executive Summary contains a discussion on the SIS and the Port's position as an "emerging" SIS facility
- Footnote added to Phase 2 –Site Layout Figures contained in the Executive Summary and the Section 5 corresponding figures. Notes read as "*These areas were previously permitted under FDEP Permit #451730689 with mitigation completed. This permit has since expired and would require filing a new permit. The intended use for this area may occasionally include pre-staging cargo but would not be considered a cargo deck or container laydown area."
- Footnote added to Phase 3- Site Layout Figures contained in the Executive Summary and Section 5 corresponding figures. Notes read as "*This is part of a designated conservation easement and not permitted for fill. Filling in this area would be inconsistent with OHPA Resolution 2014-4 (Appendix H). Alternative efficiency improvements may be identified over time."
- Footnotes added to tables to clearly note that Dade Street connects to the Port
- Appendix "G" added to demonstrate consistency with FS 311.14
- Minor revisions to some of the proposed Comp Plan policies to be contained in sub-element 5P as requested through citizen input.
- Added Appendix "H" Resolution 2014-04
- Link 48 on all transportation tables revised to reflect an undivided highway. The prior error resulted in Link 48 not being "deficient" and promoted changes to Figures 2.2-5, 2.2-6, 6.1-5, 6.1-7, 6.1-8, 6.1-10, 6.1-11, 6.1-15 and 6.1-16
- A footnotes was added to Table 6.1-8 to provide source of the 1.5 passenger car equivalency
- Tables 4.5-2 and 5.2-1 revised for consistency

Following the updated documents provided to the City in late October 2014, Staff recommended that the Port include the recorded conservation easement specific to the area within City limits as part of Appendix D. It was also requested that the Port include an appendix to host all of the DRI history. The Port's representation felt these documents should not be included citing legal concern. Therefore, Staff has included them as part of the staff report to follow documentation associated with the request. Staff feels these are important aspects of the background and history of Port development and those documents should be easily located in the future. If included with the Strategic



STAFF REPORT
PAB 2014-05- OHPA Strategic Master Plan & Comp Plan Amendments
Planning Advisory Board Hearing
November 12, 2014

Master Plan Update then, all pertinent documents would be bundled together making everything accessible in one location.

CONSISTENCY WITH THE APPLICABLE FLORIDA STATUTES:

1. Section 163.3177(6)(b), Florida Statutes, identifies different levels of transportation analysis that must be included in the local government's comprehensive plan, based on the size and location of the local government.

This section of Florida Law requires that the City's transportation element address certain aspects of mobility and transportation system needs and availability of services. It requires that local governments within a Metropolitan Planning Organization (ours is the North Florida Transportation Planning Organization), address aviation, rail, seaport facilities, access to those facilities and intermodal terminals. As it pertains to the Port of Fernandina, the City's compliance with this Statute is met through Objective 2.11 (Waterways Network). The OHPA Strategic Master Plan provided a detailed transportation analysis and impacts in Section 6.

2. Section 163.3177(6)(g)8, Florida Statutes, requires that the comprehensive plan's coastal management element must "direct the orderly development, maintenance, and use of ports identified in Section 4.03.021(9) to facilitate Deepwater commercial navigation and other related activities." This requirement can be addressed in the port master plan.

*Florida law requires that the City's Coastal Management Element shall set forth the principles, guidelines, standards, and strategies that shall guide the local government's decisions and program implementation with respect to directing the "orderly development, maintenance, and use of ports to facilitate deep water commercial navigation and other related activities." As part of the OHPA Strategic Master Plan Update a proposed set of policies have been drafted as Appendix E which will be located in the City's Conservation and Coastal Management Element and identified as Goal 5P moving forward. As part of this requirement, the City will strike all of previously identified Goal 9 (Port Element). Appendix E provides details on information in **Red text** which identifies where similar Objectives and Policies were transferred over from the previous Goal 9. The new Goal 5P as proposed by the OHPA contains 16 objectives including the following:*

- 5.01 Port Development
- 5.02 Economic Diversification
- 5.03 St. Mary's River Entrance Channel and Amelia River Access
- 5.04 Intracoastal Connections
- 5.05 Highway Access and Connectivity
- 5.06 Rail Service and Connectivity
- 5.07 Airport Service and Connectivity
- 5.08 Natural Resource Preservation and Protection
- 5.09 Protection from Natural Hazards
- 5.10 Protection from Manmade Disasters
- 5.11 Budgetary Process
- 5.12 Funding Opportunities
- 5.13 Compatibility with the City's Comprehensive Plan



STAFF REPORT

PAB 2014-05- OHPA Strategic Master Plan & Comp Plan Amendments Planning Advisory Board Hearing November 12, 2014

- 5.14 Plan Implementation Coordination
- 5.15 Governmental and Agency Coordination
- 5.16 Collaboration with Local and Regional Maritime, Commercial and Industrial Interests

3. Section 163.3178(2)(k), Florida Statutes, requires port master plans to be included in the local government's coastal management element. It notes that port master plans must identify existing port facilities and any proposed expansions. To the extent that they are applicable, port master plans must also address the following requirements:

- a. Provide a land use and inventory map of existing coastal uses;

OHPA Strategic Master Plan Section 2.4 provides a map and summary of the City's land use and zoning (Figure 2.4-1). Coastal Resources are addressed in Section 2.3 and include: water resources, surface waters, storm water, wetlands, groundwater, and biological resources.

- b. Analyze the environmental, socioeconomic, and fiscal impact of development;

- *Environmental constraints are identified in OHPA Strategic Master Plan Sections 2.3 and 5.6.*
- *Socioeconomic issues are not fully identified in the OHPA Strategic Master Plan. There is some consideration of the City's Downtown Historic District included in Section 2.4.2 which speaks to port owned properties located within the historic district boundaries. However, the Plan itself lacks an analysis of community demographics, and demands for necessary public services in order to complete projects within the planning horizon, changes in employment and income levels, and changes to any aesthetic quality of the community. Much of this data is available through the 2010 Census and older data can be obtained using the City's data and analysis completed as part of its 2011 EAR based Comprehensive Plan Update. A "market study" or general analysis of geographical market conditions was completed and is contained within the OHPA Strategic Master Plan as Section 3 Opportunities and Constraints.*
- *Economic and Funding analysis is provided in Section 7 of the OHPA Strategic Master Plan.*

- c. Analyze effects of existing drainage systems on estuarine water quality;

An analysis of the effects of the existing drainage system on estuarine water quality has not been provided within the OHPA Strategic Master Plan. However, water resources and applicable federal laws are identified in Section 2.3.1 and Stormwater is generally discussed in Section 2.3.1.2.

- d. Outline principles for hazard mitigation and protection of human life;

Appendix E is the Port's Comprehensive Plan language developed as Goal 5P which includes Objectives 5P-09 and 5P.10 and addresses Protection from Natural Hazards and Protection from Manmade Disasters.

- e. Outline principles for protecting existing beach and dune systems;

The beach and dune system are not within proximity of the Port of Fernandina property. There is nothing within the OHPA Strategic Master Plan which calls for acquisition of property located near beaches and dunes systems within City limits. The City's Conservation and Coastal Management element addresses principles for protecting beach and dune systems in Objective 5.02.



STAFF REPORT
PAB 2014-05- OHPA Strategic Master Plan & Comp Plan Amendments
Planning Advisory Board Hearing
November 12, 2014

- f. Outline principles to eliminate inappropriate and unsafe development;

Appendix E contains requested new Comprehensive Plan language as Goal 5P which includes Objective 5P.08 and addresses Natural Resource Preservation and Protection. Together with Objectives 5P.09 and 5P.10 addressing Protection from Natural and Manmade Disasters, principles to eliminate inappropriate and unsafe development have been identified.

- g. Identify public access to shoreline areas and preservation of working waterfronts;

The City's Conservation and Coastal Management Element addresses preservation of shoreline areas and working waterfronts through Objective 5.05 and public access more specifically in Objective 5.01. These sections of the City's Comp Plan should be addressed within the OHPA Strategic Master Plan and could be added in Section 2.4 along with the other regulatory constraints identified.

- h. Designate coastal high-hazard areas and mitigation criteria;

The City's Conservation and Coastal Management Element addresses the Coastal High-Hazard Area and mitigation criteria—specifically in Objective 5.04. These sections of the City's Comp Plan should be addressed within the OHPA Strategic Master Plan and could be added in Section 2.4 along with the other regulatory constraints identified.

- i. Outline principles to assure that public facilities will be in place; and,

The City's Public Facilities Element Goal and all of its Objectives and Policies are aimed to ensure that adequate public facilities are in place at the time of development sufficient to meet the needs of current and future residents and visitors. These sections of the City's Comp Plan should be addressed within the OHPA Strategic Master Plan and could be added in Section 2.4 along with the other regulatory constraints identified.

- j. Mitigate the threat to human life and protect the coastal environment.

The OHPA Strategic Master Plan Update does not specifically include mitigation measures to protect human life and the coastal environment. Policies provided within Goal 5P however, do serve to provide for safety and security programs and measures which protect human life and the coastal environment.

4. Section 163.3178(3), Florida Statutes, identifies eligible port projects both in the port and within three (3) miles of the port that are not considered to be Developments of Regional Impact if they are consistent with the port master plan that is in compliance with Section 163.3178(2)(k), Florida Statutes.

The OHPA Strategic Master Plan Update contains Section 5 the Facility Improvement Plan which identifies port use of off-site properties in Figure 5.4.1. Section 5.5 is the 10-year Facility Improvement Plan. This section contains three (3) phases. It is within this Section that Staff previously identified potential conflicts with the City's Comprehensive Plan with language calling for filling of wetlands and those areas specifically identified in Figures 5.5-2 and 5.5-3. The City's Comprehensive Plan and existing Land Development Code regulations disallow filling of wetlands. If the projects contained within these figures are considered, under existing regulations it will require public decision making by the City prior to their approval.



STAFF REPORT
PAB 2014-05- OHPA Strategic Master Plan & Comp Plan Amendments
Planning Advisory Board Hearing
November 12, 2014

CONCLUSION:

The OHPA Strategic Master Plan Update generally fulfills statutory requirements. There are a couple of areas where analysis should be considered and included in the document. Socioeconomic analysis, outside of general market conditions, was not performed as part of the updated Strategic Master Plan. Analysis of the existing drainage system's effects on estuarine water quality was not included. Additional language from the City's Comprehensive plan relative to public access and preservation of working waterfronts, coastal high- hazard areas and mitigation criteria, and principles to assure public facilities are in should be included in the OHPA Strategic Master Plan Update. The OHPA should perform such analysis prior to its final approval and adoption by reference into the City's Comprehensive Plan. The recorded conservation easement for the property located within City limits should be included as part of Appendix D. An additional appendix should be included to provide DRI documentation history.

The PAB is requested to issue a recommendation to the City Commission on the incorporation of the OHPA Strategic Master Plan Update by reference in the Comprehensive Plan which will be reflected in Goal 5P. Further, the PAB is requested to issue a recommendation on the remaining Objectives and Policies proposed as 5P of the Conservation and Coastal Management Element.

MOTIONS TO CONSIDER:

I move to recommend (approval or denial) of PAB case number 2014-05 to the City Commission requesting that the City adopt by reference the OHPA Strategic Master Plan Update, that existing Goal 9 be deleted and replaced with Goal 5P to be contained in the Conservation and Coastal Management Element and that PAB case 2014-05, as presented, (is or is not) sufficiently compliant with applicable Florida Statutes to be approved at this time.

Submitted by:

A handwritten signature in blue ink that reads "Kelly N. Gibson".

Kelly N. Gibson
Senior Planner

1. **Call to Order** - The meeting was called to order at 5:00 pm.

2. **Roll Call/Determination of Quorum**

Board Members Present

Len Kreger, Chair
David Beal
Jon Lasserre

Judith Lane, Vice-Chair
Mark Bennett
Charles Rogers

Others Present

Kelly Gibson, Senior Planner
Tammi Bach, City Attorney
Bretta Walker, Recording Secretary

3. **New Business**

Chair Kreger briefly explained the role of the PAB was to evaluate and recommend to the City Commission the plan's compliance to the City's Comprehensive Plan. He expressed his opinion that this Port plan was not in compliance with the Comprehensive Plan for the issue with wetlands.

3.1. PAB 2014-05 OHPA STRATEGIC MASTER PLAN UPDATE & ASSOCIATED COMP PLAN AMENDMENTS

Ms. Gibson explained that all application materials including reference documents, the OHPA Strategic Master Plan Update, Appendixes, public comments received, and the staff report were made available in the Community Development Department as well as on the City's website. She stated the PAB was considering an amendment to the City's Comprehensive Plan to remove goal 9 known as the Port Element and replace it with Section 5P in the Conservation and Coastal Management Element. She commented that 5P provides language which adopts by reference the Strategic Master Plan as adopted by the Nassau County Ocean Highway and Port Authority on February 12, 2014 and sub-sequentially revised in June and October 2014. She provided further details of this request as contained in the staff report including that the change from a standalone port element to an element that is integrated with goal 5 of the Comprehensive Plan is being requested in order to comply with State Law. She stated as staff she has expressed concerns in both a public setting as well directly to Port consultants that the language which calls for filling of wetlands represents an inconsistency with the City's Comprehensive Plan policies contained in Objective 5.08 and 5.09 concerning wetlands protection and fill. She commented that although footnotes have been provided in phase II and phase III site layout figures to soften the language, it would be preferred to see any and all language pertaining to filling of wetlands removed from the strategic master plan. She pointed out that staff has advocated for detailed public participation programs to encourage and obtain citizen support for such an important document. She explained that as a result of citizen input obtained at the PAB subcommittee to review these documents the OHPA considered changes to its Strategic Master Plan, and all of these changes have been noted in the staff report. She stated she reviewed the plan in accordance with Florida Statutes 163.3177 and 163.3178; and a review of Florida Statute 311.14 was provided in appendix G of the Master Plan. She commented staff determined that the Strategic Master Plan generally fulfills statutory requirements and notes where additional areas of analysis should be considered and included within their document. She provided further details with regard to this item.

Chair Kreger requested a brief overview of section 9 and those things that support the economic goals of the Port. Ms. Gibson stated the City has an economic development element, which speaks to the Port briefly and it also contains language in Chapter 2 the mobility element concerning the emerging strategic intermodal system network. She pointed out the City has policies contained in the Comprehensive Plan objective 5 to support working waterfronts.

Mr. Brian Wheeler, agent for FDOT Seaport Fernandina, explained the language in the master plan indicates that the wetlands are in a conservation easement that was recorded many years ago. Chair Kreger pointed out it was still in the master plan as optional things to happen in phase II. Mr. Wheeler replied phase III is the only development that impacts wetlands and there is a notation in there that any activity associated with phase III could not occur because of the impact on the preexisting wetlands that are in the conservation easement. Chair Kreger questioned why they didn't take this out to be in compliance. Mr. Wheeler stated they had taken out any wetland impacts so they are in compliance.

Mr. Wheeler briefly explained he was part of a team that has been working with the Port Authority for over a year in terms of developing an update to their Port Master Plan. He presented details from his PowerPoint presentation including the Transportation Planning Organization (TPO) integration with the Strategic Intermodal System (SIS), economic development component, intergovernmental coordination, and Kinder Morgan as the guarantor of the port improvement bonds. He pointed out liquid and natural gas (LNG) tanks are the future of liquid fuel delivery, and explained that the tanks are built so that if one were to burst it would not affect a partition next to it. He commented that two small LNG facilities have been approved locally and are under construction in this region. He provided further comments about LNG including that the smallest LNG plant requires over 40 acres and there are only 20 acres at the Port. He explained there are a number of areas in the master plan that talk about the difficulties associated with environmental impacts of widening and deepening. He pointed out a study was done that it would not be economically feasible to deepen the harbor for the little bit of potential container size of boat you would get in. He presented further information from the PowerPoint presentation including the size of the ships the port can support as shown on slide #31 and that coal was not in the master plan. He stated fundamentally the port is so small that it is essentially site constrained, and the master plan is staying within the footprint of what has been built. He explained the phase 3 plan was done at the request of one of the Port Commissioners that had been on a couple of marketing calls, and they looked to see what needed to be done to get the port capacity up to 100,000 TEU of containers. He stated in the master plan they noted there were wetlands in that area and the likelihood of getting permits was not good. He commented that since the public meetings and discussions they were able to find that the area was put into a conservation easement by legal description. He pointed out this was mapped in the appendix section so that you can see where the wetlands are and they added a footnote to phase 3 saying that it was an unfeasible plan. He briefly reviewed and explained the phases shown in the presentation. He pointed out the original master plan from 12 years ago utilized traffic counts taken in February 1999 for a week and averaged the vehicles per day (VPD) at 8th Street north of Lime, which had an average of 17,839 VPD and 2,511 truck trips (14.1% of the vehicles per day). He stated based on the last four years of the operations of the port there was an average of 281 days of operations and the number of trucks was 115.3 specific trucks for the port. He commented there are great number of trucks counted on 8th Street that aren't necessarily a port destination/origination in terms of truck trips. He provided further information about the modeling they did for the port traffic trips, and the increase in the railcars per day over that period. He reported that they have worked with City staff with regard to the coastal management element and how it can be integrated with the port plan. He noted there were a number of policies and objectives that are greatly improved from what is in place now. He explained the port board felt they have studied this and were willing to work with the City in terms of the Comprehensive Plan component.

Chair Kreger referred to ES7 phase 2 and pointed out filling in the wetlands was still there. He questioned why not change the introduction and eliminate it. He commented he was confused about the Resolution because it talks about dredging and spoils, but Mr. Wheeler was saying that they are not going to dredge. He stated there are inconsistencies in the report, and the introduction is not consistent with the City's Comprehensive Plan. There was a brief discussion about this noting there was no deepening programmed for the port and the area of pier extension includes the fill descriptions that have been previously permitted for the last 10-12 years, which was the reason the wetlands were put in the conservation easement.

Member Lane referred to section 5 and commented this plan is setting up everything that is a possibility. She pointed out the language is very distinct saying will, should, and a number of other things. She commented whatever comes in Resolution or section 8 it doesn't jive with what is behind there. She noted there may be LDC amendments in the future that talk about these things such as LNG and CNG and a number of things have fairly distinct sections in them, but there is no differentiator that they are not coming into the port. She pointed out the board was beginning to hear from people on the southern part of the island who are very concerned about this. She questioned whether the port was in line with what this community wants. Mr. Wheeler noted the City has an obligation to its entire coastal zone in terms of the treatment of development that happens there. He commented the coastal zone element needs to address the dynamic of having a working waterfront area within an environment that is trying to protect wetlands and water quality. Member Lane referred to the potential extension of the existing wharf by 2023 and stated this was mentioned very specifically in the plan, but it doesn't jive with what was said. There was further discussion about the port's master plan, which is a roadmap of where they can go in the future.

Member Lasserre noted most of the concerns were with trucks and traffic, LNG and coal, impacts on the environment, and the impact related to wetlands. Mr. Wheeler pointed out they referenced the exhibit in the plan and it was in the appendix. Member Lasserre explained the other plan had an intermodal facility on RockTenn's property, but that was not part of this plan. He suggested there should be an intermodal site on or near the port as a way to reduce truck traffic. Mr. Wheeler stated they had meetings with RockTenn regarding their operations and use of area for intermodal and staging. He explained diagrams were put together and returned to RockTenn, but their legal staff did not want to get that set in stone. Member Lasserre suggested if coal wasn't going to be at the port to put that in the plan. Mr. Wheeler clarified that they could not develop an economic justification to do it. There was further discussion about the concerns and conflicts with port plan and LDC that were brought up.

Member Bennett referred to a document that had to do with the State of Florida and planning for ports around the state. He commented the Federal Government, the State, and others are allocating money over the time period because the plan has already been submitted it to the State. He stated it doesn't appear that the City has any say at all other than what has been decided on a State level or port level. He pointed out this plan opens up a world of possibilities of where the port can go. He explained that a large majority of the plan doesn't work within the City's Comprehensive Plan.

After a brief discussion about comments from the public, the public hearing was opened at this time.

Mr. Chip Ross, 210 North 3rd Street, presented and briefly explained slides to the board including a picture of Fernandina Beach in 1986, the original port master plan with a 1,000 foot pier and one warehouse, the Development Regional Impact (DRI) plan was agreed to allow development to go forward, floodplain of Alligator Creek, information from the Department of Environmental Protection

(DEP), and that the conservation easement blocks the port from extending to anywhere else. He commented capacity for 100,000 containers was 200,000 truck trips. He urged the board to reject this plan and have them change the plan to something that is reasonable.

Mr. Lynn Williams, 1899 South Fletcher Avenue, commented most ships that sail the seas are not American and perhaps 95% of them are flagged as foreign vessels. He explained one of the things that should be part of the master plan is a section talking about water safety, water purity, and water cleanliness. He briefly commented about the idea of a "clean port", which would take care of ballast water and bilge water.

Mr. Philip Pierce, 221 North 6th Street, pointed out that Franklin Street is shown on maps, and questioned why that is not used. He commented that would avoid all residential, and it is approached from both 8th and 14th Street. There was a brief discussion about the streets in this area.

Ms. Ann Thomas, 402 Dade Street, commented she found the presentation to be disingenuous. She believed Mr. Wheeler said they wouldn't be bringing in Class "C" vessels and yet the amended master plan talks about Class "C" vessels on page 5-3, 5-9, and 5-18. She also cited pages of the plan that reference dredging. She referred to Comprehensive Plan element #2 multimodal transportation and explained it discusses the level of service and quality of service. She provided further comments and concerns about the transportation impacts to the community.

Ms. Christine Curso, Nassau County resident, requested the board recommend to the City Commission complete rejection of the strategic plan. She noted the decline in port revenue was a whopping 37% and it can't be attributed to economic issues. She expressed her concern that Kinder Morgan will make a business decision that says enough is enough and at that time the port will become the private property of a Texas conglomerate. She again urged the board to recommend rejection of the plan generated by a money losing enterprise and start developing a strategic plan to deal with the inevitable private ownership of a significant portion of property.

Mr. Michael O'Leary, 97073 Daniel Lane, briefly commented about the threats the board was looking at and pointed out it doesn't fit in this community.

Ms. Faith Ross, 210 North 3rd Street, explained she was concerned the City does not have in its Comprehensive Plan an element that speaks to the public safety of its citizens. She briefly expressed her concern about the barging of LNG across the river to be placed on ships and a banana fumigation facility. She referred to "Savannah Now" and explained the paper had an article about citizens rejecting Kinder Morgan's plan to truck LNG out of their city. She provided further concerns about the plan and LNG.

Ms. Julie Ferreira, 501 Date Street, stated that local people shouldn't be denied control over their environment. She read a portion of a report into the record showing there was some State investment planned for the port according to Martin Associates in 2011. She noted the permit for coal that went to the Department of Environmental Protection (DEP) the days of operation would be 24/7 for 365 days of the year. She referred to the comment this has been permitted for the last 10-12 years and explained she spoke with the DEP and they don't have an active environmental resources permit at that location for the extension of the wharf or the dredging. She stated the last authorization appears to have expired in 2002. She requested the PAB to turn down the master plan. She referred to the ballast water issue and pointed out it is Coast Guard regulated and that ballast water has to be dumped 12 miles offshore. She commented there is evidence that it has been done here. She expressed her concern about the materials in

the dredge and further concerns related to the port. She also expressed her concern with the ability of the Comprehensive Plan to protect the City and endangered species.

Mr. Michael Huffman, 303 Calhoun Street, commented that liquefied natural gas and compressed natural gas are regulated commodities, which is regulated by the Department of Homeland Security and State Fire Marshals. He stated there should have been a comprehensive safety plan submitted with all the plans. He explained he came from a job in Georgia that the mandatory evacuation of an uncontrollable leak of a 6,500 gallon ISO container is ½ mile radius from the location of the container. He stated if there is a fire associated with that it becomes a 1 mile radius, and if there is more than 200,000 gallons that becomes a 5 mile radius.

Mr. Chuck Hall, 315 Calhoun Street, noted a lot of people put a lot of work on this master plan and there are requirements of the plan. He expressed his opinion that this plan does not serve our community. He urged the PAB to not approve the Port's change to the City's Comprehensive Plan. He suggested letting the port mold to City rather than the City molding to their needs.

The public hearing was closed at this time.

Member Bennett commented he didn't have a complete understanding about goal 9 being replaced with goal 5P. Chair Kreger clarified it incorporates elements of the master plan into the Comprehensive Plan. Ms. Gibson explained she believed that State law changed in 2011 for Section 163.3177(6)(g)(8), which requires that the Comprehensive Plan's Coastal Management Element direct the orderly development, maintenance, and use of ports. She stated it directs that the City remove it as a standalone element and incorporate it there. Mr. Brian Wheeler questioned if the City participated in the drafting of the sub-element 5P. Ms. Gibson replied only to the extent that staff reviewed it. There was some discussion about the Comprehensive Plan, the Port's master plan, and an appropriate motion to proceed. **A motion was made by Chair Kreger, seconded by Member Rogers, to recommend denial of PAB case 2014-05 to the City Commission requesting that the City adopt by reference the OHPA's strategic master plan update; that existing goal 9 be deleted and replaced with goal 5p to be contained in the Conservation and Coastal Management Element; and that PAB case 2014-05 as presented is not sufficiently compliant with applicable Florida Statutes to be approved at this time. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

4. **Comments by the public** – There were no comments by the public at this time.

There was a brief discussion about the crosswalk resolution.

5. **Adjournment** - There being no further business to come before the Planning Advisory Board, the meeting was adjourned 7:45 pm.


Bretta Walker, Secretary


Len Kreger, Chair

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
Maintenance Management

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: The purpose of this discussion is to discuss improving the maintenance and management of City owned structures specifically, no longer deferring Capital Improvement Plan projects and focusing on preventative maintenance instead of reactive maintenance.

The recent closure of certain dune walkovers is an example of deferring maintenance to the degree it may have a financial impact on the City's cost share.

This item is placed on the agenda at the request of Vice Mayor Kreger.

FISCAL IMPACT: To be determined in upcoming budget years based upon City Commission direction.

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Caroline Best, City Clerk 4/9/2019
Dale Martin, City Manager 4/25/2019

Submitted By: *Caroline Best*
Caroline Best, City Clerk

Date: March 20, 2019

COMMISSION ACTION:

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
Americans with Disabilities Act (ADA) accessibility at Main Beach, North Beach Park
and Seaside Park

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: The purpose of this discussion is to discuss options to make it possible for anyone with a mobility impairment to propel independently along the sand at Main Beach, North Beach Park and Seaside Park.

This item is placed on the agenda at the request of Vice Mayor Kreger.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Caroline Best, City Clerk 4/10/2019

Dale Martin, City Manager 4/25/2019

Date: April 10, 2019

Submitted By: Caroline Best, City Clerk

COMMISSION ACTION:















BEACH
ACCESS
City of
Fernandina Beach
34



CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
 Septic System Remediation

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: This item is placed on the agenda at the request of Vice Mayor Kreger.

Harmful algae blooms and red tides kill hundreds of tons of fish each year and have become chronic problems in places like Florida, Lake Erie, Long Island Sound, and the Gulf of Mexico.

Septic system waste is directly related to the increased nutrient loads seen in our coastal waters which is due to development. Thousands of homes have septic tanks; the more research that's done indicates septic systems are a much bigger problem than originally thought.

This agenda item is for the purpose of discussing possible solutions and remedies.

FISCAL IMPACT: N/A

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

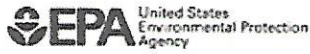
Caroline Best, City Clerk 4/15/2019

Dale Martin, City Manager 4/25/2019

Submitted By: Caroline Best
 Caroline Best, City Clerk

Date: April 15, 2019

COMMISSION ACTION:



Septic Systems Overview

More than one in five households in the United States depend on individual onsite or small community cluster systems (septic systems) to treat their wastewater. These systems are used to treat and dispose of relatively small volumes of wastewater, usually from houses and businesses located in suburban and rural locations not served by a centralized public sewer system.

Septic systems treat wastewater from household plumbing fixtures (toilet, shower, laundry, etc.) through both natural and technological processes, typically beginning with solids settling in a septic tank, and ending with wastewater treatment in the soil via the drainfield.

Septic systems include a wide range of individual and cluster treatment systems that process household and commercial sewage.

Septic systems are also called:

- onsite wastewater treatment systems,
- decentralized wastewater treatment systems,
- cluster systems,
- package plants,
- on-lot systems,
- individual sewage disposal systems, and
- private sewage systems.

The various types of decentralized wastewater treatment, if properly executed, can protect public health, preserve valuable water resources, and maintain economic vitality in a community. They are a cost-effective and long-term option for treating wastewater, particularly in less densely populated areas.

- [Annual Report 2013: Decentralized Wastewater Management Program Highlights](#)

What are the benefits of using septic systems to manage wastewater from small communities?

- **Public health benefits** - Proper use of decentralized systems reduces the risk of disease transmission and human exposure to pathogens, which can occur through drinking water, surface water, and shellfish bed contamination.
- **Environmental benefits** - Wastewater treatment removes pollution from surface water, recharges groundwater, and replenishes aquifers.

- **Economic benefits** - Decentralized wastewater systems help communities reduce large infrastructure and energy costs to collect and treat wastewater.

Are septic systems more prevalent in some areas of the country?

The U.S. Bureau of the Census reports that the distribution and density of septic systems vary widely by region and state, from a high of about 55 percent in Vermont to a low of about 10 percent in California.

- New England states have the highest proportion of homes served by septic systems. New Hampshire and Maine both report that about one-half of all homes are served by individual systems.
- More than one-third of the homes in the southeastern states depend on these systems, including approximately 48 percent in North Carolina and about 40 percent in both Kentucky and South Carolina.
- More than 60 million people in the nation are served by septic systems. About one-third of all new development is served by septic or other decentralized treatment systems.

Do septic systems cause health or water quality problems?

Septic systems that are properly planned, designed, sited, installed, operated and maintained can provide excellent wastewater treatment. However, systems that are sited in densities that exceed the treatment capacity of regional soils and systems that are poorly designed, installed, operated or maintained can cause problems.

The most serious documented problems involve contamination of surface waters and ground water with disease-causing pathogens and nitrates. Other problems include excessive nitrogen discharges to sensitive coastal waters and phosphorus pollution of inland surface waters, which increases algal growth and lowers dissolved oxygen levels. Contamination of important shellfish beds and swimming beaches by pathogens is a concern in some coastal regions.

How are septic systems regulated?

In most states, local health departments issue construction and operating permits to install septic systems under state laws that govern public health protection and abatement of public nuisances. Some states add water resource protection provisions to their septic system regulations because of the possible impacts from nitrogen and phosphorus.

Under most regulatory programs, the local permitting agency conducts a site assessment to determine whether the soils can provide adequate treatment. These programs ensure that ground water resources will not be threatened, and stipulate appropriate setback distances from buildings, driveways, property lines, and surface waters.

Some states permit alternative systems if conventional soil-based systems are not allowable. Very few permitting agencies conduct regular inspections of septic systems after they are installed.

Regulation of onsite wastewater treatment systems:

- **Individual onsite systems** are regulated by states, tribes and local governments.
- **Large capacity septic systems** are regulated under EPA's Safe Drinking Water Act Underground Injection Well program, [large capacity septic systems requirements](#).
- **Systems discharging to surface waters** are regulated under EPA's Clean Water Act [National Pollutant Discharge Elimination System program](#).
- **Disposal of sewage sludge** (biosolids) and domestic septage are regulated under [EPA's sewage sludge regulation \(PDF\)](#) (1 pg, 107 K, [About PDF](#)) (40 CFR Part 503).
 - [A Guide to the Biosolids Risk Assessment for the EPA Part 503 Rule](#) describes the risk assessment process that is the basis for the biosolids rule.

What terms are commonly used when talking about Septic Systems?

[EPA's Glossary of Septic System Terminology](#) contains terms commonly used in the wastewater treatment field and their definitions.

LAST UPDATED ON DECEMBER 4, 2018

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach



SUBJECT: Discussion
National Coastal Resiliency Fund / Increasing the Nation's Natural Defenses

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: This item is placed on the agenda at the request of Vice Mayor Kreger.

Discussion regarding establishing a formal and prioritized process in order to participate in National Coastal Resilience Funding opportunities with the goal of restoring and enhancing our natural resource infrastructure and to reduce our vulnerability to storms, floods, and other detrimental natural events.

FISCAL IMPACT: To be determined based upon City Commission direction.

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): N/A

Dale Martin, City Manager 4/25/2019

Submitted By: *Caroline Best* Date: April 16, 2019
Caroline Best, City Clerk

COMMISSION ACTION:



National Coastal Resilience 2018 Grant Slate

NFWF CONTACTS

Erika Feller

Director,
Marine and Coastal Conservation
erika.feller@nfwf.org
202-595-3911

Michelle Pico

Program Director,
Marine Conservation
pico@nfwf.org
262-567-0601

PARTNERS



ABOUT NFWF

The National Fish and Wildlife Foundation (NFWF) protects and restores our nation's fish and wildlife and their habitats. Created by Congress in 1984, NFWF directs public conservation dollars to the most pressing environmental needs and matches those investments with private funds.

Learn more at www.nfwf.org

NATIONAL HEADQUARTERS

1133 15th Street NW
Suite 1000
Washington, DC 20005
202-857-0166



Coral reef, Hawaii

OVERVIEW

In May 2018, The National Fish and Wildlife Foundation (NFWF) established the National Coastal Resilience Fund with the goal of restoring and enhancing natural resource infrastructure to reduce the vulnerability of coastal communities to storms, floods and other detrimental natural events. NFWF, the National Oceanic and Atmospheric Administration, Shell Oil Company and TransRe announced an inaugural round of funding for the National Coastal Resilience Fund and awarded thirty-five new grants totaling \$28.93 million, leveraging \$38.29 million in match from grantees, generating a total conservation impact of more than \$67.22 million.

Investments through this national program will advance regionally identified priorities to enhance fish and wildlife habitats and improve the resilience of coastal communities. Building on significant coordination and planning that has already been done in many of the nation's coastal communities and recognizing the need for action, the fund focuses on advancing implementation of projects that will have greatest benefit to both human community resilience and fish and wildlife benefit.

(continued)



National Coastal Resilience 2018 Grant Slate

PROJECT IMPLEMENTATION:

Projects in this category have been prioritized through a formal planning process that addresses coastal resilience and have completed all necessary designs and engineering plans for implementation. Eligible projects include ecosystem restoration projects and the construction of natural, nature-based and green-gray infrastructure, where tangible community resilience and conservation outcomes can be measured. Nineteen projects representing a total recommended award amount of \$26.14 million will be further leveraged by \$33.91 million in grantee matching contributions for a total impact of \$60.05 million.

Restore New England's Largest Saltmarsh for Resilience and Ecological Enhancement (MA)

Grantee: National Wildlife Federation

Grant Amount: \$1,223,986
Matching Funds: \$1,305,943
Total Amount: \$2,529,929

Build and enhance resilience of the 25,000-acre Great Marsh coastal habitat to help protect critical community infrastructure. Project will improve drainage of marsh pools, restore native vegetation, remove invasive species, and plant eelgrass to reduce erosion and improve channel stabilization.

John Heinz National Wildlife Refuge Tidal Marsh Restoration to Restore Hydrological Function (PA)

Grantee: Ducks Unlimited

Grant Amount: \$283,783
Matching Funds: \$283,783
Total Amount: \$567,566

Restore 180 acres of tidal marsh habitat through the installation of a new water control structure and pump system on the U.S. Fish and Wildlife Service wetland impoundment at John Heinz National Wildlife Refuge in Pennsylvania. Project will restore tidal flows and improve management capabilities within the impounded wetland for flood control and benefits to wetland-dependent birds and wildlife.

South Wilmington Freshwater Tidal Wetland Habitat Restoration for Flood Prevention (DE)

Grantee: City of Wilmington, Delaware

Grant Amount: \$2,999,972
Matching Funds: \$8,944,987
Total Amount: \$11,944,959

Restore 14 acres of degraded wetland to a high functioning freshwater tidal wetland habitat in South Wilmington, Delaware. Project will reduce flooding, enhance resiliency, restore freshwater tidal exchange, filter polluted runoff, improve soil and water quality, and restore habitat for a variety of fish and wetland and aquatic wildlife.

Building Adaptive Shorelines and Resilient Communities in the Lower James River (VA)

Grantee: James River Association

Grant Amount: \$1,112,424
Matching Funds: \$1,097,815
Total Amount: \$2,210,239

Implement three living shoreline management and green infrastructure projects on public land within the Hampton, Virginia to address community and habitat vulnerability to sea level rise. Project will strengthen natural systems to protect the Hampton Roads region from the impacts of flooding and storm events and enable communities to recover more quickly.

Lindenwood-Barraud Park Community Resilience Living Shoreline (VA)

Grantee: City of Norfolk

Grant Amount: \$1,252,500
Matching Funds: \$1,211,180
Total Amount: \$2,463,680

Construct a hybrid living shoreline and riparian buffer expansion in Norfolk, Virginia along the Lafayette River. Project will improve the shoreline along a lower-income neighborhood and will support storm resilience, water quality, and habitat improvement goals.

Living Shorelines for North Carolina Coastal Communities

Grantee: North Carolina Coastal Federation

Grant Amount: \$1,100,000
Matching Funds: \$947,061
Total Amount: \$2,047,061

Construct living shorelines at two coastal locations to protect the entrance channels of harbors and historic shorelines of coastal North Carolina. Project will naturally stabilize and protect the eroding shorelines to maintain existing navigation channels, prevent flooding and build fisheries habitats.

Habitat Restoration of Crab Bank Island Seabird Sanctuary to Protect Coastal Shorelines (SC)

Grantee: Audubon South Carolina

Grant Amount: \$700,000
Matching Funds: \$1,751,226
Total Amount: \$2,451,226

Restore Crab Bank Seabird Sanctuary, a critical nesting island in Charleston Harbor, South Carolina. Project will protect 1.5 miles of coastal property and provide 28 acres of suitable nesting habitat for the brown pelican, royal tern, black skimmer, American oystercatcher and other seabird and shorebird species.

(continued)



Coral, Florida Keys

Maintain Coastal Protection of Florida's Reefs through Restoration of Resilient Corals

Grantee: Mote Marine Laboratory

Grant Amount: \$1,499,462

Matching Funds: \$1,500,000

Total Amount: \$2,999,462

Restore more than 130 acres of coral reef to strengthen coastal resiliency to storm enhanced waves and expand essential fisheries habitat for sustainable commercial and recreational use. Project will recover threatened and endangered coral species in the Florida Keys through the culture and out-planting of disease and temperature resilient corals.

Strengthen Resilience from Extreme Weather through Ecological Restoration of Sand Dunes (PR)

Grantee: University of Puerto Rico at Aguadilla

Grant Amount: \$467,572

Matching Funds: \$648,968

Total Amount: \$1,116,540

Restore high-priority areas of storm-damaged coastal dunes along the north and west coasts of Puerto Rico. Project will use innovative sand-trapping devices, exclusion fences and wooden boardwalks to promote the accumulation of sand and an increase in the vegetation cover on breached and eroded sites.

Reforestation and Habitat Enhancement of Hacienda La Esperanza Nature Reserve (PR)

Grantee: Para la Naturaleza

Grant Amount: \$652,444

Matching Funds: \$652,444

Total Amount: \$1,304,888

Strengthen the natural resilience of Hacienda La Esperanza Nature Reserve and neighboring communities in Puerto Rico to protect from future storm and flooding events while enhancing fish and wildlife habitat. Project will engage in diverse forest restoration activities to promote the enhancement of floodplains, wetlands and coastal forests.

Helen Wood Park Shoreline Protection and Habitat Restoration (AL)

Grantee: The Nature Conservancy

Grant Amount: \$998,365

Matching Funds: \$950,366

Total Amount: \$1,948,731

Protect a half mile of shoreline with 10 acres of intertidal nearshore breakwater habitat and enhance 12 acres of intertidal marsh and seagrass beds in Alabama. Project will increase resilience to a local waterfront community and infrastructure frequently impacted by storms and threatened by sea level rise.



National Coastal Resilience 2018 Grant Slate

Terrebonne Basin Coastal Wetland Habitat Restoration and Community Resiliency (LA)

Grantee: Ducks Unlimited

Grant Amount: \$1,705,000

Matching Funds: \$1,705,000

Total Amount: \$3,410,000

Restore 575 acres of coastal wetlands in the Terrebonne Basin, Louisiana. Project will prevent additional wetland erosion and provide storm surge protection for the Golden Meadow, Pointe aux Chene, and Isle de Jean Charles communities.

Dollar Bay-Moses Lake Wetlands Restoration and Protection to Reduce Erosion (TX)

Grantee: Galveston Bay Foundation

Grant Amount: \$1,050,000

Matching Funds: \$1,000,000

Total Amount: \$2,050,000

Restore degraded wetlands and protect vulnerable shorelines and communities within the Dollar Bay-Moses Lake complex in Galveston Bay, Texas. Project will restore 72 acres of intertidal marsh habitat to address the loss of habitat in Galveston Bay due to historical land surface subsidence and shoreline erosion.

Restore Ecosystem Function and Community Resiliency in the Salt River Watershed (CA)

Grantee: Humboldt County Resource Conservation District

Grant Amount: \$1,656,405

Matching Funds: \$2,367,052

Total Amount: \$4,023,457

Restore 7 miles of river channel and associated floodplains, wetlands, and riparian habitats in the upper reach of the Salt River in California. Project will provide area landowners with drainage to reduce flood impacts and create enhanced fish habitat and fish passage to the upper watershed.

Floodplain Reconnection to Restore Wild Salmon Habitat and Enhance Community Resilience (OR)

Grantee: Sandy River Basin Watershed Council

Grant Amount: \$960,660

Matching Funds: \$1,057,300

Total Amount: \$2,017,960

Restore 418 acres along 1 mile of floodplain and enhance instream habitat to bolster resilience from intensification of storms and streambank erosion. Project will restore conditions for threatened wild salmon and steelhead while increasing resiliency of surrounding community infrastructure.

Leque Island Estuarine Marsh Habitat Restoration and Flood Protection (WA)

Grantee: Washington Department of Fish and Wildlife

Grant Amount: \$900,000

Matching Funds: \$900,000

Total Amount: \$1,800,000

Remove a 2.4-mile long perimeter levee to restore tidal and riverine influence and improve coastal resiliency for Stanwood, Washington. Project will restore 250 acres of estuarine marsh and estuary rearing habitat for endangered chinook juvenile salmonid populations of the Stillaguamish and Skagit rivers while providing flood protecting to the surrounding community.

Managed Community Retreat and Ecological Restoration of Coastal Wetlands (AK)

Grantee: Alaska Native Tribal Health Consortium

Grant Amount: \$2,732,000

Matching Funds: \$2,632,000

Total Amount: \$5,364,000

Decommission 12 houses and all associated infrastructure to restore 3 acres of coastal wetland habitat in Newtok, Alaska. Project will prevent contamination of the Yukon Delta National Wildlife Refuge and build twelve new houses in the community relocation site of Mertarvik.

Wetlands Restoration for Ecosystem and Community Resilience in He'eia, Oahu (HI)

Grantee: The Nature Conservancy

Grant Amount: \$768,454

Matching Funds: \$768,912

Total Amount: \$1,537,366

Establish a natural constructed wetlands system in the He'eia wetlands to protect and enhance the ecosystem and community of Kane'ohe Bay, Hawaii. Project will minimize flood events, reduce sediment and nutrient run-off, and create habitat and fish passage for marine and estuarine species.

Enhance Coastal Protection with Resilient Coral Reefs along Oahu (HI)

Grantee: University of Hawaii, Hawaii Institute of Marine Biology

Grant Amount: \$1,056,114

Matching Funds: \$1,078,728

Total Amount: \$2,134,842

Identify thermally tolerant coral stocks for restoration of reefs in Oahu to enhance shoreline protection from wave and storm energy. Project will propagate resilient corals in nurseries and partner in the out-planting at three sites to test the efficacy of this strategy and evaluate best practices to increase restoration efforts across the state.

(continued)



Trustum Pond, Rhode Island, after Hurricane Sandy in 2012 | Credit: USFWS

Reduce Storm Related Impacts for Lake Superior Coastal Communities through Habitat Restoration (MI)

Grantee: Superior Watershed Partnership

Grant Amount: \$2,500,000

Matching Funds: \$3,050,000

Total Amount: \$5,550,000

Implement green-gray infrastructure to restore and strengthen natural systems along the Lake Superior shoreline in Michigan. Project will protect public infrastructure, restore public access to the shoreline, and create contiguous coastal habitat for resident and migratory wildlife including birds, pollinators, native fish and mammals.

PROJECT ENGINEERING AND DESIGN:

Engineering and design grants are short-term – less than 18 months – projects to complete assessment, planning, engineering and design necessary to prepare a project for implementation. The following projects will advance a pipeline of shovel-ready projects in areas likely to have the greatest benefit for communities and wildlife. In this category, fifteen projects representing a total recommended award amount of \$3.31 million will be further leveraged by \$4.27 million in grantee matching contributions for a total impact of \$7.58 million.

Back River Creek and Saltmarsh Restoration for Coastal Infrastructure Resilience (ME)

Grantee: Kennebec Estuary Land Trust

Grant Amount: \$250,000

Matching Funds: \$300,000

Total Amount: \$550,000

Develop engineering designs to restore habitat and hydrological function at Back River Creek and Pleasant Cove in Maine while providing protection to road and drinking water infrastructure from future flooding events. Project will propose improvements to infrastructure that will return full tidal exchange to upstream wetland, restoring 140 acres of saltmarsh and fish passage, and increasing resilience of critical infrastructure including a water main and coastal US Route 1.

Tidal Crossing Replacements for a Resilient Coastal New Hampshire

Grantee: The Nature Conservancy

Grant Amount: \$136,242

Matching Funds: \$136,242

Total Amount: \$272,484

Complete full engineering and design plans for four to five high-priority tidal crossings across New Hampshire's coastal zone. Project will work closely with local partners and coastal resources to design projects that will enhance resilience for coastal communities and ecosystems.

Rhode Island Shoreline Adaptation and Habitat Enhancement Project Inventory

Grantee: RI Coastal Resources Management Council

Grant Amount: \$280,140

Matching Funds: \$347,028

Total Amount: \$627,168

Create a complete inventory of potential shoreline adaptation projects within areas of Rhode Island identified as vulnerable to coastal erosion, flooding and storm surge. Project will complete designs and permit applications for a subset of projects and provide guidance for municipalities on shoreline adaptation implementation.

Managed Retreat and Ecological Restoration of Southern Mastic Beach (NY)

Grantee: Town of Brookhaven

Grant Amount: \$149,737

Matching Funds: \$150,000

Total Amount: \$299,737

Develop design plans for the restoration of coastal saltmarsh and scrub shrub habitat along southern Mastic Beach in New York. Project will prepare for restoration of a reclaimed floodplain to a healthy native salt marsh and maritime scrub-shrub/forest community to provide a buffer from future flooding for inland residential communities.

Floodplain Habitat Design to Establish Green Infrastructure Practices along Woodbridge River (NJ)

Grantee: Rutgers, The State University of New Jersey

Grant Amount: \$175,065

Matching Funds: \$175,096

Total Amount: \$350,161

Produce a floodplain restoration design and green infrastructure interventions that integrate ecological improvements to increase ecosystem function and reduce flood risk. Project will maximize resilience of communities within the Woodbridge River floodplain and improve habitat for wetland dependent species, including fish, breeding and migratory birds, and reptiles and amphibians.

Planning Ecologically Beneficial And Resilient Infrastructure at the Mouth of the Maurice River (NJ)

Grantee: American Littoral Society

Grant Amount: \$250,000

Matching Funds: \$250,000

Total Amount: \$500,000

Design a hybrid living shoreline breakwater to minimize further erosion of a peninsula on the west side of the Maurice River and plan the protection and restoration of a second vulnerable location on the east side of the river. Project will develop engineered designs, construction methods, permits and cost estimates in preparation for wetland restoration construction.



Eastern Shore, Virginia

Eastern Shore Barrier Island Stabilization and Marsh Construction Engineering Plans (VA)

Grantee: College of William and Mary, Virginia Institute of Marine Science

Grant Amount: \$249,707

Matching Funds: \$250,578

Total Amount: \$500,285

Develop an engineering design plan for a 450-acre marsh restoration and expansion project along southern Cedar Island in Virginia and provide direct outreach to resiliency planning organizations and local citizens on the Eastern Shore. Project will prepare plans to enhance the resiliency of the barrier islands, back barrier marshes and lagoons, and mainland communities in the rural Eastern Shore.

McCoys Creek Restoration Plan for Improved Wildlife Habitat and Flood Management (FL)

Grantee: Groundwork Jacksonville

Grant Amount: \$250,000

Matching Funds: \$425,904

Total Amount: \$675,904

Develop a restoration plan for McCoys Creek in Jacksonville, Florida to improve the waterway's health and water quality, improve flood conditions for residents and businesses, and create habitat for wildlife. Project will establish natural



National Coastal Resilience 2018 Grant Slate

channel design and bioengineering treatments for restoring the creek and identify locations for recreational amenities and natural stormwater remedies.

Dauphin Island Causeway Restoration Engineering and Design (AL)

Grantee: Marine Environmental Sciences Consortium /
Dauphin Island Sea Lab

Grant Amount: \$250,000

Matching Funds: \$250,000

Total Amount: \$500,000

Investigate feasibility and recommend alternatives of sustainable shoreline protection measures providing critical edge habitat adjacent to Alabama's most productive and active oyster harvest area. Project will develop engineering plans and permit documents for restoration, including wave attenuation and marsh creation to bolster the resilience of the Dauphin Island community and fishery resources.

Bucktown Marsh Restoration and Living Shoreline Design (LA)

Grantee: Jefferson Parish Department of Environmental Affairs

Grant Amount: \$250,000

Matching Funds: \$150,000

Total Amount: \$400,000

Prepare design and engineering plans to improve resiliency of the Jefferson Parish levee system in Louisiana and educate and engage urban communities. Project will lead to the restoration of indigenous marshland and ecological features along a 1-mile stretch of lakefront between Bonabel Park and Boat Launch and Bucktown Harbor.

Los Cerritos Wetlands Flood Control Planning and Restoration (CA)

Grantee: Los Cerritos Wetlands Authority

Grant Amount: \$249,500

Matching Funds: \$850,000

Total Amount: \$1,099,500

Obtain U.S. Army Corps of Engineers permitting and complete design plans to restore 500 acres of San Gabriel River floodplain and 500 acres of Los Cerritos Wetlands estuarine habitat. Project will develop a restoration plan to breach or remove the existing flood control levee along the San Gabriel River to introduce tidal circulation into the restored wetland.

Gravel Beach and Berm Design for Shorebird Habitat, Erosion Control and Flood Protection (CA)

Grantee: California State Coastal Conservancy

Grant Amount: \$237,405

Matching Funds: \$238,000

Total Amount: \$475,405

Conduct design, cost estimates, and pilot documentation

for a 2-mile gravel beach and berm shoreline protection feature and shorebird habitat at Eden Landing Ecological Reserve in South San Francisco Bay, California. Project will design localized shorebird nesting habitat and erosion control at the bay's edge and create a new piece of regional flood protection infrastructure for wetlands restoration for habitat benefit, flood protection, and public access across 1,300 acres.

Tillamook River Engineering and Design for Community Protection and Wetland Recovery (OR)

Grantee: Tillamook Estuaries Partnership

Grant Amount: \$97,488

Matching Funds: \$97,500

Total Amount: \$194,988

Plan an emergency ingress and egress route and prepare to restore 73 acres of coastal wetland habitat in the Tillamook Bay estuary of Oregon. Project will complete the designs for restoration of critical habitat for recovery of the threatened Oregon Coast coho salmon and 17 other federal or state species of concern while maintaining a critical evacuation route for the community.

Lower Big Quilcene River Restoration Design to Reduce Flood Risk (WA)

Grantee: Hood Canal Salmon Enhancement Group

Grant Amount: \$236,081

Matching Funds: \$300,000

Total Amount: \$536,081

Prepare project designs for integrated floodplain protection and restoration along the lower 3 miles of the Big Quilcene River. Project will reduce flood risk, improve salmon and shellfish habitat while enhancing water quality, recreational access, and economic vitality in the local community.

Increase Ecological Health and Community Protection from Lake Michigan Dune and Beach Restoration (WI)

Grantee: Natural Resources Foundation of Wisconsin

Grant Amount: \$249,901

Matching Funds: \$250,000

Total Amount: \$499,901

Develop engineering plans for constructing submerged sills and living shorelines that will increase coastal resiliency, restore terrestrial and aquatic habitats, improve the fisheries, and reduce vulnerability to extreme weather events. Project will respond to findings from a coastal assessment of southeastern Wisconsin's Lake Michigan shoreline which identified coastal areas of greatest vulnerability and resiliency opportunities.