



VILLAGE OF KEY BISCAYNE

Office of the Village Manager

MEMORANDUM

Village Council

Franklin H. Caplan, *Mayor*

Michael E. Kelly, *Vice Mayor*

Michael W. Davey

Enrique Garcia

Robert Gusman

Mayra P. Lindsay

James S. Taintor

Village Manager

Genaro "Chip" Iglesias

DATE: June 28, 2011

TO: Honorable Mayor and Members of the Village Council

FROM: Genaro "Chip" Iglesias, Village Manager

RE: Refunding Capital Improvement Revenue Bonds, Series 2002

RECOMMENDATION

After careful review of the attached documents, it is recommended that the Village Council authorize the Village Manager to enter into negotiations with SunTrust Bank to purchase the \$7,130,000 Capital Improvement Revenue Refunding Bonds, Series 2011B to refinance the Capital Improvement Revenue Bonds, Series 2002. This proposed refinancing will produce over \$535,000 in savings over the life of the bonds.

BACKGROUND

In November of 2002, the Village Council authorized the issuance of the Capital Improvement Revenue Bonds, Series 2002 in the aggregate principal amount of \$9,987,551 for the purpose of financing a portion of the costs of construction and equipping of a community center, including a parking garage and swimming pool and financing architectural, engineering, and other planning costs related thereto. The Capital Improvement Revenue Bonds, Series 2002 was structured for 20 years at an interest rate of 3.59% per annum.

On May 17, 2011, the Village received proposals from financial institutions for the purchase of bonds to refund the Village's Stormwater Utility Revenue Bonds, and the Village desired to negotiate with the same banks for the purchase of the Capital Improvement Revenue Refunding bonds directly and without utilizing a new request for proposals.

At the June 14, 2011 Council meeting, the Village Council approved the negotiation with financial institutions to refinance the Capital Improvement Revenue Bonds, Series 2002 Bonds and enter into a fixed interest rate lock agreement for an amount not to exceed \$7,150,000 (\$7,126,240 principal outstanding plus any costs of issuance) for the term of the loan.

Pursuant to this request, the Village negotiated with SunTrust Bank, the owner of the current Capital Improvement Revenue Bonds, Series 2002 for the purchase of the Capital Improvement Revenue Refunding Bonds, Series 2011A. Estrada Hinojosa, as our Financial Advisor and Weiss Serota Helfman, Pastoriza Cole & Boniske, P.L. as Bond Counsel assisted the Village with negotiations with SunTrust Bank.

Negotiation covered many factors including, interest rate, market rate volatility/exposure, maintaining maximum flexibility for prepayment of the loan, fees and expenses, and other Special Covenants included in the Resolution. SunTrust's proposal provides a guaranteed rate of 2.41% thru final maturity on November 1, 2022, closing on or before August 1, 2011 (thereby limiting interest rate risk), allows for no loan prepayment penalty and limits the pass thru bank's costs of issuance to the Village to \$3,500. The Security for the Bonds will be the Village's agreement to Covenant, Budget and Appropriate lawfully available Non-Ad Valorem revenue.

Among the Covenants and Conditions on the subject resolution regarding the loan agreement with SunTrust is that the Village maintain its primary banking relationship with SunTrust for a period not less than 5 years from the date of funding, subject to the Bank maintaining a branch office on Key Biscayne, Florida.

RESOLUTION NO. _____

A RESOLUTION OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, AUTHORIZING THE ISSUANCE OF CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2011B, OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$7,130,000 FOR THE PURPOSE OF REFUNDING THE VILLAGE'S \$9,987,551 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2002; AWARDED THE SALE OF THE BONDS TO SUNTRUST BANK; PROVIDING FOR SECURITY FOR THE BONDS; PROVIDING OTHER PROVISIONS RELATING TO THE BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on November 27, 2002, the Village of Key Biscayne, Florida (the "Village") issued its \$9,987,551 Capital Improvement Revenue Bonds, Series 2002 (the "Prior Bonds"), currently outstanding in the principal amount of \$7,126,240, for the purpose of financing a portion of the costs of construction and equipping of a community center, including a parking garage and swimming pool (the "Project"); and

WHEREAS, on June 28, 2011, the Council adopted Ordinance No. 2011-8 (the "Ordinance") authorizing the issuance of not exceeding \$7,150,000 of bonds for the purpose of refunding the Prior Bonds and paying costs of issuance of the bonds; and

WHEREAS, the Council hereby determines to accept a commitment from SunTrust Bank (the "Bank") to purchase the bonds; and

WHEREAS, the Council desires to set forth the details of the bonds in this Bond Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAYNE, FLORIDA:

SECTION 1. AUTHORIZATION OF BONDS. Pursuant to the provisions of this Bond Resolution and the Ordinance, Capital Improvement Revenue Refunding Bonds of the Village to be designated "Village of Key Biscayne, Florida Capital Improvement Revenue Refunding Bonds, Series 2011B" (the "Bonds"), are hereby authorized to be issued in an aggregate principal amount of \$7,130,000 for the purpose of refunding the Prior Bonds and paying certain costs of issuance of the Bonds.

SECTION 2. TERMS OF THE BONDS.

(a) General Provisions. The Bonds shall be issued in fully registered form without coupons. The principal of and interest on the Bonds shall be payable when due in lawful money of the United States of America by wire transfer or by certified check delivered on or prior to the date due to the registered Owners of the Bonds (“Owners”) or their legal representatives at the addresses of the Owners as they appear on the registration books of the Village. Payments shall be made in immediately available funds by no later than 2:00 p.m., Eastern time, on the date due, free and clear of any defenses, set-offs, counterclaims, or withholdings or deductions for taxes. Except as provided in Section 14(e) hereof, if any payment required to be made hereunder is not paid within ten (10) days of when due, the Village shall pay to the Owners a late charge equal to two percent (2%) of the late payment. Except as provided in Section 14(e) hereof, if any payment required to be made hereunder is not paid within thirty (30) days of when due, the interest rate on the Bonds shall be increased to a Default Rate equal to the then applicable interest rate on the Bonds plus four percent (4%) per annum until paid.

The Bonds shall be dated the date of their issuance and delivery and shall be initially issued as one Bond in the denomination of \$7,130,000. The Bonds shall mature on November 1, 2022.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE OR A PLEDGE OF THE FAITH AND CREDIT OF THE VILLAGE, BUT SHALL BE PAYABLE EXCLUSIVELY FROM LEGALLY AVAILABLE NON-AD VALOREM REVENUES OF THE VILLAGE, AS DEFINED IN THIS RESOLUTION. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE VILLAGE TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION WHATEVER THEREFOR NOR SHALL THE BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE VILLAGE, AND THE HOLDERS OF THE BONDS SHALL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION.

(b) Interest Rate. Subject to adjustment as provided below, the Bonds shall bear interest on the outstanding principal balance from their date of issuance payable quarterly on the first day of each February, May, August and November (the “Interest Payment Dates”), commencing November 1, 2011, at an interest rate equal to 2.41% per annum.

Interest on the Bonds shall be computed on the basis of a 360-day year for the actual number of days elapsed.

(i) Adjustment of Interest Rate For Full Taxability. Upon a Determination of Taxability, the rate of interest on the Bonds shall be adjusted upward to 3.597% per annum (the “Taxable Rate”), retroactive as of the date of the Determination of Taxability event. In addition to the payments of principal and interest on the Bonds required to be paid pursuant to the terms of this Resolution and the Bonds, the Village hereby agrees to pay to the Owners an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68

of the of the Internal Revenue Code of 1986, as amended (the “Code”)) owed by the Owners as a result of the occurrence of a Determination of Taxability. All such interest, penalties on overdue interest, and additions to tax shall be paid by the Village on the next succeeding Interest Payment Date following the Determination of Taxability. A “Determination of Taxability” shall mean a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of an Owner of the Bonds for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Village has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Bond, and until the conclusion of any appellate review, if sought.

(ii) Adjustment of Interest Rate for Change in Maximum Corporate Tax Rate. In the event that the maximum effective federal corporate tax rate (the “Maximum Corporate Tax Rate”) during any period with respect to which interest shall be accruing on the Bonds on a tax-exempt basis, shall be decreased below thirty-five percent (35%), the interest rate on the Bonds that are bearing interest on a tax-exempt basis shall be adjusted upward to the product obtained by multiplying the interest rate then in effect on the Bonds by a fraction equal to $(1-A \text{ divided by } 1-B)$, where A equals the Maximum Corporate Tax Rate in effect as of the date of adjustment and B equals the Maximum Corporate Tax Rate in effect immediately prior to the date of adjustment. The interest rate otherwise borne by the Bonds shall be adjusted automatically as of the effective date of each decrease in the Maximum Federal Corporate Tax Rate.

(iii) Adjustment of Interest Rate for Other Changes Affecting After-Tax Yield.

(A) If any Change in Law shall, in the Bank’s reasonable determination, either (a) change the basis of taxation of payments to the Bank of any amounts payable by the Village hereunder (other than taxes imposed on the overall net income of the Bank), (b) impose, modify or deem applicable any reserve, special deposit or similar requirement against the Bonds owned by the Bank or (c) impose on the Bank any other condition relating, directly or indirectly, to this Resolution or the Bonds, and the result of any event referred to in the preceding clause (a), (b) or (c) shall be to increase the cost to the Bank of owning the Bonds, then, upon written demand by the Bank, the Village hereby agrees to pay promptly to the Bank, from time to time as specified by the Bank, such additional amounts as shall be sufficient to compensate the Bank for such increased cost. A certificate of the Bank claiming compensation under this subsection and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bank may use any reasonable averaging and attribution methods.

(B) If, after the date of this Resolution, the Bank shall have reasonably determined that Change in Law regarding capital adequacy, has or would have the

effect of reducing the rate of return on the Bank’s capital, on the Bonds or otherwise, as a consequence of its ownership of the Bonds to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank’s policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time, promptly upon demand by the Bank, the Borrower hereby agrees to pay the Bank such additional amount or amounts as will compensate the Bank for such reduction. A certificate of the Bank claiming compensation under this subsection and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bank may use any reasonable averaging and attribution methods.

(C) A “Change in Law” shall mean the occurrence, after the date of this Resolution, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority charged with the interpretation or administration thereof (“Governmental Authority”) or (c) the making or issuance of any rule, guideline or directive (whether or not having the force of law) by any Governmental Authority.

For purposes of this Section 2(b), the term “Bank” shall mean SunTrust Bank and its successors and assigns.

(c) Prepayment Provisions.

(i) Mandatory Prepayment. The principal of the Bonds shall be subject to mandatory prepayment in quarterly installments on each Interest Payment Date, commencing November 1, 2011 in the amounts set forth below:

<u>Interest Payment Date</u>	<u>Principal Installment Due</u>	<u>Interest Payment Date</u>	<u>Principal Installment Due</u>
November 1, 2011	\$140,000	August 1, 2017	\$155,000
February 1, 2012	140,000	November 1, 2017	165,000
May 1, 2012	140,000	February 1, 2018	165,000
August 1, 2012	140,000	May 1, 2018	160,000
November 1, 2012	140,000	August 1, 2018	160,000
February 1, 2013	140,000	November 1, 2018	165,000
May 1, 2013	140,000	February 1, 2019	170,000
August 1, 2013	140,000	May 1, 2019	165,000
November 1, 2013	155,000	August 1, 2019	165,000
February 1, 2014	150,000	November 1, 2019	165,000
May 1, 2014	145,000	February 1, 2020	170,000
August 1, 2014	145,000	May 1, 2020	170,000
November 1, 2014	150,000	August 1, 2020	170,000
February 1, 2015	155,000	November 1, 2020	170,000
May 1, 2015	150,000	February 1, 2021	170,000
August 1, 2015	150,000	May 1, 2021	170,000
November 1, 2015	150,000	August 1, 2021	170,000

February 1, 2016	155,000	November 1, 2021	185,000
May 1, 2016	150,000	February 1, 2022	180,000
August 1, 2016	150,000	May 1, 2022	175,000
November 1, 2016	165,000	August 1, 2022	175,000
February 1, 2017	160,000	November 1, 2022	185,000
May 1, 2017	155,000		

In the event that there is more than one Owner of the Bonds, (A) the Village shall determine the amount of each Bond to be redeemed, and (B) the Village shall give notice to each Owner of the Bonds at least three (3) days prior to the date of mandatory redemption of the amount of each Bond to be redeemed.

(ii) Optional Prepayment. The Bonds are subject to optional prepayment, upon sixty (60) days written notice to the Bank, in whole or in part at any time, at a price of par plus accrued interest to the date of prepayment. Any partial prepayments shall be applied to installments of principal in inverse order of maturity and shall not postpone any due dates of, or relieve the amounts of, any scheduled installment payments due hereunder.

SECTION 3. EXECUTION OF BONDS. The Bonds shall be signed in the name of the Village by the Mayor or Vice Mayor (or, in their absence, any other member of the Village Council) and the Village Clerk, and its seal shall be affixed thereto or imprinted or reproduced thereon. The signatures of the Mayor or Vice Mayor (or, in their absence, any other member of the Village Council) and Village Clerk on the Bonds may be manual or facsimile signatures, provided that the signature of one of such officers shall be a manual signature. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Village before the Bonds so signed and sealed shall have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed and sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Village by such person as at the actual time of the execution of such Bonds shall hold the proper office, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

SECTION 4. NEGOTIABILITY, REGISTRATION AND CANCELLATION. The Village shall serve as Registrar and as such shall keep books for the registration of Bonds and for the registration of transfers of Bonds. Bonds may be transferred or exchanged upon the registration books kept by the Village, upon delivery to the Village, together with written instructions as to the details of the transfer or exchange, of such Bonds in form satisfactory to the Village and with guaranty of signatures satisfactory to the Village, along with the social security number or federal employer identification number of any transferee and, if the transferee is a trust, the name and social security or federal tax identification numbers of the settlor and beneficiaries of the trust, the date of the trust and the name of the trustee. Bonds may be exchanged for one or more Bonds of the same aggregate principal amount and maturity and in denominations in integral multiples of \$250,000 (except that an odd lot is permitted to complete the outstanding principal balance). No transfer or exchange of any Bond shall be effective until entered on the registration books maintained by the Village.

The Village may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Village as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as they become due and for all other purposes. All such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

In all cases in which Bonds are transferred or exchanged in accordance with this Section, the Village shall execute and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Village. There shall be no charge for any such exchange or transfer of Bonds, but the Village may require the payment of a sum sufficient to pay any third party tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. The Village shall not be required to transfer or exchange Bonds for a period of 15 days next preceding an Interest Payment Date on such Bonds.

All Bonds, the principal of and interest on which have been fully paid, either at or prior to maturity, shall be delivered to the Village when such payment is made, and shall thereupon be cancelled.

In case a portion but not all of an outstanding Bond shall be prepaid pursuant to mandatory prepayment provisions, such Bond shall not be surrendered in exchange for a new Bond, but the Village shall make a notation indicating the remaining outstanding principal of the Bonds upon the registration books. The Bond so redesignated shall have the remaining principal as provided on such registration books and shall be deemed to have been issued in the denomination of the outstanding principal balance, which shall be an authorized denomination.

SECTION 5. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Village may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in the case of a mutilated Bond, in exchange and substitution for such mutilated Bond upon surrender of such mutilated Bond or in the case of a destroyed, stolen or lost Bond in lieu of and substitution for the Bond destroyed, stolen or lost, upon the Owner furnishing the Village proof of his ownership thereof, satisfactory proof of loss or destruction thereof and satisfactory indemnity, complying with such other reasonable regulations and conditions as the Village may prescribe and paying such expenses as the Village may incur. The Village shall cancel all mutilated Bonds that are surrendered. If any mutilated, destroyed, lost or stolen Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Village may pay the principal of and interest on such Bond upon the Owner complying with the requirements of this paragraph.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations of the Village whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the extent as all other Bonds issued hereunder.

SECTION 6. FORM OF BONDS. The text of the Bonds shall be of substantially the tenor set forth in Exhibit "A" hereto, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution.

SECTION 7. COVENANT TO BUDGET AND APPROPRIATE. The Village hereby covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues (as defined in this Section) lawfully available in each fiscal year of the Village, amounts sufficient to pay the principal and interest due on the Bonds in accordance with their terms during such fiscal year. "Non-Ad Valorem Revenues" means all revenues of the Village derived from any source other than ad valorem taxation on real or personal property and which are legally available to make the payments required under this Resolution, but only after provision has been made by the Village for the payment of all essential or legally mandated services not otherwise provided for by ad valorem taxes. Such covenant and agreement on the part of the Village to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the Village, the Village does not covenant to maintain any services or programs, now provided or maintained by the Village, which generate non-ad valorem revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor, except to the extent provided in Section 14 hereof, does it preclude the Village from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Village to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Bondholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of owners of other bonds of the Village secured in the same manner as the Bonds. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available in the manner described herein Non-Ad Valorem Revenues and placing on the Village a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations under this Resolution, subject, however, in all respects to the terms of this Resolution and the restrictions of Section 166.241(3), Florida Statutes, which provides, in part, that the governing body of each municipality make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Village or which are legally mandated by applicable law.

SECTION 8. BOND FUND. There is hereby created a fund entitled "Village of Key Biscayne, Florida Capital Improvement Revenue Refunding Bonds, Series 2011B Bond Fund" (the "Bond Fund"), to be established with the Bank. There shall be deposited into the Bond Fund on each Interest Payment Date sufficient amounts of Non-Ad Valorem Revenues as specified in Section 7 hereof which, together with the amounts already on deposit therein, will enable the Village to pay

the principal of and interest on the Bonds on each Interest Payment Date or other date when principal may be due. Moneys in the Bond Fund shall be applied on each Interest Payment Date to the payment of principal of and interest on the Bonds coming due on each such date in the manner specified in Section 14(e) hereof.

Subject to Section 11 hereof, funds in the Bond Fund may be invested in the following investments, maturing at or before the time such funds may be needed to pay principal of or interest on Bonds, to the extent such investments are legal for investment of municipal funds (“Authorized Investments”):

- (a) The Local Government Surplus Funds Trust Fund;
- (b) Negotiable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government at the then prevailing market price for such securities;
- (c) Interest-bearing time deposits or savings accounts in banks organized under the laws of the State of Florida (the “State”), in national banks organized under the laws of the United States and doing business and situated in the State, in savings and loan associations which are under State supervision, or in federal savings and loan associations located in the State and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law;
- (d) Obligations of the federal farm credit banks; the Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation participation certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association;
- (e) Obligations of the Federal National Mortgage Association, including Federal National Mortgage Association participation certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association;
- (f) Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; or
- (g) Any other investments that at the time are legal investments for municipal funds and are permitted by the duly approved investment policy of the Village.

SECTION 9. APPLICATION OF BOND PROCEEDS. The proceeds received upon the sale of the Bonds shall be applied simultaneously with the delivery of the Bonds to pay the Prior Bonds in full and to pay certain costs of issuance of the Bonds.

The registered Owners shall have no responsibility for the use of the proceeds of the Bonds, and the use of such Bond proceeds by the Village shall in no way affect the rights of such registered Owners. The Village shall be obligated to apply the proceeds of the Bonds solely as provided herein. However, the Village shall be irrevocably obligated to continue to pay the principal of and interest on the Bonds notwithstanding any failure of the Village to use and apply such Bond proceeds in the manner provided herein.

SECTION 10. FUNDS. Each of the funds and accounts herein established and created shall constitute trust funds for the purposes provided herein for such funds and accounts respectively. The money in such funds and accounts shall be continuously secured in the same manner as deposits of Village funds are authorized to be secured by the laws of the State of Florida. Except as otherwise provided herein, earnings on any investments in any amounts on any of the funds and accounts herein established and created shall be credited to such respective fund or account.

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

SECTION 11. INVESTMENTS AND USE OF PROCEEDS TO COMPLY WITH INTERNAL REVENUE CODE OF 1986. The Village covenants to the Owners of the Bonds that it will take all actions and do all things necessary and desirable in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, and shall refrain from taking any actions that would cause interest on the Bonds to be included in gross income for federal income tax purposes. In particular, the Village will not make or direct the making of any investment or other use of the proceeds of the Bonds which would cause such Bonds to be “private activity bonds” as that term is defined in Section 141 (or any successor provision thereto) of the Code or “arbitrage bonds” as that term is defined in Section 148 (or any successor provision thereto) of the Code, and all applicable regulations promulgated under the Code, and that it will comply with the applicable requirements of Sections 141 and 148 of the Code and the aforementioned regulations throughout the term of the Bonds.

SECTION 12. DESIGNATION UNDER SECTION 265(b)(3) OF THE CODE. In the resolution of the Village approving the issuance of the Prior Bonds, the Village designated the Prior Bonds as qualified tax-exempt obligations under Section 265(b)(3)(B) of the Code. The outstanding principal amount of the Prior Bonds is \$7,126,240 (the “Prior Principal Outstanding”). The average maturity date of the Bonds is not later than the average maturity date of the Prior Bonds, and the Bonds have a maturity date that is not later than 30 years after the issue date of the Prior Bonds. Accordingly, pursuant to the provisions of Section 265(b)(3)(D)(ii) of the Code, the portion of the Bonds equal to the Prior Principal Outstanding are treated as a qualified tax-exempt obligations.

The Village hereby designates the portion of the Bonds that exceeds the Prior Principal Outstanding (\$3,760) as qualified tax-exempt obligations under Section 265(b)(3)(B) of the Code, and shall make all necessary filings in order to effectuate such election. The Village represents that the reasonably anticipated amount of tax-exempt obligations which have been or will be issued by the Village and any subordinate entities or entities issuing tax-exempt obligations on behalf of the Village within the meaning of Section 265(b)(3) of the Code during 2011 does not exceed \$10,000,000.

SECTION 13. ARBITRAGE REBATE COVENANTS. There is hereby created and established a fund to be held by the Village, designated the "Village of Key Biscayne Capital Improvement Revenue Refunding Bonds, Series 2011B Rebate Fund" (the "Rebate Fund"). The Rebate Fund shall be held by the Village separate and apart from all other funds and accounts held by the Village under this Resolution and from all other moneys of the Village.

Notwithstanding anything in this Resolution to the contrary, the Village shall transfer to the Rebate Fund the amounts required to be transferred in order to comply with the Rebate Covenants, if any, attached as an Exhibit to the Arbitrage Certificate to be delivered by the Village on the date of delivery of the Bonds (the "Rebate Covenants"), when such amounts are so required to be transferred. The Village Manager shall make or cause to be made payments from the Rebate Fund of amounts required to be deposited therein to the United States of America in the amounts and at the times required by the Rebate Covenants. The Village covenants for the benefit of the Owners of the Bonds that it will comply with the Rebate Covenants. The Rebate Fund, together with all moneys and securities from time to time held therein and all investment earnings derived therefrom, shall be excluded from the pledge and lien of this Resolution. The Village shall not be required to comply with the requirements of this Section 14 in the event that the Village obtains an opinion of nationally recognized bond counsel that (i) such compliance is not required in order to maintain the federal income tax exemption of interest on the Bonds and/or (ii) compliance with some other requirement is necessary to maintain the federal income tax exemption of interest on the Bonds.

SECTION 14. SPECIAL COVENANTS.

(a) The Village shall, while the Bonds are outstanding, within one hundred eighty (180) days of the end of each fiscal year of the Village, deliver to the Owners a copy of the annual audited financial statements of the Village. Within thirty (30) days of its final adoption, the Village shall deliver to the Owners a copy of the operating budget for each upcoming fiscal year of the Village. The Village shall provide the Owners with any other information they may reasonably request.

(b) (i) The Village hereby covenants that, so long as the Bonds are outstanding, it shall maintain a Debt Service Coverage Ratio (hereinafter defined) equal to 1.25 to 1.

(ii) The Village shall be permitted to issue additional Debt secured in the same manner as the Bonds (as specified in Section 7 hereof), so long as on the date of issuance of such additional Debt the Debt Service Coverage Ratio for the most

recently ended fiscal year of the Village for which audited financial statements are available is at least 1.25 to 1.

(iii) “Debt Service Coverage Ratio” shall mean the ratio of (a) all Non-Ad Valorem Revenues (as defined in Section 7 hereof) of the Village for the most recently ended fiscal year of the Village for which audited financial statements are available plus any available cash balance in the General Fund, to (b) the Debt Service coming due on the Bonds and all other Debt of the Village secured in the same manner as the Bonds (as specified in Section 7 hereof), plus, for purposes of the calculation in (ii) above only, the additional Debt.

(c) The total Debt of the Village, including amounts authorized but still not drawn down under existing loan agreements and other contractual arrangements with banks and other financial institutions, underwriters, brokers and/or intermediaries, shall not exceed the greater of:

(i) one percent (1%) of the total assessed value of all property within the Village, as certified by the Miami-Dade County Property Appraiser for the current fiscal year; or

(ii) that amount which would cause annual Debt Service to equal fifteen percent (15%) of General Fund expenditures for the previous fiscal year;

provided, however, that if in the future the Village Charter is amended to permit total Debt to exceed the amounts set forth above, then the total Debt of the Village permitted hereunder shall be deemed to be such greater amount consistent with the Charter.

As used in this Section 14, the following terms shall have the meaning ascribed to them in this subsection:

(1) “Debt” shall mean any obligation of the Village to repay borrowed money however evidenced since the date of its incorporation regardless of tenor or term for which it was originally contracted or subsequently converted through refinancing or novation, except (A) any obligation required to be repaid in less than a year and which was incurred solely for emergency relief of natural disasters, or (B) that portion of any obligations for operations which are financed and operated in an independent, self-liquidating manner and recovered entirely through currently collected user fees and charges.

(2) “Debt Service” shall include, without limitation thereto, scheduled interest payments, repayments of principal and all financial fees arising from Debt or from the underlying contractual obligations, whether as originally incurred or subsequently deferred or otherwise renegotiated.

(3) "General Fund" shall mean any and all revenues of the Village, from whatever source derived, except those revenues derived from special assessments, user fees and charges and designated as a separate fund to finance goods and services to the public.

(d) The Village agrees that for five (5) years from the date of issuance of the Bonds, but only if during such period the Bank continues to maintain a branch office within the Village, it will maintain its primary depository relationship with the Bank as currently in place.

(e) The Bank has agreed to provide the Village with an invoice at least 15 days prior to each Interest Payment Date setting forth the amount of principal and interest due on the Bonds on such Interest Payment Date. The Village shall, on or prior to such Interest Payment Date, deposit into the Bond Fund the invoiced amount, and the Village agrees that the Bank may collect such amount by ACH direct debit from the Bond Fund. Failure by the Bank to provide such invoice shall not relieve the Village of its obligation to make the payments required by this Resolution and the Bonds when due; however, any payment by the Village which is late as a result of such failure by the Bank to provide such invoice shall not result in any late payment charges or any increase in the interest rate on the Bonds.

SECTION 15. COVENANTS BINDING ON VILLAGE AND SUCCESSOR. All covenants, stipulations, obligations and agreements of the Village contained in this Resolution constitute a contract between the Village and the Owners of the Bonds and shall be deemed to be covenants, stipulations, obligations and agreements of the Village to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon the officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Village Council or officer, agent or employee of the Village in his or her individual capacity, and neither the members of the Village Council nor any officer, agent or employee of the Village executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 16. EVENTS OF DEFAULT. Each of the following events is hereby declared an "event of default":

(a) payment of the principal of or amortization installments of any of the Bonds shall not be made when the same shall become due and payable; or

(b) payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) the Village shall default in the due and punctual performance of any covenant,

condition, agreement or provision contained in the Bonds or in this Resolution (except for a default described in subsection (a) or (b) of this Section) on the part of the Village to be performed, and such default shall continue for sixty (60) days after written notice specifying such default and requiring same to be remedied shall have been given to the Village by any Owner of any Bond; provided that it shall not constitute an event of default if the default is not one that can be cured within such sixty (60) days, as agreed by the Owners and the Village, and the Village commences within such sixty (60) days and is proceeding diligently with action to correct such default; or

(d) any proceeding shall be instituted with or without the consent of the Village under federal bankruptcy laws or other federal or state laws affecting creditors' rights or any proceeding shall otherwise be instituted for the purpose of effecting a composition between the Village and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted and any such proceeding shall not have been dismissed with prejudice within thirty (30) days after the institution of the same;

(e) a payment default occurs under any other debt obligation of the Village secured by a covenant to budget and appropriate Non-Ad Valorem Revenues which results in an acceleration of such debt; or

(f) a default (other than a payment default) occurs under any other debt obligation of the Village secured by a covenant to budget and appropriate Non-Ad Valorem Revenues.

SECTION 17. REMEDIES; RIGHTS OF OWNERS.

(a) Upon the occurrence and continuance of any event of default specified in Section 16(e) hereof, the Owners of the Bonds may declare all payments of principal and accrued interest to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) Upon the occurrence and continuance of any event of default specified in Section 16 (a), (b), (c), (d) or (f) hereof, the Owners of the Bonds may pursue any available remedy by suit, at law or in equity, to enforce the payment of the principal of and interest on the Bonds then outstanding.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any event of default hereunder shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any event of default hereunder shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

The Village agrees, to the extent permitted by law, to indemnify the Bank and its directors, officers, employees and agents from and against any losses, claims, damages, liabilities and expenses (including, without limitation, counsel fees and expenses) which may be incurred in connection with enforcement of the provisions of this Resolution and the Bonds.

SECTION 18. SALE OF BONDS. Based upon the uncertainty of the interest rate environment if sale of the Bonds is delayed, the Village hereby determines the necessity for a negotiated sale of the Bonds. The Village has been provided all applicable disclosure information required by Section 218.385, Florida Statutes. The negotiated sale of the Bonds is hereby approved to the Bank at a purchase price of par.

SECTION 19. AUTHORITY OF OFFICERS. The Mayor, the Vice Mayor, any member of the Council, the Village Manager, the Village Clerk, the Finance Director and any other proper official of the Village, are and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transaction contemplated by this Resolution and the other documents identified herein.

SECTION 20. SEVERABILITY. In case any one or more of the provisions of this Resolution or of any Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Bonds, but this Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Resolution is adopted with the intent that the laws of the State shall govern their construction.

SECTION 21. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS. In any case where the date of maturity of interest on or principal of the Bonds shall be a Saturday, Sunday or a day on which the banks in the State are required, or authorized or not prohibited, by law (including executive orders) to close and are closed, then payment of such interest or principal need not be made by the Village on such date but may be made on the next succeeding business day on which the banks in the State are open for business.

SECTION 22. OPEN MEETING FINDINGS. It is hereby found and determined that all official acts of the Village Council concerning and relating to the adoption of this Resolution and all prior resolutions and ordinances affecting the Village Council's ability to issue the Bonds were taken in an open meeting of the Village Council and that all deliberations of the Village Council or any of its committees that resulted in such official acts were in meetings open to the public, in compliance with all legal requirements, including Section 286.011, Florida Statutes.

SECTION 23. REPEALING CLAUSE. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflicts, are hereby superseded and repealed.

SECTION 24. MODIFICATION, AMENDMENT OR SUPPLEMENT. This Resolution may be modified, amended or supplemented by the Village from time to time prior to the issuance of

the Bonds hereunder. Thereafter, no modification, amendment or supplement of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the Owners.

SECTION 25. WAIVER OF JURY TRIAL. SUNTRUST AND THE VILLAGE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS RESOLUTION, THE BONDS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF EITHER PARTY.

SECTION 26. NO THIRD-PARTY BENEFICIARIES. Except as herein otherwise expressly provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and a subsequent Owner of the Bonds issued hereunder, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners from time to time of the Bonds issued hereunder.

SECTION 27. EFFECTIVE DATE. This Resolution shall take effect immediately on July 28, 2011.

PASSED AND ADOPTED this 28th day of June, 2011.

MAYOR

ATTEST:

CONCHITA H. ALVAREZ
MMC, VILLAGE CLERK

APPROVED AS TO LEGAL FORM AND SUFFICIENCY:

VILLAGE ATTORNEY

EXHIBIT "A"

No. R-

\$7,130,000

**UNITED STATES OF AMERICA
STATE OF FLORIDA
VILLAGE OF KEY BISCAYNE
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS
SERIES 2011B**

Registered Owner: SunTrust Bank

Principal Amount: Seven Million One Hundred Thirty Thousand Dollars (\$7,130,000)

KNOW ALL MEN BY THESE PRESENTS, that the Village of Key Biscayne, Florida (the "Village"), for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns (the "Bank"), from the sources hereinafter mentioned, the Principal Amount specified above. Subject to the rights of prior prepayment and redemption described in this Bond, the Bonds shall mature on November 1, 2022. Payments due hereunder shall be made no later than 2:00 p.m., Eastern time, on the date due, free and clear of any defenses, set-offs, counterclaims, or withholding or deductions for taxes. Except as provided in Section 14(e) of the Resolution (defined below), if any payment required to be made hereunder is not paid within ten (10) days of when due, the Village shall pay to the Owners a late charge equal to two percent (2%) of the late payment. Except as provided in Section 14(e) of the Resolution (defined below), if any payment required to be made hereunder is not paid within thirty (30) days of when due, the interest rate on this Bond shall be increased to a Default Rate equal to the then applicable interest rate on this Bond plus four percent (4%) per annum until paid.

This Bond is issued under authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Part II of Chapter 166, Florida Statutes, as amended, the Charter of the Village, Ordinance No. 2011-8 duly adopted by the Village Council (the "Council") of the Village on June 28, 2011 (the "Ordinance"), and Resolution No. 2011-__ adopted on June 28, 2011 (the "Resolution," and collectively with the Ordinance, the "Bond Ordinance"), and is subject to the terms of said Bond Ordinance. This Bond is issued for the purpose of refunding the Village's \$9,987,551 Capital Improvement Revenue Bonds, Series 2002, and paying certain costs of issuance of the Bonds. This Bond shall be payable only from the sources identified herein.

Subject to adjustment as provided below, this Bond shall bear interest on the outstanding principal balance from its date of issuance payable quarterly on the first day of each February, May, August and November (the "Interest Payment Dates"), commencing November 1, 2011, at an interest rate equal to 2.41% per annum.

Interest on this Bond shall be computed on the basis of a 360-day year for the actual number of days elapsed.

The principal of and interest on this Bond are payable in lawful money of the United States of America by wire transfer or by certified check delivered on or prior to the date due to the registered Owner or his legal representative at the address of the Owner as it appears on the registration books of the Village.

Adjustment of Interest Rate For Full Taxability. Upon a Determination of Taxability, the rate of interest on the Bonds shall be adjusted upward to 3.597% per annum (the “Taxable Rate”), retroactive as of the date of the Determination of Taxability event. In addition to the payments of principal and interest on the Bonds required to be paid pursuant to the terms of this Resolution and the Bonds, the Village hereby agrees to pay to the Owners an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Internal Revenue Code of 1986, as amended (the “Code”)) owed by the Owners as a result of the occurrence of a Determination of Taxability. All such interest, penalties on overdue interest, and additions to tax shall be paid by the Village on the next succeeding Interest Payment Date following the Determination of Taxability. A “Determination of Taxability” shall mean a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of an Owner of the Bonds for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Village has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Bond, and until the conclusion of any appellate review, if sought.

Adjustment of Interest Rate for Change in Maximum Corporate Tax Rate. In the event that the maximum effective federal corporate tax rate (the “Maximum Corporate Tax Rate”) during any period with respect to which interest shall be accruing on the Bonds on a tax-exempt basis, shall be decreased below thirty-five percent (35%), the interest rate on the Bonds that are bearing interest on a tax-exempt basis shall be adjusted upward to the product obtained by multiplying the interest rate then in effect on the Bonds by a fraction equal to $(1-A \text{ divided by } 1-B)$, where A equals the Maximum Corporate Tax Rate in effect as of the date of adjustment and B equals the Maximum Corporate Tax Rate in effect immediately prior to the date of adjustment. The interest rate otherwise borne by the Bonds shall be adjusted automatically as of the effective date of each decrease in the Maximum Federal Corporate Tax Rate.

Adjustment of Interest Rate for Other Changes Affecting After-Tax Yield.

(A) If any Change in Law shall, in the Bank’s reasonable determination, either (a) change the basis of taxation of payments to the Bank of any amounts payable by the Village hereunder (other than taxes imposed on the overall net income of the Bank), (b) impose, modify or deem applicable any reserve, special deposit or similar requirement against the Bonds owned by the Bank or (c) impose on the Bank any other condition relating, directly or indirectly, to this Resolution or the Bonds, and the result of any event referred to in the preceding clause (a), (b) or (c) shall be to increase the cost to the Bank of owning the Bonds, then, upon written demand by the Bank, the Village hereby agrees to pay promptly to the Bank, from time to time as specified by the Bank, such additional amounts as shall be sufficient to compensate the Bank for such increased cost. A

certificate of the Bank claiming compensation under this subsection and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bank may use any reasonable averaging and attribution methods.

(B) If, after the date of this Resolution, the Bank shall have reasonably determined that Change in Law regarding capital adequacy, has or would have the effect of reducing the rate of return on the Bank’s capital, on the Bonds or otherwise, as a consequence of its ownership of the Bonds to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank’s policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time, promptly upon demand by the Bank, the Borrower hereby agrees to pay the Bank such additional amount or amounts as will compensate the Bank for such reduction. A certificate of the Bank claiming compensation under this subsection and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bank may use any reasonable averaging and attribution methods.

(C) A “Change in Law” shall mean the occurrence, after the date of this Resolution, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority charged with the interpretation or administration thereof (“Governmental Authority”) or (c) the making or issuance of any rule, guideline or directive (whether or not having the force of law) by any Governmental Authority.

For purposes of this subheading, the term “Bank” shall mean SunTrust Bank and its successors and assigns.

Mandatory Prepayment. The principal of this Bond shall be subject to mandatory prepayment in quarterly installments on each Interest Payment Date, commencing November 1, 2011 in the amounts set forth below:

<u>Interest Payment Date</u>	<u>Principal Installment Due</u>	<u>Interest Payment Date</u>	<u>Principal Installment Due</u>
November 1, 2011	\$140,000	August 1, 2017	\$155,000
February 1, 2012	140,000	November 1, 2017	165,000
May 1, 2012	140,000	February 1, 2018	165,000
August 1, 2012	140,000	May 1, 2018	160,000
November 1, 2012	140,000	August 1, 2018	160,000
February 1, 2013	140,000	November 1, 2018	165,000
May 1, 2013	140,000	February 1, 2019	170,000
August 1, 2013	140,000	May 1, 2019	165,000
November 1, 2013	155,000	August 1, 2019	165,000
February 1, 2014	150,000	November 1, 2019	165,000
May 1, 2014	145,000	February 1, 2020	170,000
August 1, 2014	145,000	May 1, 2020	170,000
November 1, 2014	150,000	August 1, 2020	170,000
February 1, 2015	155,000	November 1, 2020	170,000
May 1, 2015	150,000	February 1, 2021	170,000
August 1, 2015	150,000	May 1, 2021	170,000

November 1, 2015	150,000	August 1, 2021	170,000
February 1, 2016	155,000	November 1, 2021	185,000
May 1, 2016	150,000	February 1, 2022	180,000
August 1, 2016	150,000	May 1, 2022	175,000
November 1, 2016	165,000	August 1, 2022	175,000
February 1, 2017	160,000	November 1, 2022	185,000
May 1, 2017	155,000		

In the event that there is more than one Owner of the Bonds, (i) the Village shall determine the amount of each Bond to be redeemed, and (ii) the Village shall give notice to each Owner of the Bonds at least three (3) days prior to the date of mandatory redemption of the amount of each Bond to be redeemed.

This Bond is subject to optional prepayment, upon sixty (60) days written notice to the Bank, in whole or in part at any time, at a price of par plus accrued interest to the date of prepayment. Any partial prepayments shall be applied to installments of principal in inverse order of maturity and shall not postpone any due dates of, or relieve the amounts of, any scheduled installment payments due hereunder.

The Village has covenanted and agreed in the Bond Ordinance to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues (as defined below) lawfully available in each fiscal year, amounts sufficient to pay the principal and interest due on the Bonds in accordance with their terms during such fiscal year. "Non-Ad Valorem Revenues" means all revenues of the Village derived from any source other than ad valorem taxation on real or personal property and which are legally available to make the payments required under the Bond Ordinance, but only after provision has been made by the Village for the payment of all essential or legally mandated services not otherwise provided for by ad valorem taxes. Such covenant and agreement on the part of the Village to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the Village, the Village does not covenant to maintain any services or programs, now provided or maintained by the Village, which generate non-ad valorem revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor, except to the extent provided in Section 14 of the Resolution, does it preclude the Village from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Village to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Bondholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of owners of other bonds of the Village secured in the same manner as the Bonds. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available in the manner described herein Non-Ad Valorem Revenues and placing on the Village a positive duty to appropriate and budget, by amendment, if

necessary, amounts sufficient to meet its obligations under the Bond Ordinance, subject, however, in all respects to the terms of the Bond Ordinance and the restrictions of Section 166.241(3), Florida Statutes, which provides, in part, that the governing body of each municipality make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Village or which are legally mandated by applicable law.

THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE OR A PLEDGE OF THE FAITH AND CREDIT OF THE VILLAGE, BUT SHALL BE PAYABLE EXCLUSIVELY FROM LEGALLY AVAILABLE NON-AD VALOREM REVENUES OF THE VILLAGE. THE ISSUANCE OF THIS BOND SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE VILLAGE TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION WHATEVER THEREFOR NOR SHALL THIS BOND CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE VILLAGE, AND THE HOLDER OF THIS BOND SHALL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION.

The original registered Owner, and each successive registered Owner of this Bond shall be conclusively deemed to have agreed and consented to the following terms and conditions:

1. The Village shall keep books for the registration of Bonds and for the registration of transfers of Bonds as provided in the Resolution. Bonds may be transferred or exchanged upon the registration books kept by the Village, upon delivery to the Village, together with written instructions as to the details of the transfer or exchange, of such Bonds in form satisfactory to the Village and with guaranty of signatures satisfactory to the Village, along with the social security number or federal employer identification number of any transferee and, if the transferee is a trust, the name and social security or federal tax identification numbers of the settlor and beneficiaries of the trust, the date of the trust and the name of the trustee. The Bonds may be exchanged for Bonds of the same principal amount and maturity and denominations in integral multiples of \$250,000 (except that an odd lot is permitted to complete the outstanding principal balance). No transfer or exchange of any Bond shall be effective until entered on the registration books maintained by the Village.

2. The Village may deem and treat the person in whose name any Bond shall be registered upon the books of the Village as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as they become due, and for all other purposes. All such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

3. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Village shall execute and deliver Bonds in accordance with the provisions of the Resolution. There shall be no charge for any such exchange or transfer of Bonds, but the Village may require payment of a sum sufficient to pay any tax, fee or other governmental

charge required to be paid with respect to such exchange or transfer. The Village shall not be required to transfer or exchange Bonds for a period of fifteen (15) days next preceding an interest payment date on such Bonds.

4. All Bonds, the principal of and interest on which have been paid, either at or prior to maturity, shall be delivered to the Village when such full payment is made, and shall thereupon be cancelled. In case a portion but not all of an outstanding Bond shall be prepaid pursuant to mandatory prepayment provisions, such Bond shall not be surrendered in exchange for a new Bond, but the Village shall make a notation indicating the remaining outstanding principal of the Bonds upon the registration books. The Bond so redesignated shall have the remaining principal as provided on such registration books and shall be deemed to have been issued in the denomination of the outstanding principal balance, which shall be an authorized denomination.

It is hereby certified and recited that all acts, conditions and things required to happen, to exist and to be performed precedent to and for the issuance of this Bond have happened, do exist and have been performed in due time, form and manner as required by the Constitution and the laws of the State of Florida applicable thereto.

IN WITNESS WHEREOF, the Village of Key Biscayne, Florida has caused this Bond to be executed by the manual or facsimile signature of its Mayor and of its Village Clerk, and the Seal of the Village of Key Biscayne, Florida or a facsimile thereof to be affixed hereto or imprinted or reproduced hereon, all as of the ___ day of August, 2011.

VILLAGE OF KEY BISCAIYNE, FLORIDA

Mayor

(SEAL)

Village Clerk

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____ (the "Transferor"), hereby sells, assigns and transfers unto _____ (Please insert name and Social Security or Federal Employer identification number of assignee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ (the "Transferee") as attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date _____

_____ Social Security Number of Assignee

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment corresponds with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common UNIF GIF MIN ACT - _____, (Cust.)

Custodian for _____, (Minor)

TEN ENT - as tenants by the entirety under Uniform Gifts to Minors Act of _____.

(State)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the list above.