RESOLUTION NO. 2013-39

A CAPITAL PROJECT AUTHORIZING RESOLUTION OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, AUTHORIZING THE ISSUANCE OF STORMWATER UTILITY REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2013, OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, IN THE AGGREGATE PRINCIPAL AMOUNT OF $6,575,000 FOR THE PURPOSE OF (A) REFUNDING THE VILLAGE'S STORMWATER UTILITY REVENUE REFUNDING BONDS, SERIES 2011 AND (B) FINANCING IMPROVEMENTS AND REPLACEMENTS OF DRAINAGE WELLS AND OUTFALLS FOR THE STORMWATER UTILITY IN AN AMOUNT NOT EXCEEDING $3,500,000; AWARDING THE SALE OF THE BONDS TO PINNACLE PUBLIC FINANCE, INC.; 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 January 28, 1999, the Village of Key Biscayne, Florida (the "Village") issued its $7,200,000 Stormwater Utility Revenue Bonds, Series 1999 (the "1999 Bonds") for the purpose of providing permanent financing for the expansion and improvement of the Stormwater Utility System within the Village; and

WHEREAS, on July 18, 2011, the Village issued its $4,450,000 Stormwater Utility Revenue Refunding Bonds, Series 2011 (the "Prior Bonds") for the purpose of refunding the 1999 Bonds; and

WHEREAS, the Village needs to finance improvements and replacements of drainage wells and outfalls for its Stormwater Utility System (the "2013 Project"); and

WHEREAS, the Prior Bonds are not subject to optional redemption prior to October 1, 2014; and

WHEREAS, Pinnacle Public Finance, Inc. (the "Purchaser"), the owner of the Prior Bonds, has offered to (i) waive the restriction on the optional redemption of the Prior Bonds and permit the current refunding of the Prior Bonds, (ii) provide the financing for the 2013 Project and (iii) extend the term of the Prior Bonds, which mature on October 1, 2019, until October 1, 2030; and

WHEREAS, on October 22, 2013, the Council adopted Ordinance No. 2013-9 (the "Ordinance") (a) authorizing the issuance of not exceeding $6,575,000 of bonds (the "Bonds") for the purpose of refunding the Prior Bonds, financing the 2013 Project and paying costs of issuance of the Bonds, and (b) accepting a term sheet from the Purchaser 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, Stormwater Utility Refunding and Improvement Revenue Bonds of the Village to be designated "Village of Key Biscayne, Florida Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2013" (the "Bonds"), are hereby authorized to be issued in an aggregate principal amount of $6,575,000 for the purpose of refunding the Prior Bonds, financing the 2013 Project and paying 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.

The Bonds shall be dated the date of their issuance and delivery and shall be initially issued as one Bond in the denomination of $6,575,000. The Bonds shall mature on October 1, 2030.

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 THE STORMWATER UTILITY FEES AND FROM LEGALLY AVAILABLE NON-AD VALOREM REVENUES OF THE VILLAGE, BOTH 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 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 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 semiannually on each April 1 and October 1 (the "Interest Payment Dates"), commencing April 1, 2014, at an interest rate equal to 3.35% per annum.

Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(i) Adjustment of Interest Rate For Full Taxability. In the event a Determination of Taxability shall have occurred, the rate of interest on the Bonds shall be increased to a rate per annum equal to 5.4472% per annum (the "Taxable Rate"), effective retroactively to the date on which the interest payable on the Bonds is includable for federal income tax purposes in the gross income of the Owners thereof. In addition, the Owners of the Bonds or any former Owners of the Bonds, as appropriate, shall be paid an amount equal to any additions to tax, interest and penalties, and any arrears in interest that are required to be paid to the United States by the Owners or former Owners of the Bonds as a result of such Determination of Taxability. All such additional interest, additions to tax, penalties and interest shall be paid by the Village on the next succeeding Interest Payment Date following the Determination of Taxability. A "Determination of Taxability" shall mean (i) the issuance by the Internal Revenue Service of a statutory notice of deficiency or other written notification which holds in effect that the interest payable on the Bonds is includable for federal income tax purposes in the gross income of the Owners thereof, which notice or notification is not contested with the Internal Revenue Service by either the Village or any Owners of the Bonds, or (ii) a determination by a court of competent jurisdiction that the interest payable on the Bonds is includable for federal income tax purposes in the gross income of the Owners thereof, which determination either is final and non-appealable or is not appealed within the requisite time period for appeal, or (iii) the admission in writing by the Village to the effect that interest on Bonds is includable for federal income tax purposes in the gross income of the Owners thereof, or (iv) receipt by the Village of an opinion of bond counsel to the Village to the effect that interest on the Bonds is includable for federal income tax purpose in the gross income of the Owners thereof.

(ii) Adjustment of Interest Rate for Change in Maximum Corporate Tax Rate. In the event that the maximum effective federal corporate tax rate under Section 11(b) of the Internal Revenue Code of 1986, as amended (the "Code"), without adjustment based on the paragraph following Section 11(b)(1)(D) of the Code (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 other than thirty-five percent (35%), the interest rate on the Bonds that are bearing interest on a tax-exempt basis shall be adjusted to the product obtained by multiplying the interest rate then in effect on the Bonds by a fraction equal to (1-A 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; *provided, however,* that in no event shall the interest rate on the Bonds be adjusted to an interest rate that is less than 3.35% per annum.

(iii) Adjustment of Interest Rate for Other Changes Affecting After-Tax Yield. So long as any portion of the principal amount of the Bonds or interest thereon remains unpaid (A) if any law, rule, regulation or executive order is enacted or promulgated by any public body or governmental agency which changes the basis of taxation of interest on the Bonds or causes a reduction in yield on the Bonds (other

than by reason of a change described above) to the Owners or any former Owners of the Bonds, including without limitation the imposition of any excise tax or surcharge thereon, or (B) if, as a result of action by any public body or governmental agency, any payment is required to be made by, or any federal, state or local income tax deduction is denied to, the Owners or any former Owners of the Bonds (other than by reason of a change described above or by reason of any action or failure to act on the part of any Owner or any former Owner of the Bonds) by reason of the ownership of the Bonds, the Village shall reimburse any such Owner within five (5) days after receipt by the Village of written demand for such payment, and the Village agrees to indemnify each such Owner against any loss, cost, charge or expense with respect to any such change, action or failure to qualify. The determination of the after-tax yield calculation shall be verified by a firm of certified public accountants regularly employed by the Purchaser (or the current Owners of the Bonds) and acceptable to the Village, and such calculation, in the absence of manifest error, shall be binding on the Village and the Owners.

(c) Prepayment Provisions.

(i) Mandatory Prepayment. The principal of the Bonds shall be subject to mandatory prepayment in annual installments on each October 1, commencing October 1, 2014 in the amounts set forth below:

Year	Principal Installment Due
2014	$310,000
2015	300,000
2016	310,000
2017	325,000
2018	335,000
2019	345,000
2020	355,000
2021	370,000
2022	380,000
2023	395,000
2024	405,000
2025	420,000
2026	435,000
2027	450,000
2028	465,000
2029	480,000
2030*	495,000

*Final Maturity

In the event that there is more than one Owner of the Bonds, (A) the amount of each Bond to be redeemed shall be *pro rata* based on the respective aggregate principal amount of Bonds then held by each Owner as a percentage of the total aggregate principal amount of Bonds then outstanding, 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 Bonds owned by such Owner to be redeemed.

(ii) Optional Prepayment. The Bonds are subject to optional prepayment, upon seven (7) days written notice to the Purchaser, (a) in whole at any time, at a price of par plus accrued interest to the date of prepayment and (b) in part on each October 1, in a principal amount not less than $150,000, at a price of par plus accrued interest to the date of prepayment plus a fee of $500.

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 $100,000 (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 its 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 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 full payment is made, and shall thereupon be cancelled.

In case a portion but not all of an outstanding Bond shall be prepaid, 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 its 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. PLEDGE OF STORMWATER UTILITY FEES. Pursuant to Ordinance No. 93-11 adopted by the Council on June 22, 1993 (as amended by Ordinance No. 93-11-A), the Village established, and assesses and collects Stormwater Utility Fees as defined by Section 403.0893(3), Florida Statutes (the "Stormwater Utility Fees"), upon all residential, developed property and all nonresidential, developed property in the Village. The Village hereby pledges such Stormwater Utility Fees to the payment of the principal and interest due on the Bonds.

SECTION 8. COVENANT TO BUDGET AND APPROPRIATE. To the extent the Stormwater Utility Fees are insufficient to pay principal of and interest on the Bonds when due, 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, 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 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 general creditors of the Village. Such covenant to 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 9. BOND FUND. There is hereby created a fund entitled "Village of Key Biscayne, Florida Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2013 Bond Fund" (the "Bond Fund"). There shall be deposited into the Bond Fund on each Interest Payment Date sufficient amounts of Stormwater Utility Fees and, as necessary, Non-Ad Valorem Revenues as specified in Section 8 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. 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.

SECTION 10. INVESTMENT OF BOND FUND. Subject to Section 13 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 11. APPLICATION OF BOND PROCEEDS.

The proceeds received upon the sale of the Bonds shall be applied simultaneously with the delivery of the Bonds, as follows:

1. The Village shall apply an amount of proceeds sufficient to provide for the redemption of the Prior Bonds in full. The Village shall pay, from funds legally available for the purpose, the amount of interest due on the Prior Bonds on the date of their redemption.

2. The Village shall next use the moneys to pay costs of the issuance of the Bonds.

3. The remainder of the proceeds of the sale of the Bonds shall be deposited in the "Village of Key Biscayne Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2013 Project Fund" (the "Project Fund"), and used only in connection with the 2013 Project.

Subject to Section 13 hereof, funds in the Project Fund may be invested in Authorized Investments maturing not later than the date or dates on which such proceeds will be needed for purposes of this Resolution.

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 12. 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 Bond 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 13. 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 14. ARBITRAGE REBATE COVENANTS. There is hereby created and established a fund to be held by the Village, designated the "Village of Key Biscayne Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2013 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 15. 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.

(b) 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 paragraph (b):

(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.

SECTION 16. 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.

Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Village or upon the Village Council by the provisions of this Resolution shall be exercised or performed by the Village Council or by such officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

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 17. 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 the consent of the Village 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 within thirty (30) days after the institution of the same; or

(e) (i) the Village admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself, or (ii) the Village is adjudged insolvent by a court of competent jurisdiction or is adjudged a bankrupt or a petition in bankruptcy is filed against the Village, or an order, judgment or decree is entered by a court of competent jurisdiction appointing, without the consent of the Village, a receiver or trustee of the Village or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof; or

(f) a payment default occurs under any other debt obligation of the Village which results in an acceleration of such debt.

SECTION 18. REMEDIES; RIGHTS OF OWNERS.

(a) Upon the occurrence and continuance of any event of default specified in Section 17(f) 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 17 (a), (b), (c), (d) or (e) 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.

The Village agrees, to the extent permitted by law, to indemnify the Purchaser 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 19. DEFEASANCE.

(a) The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds in any one or more of the following ways.

(i) by paying the principal of, prepayment premium, if any, and interest on the Bonds when the same shall become due and payable; or

(ii) by depositing with an escrow agent certain moneys irrevocably pledged to the payment of the Bonds, which together with other moneys lawfully available therefor, if any, shall be sufficient at the time of such deposit with the escrow agent to pay when due the principal, prepayment premium, if any, and interest due and to become due on said Bonds on or prior to the prepayment date or maturity date thereof; or

(iii) by depositing with an escrow agent moneys irrevocably pledged to the payment of the Bonds, which together with other moneys lawfully available therefor, when invested by the escrow agent in direct obligations of the United States of America which shall not be subject to redemption prior to their maturity other than at the option of the holder

thereof, will provide moneys which shall be sufficient (as evidenced by a verification report of an independent certified public accountant or firm of accountants) to pay when due the principal, prepayment premium, if any, and interest due and to become due on said Bonds on or prior to the prepayment date or maturity date thereof; *provided* that the Village shall, on or prior to the date of such deposit, obtain and deliver to the Owners of the Bonds (at their addresses as they appear on the registration books of the Village) an opinion of nationally recognized bond counsel to the effect that the deposit of such moneys and securities to provide for payment or redemption of the Bonds will not adversely affect the excludability of interest thereon from gross income of the Owners thereof for federal income tax purposes.

Upon such payment or deposit with an escrow agent in the amount and manner provided in this Section 19, the Bonds shall be deemed to be paid and shall no longer be deemed to be Outstanding for the purposes of this Resolution and the covenants of the Village hereunder and all liability of the Village with respect to said Bonds shall cease, terminate and be completely discharged and extinguished and the holders thereof shall be entitled to payment solely out of the moneys or securities so deposited with the escrow agent; provided, however, that (i) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given in accordance with the provisions of Section 2 hereof and (ii) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the escrow agent in accordance with this Section, the Village shall have given the escrow agent in form satisfactory to it irrevocable instructions to mail to the Owners of such Bonds at their addresses as they appear on the registration books of the Village, a notice stating that a deposit in accordance with this Section has been made with the escrow agent and that the Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Bonds.

(b) Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge and satisfaction of any portion of the Bonds.

(c) If any portion of the moneys deposited with an escrow agent for the payment of the principal of, redemption premium, if any, and interest on any portion of the Bonds is not required for such purpose, the escrow agent shall transfer to the Village the amount of such excess and the Village may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

(d) Notwithstanding any of the foregoing, the requirements of Section 13 and 14 hereof relating to use and investment of proceeds and rebate amounts due to the United States pursuant to the Rebate Covenants shall survive the payment of principal and interest with respect to the Bonds or any portion thereof.

SECTION 20. SALE OF BONDS. Based upon the recitals set forth herein and in the Ordinance, 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 Purchaser at a purchase price of par.

SECTION 21. 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 22. 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 23. 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 24. CAPITAL PROJECT AUTHORIZING RESOLUTION; 2013 PROJECT AUTHORIZED. Pursuant to Section 3.07(b) of the Village Charter, this Resolution shall constitute a Capital Project Authorizing Resolution. The Capital Project, consisting of the 2013 Project, at a projected cost of $3,400,000, with the actual cost not to exceed $3,500,000, is hereby approved.

SECTION 25. 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 26. REPEALING CLAUSE. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflicts, are hereby superseded and repealed.

SECTION 27. EFFECTIVE DATE. This Resolution shall take effect immediately on November 21, 2013.

PASSED AND ADOPTED this 22nd day of October, 2013.

_____

MAYOR FRANKLIN H. CAPLAN

ATTEST:

_____

CONCHITA H. ALVAREZ, MMC, VILLAGE CLERK

APPROVED AS TO LEGAL FORM AND SUFFICIENCY:

_____

VILLAGE ATTORNEY

EXHIBIT "A"

No. R- **$6,575,000**

UNITED STATES OF AMERICA
STATE OF FLORIDA
VILLAGE OF KEY BISCAYNE
STORMWATER UTILITY REVENUE REFUNDING BONDS
SERIES 2011

Registered Owner: Pinnacle Public Finance, Inc.

Principal Amount: Six Million Five Hundred Seventy-Five Thousand Dollars ($6,575,000)

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 "Owner"), 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 October 1, 2030. 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.

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. 2013-9 duly adopted by the Village Council (the "Council") of the Village on October 22, 2013 (the "Ordinance"), and Resolution No. 2013-__ adopted on October 22, 2013 (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 $4,450,000 Stormwater Utility Revenue Refunding Bonds, Series 2011, financing improvements and replacements of drainage wells and outfalls for the Village's Stormwater Utility System and paying 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 semiannually on each April 1 and October 1 (the "Interest Payment Dates"), commencing April 1, 2014, at an interest rate equal to 3.35% per annum.

Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

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, in either case in immediately available funds, delivered on or prior to the date due to the Owner or its 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. In the event a Determination of Taxability shall have occurred, the rate of interest on the Bonds shall be increased to a rate per annum equal to 5.4472% per annum (the "Taxable Rate"), effective retroactively to the date on which the interest payable on the Bonds is includable for federal income tax purposes in the gross income of the Owners thereof. In addition, the Owners of the Bonds or any former Owners of the Bonds, as appropriate, shall be paid an amount equal to any additions to tax, interest and penalties, and any arrears in interest that are required to be paid to the United States by the Owners or former Owners of the Bonds as a result of such Determination of Taxability. All such additional interest, additions to tax, penalties and interest shall be paid by the Village on the next succeeding Interest Payment Date following the Determination of Taxability. A "Determination of Taxability" shall mean (i) the issuance by the Internal Revenue Service of a statutory notice of deficiency or other written notification which holds in effect that the interest payable on the Bonds is includable for federal income tax purposes in the gross income of the Owners thereof, which notice or notification is not contested with the Internal Revenue Service by either the Village or any Owners of the Bonds, or (ii) a determination by a court of competent jurisdiction that the interest payable on the Bonds is includable for federal income tax purposes in the gross income of the Owners thereof, which determination either is final and non-appealable or is not appealed within the requisite time period for appeal, or (iii) the admission in writing by the Village to the effect that interest on Bonds is includable for federal income tax purposes in the gross income of the Owners thereof, or (iv) receipt by the Village of an opinion of bond counsel to the Village to the effect that interest on the Bonds is includable for federal income tax purpose in the gross income of the Owners thereof.

Adjustment of Interest Rate for Change in Maximum Corporate Tax Rate. In the event that the maximum effective federal corporate tax rate under Section 11(b) of the Internal Revenue Code of 1986, as amended, without adjustment based on the paragraph following Section 11(b)(1)(D) of such Code (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 other than thirty-five percent (35%), the interest rate on the Bonds that are bearing interest on a tax-exempt basis shall be adjusted to the product obtained by multiplying the interest rate then in effect on the Bonds by a fraction equal to (1-A 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; *provided, however,* that in no event shall the interest rate on the Bonds be adjusted to an interest rate that is less than 3.35% per annum.

Adjustment of Interest Rate for Other Changes Affecting After-Tax Yield. So long as any portion of the principal amount of the Bonds or interest thereon remains unpaid (a) if any law, rule, regulation or executive order is enacted or promulgated by any public body or governmental agency which changes the basis of taxation of interest on the Bonds or causes a reduction in yield on the Bonds (other than by reason of a change described above) to the Owners or any former Owners of the Bonds, including without limitation the imposition of any excise tax or surcharge thereon, or (b) if, as a result of action by any public body or governmental agency, any payment is required to be made by, or any federal, state or local income tax deduction is denied to, the Owners or any former Owners of the Bonds (other than by reason of a change described above or by reason of any action or failure to act on the part of any Owner or any former Owner of the Bonds) by reason of the

ownership of the Bonds, the Village shall reimburse any such Owner within five (5) days after receipt by the Village of written demand for such payment, and the Village agrees to indemnify each such Owner against any loss, cost, charge or expense with respect to any such change, action or failure to qualify. The determination of the after-tax yield calculation shall be verified by a firm of certified public accountants regularly employed by the Owner and acceptable to the Village, and such calculation, in the absence of manifest error, shall be binding on the Village and the Owners.

Mandatory Prepayment. The principal of this Bond shall be subject to mandatory prepayment in annual installments on each October 1, commencing October 1, 2014 in the amounts set forth below:

Year	Principal Installment Due
2014	$310,000
2015	300,000
2016	310,000
2017	325,000
2018	335,000
2019	345,000
2020	355,000
2021	370,000
2022	380,000
2023	395,000
2024	405,000
2025	420,000
2026	435,000
2027	450,000
2028	465,000
2029	480,000
2030*	495,000

*Final Maturity

In the event that there is more than one Owner of the Bonds, (i) the amount of each Bond to be redeemed shall be *pro rata* based on the respective aggregate principal amount of Bonds then held by each Owner as a percentage of the total aggregate principal amount of Bonds then outstanding, 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 Bonds owned by such Owner to be redeemed.

This Bond is subject to optional prepayment upon seven (7) days written notice to the Owner, (a) in whole at any time, at a price of par plus accrued interest to the date of prepayment and (b) in part on each October 1, in a principal amount not less than $150,000, at a price of par plus accrued interest to the date of prepayment plus a fee of $500.

This bond is secured primarily by a pledge of the Stormwater Utility Fees as defined by Section 403.0893(3), Florida Statutes and imposed pursuant to Ordinance No. 93-11 adopted by the Council on June 22, 1993 (as amended by Ordinance No. 93-11-A).

To the extent the Stormwater Utility Fees are insufficient to pay principal of and interest on the Bonds when due, 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 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 general creditors of the Village. Such covenant to 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 THE STORMWATER UTILITY FEES AND 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 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 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 $100,000 (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 its 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, 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 November, 2013.

VILLAGE OF KEY BISCAYNE, 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

TEN ENT - as tenants by the entirety

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

UNIF GIF MIN ACT - _____,
(Cust.)

Custodian for _____,
(Minor)

under Uniform Gifts to Minors Act of _____.
(State)

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