

NO. R-1

\$10,000,000

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
UTILITIES SYSTEM REFUNDING REVENUE CERTIFICATE, SERIES 2013B

<u>RATE OF INTEREST</u>	<u>MATURITY DATE</u>	<u>DATE OF ISSUE</u>
2.32%	October 1, 2027	April 1, 2013

REGISTERED OWNER: BRANCH BANKING AND TRUST COMPANY

PRINCIPAL AMOUNT: TEN MILLION DOLLARS AND NO CENTS

KNOW ALL MEN BY THESE PRESENTS, that the Utilities Commission, City of New Smyrna Beach, Florida (the "Utilities Commission"), for value received, hereby promises to pay to the Registered Owner the Principal Amount set forth above, plus interest thereon from the date hereof to the date of payment of such Principal Amount, at the annual Rate of Interest set forth herein, such interest to be calculated on a 360-day year consisting of twelve 30-day months and payable on the first day of October and April of each year, commencing October 1, 2013.

The principal of this Series 2013B Certificate shall be due and payable in annual installments as set forth on the Amortization Schedule attached hereto as Schedule 1. The Rate of Interest on this Series 2013B Certificate is subject to adjustment as set forth on Schedule 2 hereto.

This Series 2013B Certificate may be prepaid in whole, but not in part, prior to maturity on any interest payment date. Such prepayment shall be at a prepayment price of 101% of the principal amount prepaid. Notice of such prepayment shall be delivered to the Registered Owner at least 10 days prior to the prepayment date.

The principal of and interest on this Series 2013B Certificate are payable in lawful money of the United States of America.

This Series 2013B Certificate is issued under the authority of Chapter 85-503, Laws of Florida, the Charter of the Utilities Commission, and other applicable provisions of law, and pursuant and subject to the terms and conditions of Resolution No. 28-78 duly adopted by the Utilities Commission on June 30, 1978 as amended and supplemented, particularly as supplemented by Resolution No. 03-13 adopted by the Utilities Commission on March 18, 2013 (collectively, the "Resolution") and a Loan Agreement, dated April 1, 2013, between the Utilities Commission and the initial purchaser of the Series 2013B Certificate (the "Agreement"), to which reference should be made to ascertain those terms and conditions.

The Series 2013B Certificate and the interest thereon are payable solely from and secured by a lien upon and pledge of the net revenues of the Utilities Commission's water, wastewater and electric utility system and certain amounts in the funds and accounts maintained under the Resolution and the Agreement (hereinafter called the "Pledged Funds"), all in the manner and to the extent provided in the Resolution and the Agreement.

This Series 2013B Certificate shall not constitute a general obligation or indebtedness of the Utilities Commission, and the Registered Owner shall never have the right to require or compel the levy of taxes on any property of or in the City of New Smyrna Beach, Florida (the "City") or the Utilities Commission for the payment of the principal of and interest on this Series 2013B Certificate. This Series 2013B Certificate shall not constitute a lien upon any property of or in the City or the Utilities Commission, but shall be payable solely from the Pledged Funds in the manner provided in the Resolution and the Agreement. Reference is made to the Resolution and the Agreement for the provisions relating to the security and remedies for payment of this Series 2013B Certificate and the duties and obligations of the Utilities Commission hereunder.

The Utilities Commission has designated this Series 2013B Certificate as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986 as amended (the "Code"). The Utilities Commission (including any subordinate entity or entities and any entity or entities issuing tax-exempt obligations on behalf of the City within the meaning of Section 265(b)(3)(E) of the Code) has not issued, and does not reasonably expect to issue, tax-exempt obligations (other than obligations described in Section 265(b)(3)(C)(ii) of the Code) within calendar year 2013 the principal amount of which, together with this Series 2013B Certificate, will exceed \$10,000,000 in amount.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to happen, exist and be performed precedent to and in connection with the issuance of this Series 2013B Certificate, have happened, exist and have been performed in regular and due form and time as so required.

IN WITNESS WHEREOF, the Utilities Commission, City of New Smyrna Beach, Florida, has caused this Series 2013B Certificate to be executed by the Chairman, and attested by the Secretary Treasurer, either manually or with their facsimile signatures, and its seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, and this Series 2013B Certificate to be dated April 1, 2013.

(SEAL)

UTILITIES COMMISSION, CITY OF
NEW SMYRNA BEACH, FLORIDA

ATTEST:

A rectangular stamp with a small square containing the letter 'C' on the left, followed by the word 'COPY' in large, bold, sans-serif capital letters.

By: _____

By: _____

Chairman

Secretary Treasurer

SCHEDULE 1

AMORTIZATION SCHEDULE

Year (October 1)	Principal Amount Due
2014	\$110,000
2015	655,000
2016	660,000
2017	680,000
2018	685,000
2019	725,000
2020	755,000
2021	770,000
2022	785,000
2023	795,000
2024	820,000
2025	835,000
2026	855,000
2027	870,000
Total	\$ 10,000,000

SCHEDULE 2
ADJUSTMENT TO INTEREST RATE

The interest rate on this Series 2013B Certificate shall be subject to adjustment as set forth below.

If (i) a "Determination of Taxability" (as defined below) shall occur, (ii) state or federal tax laws or regulations are amended to cause the interest on this Series 2013B Certificate to be taxable, to be subject to a minimum tax or an alternative minimum tax or to otherwise decrease the after tax yield on this Series 2013B Certificate to the owner hereof (directly or indirectly, in whole or in part), or (iii) this Series 2013B Certificate is no longer a "qualified tax-exempt obligation" as described in Section 265(b)(3)(B) of the Code, then the interest on the Series 2013B Certificate shall be adjusted to cause the yield on this Series 2013B Certificate, after payment of any increase in tax, to equal what the yield on this Series 2013B Certificate would have been in the absence of such Determination of Taxability or change or amendment in tax laws or regulations or change in status.

The above adjustments shall be cumulative, but in no event shall the interest on this Series 2013B Certificate exceed the maximum permitted by law. The above adjustments to the interest rate on this Series 2013B Certificate shall be effective on the effective date of the applicable change in the tax laws or regulations. All tax rates and interest rates are expressed as annual rates. However, proper partial adjustment shall be made if the tax law change is effective after the first day of a owner's tax year or if the interest on this Series 2013B Certificate does not accrue for the entire tax year of the owner. Adjustments which create a circular calculation because the interest on this Series 2013B Certificate is affected by the calculation shall be carried out sequentially, increasing the interest on this Series 2013B Certificate accordingly in each successive calculation using as the new value the increase in the interest rate on this Series 2013B Certificate, until the change on the interest rate on this Series 2013B Certificate caused by the next successive calculation of the adjustment is de minimis.

For purposes hereof, "Determination of Taxability" means the circumstance of the interest on this Series 2013B Certificate becoming includable for federal income tax purposes in the gross income of a the owner hereof as a consequence of any act, omission or event whatsoever and regardless of whether the same was within or beyond the control of the Utilities Commission. A Determination of Taxability will be deemed to have occurred upon (i) the receipt by the Utilities Commission or a the owner of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency which holds that the interest on this Series 2013B Certificate is includable in the gross income of the owner; (ii) the issuance of any public or private ruling of the Internal Revenue Service that the interest on the Series 2013B Certificate is includable in the gross income of the owner; or (iii) receipt by the Utilities Commission or the owner of an opinion of a bond counsel that the interest on this Series 2013B Certificate has become includable in the gross income of the owner for federal income tax purposes. For all purposes of this definition, a Determination of Taxability will be deemed to

occur on the date as of which the interest on this Series 2013B Certificate is deemed includable in the gross income of the owner of this Series 2013B Certificate.