RESOLUTION NO. 3-13

A RESOLUTION AUTHORIZING ISSUANCE OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA UTILITY SYSTEM REFINING REVENUE CERTIFICATES, SERIES 2013B IN AN AMOUNT NOT TO EXCEED $10,000,000 TO FINANCE THE REFINING OF CERTAIN OUTSTANDING OBLIGATIONS OF THE UTILITIES COMMISSION; AUTHORIZING THE GENERAL MANAGER TO ACCEPT A PROPOSAL FOR THE PURCHASE THEREOF; APPROVING THE FORM OF LOAN AGREEMENT AND CERTIFICATES EVIDENCING SUCH FINANCING; PROVIDING FOR THE PAYMENT OF SUCH CERTIFICATES FROM NET REVENUES FROM THE UTILITY SYSTEM; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA (the “Utilities Commission”), that:

SECTION 1. AUTHORITY FOR THIS RESOLUTION; DEFINITIONS. This Resolution is enacted pursuant to the provisions of Chapter 85-503, Laws of Florida; Section 16.Q of Resolution 28-78, adopted by the Utilities Commission on June 30, 1978, as amended (the “Original Resolution”), and Resolution 2-13, duly adopted by the Utilities Commission on February 25, 2013 (the “Authorizing Resolution”), authorizing the issuance of Utility System Refunding Revenue Certificates of the Utilities Commission (the “Series 2013B Certificates”). Unless the context otherwise requires, the terms defined in this resolution shall have the meanings specified in the Authorizing Resolution.

SECTION 2. FINDINGS. It is hereby ascertained, determined and declared that:

A. Pursuant to the Authorizing Resolution, the Utilities Commission requested Proposals pursuant to an Invitation to Bid Loan Commitment Bid #9-13, a copy of which is on file with the Utilities Commission, from various lending institutions to provide the Utilities Commission with the necessary financing (the “Loan”) for refinancing of the Utilities Commission’s outstanding Utility System Revenue Certificates, Series 2007 (the “Refunding”).

B. The proposals received are on file with the Finance Director and are tabulated as Exhibit A. The proposal of Branch Banking and Trust Company, attached hereto as Exhibit B, is hereby deemed to be the best proposal (the “Proposal”).

C. Pursuant to Section 218.385, Florida Statutes, as amended, the Utilities Commission hereby approves a negotiated sale of the Series 2013B Certificates based upon the following findings as to the reasons requiring such negotiated sale:

(i) The Utilities Commission has been advised by Southeastern Investment Securities, LLC, Financial Advisor to the Utilities Commission (hereinafter called the “Financial Advisor”), that, in order to obtain the best interest rates and prices in the current municipal bond market due to market conditions, extensive planning of the
structure and the timing of the issuance of the Series 2013B Certificates by the Financial Advisor and by the potential purchasers is necessary.

(ii) The Utilities Commission has been further advised by its Financial Advisor that it would have been impracticable for the Financial Advisor and the potential purchasers to engage in such planning within the time constraints and other uncertainties inherent in the competitive bidding process, and the Financial Advisor has advised the Utilities Commission that, to the best of its knowledge and belief, similar bond issues in the municipal bond market are usually negotiated.

(iii) In order to attain the desired interest rate, it is necessary to be able to sell the Series 2013B Certificates when market conditions are most favorable. The uncertainties of the current and near future municipal bond market demand that the potential purchasers have the maximum time and flexibility to price and market the Series 2013B Certificates, in order to obtain the most favorable interest rates available. The utilization of a competitive sale by public bidding is not in the best interests of the Utilities Commission due to the volatility of the municipal bond market and the need to sell the Series 2013B Certificates quickly when market conditions are favorable.

(iv) For the foregoing reasons, it is found and determined that it is necessary and desirable and in the best interests of the Utilities Commission to sell the Series 2013B Certificates in a negotiated sale and to authorize the Chairman or Vice Chairman to execute a commitment letter for the sale of the Series 2013B Certificates as provided in Section 7 hereof.

SECTION 3. AWARD OF SERIES 2013B CERTIFICATES IN NEGOTIATED SALE; APPROVAL OF TERMS. The General Manager/CEO is hereby authorized to accept the attached Proposal from Branch Banking and Trust Company. Based upon the findings set forth in Section 2 hereof, the Utilities Commission hereby approves the negotiated sale of the Series 2013B Certificates in the aggregate principal amount of $10,000,000 to such proposer upon the terms and conditions herein and as set forth in the Proposal. The terms and conditions of the Proposal, to the extent not incorporated into the Original Resolution or this Resolution, shall be set forth in the Loan Agreement referred to below and the Series 2013B Bond, and upon delivery of the Series 2013B Bond such provisions shall be deemed to be and shall constitute a contract between the Utilities Commission and such Registered Owners as if set forth in full herein.

SECTION 4. APPROVAL OF FORM OF LOAN AGREEMENT AND CERTIFICATES. The form of the Loan Agreement and the Series 2013B Certificates attached hereto as Exhibit C is hereby approved and the Chairman and Secretary Treasurer are hereby authorized to execute and deliver such instruments in substantially the form attached, with such changes as shall be necessary or desirable to conform to the Proposal, and to take such other actions as shall be necessary to implement the Loan. The provisions of the Loan Agreement and the Series 2013B Certificates, as so executed and delivered, are hereby incorporated into and made a part of this resolution.
SECTION 5. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2013B Certificates authorized to be issued hereunder by those who shall be the holders thereof from time to time, the Resolution and the Loan Agreement shall be deemed to be and shall constitute a contract between the Utilities Commission and such holder. The covenants and agreements in the Original Resolution set forth to be performed by the Utilities Commission shall be for the equal benefit, protection and security of the holder of the Series 2013B Certificates, which shall be of equal rank and without preference, priority or distinction of any of the Series 2013B Certificates or any of the Outstanding Parity Certificate over any other thereof, except as expressly provided in the Original Resolution and the Loan Agreement.

SECTION 6. APPROVAL OF PAYMENT OF COSTS OF ISSUANCE. The costs of issuance of the Series 2013B Certificates as shown on Exhibit D hereto are hereby approved for payment.

SECTION 7. REPEAL OF INCONSISTENT PROVISIONS. All resolutions or parts thereof in conflict with this resolution are hereby repealed to the extent of such conflict.

SECTION 8. SEVERABILITY. In the event that any portion or section of this resolution is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining portions or sections of this resolution shall remain in full force and effect.

SECTION 9. EFFECTIVE DATE. This resolution shall take effect immediately upon its final passage and adoption.
THE ABOVE AND FOREGOING RESOLUTION was introduced at a regular meeting of the Utilities Commission, City of New Smyrna Beach, Florida, held March 18, 2013, by Commissioners Griffith and Zeller who moved for its adoption, which motion was seconded by Commissioner Biedenbach, and upon roll call vote of the Commission was as follows:

CHAIRMAN

VICE CHAIRMAN

SECY.-TREAS.

ASST. SECY.-TREAS.

COMMISSIONER

APPROVED:

ATTEST:

Approved as to Form and Correctness:

EXHIBITS: A - Bid Tabulation
B - Proposal
C - Form of Loan Agreement
D - Costs of Issuance

(25955792;1)
EXHIBIT A

BID TABULATION
$10,000,000
Utilities Commission, City of New Smyrna Beach, Florida
Utilities System Refunding Revenue Certificates, Series 2013B

**Summary of Bank Bids**

<table>
<thead>
<tr>
<th>Amount of Loan</th>
<th>BB&amp;T</th>
<th>SunTrust</th>
<th>TD Bank</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$10,000,000</td>
<td>$10,000,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Bank Fees</td>
<td>$5,000</td>
<td>$7,500</td>
<td>$7,500</td>
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<tr>
<td>Term</td>
<td>2027</td>
<td>2027</td>
<td>2027 with a 10 year put at the option of the Lender</td>
</tr>
<tr>
<td>Fixed Interest Rate</td>
<td>2.32% (firm)</td>
<td>2.27% (firm)</td>
<td>1) 2.05% (indicative) 2) 2.30% (indicative)</td>
</tr>
<tr>
<td>Prepayment Options</td>
<td>Pre payable with 1% penalty</td>
<td>Pre payable without penalty after 24 mos.</td>
<td>1) make whole 2) with/out penalty</td>
</tr>
<tr>
<td>Other Considerations</td>
<td>Waive 2007 Prepay</td>
<td>Liquidity Test of 10% of Operating Expenses or Debt Service Reserve Requirement of $451,000.</td>
<td>Tax Considerations/risks to UC. (yield maintenance)</td>
</tr>
</tbody>
</table>
March 11, 2013

Ms. Maureen Lynch
Materials Manager
Utilities Commission of New Smyrna Beach
200 Canal Street
New Smyrna Beach, FL 32168

Dear Ms. Lynch:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the Utilities Commission of New Smyrna Beach, FL ("Commission").

(1) Project: Utilities System Revenue Certificate, Series 2013B
(2) Amount To Be Financed: Not to exceed $10,000,000
(3) Interest Rates, Financing Terms and Corresponding Payments:

<table>
<thead>
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<th>Final Maturity</th>
<th>BORate</th>
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<tr>
<td>October 1, 2027</td>
<td>2.32%</td>
</tr>
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If the Commission selects BB&T as the loan provider for the Series 2013B Certificates, the Bank will waive the 1% prepayment penalty. If BB&T is not selected, the 1% penalty will apply as provided for in the loan documentation.

Principal payments shall be due annually commencing on October 1, 2015. Interest payments shall be due semi-annually commencing on October 1, 2014. Interest will accrue on the principal balance based on a 30/360 day count basis. The amortization schedule suggested in the Commission's RFP would be acceptable to BB&T. Upon being awarded this transaction, BB&T must approve the final amortization schedule.

The interest rate stated above is valid for a closing date not later than 45 days after today. Closing of the financing is contingent upon the completion of documentation acceptable to BB&T and its counsel.

BB&T's underwriting fee and legal review expenses shall be $5,000. All applicable costs of counsel for the Commission and any other costs shall be the Commission's responsibility and separately payable by the Commission.

The stated interest rate assumes that the Commission expects to borrow less than $10,000,000 in the calendar year 2013 and that the financing shall comply with the IRS Code Sections 141, 148, 149(e) and 265(b)(3). BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) Prepayment:

The financing documents shall allow for the prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment penalty.
(5) **Financing Documents:**

It shall be the responsibility of the Commission to retain and compensate counsel to appropriately structure the financing documents according to Florida State statutes. BB&T shall also require the Commission to provide an unqualified bond counsel opinion. BB&T and its counsel reserve the right to review and approve all documentation before closing.

The financing documents shall include provisions that will outline appropriate changes to be implemented in the event that this transaction is determined to be taxable in accordance with Florida State Statutes or the Internal Revenue Service code.

(6) **Security:**

The Certificates will be secured and payable by the all pledged revenues described in the Request for Proposal. The pledge will be on a parity basis with the Commission's Series 2007, 2009, 2011, and 2012 Certificates. They Certificates will be subject to the 1.25x additional parity test described in the Request for Proposal.

(7) **Other**

The Certificates will be subject to the Bank's standard default language, which would include an increase in the interest rate by 200bps in the event of a default.

* * * * * *

BB&T appreciates the opportunity to make this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the Commission of its election to do so (whether or not this offer has previously been accepted by the Commission) if at any time prior to the closing there is a material adverse change in the Commission's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the Commission or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Please call me at (904) 361-5253 with your questions and comments. My contact information is as follows:

200 W. Forsyth Street
Suite 200
Jacksonville, FL 32202
Phone: 904.361.5253
Fax: 904.361.5276
Email: david.pierce@bbandt.com

We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY

David Pierce
Banking Officer
EXHIBIT C

FORM OF LOAN AGREEMENT
LOAN AGREEMENT

between

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

and

BRANCH BANKING AND TRUST COMPANY

Dated April 1, 2013
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This LOAN AGREEMENT made and entered as of April 1, 2013, by and between the UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA (the “Utilities Commission”) and BRANCH BANKING AND TRUST COMPANY (the “Lender”).

WITNESSETH

WHEREAS, the Utilities Commission now owns, operates and maintains a water, wastewater and electric utility (the “System”) and derives and will continue to derive revenues from rates, fees, rentals and other charges made and collected for the services of the System.

WHEREAS, the Utilities Commission has determined that it is necessary, desirable and in the best interests of the Utilities Commission and its ratepayers that the Utilities Commission refund the Refunded Obligations (as defined herein).

WHEREAS, the Utilities Commission has determined that it is without adequate currently available funds to refund the Refunded Obligations and it is necessary that funds be made immediately available to the Utilities Commission in order to refund the Refunded Obligations.

WHEREAS, the Utilities Commission requested proposals from various lending institutions to provide the Utilities Commission with the necessary financing for the refunding of the Refunded Obligations.

WHEREAS, the proposal of the Lender was determined to be the lowest and best of the proposals submitted.

WHEREAS, pursuant to the Lender’s proposal, the Lender has agreed to lend the Utilities Commission the aggregate principal amount not to exceed $10,000,000 in return for the Utilities Commission’s Utility System Refunding Revenue Certificate, Series 2013B (the “Series 2013B Certificate”).

WHEREAS, pursuant to Resolution 28-78 (the “Original Resolution”) adopted by the Utilities Commission on June 30, 1978, the Utilities Commission has previously issued its Utility System Revenue Certificates, Series 2009, Utility System Revenue Certificates, Series 2011, Utility System Revenue Certificates, Series 2012 and Utility System Revenue Certificates, Series 2013A (collectively, the “Outstanding Parity Certificates”), of which approximately $54,940,000 aggregate principal amount is currently outstanding.

WHEREAS, after the Refunding and upon the release of the pledge of and lien upon the Net Revenues to pay the debt service on the Refunded Obligations, the Net Revenues pledged to the payment of the principal of and interest on the Series 2013B Certificate will be sufficient to pay the principal of and interest on all of the Series 2013B Certificate and the Outstanding Parity Certificates and to make all reserve fund and other payments provided for in this Agreement and the Original Resolution.

WHEREAS, the Original Resolution provides for the issuance of Additional Parity Certificates under the terms, limitations and conditions provided therein and the Utilities
Commission will comply with the terms, limitations and conditions contained in the Original Resolution on or prior to the date of delivery of the Series 2013B Certificate, and is, therefore, legally entitled to issue the Series 2013B Certificate as an Additional Parity Obligation under the Original Resolution.

WHEREAS, the Series 2013B Certificate shall not constitute a general obligation or indebtedness of the Utilities Commission as a “bond” within the meaning of any provision of the Constitution of the State, but shall be the special, limited obligations of the Utilities Commission and the City of New Smyrna Beach (“City”), the principal of and interest on which are payable solely from the Pledged Funds in the manner provided herein, and the principal of and interest on the Series 2013B Certificate and all other payments provided for herein will be paid solely from the Pledged Funds (as defined herein), and it will never be necessary or authorized to levy taxes on any real property of the Utilities Commission or the City or in the City to pay the principal of or interest on the Series 2013B Certificate or other payments provided for herein. Furthermore, neither the Series 2013B Certificate nor the interest thereon, shall be or constitute a lien upon the Utilities System or upon any other property of the Utilities Commission or the City or in the City other than the Pledged Funds in the manner provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein set forth and other good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, the parties do hereby agree as follows:

SECTION 1. DEFINITIONS. Terms not otherwise defined in this Section shall have the meanings specified in the Original Resolution. The following terms shall have the following meanings herein, unless the context otherwise expressly requires:

“Business Day” means any day of the year on which banks in any of the cities in which the principal office of the Lender or of the designated office of any Paying Agent are located are not required or authorized by law to remain closed and on which the Lender and any Paying Agent and the New York Stock Exchange, Inc. are open for business.

“Commission” means the governing body of the Utilities Commission.

“Default” means any event that, with the passage of time or giving of notice, or both, would constitute an Event of Default.

“Default Rate” means the lesser of (a) the rate theretofore borne by the Series 2013B Certificate plus 2% per annum or (b) the maximum rate permitted by law.

“Lender” means Branch Banking and Trust Company, which is making the loan to the Utilities Commission pursuant to the terms of this Agreement.

“Loan” shall mean the loan made to the Utilities Commission pursuant to Section 3(A) below.

“Maturity Date” means the date which the principal and interest on Series 2013B Certificate, or any portion thereof, shall be payable.
“Original Resolution” shall mean Resolution 28-78, duly adopted by the Utilities Commission on June 30, 1978, as amended and supplemented from time to time.

“Outstanding Parity Certificates” shall mean the Utilities Commission’s outstanding Utility System Revenue Certificates, Series 2009, Utility System Revenue Certificates, Series 2011, Utility System Refunding Revenue Certificates, Series 2012 and Utility System Revenue Certificates, Series 2013A, currently outstanding in the aggregate principal amount of $______.

“Paying Agent” means the Secretary Treasurer of the Utilities Commission.

“Person” or words importing persons, means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

“Pledged Funds” shall mean (a) the Net Revenues as defined in the Original Resolution plus (b) the moneys and investment income therefrom held in the Project Account created hereby.

“Principal Amount” means an aggregate amount of $10,000,000.

“Refunded Obligations” means $10,000,000 of the principal amount the Utilities Commission’s outstanding Utility System Refunding Revenue Certificates, Series 2007, together with all or a portion of the interest thereon to the date of prepayment.

“Refunding” shall mean the program for refinancing of the Refunded Obligations through the issuance of the Series 2013B Certificate and the application of a portion of the proceeds thereof to pay the principal of, premium, if any, and interest on the Refunded Obligations.

“Register” means the books maintained by the Registrar in which are recorded the names, and addresses of the holder of the Series 2013B Certificate.

“Registrar” means the Person maintaining the Register. The Secretary Treasurer shall be the Registrar.

“Regulations” means the Income Tax Regulations promulgated by the Internal Revenue Service under Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 in effect from time to time.

“Resolution” means, collectively, the Original Resolution, the Series Resolution and all resolutions amendatory hereof or supplemental hereto.

“Series Resolution” means Resolution _-13, duly adopted by the Utilities Commission on March 18, 2013, as amended and supplemented from time to time.

“Series 2013B Certificate” means one or more promissory notes of the Utilities Commission to the Lender in substantially the form attached hereto as Exhibit A with such modifications thereto as may be approved by the Chairman, upon the advice of the Utilities
Commission Attorney and Bond Counsel, such approval to be presumed by the Chairman’s execution thereof.

“State” means the State of Florida.

Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

SECTION 2. APPLICATION OF PROVISIONS OF THE ORIGINAL RESOLUTION. The Series 2013B Certificate shall for all purposes be considered to be Additional Parity Certificates issued under the authority of the Original Resolution and shall be entitled to all the protection and security provided therein for Certificates issued thereunder, and shall be in all respects entitled to the same security, rights and privileges enjoyed by the Outstanding Parity Certificates.

The Series 2013B Certificate shall not be or constitute general obligations or an indebtedness of the Utilities Commission or the City as “bonds” within the meaning of any constitutional, statutory, or charter provision or limitation, but shall be payable from and secured solely by a lien upon and pledge of (i) the Net Revenues, on a parity with the lien thereon and pledge thereof in favor of the Registered Owners of the Outstanding Parity Certificates and any Additional Parity Certificates hereafter issued, and (ii) the moneys and investment income therefrom held in the Project Account created hereby, all as provided in the Resolution and this Agreement. No Registered Owner of any of the Series 2013B Certificate shall ever have the right to compel the exercise of the ad valorem taxing power of the Utilities Commission or taxation in any form of any property of or in the Utilities Commission, other than the Pledged Funds in the manner provided in this Agreement and the Resolution, or any property of or located within the boundaries of the City for payment of the Series 2013B Certificate or for the making of any payments under this Agreement or the Resolution.

The covenants and pledges contained in the Original Resolution shall be applicable to the Series 2013B Certificate herein authorized in like manner as applicable to the Outstanding Parity Certificates, and the Series 2013B Certificate herein authorized shall be in all respects entitled to the same security, rights and privileges enjoyed by such Outstanding Parity Certificates under the Original Resolution. The Utilities Commission shall comply with the covenants contained in the Original Resolution at all times while the Series 2013B Certificate shall be outstanding.

Notwithstanding the foregoing, the Series 2013B Certificate shall not be secured by amounts in the Reserve Account established under the Original Resolution and shall have no right or claim to payments from amounts therein. No deposits to such Reserve Account shall be made with respect to the debt service on the Series 2013B Certificate.

SECTION 3. THE LOAN.
A. Loan. The Lender hereby makes and the Utilities Commission hereby accepts the Loan in the principal amount of $10,000,000 upon the terms and conditions herein. The Loan shall be evidenced by the Series 2013B Certificate.

B. Disbursement of Proceeds. On the terms and subject to the conditions of this Agreement, the Lender shall disburse the Loan to the Utilities Commission on the date hereof.

SECTION 4. TERMS OF LOAN. The Loan shall be evidenced by the Series 2013B Certificate which will be issued in the form of a single fully-registered certificate. The Series 2013B Certificate shall not have to be surrendered or submitted to a registrar or paying agent in connection with principal payments thereon. The Series 2013B Certificate shall be dated as of the date of delivery; shall mature on October 1, 2027; and shall be in registered form. Principal of the Series 2013B Certificate shall be payable as set forth in the form of the Series 2013B Certificate attached hereto as Exhibit A. The Series 2013B Certificate shall bear interest on the principal amount from the date thereof until payment of the principal amount thereof, at the interest rate set forth in the Proposal. Interest shall be payable as set forth in the form of the Series 2013B Certificate attached hereto as Exhibit A, calculated on a 30-day month, 360-day year basis.

The Series 2013B Certificate may be prepaid prior to maturity as set forth in the form of the Series 2013B Certificate attached hereto as Exhibit A.

SECTION 5. REGISTRATION AND TRANSFER. The Series 2013B Certificate shall not be subject to a book-entry system of registration and transfer and such transfer and registration of the Series 2013B Certificate shall be governed by the provision of this Section. The Series 2013B Certificate shall be and shall have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and the registered owner, in accepting the Series 2013B Certificate, shall be conclusively deemed to have agreed that such Series 2013B Certificate shall be and have all of the qualities and incidents of negotiable instruments thereunder.

There shall be a Registrar who shall be responsible for maintaining the Register. The person in whose name ownership of any Series 2013B Certificate is shown on the Register shall be deemed the owner thereof by the Utilities Commission and the Registrar, and any notice to the contrary shall not be binding upon the Utilities Commission or the Registrar. The Utilities Commission and the Registrar may treat the registered owner as the absolute owner of the Series 2013B Certificate for all purposes, whether or not such Series 2013B Certificate shall be overdue, and shall not be bound by any notice to the contrary.

Ownership of Series 2013B Certificate may be transferred only upon the Register. Upon surrender to the Registrar for transfer or exchange of any Series 2013B Certificate accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the registered owner or its attorney duly authorized in writing, the Registrar shall deliver in the name of the registered owner or the transferee or transferees, as the case may be, a new fully registered Series 2013B Certificate of authorized denominations and of the same maturity and interest rate and for the aggregate principal amount as the Series 2013B Certificate surrendered.
The Series 2013B Certificate presented for transfer, exchange, redemption or payment (if so required by the Utilities Commission or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Utilities Commission or the Registrar, duly executed by the registered owner or by his duly authorized attorney.

The Utilities Commission and the Registrar may charge the registered owner a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Series 2013B Certificate. The Registrar or the Utilities Commission may also require payment from the registered owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Series 2013B Certificate shall be delivered.

The new Series 2013B Certificate delivered upon any transfer or exchange shall be a valid obligation of the Utilities Commission, evidencing the same debt as the Series 2013B Certificate surrendered, shall be secured under this Agreement, and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2013B Certificate surrendered.

Whenever any Series 2013B Certificate shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Series 2013B Certificate shall be cancelled and destroyed by the Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Utilities Commission.

SECTION 6. FORM OF OBLIGATIONS. The Series 2013B Certificate shall be in substantially the form of Exhibit A hereto with such variations, omissions and insertions as may be necessary, desirable and authorized or permitted by the Resolution and this Agreement.

SECTION 7. SECURITY; NOT CONSTITUTIONAL DEBT. The payment of the principal of and interest on the Series 2013B Certificate shall be secured forthwith by a lien upon and a pledge of the Pledged Funds in the manner provided in the Original Resolution and herein. The Utilities Commission does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Series 2013B Certificate.

SECTION 8. ADDITIONAL COVENANTS. So long as any of the principal of or interest on the Series 2013B Certificate shall be outstanding and unpaid or until provision for payment of the Series 2013B Certificate shall have been made pursuant to Section 21 hereof, the Utilities Commission covenants with the Lender as follows:

(A) Tax Compliance. The Utilities Commission will take all actions necessary to maintain the exclusion from gross income of interest on the Series 2013B Certificate to the same extent as such existed on the date of issuance of the Series 2013B Certificate.

(B) Financial Statements. As soon as available, but not later than 270 days following the end of each fiscal year, the Utilities Commission shall provide the Lender annual audited financial statements audited by the Utilities Commission’s certified public accountants, including a balance sheet of the Utilities Commission as of the end of such fiscal year and the related

{25955815;2} -8-
statement of revenues, expenses and changes in net assets, and statement of cash flow for such
fiscal year, setting forth in each case in comparative the figures for the previous fiscal year, all in
reasonable detail and prepared in accordance with generally accepted accounting principles
("GAAP") on a consistent basis, together with an unqualified audit report reasonably acceptable
to the Lender from an independent certified public accountant. Such financial statements shall
be in sufficient detail to determine compliance with all applicable financial covenants. If at any
time any change in GAAP would affect any requirements set forth in this Agreement, and either
the Utilities Commission or the Lender shall so request, the Utilities Commission and the Lender
shall negotiate in good faith to amend such requirement to preserve the original intent thereof in
light of such change in GAAP. At the time of the delivery of the financial statements provided
for in this Section 8B, the Utilities Commission’s Director of Finance shall deliver to the Lender
a certificate evidencing its compliance with the Sections 16E, 16P and 16Q of the Original
Resolution.

(C) Annual Budget and Other Information. The Utilities Commission shall prepare its
annual budget in accordance with Florida law, and shall provide the Lender a copy of its final
annual budget for each fiscal year within 30 days of adoption thereof by the Utilities
Commission and approved by the City and shall provide the Lender such other public
information the Lender may reasonably request. Within 30 days of the adoption of the annual
budget, the Utilities Commission will adjust its rates, fees and charges to the extent necessary to
maintain its compliance with the rate covenant set forth in Section 16E of the Original
Resolution.

(D) Deposits for Debt Service on the Series 2013B Certificate. The Utilities
Commission shall deposit into the Sinking Fund substantially equal monthly deposits sufficient
to provide for payment of the principal and interest on the Series 2013B Certificate when due.

(E) Other Covenants. The covenants and pledges contained in the Original
Resolution shall be applicable to the Series 2013B Certificate in like manner as applicable to the
Outstanding Parity Certificates, and the Series 2013B Certificate shall be in all respects entitled
to the same security, rights and privileges enjoyed by such Outstanding Parity Certificates under
the Original Resolution. The Utilities Commission shall comply with the covenants contained in
the Original Resolution at all times while the Series 2013B Certificate shall be outstanding,
including, but not limited to, the rate covenant contained in Section 16E of the Original
Resolution and the covenants relating to the issuance of additional certificates contained in
Sections 16P and 16Q of the Original Resolution.

SECTION 9. APPLICATION OF PROCEEDS. The proceeds of the Series 2013B
Certificate shall be shall be paid to the owners of the Refunded Obligations to payor defease the
principal, premium if any and interest on the Refunded Obligations on the date of delivery of the
Series 2013B Certificate or such later date as the Refunded Obligations shall be prepayable in
accordance with their terms, but not later than 60 days from the date of the Series 2013B
Certificate.

The Lender shall have no responsibility for the use of the proceeds of the Series 2013B
Certificate, and the use of Series 2013B Certificate proceeds by the Utilities Commission shall in
no way affect the rights of the Lender.
SECTION 10. CONDITIONS PRECEDENT. The obligation of the Lender to make the Loan is subject to the satisfaction of the following conditions precedent on or before date of closing:

(i) No Default, Etc. No Default shall have occurred and be continuing as of the closing date or will result from the execution and delivery of the Agreement or the issuance of the Series 2013B Certificate; the representations and warranties made by the Utilities Commission shall be true and correct in all material respects on and as of the closing date, as if made on and as of such date; and the Lender shall have received a certificate from the Utilities Commission to the foregoing effect.

(ii) Documents. The documentation for the Loan shall be in form and substance satisfactory to the Lender, and the Lender shall have received opinions from the Utilities Commission’s attorney and such other legal opinions as are deemed necessary by the Lender or are customary for a transaction of this type.

(iii) No Material Adverse Change. There shall not have occurred a material adverse change in the financial condition, operations or prospects of the Utilities Commission or laws, rules or regulations (or their interpretation or administration) that, in any case, may adversely affect the consummation of the transaction, as determined in the sole discretion of the Lender.

(iv) Related Documentation. The Lender shall have received certified copies of ordinances, resolutions, agreements, contracts, and certificates relevant to the transaction.

(v) Certificate of Compliance. The Lender shall have received a certificate from the Utilities Commission regarding compliance by the Utilities Commission with the conditions precedent set forth in this section.

SECTION 11. REPRESENTATIONS AND WARRANTIES. The Utilities Commission represents and warrants to the Lender that:

A. Organization. The City is a validly existing municipal corporation of the State of Florida and the Utilities Commission is a validly existing independent Chartered agency of the City and eligible to issue obligations which qualify under Section 103(a) of the Code.

B. Authorization of Agreement and Related Documents. The Utilities Commission has the power and has taken all necessary action to authorize the execution, delivery and performance of the Utilities Commission’s obligations under this Agreement for the Series 2013B Certificate and each of the financing documents to which it is a party in accordance with their respective terms. Each of this Agreement and the Series 2013B Certificate has been duly executed and delivered by the Utilities Commission and is, and each of the financing documents to which it is a party when executed and delivered will be, legal, valid and binding obligations of the Utilities Commission enforceable against the Utilities Commission in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization or moratorium applicable to the Utilities Commission and general equitable principles regarding the availability of specific performance. No legislation has been enacted that materially adversely affects the execution, delivery and performance of the Utilities Commission’s obligations under the Resolution, the Agreement or the Series 2013B Certificate.
C. Net Revenues. The Utilities Commission currently receives the Net Revenues and is legally entitled to pledge sufficient amounts to pay the principal of and interest on the Series 2013B Certificate, when due. The Net Revenues are estimated to be sufficient to pay the principal of and interest on the Series 2013B Certificate as the same becomes due and to make all other payments required to be made under the Resolution and this Agreement. The Net Revenues are not now pledged or encumbered in any manner except to the payment of the Outstanding Parity Certificates in the manner provided in the Original Resolution.

D. Financial Statements. The financial statements of the Utilities Commission for the year ended September 30, 2011, copies of which have been furnished to the Lender, have been prepared in accordance with generally accepted accounting principles and present fairly the financial condition of the Utilities Commission as of such date and the results of its operations for the period then ended. Since such date, there has been no material adverse change in the financial condition, revenues (including, without limitation, the Net Revenues), properties or operations of the Utilities Commission.

E. No Litigation. There is no litigation pending, or, to the best knowledge of the Utilities Commission, threatened, which seeks to restrain or enjoin the adoption of the Resolution or the execution and delivery of the Series 2013B Certificate or this Agreement, or would adversely affect the validity or enforceability of the Resolution or the Series 2013B Certificate.

F. Compliance With Environmental Laws. The Utilities Commission has not received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action, individually or in the aggregate, could reasonably be expected to have a material adverse effect.

SECTION 12. TAX COMPLIANCE. Neither the Utilities Commission, the City, nor any third party over whom the Utilities Commission or the City have control, will make any use of the proceeds of the Series 2013B Certificate or the Net Revenues at any time during the term thereof which would cause the Series 2013B Certificate to be “private activity bonds” within the meaning of Section 103(b)(1) of the Code or “arbitrage bonds” within the meaning of Section 103(b)(2) of the Code. The Utilities Commission covenants throughout the term of the Series 2013B Certificate to comply with the requirements of the Code and the Regulations, as amended from time to time. The Utilities Commission has caused the Series 2013B Certificate to be deemed a “qualified tax exempt obligation” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

SECTION 13. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the parties at the following addresses:

Utilities Commission: Utilities Commission, City of New Smyrna Beach, Florida
200 Canal Street
New Smyrna, Florida 32168
Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Communication to the Lender via telecopier shall be confirmed by delivery of a hard copy thereof to the Lender not later than two (2) Business Days after such communication by telecopier. Notices to the Paying Agent shall be effective only upon the receipt thereof by the Paying Agent.

SECTION 14. EVENTS OF DEFAULT DEFINED. The following shall be “Events of Default” under this Agreement, and the terms “Default” and “Events of Default” shall mean (except where the context clearly indicates otherwise) any one or more of the following events:

A. failure by the Utilities Commission to make any payment of principal of or interest on the Series 2013B Certificate when the same shall become due and payable;

B. failure by the Utilities Commission to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of thirty (30) days after written notice of such failure shall have been delivered to the Utilities Commission by the Lender, unless the Lender shall agree in writing to an extension of such time;

D. any representation, warranty, certification or statement made or deemed made by the Utilities Commission in Section 11 of this Agreement shall prove to have been incorrect in any material respect when made;

E. the occurrence of an “event of default,” as defined and set forth in the Resolution or in any other loan agreement with the Lender or with any other financial institution (taking into account in all instances the expiration of any grace, cure or notice period);

F. the filing of a petition against the Utilities Commission under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, if an order for relief is entered under such petition or such petition is not dismissed within sixty (60) days of such filing;

G. the filing by the Utilities Commission of a voluntary petition in bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter
in effect, or the consent by the Utilities Commission to the filing of any petition against it under
such law; or

H. the admission by the Utilities Commission of its insolvency or bankruptcy or its
inability to pay its debts as they become due or that it is generally not paying its debts as such
debts become due, or the Utilities Commission’s becoming insolvent or bankrupt or making an
assignment for the benefit of creditors, or the appointment by court order of a custodian
(including without limitation a receiver, liquidator or trustee) of the Utilities Commission or any
of its property and such custodian taking possession thereof

SECTION 15. REMEDIES. The Lender may sue to protect and enforce any and all
rights, including the right to the appointment of a receiver, existing under the laws of the State of
Florida, of the United States of America, or granted and contained in this Agreement or the
Resolution, and to enforce and compel the performance of all duties required by the Resolution
or this Agreement or by any applicable laws to be performed by the Utilities Commission or by
any officer thereof, and may take all steps to enforce this Agreement to the full extent permitted
or authorized by the laws of the State of Florida or the United States of America. The Utilities
Commission and the Lender waive the right to a trial by jury of any and all claims made between
them related to and arising out of this Agreement, the Resolution and the Series 2013B
Certificate, whether now existing or arising in the future, including, without limitation, any and
all claims, and intervenor’s claims, whether arising from or related to the negotiation, execution
and performance of the transactions to which this Agreement relates. Notwithstanding the
foregoing, during the continuance of an Event of Default under Section 14A above for a period
of five Business Days following the due date for payment, the Lender shall not exercise the
remedies provided herein and for such period the Series 2013B Certificate shall continue to bear
interest at the rate of interest set forth thereon. Upon the expiration of such five-day period, the
Lender may pursue all remedies set forth herein. Except as otherwise provided in the foregoing
sentence, during continuance of an Event of Default, the Series 2013B Certificate shall bear
interest at the Default Rate.

SECTION 16. NO RECOURSE. No recourse shall be had for the payment of the
principal of and interest on the Series 2013B Certificate or for any claim based on the Series
2013B Certificate or on this Agreement, against any present or former member, officer or
employee of the Utilities Commission or any person executing the Series 2013B Certificate.

SECTION 17. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS.
In any case where the date for making any payment or the last date for performance of any act or
the exercise of any right, as provided in this Agreement, shall be other than a Business Day, then
such payment or performance shall be made on the succeeding Business Day with the same force
and effect as if done on the nominal date provided in this Agreement and no interest on any
monetary obligation hereunder shall accrue after the stated due date.

SECTION 18. DEFEASANCE. If, at any time, the Utilities Commission shall have
paid, or shall have made provision for payment of, the principal and interest with respect to the
Series 2013B Certificate and all costs and expenses of the Lender payable under this Agreement,
then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Lender shall
be no longer in effect and the Utilities Commission shall have no further obligation to comply
with the covenants contained in Section 8 hereof, other than the covenant contained in paragraph

(25955815;2)
(A) of Section 8. For purposes of the preceding sentence, deposit of Federal Securities in irrevocable trust with a banking institution or trust company reasonably acceptable to the Lender, for the sole benefit of the Series 2013B Certificate, with respect to which Federal Securities the principal of and interest will be sufficient to make timely payment of the principal and interest on the Series 2013B Certificate, shall be considered “provision for payment.”

SECTION 19. AMENDMENTS, CHANGES AND MODIFICATIONS. This Agreement may not be amended by the Utilities Commission without the prior written consent of the Lender. Resolution 28-78, duly adopted by the Utilities Commission on June 30, 1978, as amended on July 21, 1978, Resolution 34-78 adopted on August 21, 1978, and Resolution 11-97 adopted on October 16, 1997 (the “Composite Resolution”, a certified copy of which Composite Resolution is included in the transcript of proceeding for the Loan), and as further amended by Resolution 08-12 adopted by the Utilities Commission December 17, 2012, may not be amended by the Utilities Commission without the prior written consent of the Lender.

SECTION 20. BINDING EFFECT. To the extent provided herein, this Agreement shall be binding upon the Utilities Commission and the Lender and shall inure to the benefit of the Utilities Commission and the Lender and their respective successors and assigns.

SECTION 21. SEVERABILITY. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 22. EXECUTION IN COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 23. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 24. LENDER FEES AND EXPENSES. The Utilities Commission hereby agrees to pay the actual fees of counsel to the Lender in connection with the Loan in an amount not to exceed $5,000, said amounts to be due and payable upon the issuance of the Series 2013B Certificate.
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

(SEAL)

ATTEST:

By: ________________________________
   Chairman

By: ________________________________
   Secretary Treasurer

APPROVED AS TO LEGAL FORM:

Utilities Commission Attorney

Branch Banking and Trust Company
as the Lender

By: ________________________________
   Title:
EXHIBIT A
FORM OF SERIES 2013B CERTIFICATE

NO. R-1

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

<table>
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<th>RATE OF INTEREST</th>
<th>MATURITY DATE</th>
<th>DATE OF ISSUE</th>
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<td>2.32%</td>
<td>October 1, 2027</td>
<td>April 1, 2013</td>
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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 and interest on this Certificate shall be due and payable as set forth on the Amortization Schedule attached hereto as Schedule 1 with installments of principal and interest to be determined so as to produce substantially level annual debt service and principal payments annually beginning on October 1, 2013. The Rate of Interest on this Certificate is subject to adjustment as set forth on Schedule 2 hereto.

This Certificate may be prepaid in whole or in part prior to maturity on any interest payment date. Such prepayment shall be at a redemption price of 101% of the principal amount prepaid. Notice of such prepayment shall be delivered to the Registered Owner at least 3 days prior to the date for prepayment date. If this Certificate is pre-paid in part, then prior to the transfer of this Certificate the Registered Owner shall record the appropriate information in a Partial Redemption Record in the form attached to this Certificate as Schedule 3 hereto, and indicate receipt of such partial redemption by its signature on such Record.

The principal of and interest on this 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 28-78 duly adopted by the Utilities Commission on June 30, 1978 (the “Resolution”), as supplemented by Resolution -13 adopted by the Utilities Commission on March 18, 2013 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 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 Lender shall never have the right to require or compel the levy of taxes on any property of or in 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 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. 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 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 as of April 1, 2013.

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA

(SEAL)

By: ________________________________

Chairman

ATTEST:

By: ________________________________

Secretary Treasurer
### SCHEDULE 1

**AMORTIZATION SCHEDULE**

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<th>Year</th>
<th>Principal</th>
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**Total** $
The interest rate on the 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 the 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 the Series 2013B Certificate to the owners thereof (directly or indirectly, in whole or in part), or (iii) the Series 2013B Certificate are no longer "qualified tax-exempt obligations" as described in Section 4.05(b) below, then the interest on the Series 2013B Certificate shall be adjusted to cause the yield on the Series 2013B Certificate, after payment of any increase in tax, to equal what the yield on the Series 2013B Certificate would have been in the absence of such Determination of Taxability or change or amendment in tax laws or regulations.

The above adjustments shall be cumulative, but in no event shall the interest on the Series 2013B Certificate exceed the maximum permitted by law. The above adjustments to the interest rate on the 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 Certificate Holder's tax year or if the interest on the Series 2013B Certificate does not accrue for the entire tax year of the Certificate Holder. Adjustments which create a circular calculation because the interest on the Series 2013B Certificate is affected by the calculation shall be carried out sequentially, increasing the interest on the Series 2013B Certificate accordingly in each successive calculation using as the new value the increase in the interest rate on the Series 2013B Certificate, until the change on the interest rate on the 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 the Series 2013B Certificate becoming includable for federal income tax purposes in the gross income of a Certificate Holder 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 Certificate Holder 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 the Series 2013B Certificate is includable in the gross income of a Certificate Holder; (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 Certificate Holder; or (iii) receipt by the Utilities Commission or Certificate Holder of an opinion of a Bond Counsel that the interest on the Series 2013B Certificate has become includable in the gross income of the Certificate Holder 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 the Series 2013B Certificate is deemed includable in the gross income of the Certificate Holder.
SCHEDULE 3
Partial Redemption Record

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# EXHIBIT D

## ESTIMATED COSTS

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